

Economy at a Glance

Prepared by Alex Carrick, ConstructConnect® Chief Economist

Wages advance mightily in U.S.; maintain moderation in Canada (Part I)



Alex Carrick

Concerning the cost of doing business, a lot of attention has been focused lately on sharply rising material input prices. But compensation rates haven't just been sitting idly by, quietly twiddling their thumbs, either.

There are numerous sources of information on the wages paid to workers in the U.S. and Canada. It would seem logical, though, to turn first to the data provided by the Bureau of Labor Statistics (BLS) and Statistics Canada in their monthly *Employment Situation* and *Labour Force Survey* reports

respectively. Being included along with the latest jobs numbers means they come, as near as can be, with an 'official' stamp.

Tables 1 and 2 below are derived from Table B-8 of September's BLS *Employment Situation Report*. The hourly and weekly wage rates are for 'production and nonsupervisory' workers. In other words, bosses are excluded. Table 3 below condenses and summarizes material appearing in Table 11 of Statistics Canada's September *Labour Force Survey*. In addition to pay hikes, it provides insight into union versus non-union and full-time versus part-time earnings.

Tables 1 and 2 are comprised of 19 lines, but seven of those lines are summaries. What's more important is that wage results are shown for a dozen major sub-sectors.

From Table 1, when hourly wage rates as a level are ranked from highest to lowest, construction (\$30.79) places fifth. Interestingly, it's way ahead of manufacturing (\$24.18) in tenth spot. Utilities (\$40.00) is number one. In the lowest two positions are retail trade (\$18.68) and leisure and hospitality (\$16.71).

From Table 1, when hourly wage rates as year-over-year percent changes are ranked, construction (+5.8%) comes in fourth. Number one is leisure and hospitality (+12.9%), where the exaggerated increase is due to activity in the sector being inordinately weak a year ago. Transportation and warehousing workers have also seen a good gain (+8.6%) as demand for their efforts has skyrocketed to deal with the logistics gaps that have appeared along supply lines.

From Table 2, when weekly wages as a level are ranked, construction (\$1,259) is in fourth place after utilities (\$1,696), mining and logging (\$1,504) and information (\$1,340). High occurrences of part-time work push retail trade (\$573) and leisure and hospitality (\$416) to the bottom.

From Table 2, when weekly wages as year-over-year percent changes are ranked, construction (+10.2%) moves up to second position, just ahead of mining and logging (+10.1%), but in runner-up spot to leisure and hospitality (+13.8%).

According to Table 3 below, Canadian workers aren't seeing anything like the same fast year-over-year increases in wages as in the U.S.

Given the difference in exchange rates, U.S. and Canadian average hourly and weekly wages aren't far off as levels. But American year-over-year pay hikes that are approaching +6.0% for 'all jobs' are vastly outpacing Canadian climbs that are generally close to +2.0%.

The highest increase in Table 3 is +2.6% for average weekly earnings by Canadian non-union workers.

There are two other takeaways from Table 3. Non-union-covered workers in Canada are making slightly better wage gains year over year (+2.3% hourly and +2.6% weekly) than those who are union-covered (+1.0% hourly and +1.3%

weekly). And full-time employees (+2.3%), with respect to average weekly earnings, have a leg up on part-time employees (+1.1%) by a little more than a percentage point.

To be continued in *Economy at a Glance*, Vol. 17, Issue 146.

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Table 1: U.S. average hourly earnings, production & nonsupervisory workers on non-farm payrolls

	Sep 20	Sep 21	% Change Y/Y
Total Private	\$24.79	\$26.15	5.5%
Goods-producing	\$25.49	\$26.92	5.6%
Mining & Logging	\$30.36	\$31.72	4.5%
Construction	\$29.09	\$30.79	5.8%
Manufacturing	\$23.01	\$24.18	5.1%
Durable Goods	\$23.99	\$25.22	5.1%
Nondurable Goods	\$21.46	\$22.55	5.1%
Private Service-providing	\$24.64	\$25.99	5.5%
Trade, Transportation & Utilities	\$21.47	\$22.70	5.7%
Wholesale Trade	\$26.93	\$28.01	4.0%
Retail Trade	\$17.78	\$18.68	5.1%
Transportation & Warehousing	\$22.59	\$24.54	8.6%
Utilities	\$38.98	\$40.00	2.6%
Information	\$36.16	\$36.50	0.9%
Financial Activities	\$29.48	\$30.65	4.0%
Professional & Business Services	\$29.50	\$30.94	4.9%
Education & Health Services	\$25.60	\$27.46	7.3%
Leisure & Hospitality	\$14.80	\$16.71	12.9%
Other Services	\$22.61	\$23.38	3.4%

Among the 12 major sub-sectors shown above, construction currently ranks 5th for level of hourly earnings and 4th for year-over-year change in hourly earnings.

Data Source: Table B-8, *Employment Situation report from Bureau of Labor Statistics (BLS)* / Table: ConstructConnect. — CanaData.

Table 2: U.S. average weekly earnings, production & nonsupervisory workers on non-farm payrolls

	\$845.34	\$894.33	5.8%
Total Private	\$845.34	\$894.33	5.8%
Goods-producing	\$1,034.89	\$1,114.49	7.7%
Mining & Logging	\$1,366.20	\$1,503.53	10.1%
Construction	\$1,143.24	\$1,259.31	10.2%
Manufacturing	\$948.01	\$1,001.05	5.6%
Durable Goods	\$993.19	\$1,044.11	5.1%
Nondurable Goods	\$875.57	\$933.57	6.6%
Private Service-providing	\$813.12	\$857.67	5.5%
Trade, Transportation & Utilities	\$734.27	\$778.61	6.0%
Wholesale Trade	\$1,036.81	\$1,092.39	5.4%
Retail Trade	\$549.40	\$573.48	4.4%
Transportation & Warehousing	\$865.20	\$944.79	9.2%
Utilities	\$1,680.04	\$1,696.00	0.9%
Information	\$1,308.99	\$1,339.55	2.3%
Financial Activities	\$1,099.60	\$1,146.31	4.2%
Professional & Business Services	\$1,062.00	\$1,126.22	6.0%
Education & Health Services	\$839.68	\$897.94	6.9%
Leisure & Hospitality	\$365.56	\$416.08	13.8%
Other Services	\$707.69	\$729.46	3.1%

Among the 12 major sub-sectors shown above, construction currently ranks 4th for level of weekly earnings and 2nd for year-over-year change in weekly earnings.

Data Source: Table B-8, *Employment Situation report from Bureau of Labor Statistics (BLS)* / Table: ConstructConnect. — CanaData.

Table 3: Canadian workforce earnings year over year, September 2021

	Y/Y Change
All employees, average weekly	2.0%
All employees, average hourly	1.7%
Union coverage, average weekly	1.3%
Union coverage, average hourly	1.0%
Non-union, average weekly	2.6%
Non-union, average hourly	2.3%
All employees, full-time average weekly	2.3%
All employees, part-time average weekly	1.1%

At times in 2020, with many 'gig' jobs disappearing and some remaining workers earning bonuses for extra hours spent on the job & for risking their health, compensation rates were in double-digit percentage changes. **Those influences have since receded.**

In Sep 2021, the number of full-time jobs was +4.4% y/y; part-time positions in the latest month were +2.5% y/y.

These figures are derived from Table 11 of Statistics Canada's monthly *Labour Force Survey* report.

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

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

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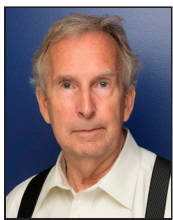
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Continued from *Economy at a Glance*, Vol. 17, Issue 145.

Other labour market developments

From Table 4, the U.S. jobs claw-back ratio relative to the big decline in total employment that occurred between February and April of last year is now close to 80%. No doubt, that's commendable progress. But how about Canada's performance? Why aren't there more



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bells ringing north of the border? Canada has achieved a full recovery of its total jobs count that existed before COVID-19 rode into town on a pale horse and forced nearly everyone to take shelter at home.

To be continued in *Economy at a Glance*, Vol. 17, Issue 147.

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Table 4: Monitoring the U.S. employment recovery – September 2021

The Big Drop (revised data) 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
	Sept 2021 vs Feb 2020 (Feb 2020 was last month unaffected by COVID-19)	Sept 2021 vs Aug 2021 (i.e., vs previous month)	Sept 2021 vs Feb 2020 (Feb 2020 was last month unaffected by COVID-19)	Sept 2021 vs Aug 2021 (i.e., vs previous month)		
Millions						
-22.362 (-14.7%)	Grand Total	-4.970 0.194	-3.3%	0.1%	17.392	77.8%
-18.787 (-17.3%)	Private Services-Providing	-3.522 0.265	-3.2%	0.3%	15.265	81.3%
-1.385 (-10.8%)	Manufacturing	-0.353 0.026	-2.8%	0.2%	1.032	74.5%
-1.113 (-14.6%)	Construction	-0.201 0.022	-2.6%	0.3%	0.912	81.9%
-2.375 (-15.2%)	Retail Trade	-0.202 0.056	-1.3%	0.4%	2.173	91.5%
-0.575 (-9.9%)	Transportation & Warehouse	0.072 0.048	1.2%	0.8%	0.647	112.5%
-0.279 (-3.1%)	Financial Activities	-0.025 0.002	-0.3%	0.0%	0.254	91.0%
-2.387 (-11.1%)	Professional & Business	-0.385 0.060	-1.8%	0.3%	2.002	83.9%
-0.281 (-9.6%)	Information Services	-0.108 0.032	-3.7%	1.2%	0.173	61.6%
-2.843 (-11.6%)	Education and Health	-0.900 -0.007	-3.7%	0.0%	1.943	68.3%
-8.224 (-48.6%)	Leisure & Hospitality	-1.594 0.074	-9.4%	0.5%	6.630	80.6%
-1.009 (-4.4%)	Government	-0.851 -0.123	-3.7%	-0.6%	0.158	15.7%

Data source: U.S. Bureau of Labor Statistics (BLS) / Table: ConstructConnect. — CanaData.

Table 5: Monitoring the Canadian employment recovery – September 2021

The Big Drop (revised data) 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
	Sept 2021 vs Feb 2020 (Feb 2020 was last month unaffected by COVID-19)	Sept 2021 vs Aug 2021 (i.e., vs previous month)	Sept 2021 vs Feb 2020 (Feb 2020 was last month unaffected by COVID-19)	Sept 2021 vs Aug 2021 (i.e., vs previous month)		
Millions						
-2.989 (-15.6%)	Grand Total	0.001 0.157	0.0%	0.8%	2.990	100.0%
-2.319 (-15.3%)	Services	0.129 0.142	0.8%	0.9%	2.448	105.5%
-0.300 (-17.2%)	Manufacturing	-0.014 0.022	-0.8%	1.3%	0.286	95.3%
-0.319 (-21.3%)	Construction	-0.073 -0.011	-4.9%	-0.8%	0.246	77.2%
-1.949 (-12.5%)	Full-Time	0.009 0.194	0.1%	1.3%	1.959	100.5%
-1.040 (-29.1%)	Part-Time	-0.008 -0.036	-0.2%	-1.0%	1.032	99.3%
-2.766 (-18.1%)	Private	-0.257 0.079	-1.7%	0.5%	2.509	90.7%
-0.223 (-5.7%)	Public	0.257 0.078	6.6%	1.9%	0.480	215.4%
-0.582 (-20.2%)	Wholesale & Retail Trade	-0.042 -0.002	-1.5%	-0.1%	0.540	92.8%
-0.615 (-50.0%)	Accommodation & Food Services	-0.188 -0.027	-15.3%	-2.5%	0.427	69.4%
-0.873 (-34.2%)	Age Cohort 15 to 24	0.025 0.018	1.0%	0.7%	0.898	102.9%

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

Table 6: U.S. and Canadian Jobs Markets – September 2021

	U.S.	Canada
Change in Jobs Count Month over Month (M/M)		
Total Employment	+194,000	+157,000
Construction Employment	+22,000	-11,000
Number of Jobs Year over Year (Y/Y)		
Total Employment	+4.0%	+4.0%
Service Sector	+5.0%	+4.8%
Manufacturing	+2.7%	-0.7%
Construction	+2.6%	+4.1%
Leisure & Hospitality in U.S. / Accommodation & Food Services in Canada	+14.7%	0.0%
Pandemic		
Decline in Total Employment Feb 2020 to Apr 2020	-14.7%	-15.6%
Recovery in Total Employment Since Apr 2020 ('Claw-Back' Ratio)	77.8%	100.0%
% Level		
Unemployment Rate (SA)	4.8%	6.9%
Unemployment Rate (NSA)	4.6%	5.2%
Central Bank Interest Rate	Federal Reserve's Federal Funds Rate (range) 0.00% to 0.25%	Bank of Canada's Overnight Rate 0.25%

Canada experienced a slightly greater decline in total jobs count in the Spring of last year (-15.6% between Feb & April) than the U.S. (-14.7%) when lockdown measures were first adopted in both countries to combat the spread of COVID-19.

Canada has now restored all (100.0%) of its big jobs drop; the U.S. is just past the 3/4 mark (77.8%).

The not seasonally adjusted (NSA) unemployment rates in both countries are nearly the same, 4.6% for the U.S. and 5.2% for Canada (when Statistics Canada adopts the same strict calculation methodology as the BLS).

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'. Cdn NSA unemployment rate known as '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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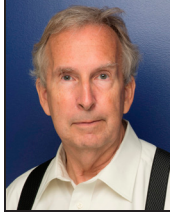
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Graph 1 shows that the not seasonally adjusted (NSA) unemployment rates in both the U.S. and Canada have continued to be nearly the same for a long time. Canada's R-3 number is a special calculation carried out by Statistics Canada utilizing the same methodology as is adopted south of the border.

Table 7 and Graph 2 examine labour markets in Canadian provinces. Currently British Columbia is the only jurisdiction with both a year-over-year increase in



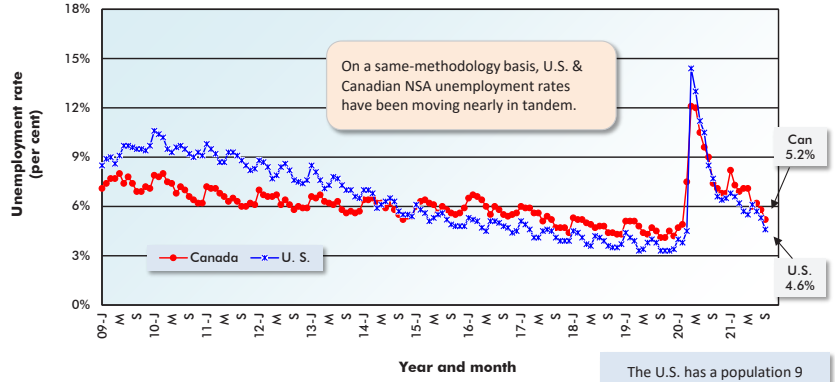
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employment (+6.1%) that is greater than the national advance (+4.0%) and an unemployment rate (5.9%) that is lower than the seasonally adjusted total Canada figure (6.9%).

As for the year-over-year increase in total employment in Canada, Ontario (with a 44.6% share) and B.C. (with a +20.6% share) combined are accounting for two-thirds of the jump.

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Graph 1: Canada vs U.S. monthly unemployment rate (percent), Not Seasonally Adjusted (NSA) Data (Statistics Canada calculates 'R-3' on same basis as U.S. rate)



The latest data points are for September, 2021.

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

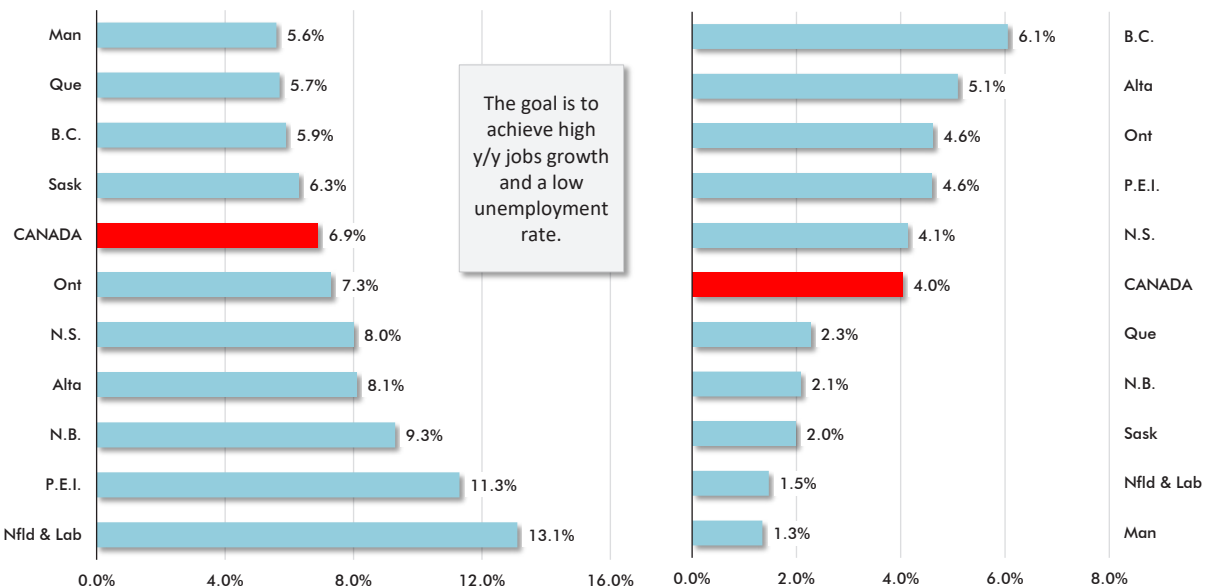
Table 7: Canada's provincial labour markets – September 2021

Province	Unemployment rate		Employment (000s)			
	Sep 2020	Sep 2021	Sep 2020	Sep 2021	Net	% change
Newfoundland and Labrador	15.2%	13.1%	217.4	220.6	3.2	1.5%
Prince Edward Island	10.2%	11.3%	76.1	79.6	3.5	4.6%
Nova Scotia	8.1%	8.0%	448.0	466.5	18.5	4.1%
New Brunswick	11.0%	9.3%	354.3	361.7	7.4	2.1%
Québec	7.5%	5.7%	4,223.3	4,319.3	96.0	2.3%
Ontario	9.6%	7.3%	7,168.8	7,499.7	330.9	4.6%
Manitoba	7.1%	5.6%	652.5	661.3	8.8	1.3%
Saskatchewan	7.1%	6.3%	556.6	567.7	11.1	2.0%
Alberta	12.1%	8.1%	2,162.7	2,272.9	110.2	5.1%
British Columbia	8.6%	5.9%	2,528.8	2,681.9	153.1	6.1%
CANADA	9.2%	6.9%	18,388.5	19,131.2	742.7	4.0%

Ontario is currently accounting for the largest portion (44.6%) of the national year-over-year jobs increase. In second spot is B.C. (20.6%). Third and fourth places go to Alberta (14.8%) and Quebec (12.9%). By way of comparison, the shares of Canada's total population are: Ontario, 38.8%; Quebec, 22.5%; B.C. 13.5%; and Alberta, 11.7%. ... Ontario and B.C. are 'punching above their weight' in jobs creation.

Data source (seasonally adjusted figures): Statistics Canada / Table: ConstructConnect. — CanaData.

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



In September 2021, British Columbia was the only province to record an unemployment rate (5.9%) lower than the total Canada figure (6.9%) and a year-over-year jobs increase (+6.1%) greater than the country-wide advance (+4.0%).

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