

Cdn Jobs: School's Out For Summer

Canadian employment fell by 9,300 in July after a 93,200 spike in June, lifting the unemployment rate a tick to 8.0% (the first rise since Oct/09). While the headline drop is hardly a shock after the blistering increases in recent months, the details were a bit baffling. Full-time jobs plunged 139,000, almost entirely reversing the huge gains in the prior three months, yet somehow hours worked rose! Goods-producing industries added 42,000 jobs, while services plunged 51,300. That big drop can be explained by a reported 65,300 plunge in education—StatsCan is clearly struggling with the seasonality here, as this is the fourth year in a row with big drops in education payrolls in July (usually reversed in the ensuing months). Other big movers were manufacturing (+28.5k) and public admin (+18.7k) on the strong side, and financial services (-29.8k) and retail & wholesale trade (-14.4k) on the soft side.

Most of the damage was in Ontario (-15k) and Quebec (-20.9k), as six of the 10 provinces actually posted job gains in July—just not the two largest provinces. Not surprisingly, most of the big drop in education jobs was in the two central provinces as well. While the national unemployment rate rose, it actually fell fairly heavily in all three of the westernmost provinces.

(thousands)	Jul	Jun	May	(average change)	
				3-month	12-month
Total	-9.3	93.2	24.7	36.2	32.8
(month/month % change)	-0.1	0.5	0.1	2.6 **	2.3 ***
Full-Time	-139.0	48.9	67.3	-7.6	18.0
Part-Time	129.7	44.2	-42.5	43.8	14.8
Goods Producing	42.0	-10.2	-7.7	8.0	8.6
Manufacturing	28.5	-14.3	2.7	5.6	0.2
Construction	2.8	11.0	-7.6	2.1	8.1
Service Producing	-51.3	103.4	32.4	28.2	24.2
Trade	-14.4	21.6	5.6	4.3	4.5
Unemployment Rate (%)	8.0	7.9	8.1	8.1 *	8.6 *
Avg. Hr. Wages (y/y % chng)	2.2	1.7	2.4	2.0 *	3.4 *

* 3 and 12 months ago ** 3-month % change, a.r. *** year/year % change

The Bottom Line: The spring surge in Canadian jobs was literally too good to be true. Still, the first drop in employment since December does not signal a fundamental shift in the economy. The main driver of the weakness was the heavy-duty decline in education jobs, which appears highly suspect—look for a recovery on this front in the months ahead. Overall, this report appears to be a very mild payback for previously amazing strength, and the bigger picture is that almost all of the recession's job losses have been reversed in the very short space of a year.

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