

Economy at a Glance

Prepared by Alex Carrick, ConstructConnect® Chief Economist

Canada's March jobs report a confidence builder (Part I)



Alex Carrick

Canada benefitting from 'lower base level' effect

The U.S. 'real' (after inflation) gross domestic product (GDP) contraction in 2020 versus 2019 was -3.5%. Canada's comparable figure was -5.4%.

The worse performance for Canada was primarily due to the country locking down faster and subsequently staying under tighter restrictions longer than the U.S. to stave off coronavirus infections.

The drops in employment in the U.S. and Canada between February and April of last year were -13.5% and -15.7% respectively. But Canada's decline was more front-end loaded (i.e., more of it happened between February and March than was the case in the U.S.).

Consequently, Canada is benefitting from a 'low base effect' in year-over-year jobs-count percentage-change calculations sooner than America.

With March's strong labour market report from *Statistics Canada*, featuring a month-to-month climb in jobs of +303,000, Canada is now +3.9% in total employment y/y.

Only one more month of a similar jobs gain (+300,000) would lift Canadian total employment to a level even with February of last year, before there were any negative impacts from the health crisis.

Canada's seasonally adjusted (SA) unemployment rate in March eased to 7.5% from 8.2% in the prior month. The not seasonally adjusted (NSA) unemployment rate, calculated using the same methodology as is adopted south of the border, fell to 6.9% from 7.3% in the previous month.

'Return to normalcy' gauge climbs to 90%

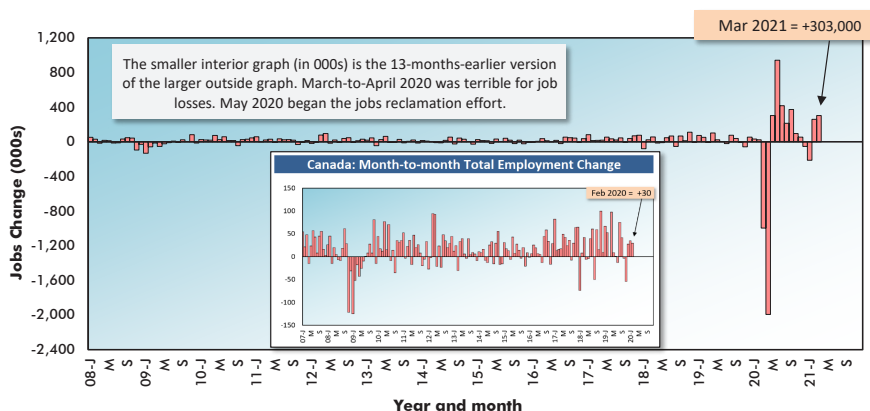
An important gauge of the 'return to normalcy' is the jobs recover ratio (a.k.a., the jobs 'claw-back' ratio), which measures the degree to which employment has been restored relative to last Spring's big cuts.

With March's labour market report, Canada's jobs claw-back ratio is now a quite respectable 90.1%. The comparable U.S. figure is still under 60.0%.

To be continued in *Economy at a Glance*, Vol. 17, Issue 61.

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

Graph I: Canada: Month-to-month Total Employment Change



Canadian total employment in Mar. 2021 was +1.6% m/m & +3.9% y/y. A low 'base' effect is now coming into play. Mar. 2020's figure (i.e., the denominator in the % change calculation) was considerably lower than Feb 2020's number.

Latest data point is for March, 2021.

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

Table I: Monitoring the Canadian Employment Recovery — March 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
	Mar 2021 vs Feb 2020 (Feb 2020 was last month unaffected by COVID-19)	Mar 2021 vs Feb 2021 (Feb 2020 was last month unaffected by COVID-19)	Mar 2021 vs Feb 2020 (Feb 2020 was last month unaffected by COVID-19)	Mar 2021 vs Feb 2021 (Feb 2020 was last month unaffected by COVID-19)		
Millions						
-3.004 (-15.7%)	-0.296	0.303	-1.5%	1.6%	2.708	90.1%
-2.337 (-15.4%)	-0.261	0.260	-1.7%	1.8%	2.076	88.8%
-0.301 (-17.3%)	0.008	0.008	0.4%	0.5%	0.309	102.6%
-0.316 (-21.2%)	-0.027	0.026	-1.8%	1.8%	0.289	91.6%
-1.946 (-12.5%)	-0.160	0.175	-1.0%	1.1%	1.787	91.8%
-1.059 (-29.6%)	-0.136	0.128	-3.8%	3.9%	0.923	87.2%
-2.783 (-18.2%)	-0.456	0.258	-3.0%	1.8%	2.327	83.6%
-0.221 (-5.7%)	0.160	0.046	4.1%	1.1%	0.381	172.5%
-0.582 (-20.2%)	-0.037	0.092	-1.3%	3.3%	0.545	93.6%
-0.615 (-50.0%)	-0.306	0.021	-24.9%	2.4%	0.309	50.3%
-0.873 (-34.2%)	-0.113	0.115	-4.4%	5.0%	0.760	87.1%
Grand Total						
Services						
Manufacturing						
Construction						
Full-Time						
Part-Time						
Private						
Public						
Wholesale & Retail Trade						
Accommodation & Food Services						
Age Cohort 15 to 24						

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

Table 2: U.S. and Canadian Jobs Markets — March 2021

	U.S.	Canada
Change in Jobs Count Month over Month (M/M)		
Total Employment	+916,000	+303,000
Construction Employment	+110,000	+26,000
Number of Jobs Year over Year (Y/Y)		
Total Employment	-4.5%	+3.9%
Service Sector	-4.6%	+4.8%
Manufacturing	-3.4%	+2.7%
Construction	-1.2%	-1.6%
Leisure & Hospitality in U.S. / Accommodation & Food Services in Canada	-14.6%	-0.7%
Pandemic		
Decline in Total Employment Feb 2020 to Apr 2020	-13.5%	-15.7%
Recovery in Total Employment Since Apr 2020 ('Claw-Back' Ratio)	59.0%	90.1%
% Level		
Unemployment Rate (SA)	6.0%	7.5%
Unemployment Rate (NSA)	6.2%	6.9%
Central Bank Interest Rate	Federal Reserve's Federal Funds Rate (range) 0.00% to 0.25%	Bank of Canada's Overnight Rate 0.25%

U.S. 'real' (after inflation) gross domestic product (GDP) contraction in 2020 vs 2019 was -3.5%. Canada's comparable GDP decline was -5.4%. The primary reason for the difference was that Canada locked down faster and tighter than the U.S. in response to COVID-19. --- In the y/y jobs % changes in the table, Canada is benefitting from a low 'base' effect a little sooner than the U.S. (America's turn will come next month). The denominator in the % change calculation (i.e., March 2020) has dropped considerably from February 2020. The effect will be magnified further next month when April 2021 is compared with a dismal April 2020.

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.

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Canada's March jobs report a confidence builder (Part 2)



Alex Carrick

Continued from *Economy at a Glance, Vol. 17, Issue 60.*

The claw-back ratio in Canada's manufacturing sector is over 100%, meaning that staffing on production lines is back to where it was before the pandemic.

The public sector's claw-back ratio is 172.5%, indicating that not only have all vacated positions with government been re-filled, but some extra hiring has been undertaken for good measure. (Year-over-year public sector employment is currently +7.2%.)

Where there's still a big problem, though, is in the 'accommodation and food services' sector, which is presently sitting with a claw-back ratio of only 50.3%.

Payrolls in Canada's construction sector increased by +26,000 jobs in March, raising the 'hard hat' jobs claw-back ratio to 91.6%. (Year-over-year employment in construction, though, is nothing to get excited about, at -1.6%).

Ontario the winner in March; B.C. the winner overall

Ontario made up a lot of ground on the employment front in March. Of the +303,000 jobs in total for Canada, +182,000 (60%) of them were situated in Ontario. The 'Yours-to-Discover' province now sports a jobs recovery ratio of 82.9%, much improved from the 66% it was carrying just a month ago.

The accompanying charts on provincial labour markets make it clear, though, that there's one front-runner well ahead of the rest of the pack, British Columbia. That province has a claw-back ratio of 130.8%, moving it well past employment recovery and into the next jobs creation phase.

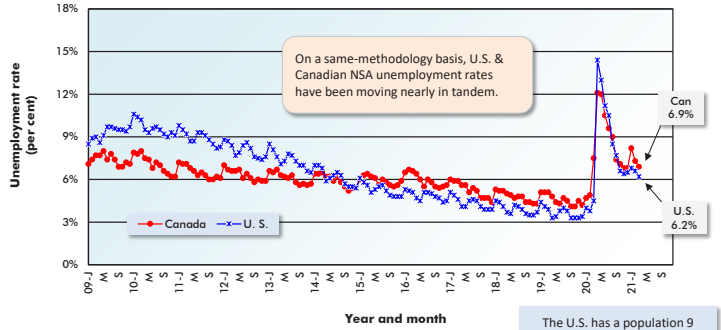
From Graph 4, B.C. is in first place for year-over-year jobs change, +6.2%, and it's in third spot in a ranking of unemployment rates, from lowest to highest.

As a final note, the 'gig' jobs market may have been battered over the past year, but it's still a formidable force. The total number of full-time jobs in Canada is +2.1% y/y, but part-time work is a roaring +12.8%.

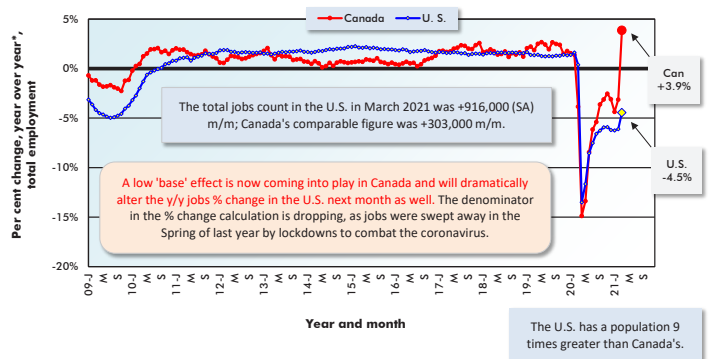
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For more economic charts and articles, visit: <https://canada.constructconnect.com/canadata/forecaster>

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)



Graph 3: Change in Total Employment – Canada vs U.S.



Latest data points are for March, 2021.

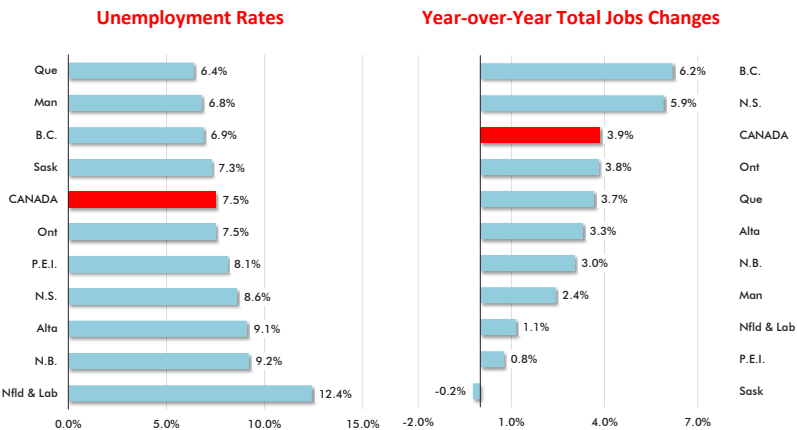
'Y/Y' is current month/same month previous year; 'm/m' is current month vs prior month.

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

Table 3: Provincial Employment 'Claw-Back' Ratios – March 2021

% Drop in Employment Feb 2020 to Apr 2020		% of Last Spring's Big Jobs Drop that has been Recovered
-15.7%	Newfoundland and Labrador	92.3%
-14.0%	Prince Edward Island	87.6%
-16.0%	Nova Scotia	94.4%
-13.7%	New Brunswick	97.2%
-18.7%	Quebec	82.5%
-14.5%	Ontario	82.9%
-13.5%	Manitoba	88.0%
-12.7%	Saskatchewan	58.0%
-15.5%	Alberta	73.8%
-15.6%	British Columbia	130.8%
-15.7%	Canada	90.1%

Graph 4 and Table 4: Canada's Provincial Labour Markets – March 2021



March 2020 employment declined significantly from February 2020 due to coronavirus-related lockdowns. Therefore, y/y jobs count comparisons are now looking much better than they did a month ago. ... B.C.'s latest labour market numbers are especially strong.

Province	Unemployment rate		Employment (000s)			
	Mar 2020	Mar 2021	Mar 2020	Mar 2021	Net	% change
Newfoundland and Labrador	11.6%	12.4%	218.0	220.5	2.5	1.1%
Prince Edward Island	8.9%	8.1%	78.6	79.2	0.6	0.8%
Nova Scotia	9.4%	8.6%	440.8	466.8	26.0	5.9%
New Brunswick	9.1%	9.2%	349.0	359.6	10.6	3.0%
Québec	8.2%	6.4%	4,090.4	4,240.4	150.0	3.7%
Ontario	7.4%	7.5%	7,098.2	7,368.1	269.9	3.8%
Manitoba	6.7%	6.8%	638.0	653.5	15.5	2.4%
Saskatchewan	7.4%	7.3%	551.0	549.7	-1.3	-0.2%
Alberta	9.1%	9.1%	2,163.7	2,235.3	71.6	3.3%
British Columbia	7.2%	6.9%	2,506.1	2,661.2	155.1	6.2%
CANADA	7.9%	7.5%	18,133.8	18,834.3	700.5	3.9%

Ontario is currently accounting for 38.5% of the national increase in employment, Mar 2021 vs a weakened March 2020. Next in line are B.C. (a 22.1% share of the advance) and Quebec (a 21.4% share).

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