

# Economy at a Glance

Prepared by Alex Carrick, ConstructConnect® Chief Economist

## Canada's February jobs jump shifted labour market closer to 'normal' (Part I)



Alex Carrick

February's *Labour Force Survey* results just released by Statistics Canada record a big gain in employment of +259,000 jobs and an improvement in the 'headline' seasonally adjusted (SA) unemployment rate to 8.2% from 9.4% in January.

Canada's not seasonally adjusted (NSA) 'R-3' unemployment rate eased down to 7.3% in the latest month from 8.2% in the prior month. 'R-3' adopts the same strict methodology utilized in the U.S. It takes a tougher stance on who is out of work and 'honest-to-goodness' looking to be rehired. Therefore, R-3 is an 'apples-to-apples' comparison with the 6.6% NSA unemployment rate in America.

Canada's jobs claw-back ratio, versus the big drop in employment that occur in the Spring of last year, as the coronavirus contagion forced economy-wide shutdowns, has improved to a not-so-bad 80.0%. At four-fifths, it's certainly better than the barely half (53.8%) jobs recovery rate in the U.S.

Neither Canadian construction nor manufacturing, however, managed major hiring advances in the latest month. Manufacturing added just +8,000 jobs and construction, a less than sparkling +6,000.

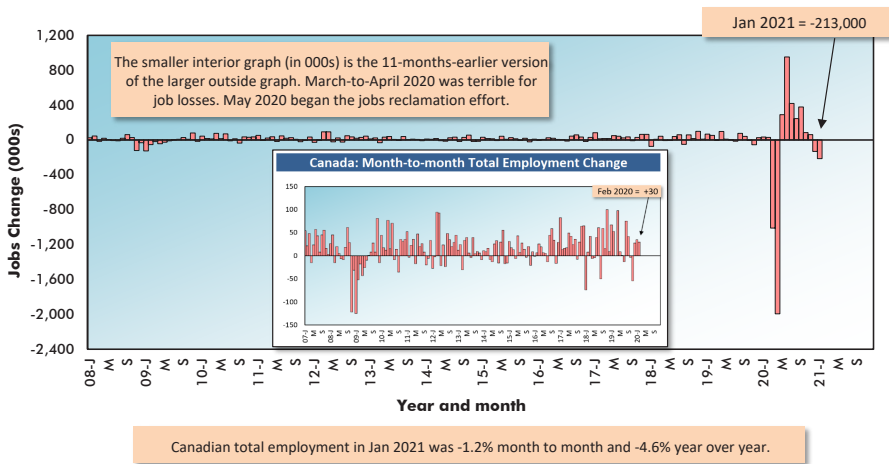
To be continued in *Economy at a Glance*, Vol. 17, Issue 46.

For more articles by Alex Carrick on the Canadian and U.S. economies, please visit: [www.constructconnect.com/blog](http://www.constructconnect.com/blog).



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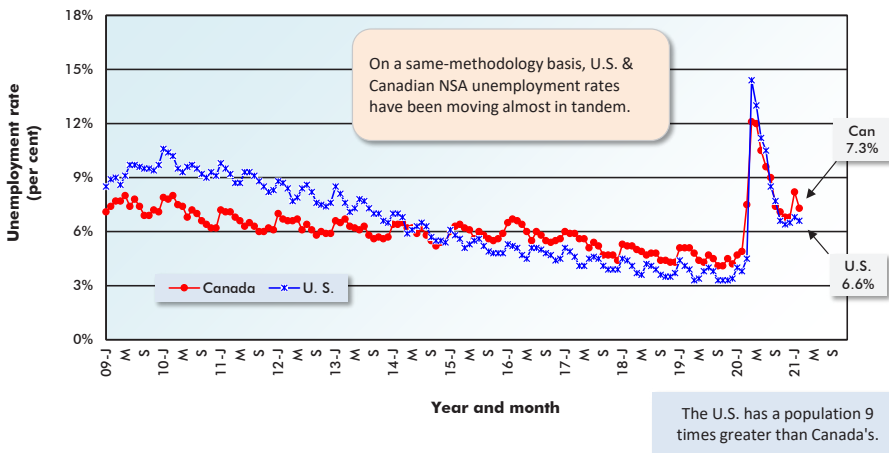
**Graph 1: Canada: Month-to-month Total Employment Change**



Latest data point is for February, 2021.

Data sources: Household Survey, Statistics Canada.  
Chart: ConstructConnect — CanaData.

**Graph 2: Canada 'R-3' Unemployment Rate vs U.S. Unemployment Rate Not Seasonally Adjusted (NSA) Data (Statistics Canada calculates 'R-3' on same basis as U.S. rate)**



Latest data point is for February, 2021.

Data sources: Household Survey, Statistics Canada.  
Chart: ConstructConnect — CanaData.

**Table I: U.S. and Canadian Jobs Markets — February 2021**

	U.S.	Canada
<b>Change in Jobs Count Month over Month (M/M)</b>		
Total Employment	+379,000	+259,000
Construction Employment	-61,000	+6,000
<b>Number of Jobs Year over Year (Y/Y)</b>		
Total Employment	-6.2%	-3.1%
Service Sector	-6.6%	-3.4%
Manufacturing	-4.4%	0.0%
Construction	-4.0%	-3.5%
Leisure & Hospitality in U.S. / Accommodation & Food Services in Canada	-20.4%	-26.6%
<b>Pandemic</b>		
Decline in Total Employment Feb 2020 to Apr 2020	-13.5%	-15.7%
Recovery in Total Employment Since Apr 2020 ('Claw-Back' Ratio)	53.8%	80.0%
<b>% Level</b>		
Unemployment Rate (SA)	6.2%	8.2%
Unemployment Rate (NSA)	6.6%	7.3%
Central Bank Interest Rate	Federal Reserve's Federal Funds Rate (range) 0.00% to 0.25%	Bank of Canada's Overnight Rate 0.25%

After a big drop in employment in January, Canada's jobs-count picture improved dramatically in February, +259,000. As a result, Canada's jobs claw-back ratio, versus last Spring's huge payroll contraction, has improved to 80%. By comparison, U.S. jobs recovery is barely over half.

SA is seasonally adjusted /NSA is not seasonally adjusted. U.S. labour data is from a 'payroll survey' / Canadian labour data is from a 'household survey'. Canadian NSA unemployment rate 'R3' is adjusted to U.S. concepts (i.e., it adopts U.S. equivalent methodology).

Data sources: U.S. Bureau of Labor Statistics (BLS) & Statistics Canada.  
Table: ConstructConnect — CanaData.

# Economy at a Glance

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## Canada's February jobs jump shifted labour market closer to 'normal' (Part 2)



Alex Carrick

Continued from *Economy at a Glance*, Vol. 17, Issue 45.

### Ontario's labour market a sore spot

Among provinces, the three best for relatively low unemployment rates in February were Quebec (6.4%), Manitoba (6.8%) and British Columbia (6.9%). Unemployment rates in Ontario and Alberta remained elevated at 9.2% and 9.9% respectively.

There are still no provinces with year-over-year gains in employment. Coming closest are

Nova Scotia (-0.4%) and B.C. (-0.6%).

Recently, coronavirus case counts suddenly reared up in Newfoundland and Labrador coincident with deteriorating labour market conditions. But there's better news on the horizon with the pickup in the global price of oil. Offshore crude is one of the province's chief export products.

### Not to be sneezed at wage gains

As in the U.S., there are some sizable year-over-year compensation increases occurring in Canada. Average hourly earnings for all employees in February were +4.8% and average weekly earnings, +5.0%.

Statistics Canada separates 'all' employees into union and non-union. For the former, the compensation climbs in the latest month were +2.2% both hourly and weekly; for the latter, +5.9% hourly and +6.2% weekly.

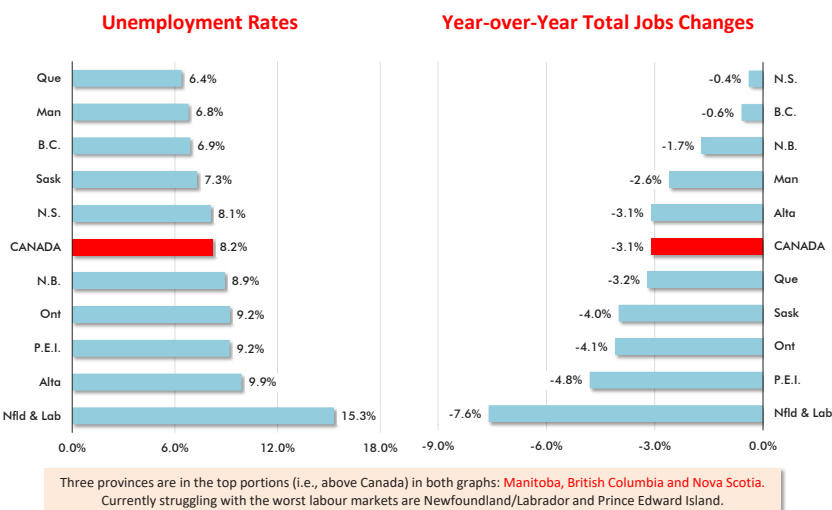
The importance of earnings increases relates to how they may rev up inflation, but that's something that will play out over a longer time frame, say six months to a year from now.

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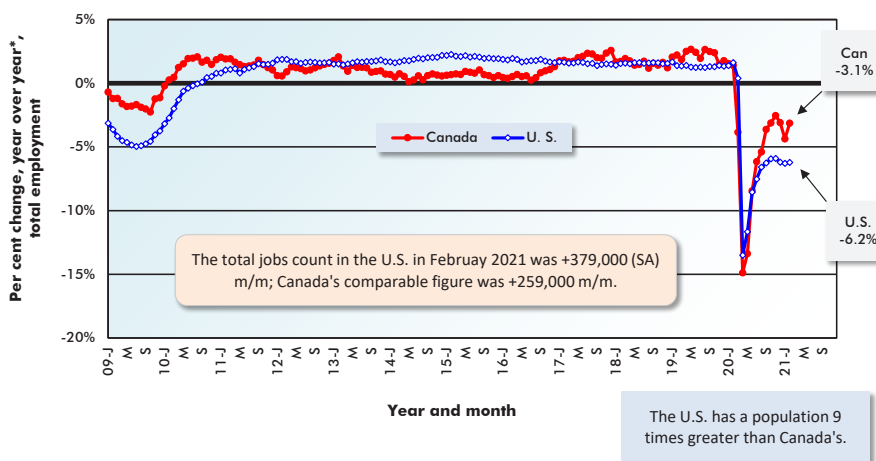
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### Graph 3: Canada's Provincial Labour Markets – February 2021



Data source: Statistics Canada. Chart: ConstructConnect — CanaData.

### Graph 4: Change in Total Employment – Canada vs U.S.



Latest data points are for February, 2021. 'Y/Y' is current month/same month previous year; 'm/m' is current month vs prior month.

Data sources (seasonally adjusted): Statistics Canada and U.S. Bureau of Labor Statistics (Department of Labor). Chart: ConstructConnect — CanaData.

### Table 2: Monitoring the Canadian Employment Recovery — February 2021

The Big Drop (as originally reported) April 2020 vs Feb 2020 (Feb 2020 was last month unaffected by COVID-19)	Change in Number of Jobs (Millions)		% Change		Jobs Recovery Since Apr 2020, Millions	Claw Back Ratio
	Feb 2021 vs Feb 2020 (Feb 2020 was last month unaffected by COVID-19)	Feb 2021 vs Jan 2021 (i.e., vs previous month)	Feb 2021 vs Feb 2020 (Feb 2020 was last month unaffected by COVID-19)	Feb 2021 vs Jan 2021 (i.e., vs previous month)		
Millions						
-3.004 (-15.7%)	Grand Total	-0.599 0.259	-3.1%	1.4%	2.405	80.0%
-2.337 (-15.4%)	Services	-0.521 0.256	-3.4%	1.8%	1.816	77.7%
-0.301 (-17.3%)	Manufacturing	0.000 0.008	0.0%	0.5%	0.301	99.9%
-0.316 (-21.2%)	Construction	-0.053 0.006	-3.5%	0.4%	0.263	83.4%
-1.946 (-12.5%)	Full-Time	-0.335 0.089	-2.2%	0.6%	1.612	82.8%
-1.059 (-29.6%)	Part-Time	-0.264 0.171	-7.4%	5.5%	0.795	75.1%
-2.783 (-18.2%)	Private	-0.714 0.214	-4.7%	1.5%	2.069	74.4%
-0.221 (-5.7%)	Public	0.114 0.045	2.9%	1.1%	0.335	151.7%
-0.582 (-20.2%)	Wholesale & Retail Trade	-0.129 0.122	-4.5%	4.7%	0.453	77.9%
-0.615 (-50.0%)	Accommodation & Food Services	-0.327 0.065	-26.6%	7.8%	0.288	46.8%
-0.873 (-34.2%)	Age Cohort 15 to 24	-0.228 0.100	-8.9%	4.5%	0.645	73.8%

Data source: Statistics Canada / Table: ConstructConnect — CanaData.