

Economy at a Glance

Prepared by Alex Carrick, ConstructConnect® Chief Economist

Canada stubs toe along jobs recovery path (Part I)

Coronavirus continues negative influence

Canada suffered a disappointing setback in its quest for jobs recovery in April. According to *Statistics Canada*, total employment fell by -207,000 jobs in the month, as further incursions of the coronavirus forced stricter closure regimes in many parts of the county.

The seasonally adjusted (SA) unemployment rate rose to 8.1% from 7.5% in March; the not seasonally adjusted (NSA) rate rose to 7.1% from 6.9%. There's some consolation to be found in knowing the SA and NSA unemployment rates a year ago were much higher at 13.1% and 12.1% respectively.

Canadian construction employment -13,000 in April

In the construction sector, employment fell by -13,000 jobs in the latest month. Staffing in manufacturing, however, managed to remain level, +1,000 jobs. Because employment in both sectors was extraordinarily weak in April a year ago, their year-over-year jobs performances jump off the page, +21.3% for construction and +23.8% for manufacturing.

'Accommodation and food services', though, is where the truly dramatic swings in employment have occurred in this pandemic-induced period of economic crisis. After making a minor degree of headway in restoring jobs through the first quarter of this year, April saw a cutback of -59,000. Nevertheless, total employment in Canadian hotels/motels, bars and restaurants is +40.7% year over year.



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Canada can also take encouragement from the fact its total jobs recovery rate (versus the big drop that occurred between February and April 2020) is a decent 83.3%. By comparison, America's current jobs 'claw-back' ratio is still less than two-thirds, at 63.3%.

From Table 1, it's interesting that in both countries, the year-over-year change in service sector jobs is almost identical, +14.0% for the U.S. and +14.5% for Canada.

Full-time employment in Canada is currently +12.2% year over year, although it was -0.8% month to month in April. But consider the number of part-time jobs. They're +32.6% y/y, although -2.3% in the latest month.

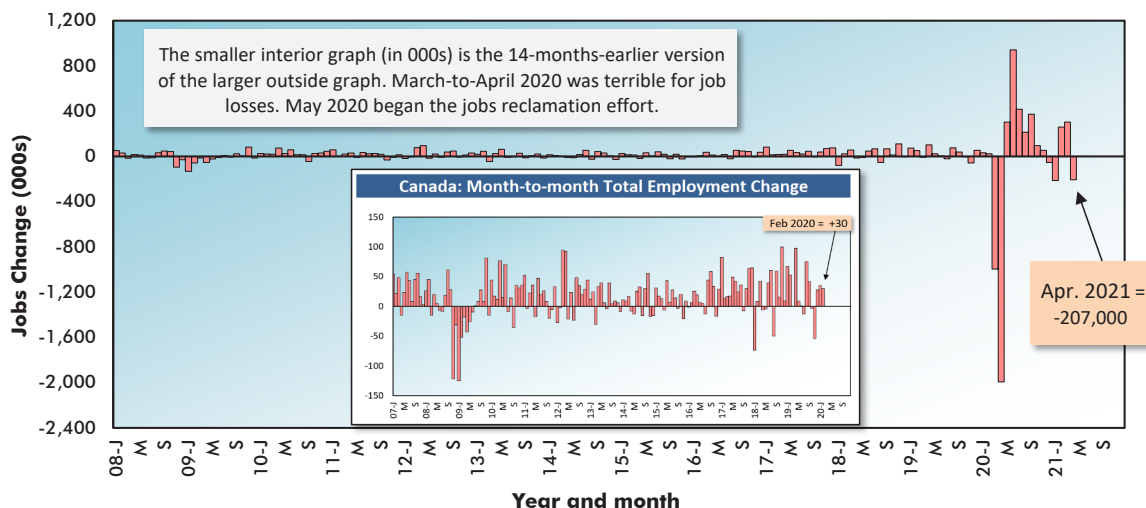
To be continued in Economy at a Glance, Vol. 17, Issue 71.

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



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

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



Cdn total employment in Apr. 2021 was -1.1% m/m, but +15.4% y/y. The y/y change was boosted by a low 'base' effect. Apr. 2020's COVID-impacted figure (i.e., the denominator in the % change calculation) was deeply depressed.

Latest data point is for April, 2021.

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

Table 1: U.S. and Canadian Jobs Markets — April 2021

	U.S.	Canada
Change in Jobs Count Month over Month (M/M)		
Total Employment	+266,000	-207,000
Construction Employment	0	-13,000
Number of Jobs Year over Year (Y/Y)		
Total Employment	+10.9%	+15.4%
Service Sector	+14.0%	+14.5%
Manufacturing	+7.6%	+21.3%
Construction	+14.0%	+23.8%
Leisure & Hospitality in U.S. / Accommodation & Food Services in Canada	+61.9%	+40.7%
Pandemic		
Decline in Total Employment Feb 2020 to Apr 2020	-14.7%	-15.6%
Recovery in Total Employment Since Apr 2020 ('Claw-Back' Ratio)	63.3%	83.2%
% Level		
Unemployment Rate (SA)	6.1%	8.1%
Unemployment Rate (NSA)	5.7%	7.1%
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, causing a deeper output drop.

ConstructConnect partners with Oxford Economics to calculate and publish construction forecasts.

The latest quarterly forecast updates adopt 'real' GDP projections of +7.2% y/y in 2021 and +3.4% y/y in 2022 for the U.S. For Canada, the most current GDP forecasts are +6.2% y/y for 2021 and +2.6% y/y for 2022.

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 stubs toe along jobs recovery path (Part 2)



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Continued from *Economy at a Glance*, Vol. 17, Issue 70.

Quebec's jobs count plus one-fifth Y/Y

The 'low base' effect is also yielding outsized y/y percentage changes for jobs counts in the provinces. Quebec, where the economy (including construction) was tightly constrained in the Spring of last year, is experiencing a one-fifth

(+19.8%) y/y improvement at this time.

Among big-population provinces, B.C. is seeing a +17.4% y/y gain in jobs. Alberta is realizing a nice bounce back as well, +15.0%. Ontario is more restrained, +12.6%, the second slowest among all provinces.

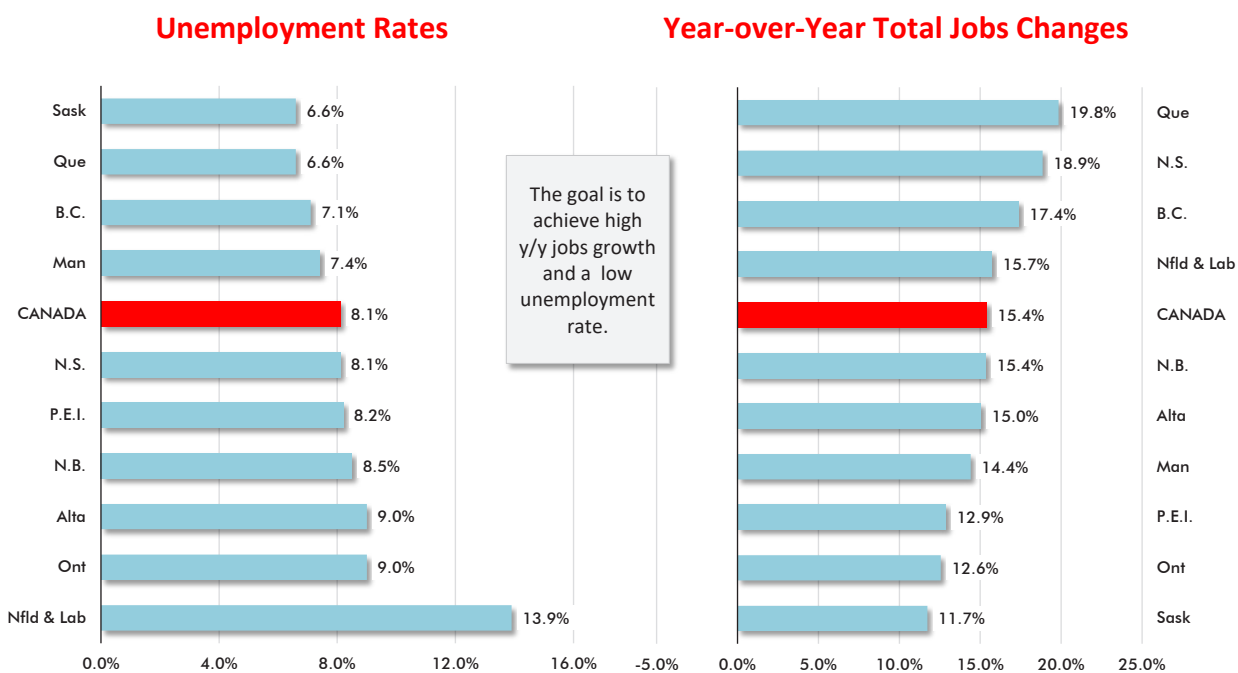
Saskatchewan's buoyant agricultural economy is placing it at the head of the pack for unemployment rates among all the provinces, ranked from relatively spare (6.6%) to most extreme (13.9% in Newfoundland and Labrador).

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Graph 2: Canada's Provincial Labour Markets – April 2021



For April, Quebec & B.C. were the only provinces to record unemployment rates lower than the Canada-wide figure (8.1%) and y/y jobs increases higher than the country-wide performance (+15.4%). Ontario's labour market is at the back of the pack on both fronts.

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

Table 2: Canada's Provincial Labour Markets – April 2021

Province	Unemployment rate		Employment (000s)			
	Apr 2020	Apr 2021	Apr 2020	Apr 2021	Net	% change
Newfoundland and Labrador	16.3%	13.9%	189.5	219.3	29.8	15.7%
Prince Edward Island	10.8%	8.2%	69.9	78.9	9.0	12.9%
Nova Scotia	12.3%	8.1%	392.0	465.9	73.9	18.9%
New Brunswick	13.3%	8.5%	315.3	363.7	48.4	15.4%
Québec	17.6%	6.6%	3,527.4	4,227.3	699.9	19.8%
Ontario	11.3%	9.0%	6,410.1	7,215.4	805.3	12.6%
Manitoba	11.3%	7.4%	574.0	656.7	82.7	14.4%
Saskatchewan	11.2%	6.6%	500.5	559.2	58.7	11.7%
Alberta	13.4%	9.0%	1,932.2	2,222.7	290.5	15.0%
British Columbia	11.5%	7.1%	2,230.7	2,618.1	387.4	17.4%
CANADA	13.1%	8.1%	16,141.6	18,627.2	2,485.6	15.4%

Ontario is currently accounting for the largest portion (32.4%) of the national year-over-year jobs increase. Quebec (28.2%) is not far behind in 2nd spot. Next in line are B.C. (15.6%) & Alberta (11.7%).

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