



Daily Economic Update

July 7, 2017

Canada posted another whopping job gain in June

Canada’s impressive pace of job growth continued in June with 100k jobs having been added in the last two months alone. The economy appears to be making full use of its labour resources with the unemployment rate at a cycle low and the participation rate for 15-64 year-olds at a record high. That still isn’t translating into wage pressure according to this report, though other measures are showing a healthier pace of pay growth. And the Bank of Canada might not be overly concerned about today’s wage number. Their recent comments on inflation lagging the cycle indicate a willingness to tighten policy based on limited slack that should eventually put more upward pressure on prices. Their latest Business Outlook Survey should also give the bank confidence that tighter labour market conditions will eventually stoke wage growth. Plans to increase employment are more widespread than at any time in the survey’s history and firms are reporting that filling jobs has become more difficult. Judging by today’s report and last week’s survey, we think the labour market is giving a green light for the Bank of Canada to raise rates next Wednesday.

Highlights

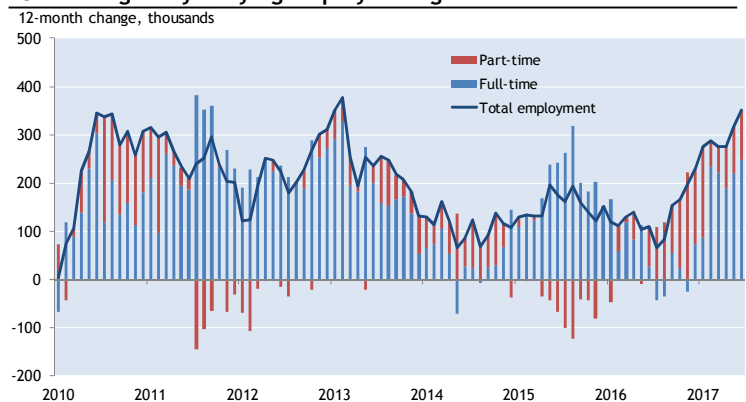
- Employment rose by a much-stronger-than-expected 45k in June following May’s 55k increase. Market expectations were for a 10k gain.
- Much of the increase was in part-time employment though the average increase over the last two months is still skewed toward full-time work.
- Both goods producing and services industries posted solid gains in June. The goods sector has been punching above its weight in 2017, accounting for 30% of year-to-date job growth.
- Job growth was concentrated in Quebec and BC, and to a lesser extent Alberta. Relative to a year ago, gains are more widespread with employment up in 8 of 10 provinces.
- The unemployment rate fell back to a cycle low of 6.5% despite an increase in labour force participation.
- Wage growth remained a weak point with average hourly earnings for permanent employees up just 1%.

Canada employment summary

	Apr-17	May-17	Jun-17	Jun-17
	m/m change (thousands)			12 mth avg
Employment	3	55	45	29
Full-time	-31	77	8	21
Part-time	34	-22	37	9
Public	35	9	6	9
Private	-51	59	18	19
Self-employed	19	-14	21	2
	%			y/y %
Unemployment rate	6.5	6.6	6.5	-0.3
'R8'	9.7	9.3	8.7	-0.4
Participation rate	65.6	65.8	65.9	0.4
ages 25-54	87.1	87.1	87.1	0.8

Source: Statistics Canada, RBC Economics

Canada's gravity-defying employment growth



Source: Statistics Canada, RBC Economics Research

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