

Economy at a Glance

Prepared by Alex Carrick, ConstructConnect® Chief Economist

In May, Canada disappoints once again on the re-hiring front (Part I)

Canada's labour market hopes on hold

In May, for the second month in a row, *total employment in Canada* retreated instead of stepping forward, putting a hold on hopes for an improving labour market. The latest month-to-month decline in total jobs was -68,000, coming on the heels of April's setback of -207,000 jobs.

The nation's seasonally adjusted (SA) unemployment rate in May worsened slightly to 8.2% from the prior month's 8.1%. The not seasonally adjusted (NSA) U rate stayed flat at 7.1%.

Canada's jobs recovery ratio — i.e., versus the big loss in employment between February and April of last year — stayed close to 80%, a level where it has hovered for the last several months.

At least, for Canadians, there's some consolation to be found in their jobs 'claw-back' ratio, at 80.9%, being better than America's, 65.9%.



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The Canadian construction sector in the latest month shed -15,000 jobs, but its level of employment is up nicely, +15.9% y/y. (By way of comparison, total employment nation-wide is +12.9% y/y.)

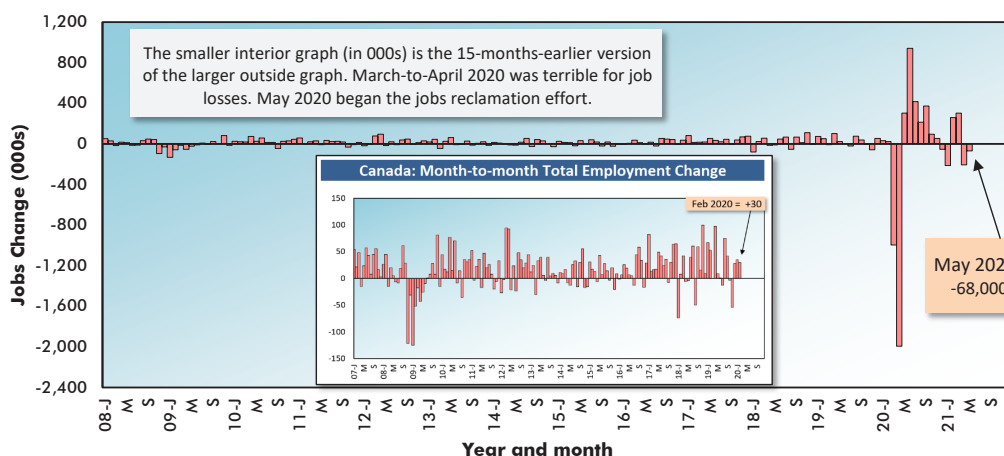
Furthermore, construction's loss of jobs was less than half the decline (-36,000) recorded by the manufacturing sector. Canadian manufacturing employment is currently (i.e., as of May 2021) +12.1% y/y.

Manufacturing, though, has a better jobs claw-back ratio than construction, 90.9% to 82.9%.

To be continued in *Economy at a Glance*, Vol. 17, Issue 89.

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



Latest data point is for May 2021.

Cdn total employment in May 2021 was -0.4% m/m, but +12.9% y/y. The y/y change was boosted by a low 'base' effect. May 2020's COVID-impacted figure (i.e., the denominator in the % change calculation) was deeply depressed.

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

Table I: Monitoring the Canadian Employment Recovery – May 2021

The Big Drop (revised data)	Change in Number of Jobs (Millions)		% Change		Jobs Recovery Since Apr 2020, Millions	Claw Back Ratio
	April 2020 vs Feb 2020 (Feb 2020 was last month unaffected by COVID-19)	May 2021 vs Feb 2020 (Feb 2020 was last month unaffected by COVID-19)	May 2021 vs Apr 2021 (i.e., vs previous month)	May 2021 vs Feb 2020 (Feb 2020 was last month unaffected by COVID-19)		
Millions						
-2.989 -15.6%	Grand Total	-0.571	-0.068	-3.0%	-0.4%	2.418 80.9%
-2.319 -15.3%	Services	-0.478	-0.022	-3.2%	-0.1%	1.841 79.4%
-0.300 -17.2%	Manufacturing	-0.027	-0.036	-1.6%	-2.1%	0.273 90.9%
-0.319 -21.3%	Construction	-0.055	-0.015	-3.7%	-1.0%	0.264 82.9%
-1.949 -12.5%	Full-Time	-0.303	-0.014	-1.9%	-0.1%	1.647 84.5%
-1.040 -29.1%	Part-Time	-0.268	-0.054	-7.5%	-1.6%	0.772 74.3%
-2.766 -18.1%	Private	-0.708	-0.058	-4.6%	-0.4%	2.058 74.4%
-0.223 -5.7%	Public	0.137	-0.010	3.5%	-0.2%	0.360 161.6%
-0.582 -20.2%	Wholesale & Retail Trade	-0.147	-0.021	-5.1%	-0.8%	0.435 74.7%
-0.615 -50.0%	Accommodation & Food Services	-0.372	-0.008	-30.3%	-0.9%	0.243 39.4%
-0.873 -34.2%	Age Cohort 15 to 24	-0.242	-0.027	-9.5%	-1.2%	0.631 72.3%

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

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

	U.S.	Canada
Change in Jobs Count Month over Month (M/M)		
Total Employment	+559,000	-68,000
Construction Employment	-20,000	-15,000
Number of Jobs Year over Year (Y/Y)		
Total Employment	+8.9%	+12.9%
Service Sector	+11.3%	+13.2%
Manufacturing	+5.4%	+12.1%
Construction	+6.0%	+15.9%
Leisure & Hospitality in U.S. / Accommodation & Food Services in Canada	+41.7%	+30.6%
Pandemic		
Decline in Total Employment Feb 2020 to Apr 2020	-14.7%	-15.6%
Recovery in Total Employment Since Apr 2020 ('Claw-Back' Ratio)	65.9%	80.9%
% Level		
Unemployment Rate (SA)	5.8%	8.2%
Unemployment Rate (NSA)	5.5%	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.

Economy at a Glance

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In May, Canada disappoints once again on the re-hiring front (Part 2)

Continued from *Economy at a Glance*, Vol. 17, Issue 88.

The recent weakness in re-hiring isn't helping workers maintain the kinds of large compensation increases they were being lavished with last year. For all employees, as set out in Table 3, both average weekly (-2.3%) and average hourly earnings (-1.6%) are off on a year-over-year basis.

In May, average weekly earnings for part-time work recorded the sharpest pullback, -8.1% y/y.

B.C.'s workplace the leader among provinces

In provincial labour markets, British Columbia is the standout. Only on the West Coast is the unemployment rate (7.0%) lower than the national figure (8.2%) and the rate of y/y



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jobs increase (+15.1%) greater than the Canada-wide advancement (+12.9%).

Also, B.C.'s share of the national increase in jobs, year over year, at 16.2%, is higher than its slice of the country's total population, 13.5%.

For Ontario, Quebec and Alberta, their shares of the nation-wide jobs increase y/y are in line with their population representation: Ontario, a 38.8% share for population and a 39.1% share for Canada-wide nominal jobs increase y/y; Quebec, 22.5% and 21.5%; and Alberta, 11.7% and 12.4%.

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Table 3: Canadian Workforce Earnings, Year Over Year, May 2021

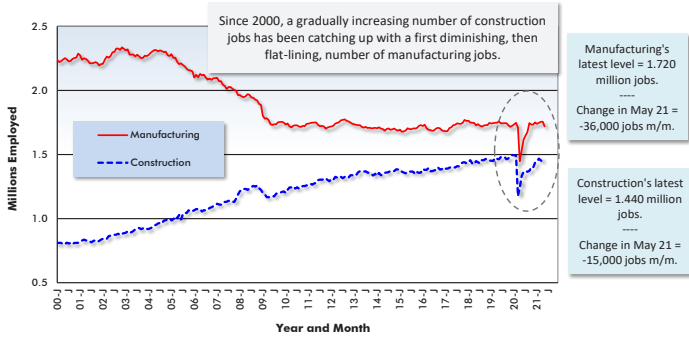
	Y/Y Change
All employees, average weekly	-2.3%
All employees, average hourly	-1.6%
Union coverage, average weekly	0.6%
Union coverage, average hourly	0.5%
Non-union, average weekly	-3.4%
Non-union, average hourly	-2.4%
All employees, full-time average weekly	0.0%
All employees, part-time average weekly	-8.1%

At times last year, with many 'gig' jobs disappearing and some remaining workers earning bonuses for extra hours put in & for risking their health, compensation rates were in double-digit percentage changes. These influences are now diminishing. ... In May 2021, the number of full-time jobs was +10.0% y/y, but part-time positions soared even more, +28.1% y/y due to a low base (or low denominator in the percentage change calculation) effect. **Average weekly earnings for part-time work, though, on average have retreated significantly, -8.1% y/y.**

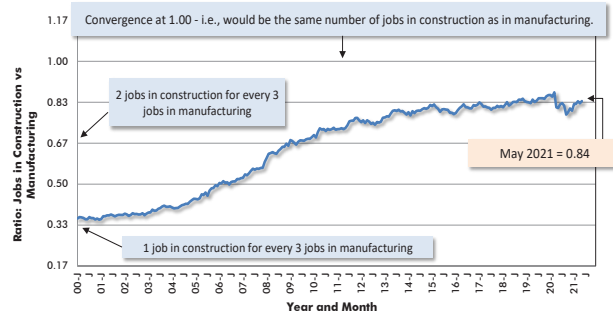
Based on (not) seasonally adjusted (NSA) 'current' dollar data. 'Current' means there has been no scaling back to remove effects of inflation.

Data source: Table 11, Statistics Canada's Labour Force Survey. Table: ConstructConnect — CanaData.

Graph 2: Manufacturing vs Construction Employment in Canada



Graph 3: Canada Employment in Construction vs Manufacturing

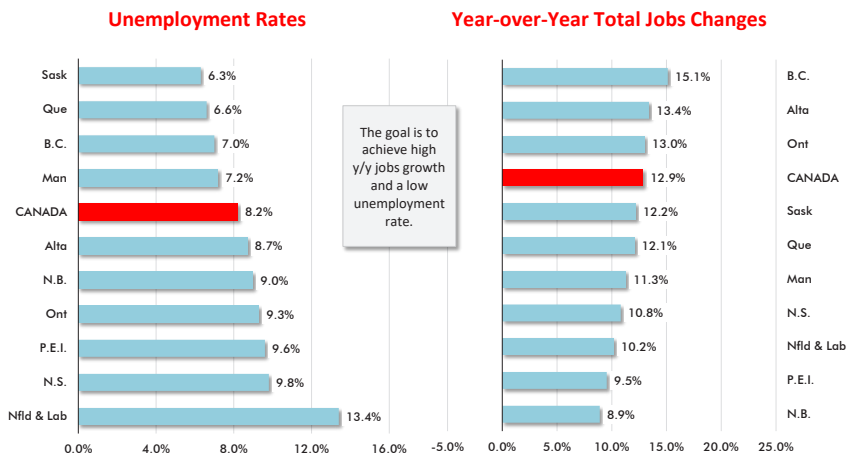


In 2000, there were 0.36 jobs in construction for every 1 job in manufacturing (i.e., manufacturing was a much bigger provider of employment). Now, there are 0.84 jobs in construction for every 1 job in manufacturing. **But will the pendulum soon swing back again? As modular prefab work gains more purchase in the marketplace, construction jobs are increasingly becoming manufacturing jobs.**

The last data points are for May, 2021.

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

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



In May 2021, British Columbia was the only province to record an unemployment rate (7.0%) lower than the total Canada figure (8.2%) and a year-over-year jobs increase (+15.1%) greater than the country-wide performance (+12.9%).

Province	Unemployment rate		Employment (000s)			
	May 2020	May 2021	May 2020	May 2021	Net	% change
Newfoundland and Labrador	17.3%	13.4%	197.1	217.2	20.1	10.2%
Prince Edward Island	14.1%	9.6%	72.3	79.2	6.9	9.5%
Nova Scotia	13.5%	9.8%	400.4	443.7	43.3	10.8%
New Brunswick	13.2%	9.0%	331.5	361.0	29.5	8.9%
Québec	13.6%	6.6%	3,765.1	4,219.3	454.2	12.1%
Ontario	13.5%	9.3%	6,356.4	7,183.8	827.4	13.0%
Manitoba	11.4%	7.2%	587.4	653.8	66.4	11.3%
Saskatchewan	12.4%	6.3%	502.1	563.3	61.2	12.2%
Alberta	15.5%	8.7%	1,959.1	2,221.7	262.6	13.4%
British Columbia	13.4%	7.0%	2,272.6	2,616.2	343.6	15.1%
CANADA	13.7%	8.2%	16,444.0	18,559.2	2,115.2	12.9%

Ontario is currently accounting for the largest portion (39.1%) of the national year-over-year jobs increase. Quebec (21.5%) is in second spot. In third & fourth positions are B.C. (16.2%) & Alberta (12.4%).

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