



Canada and U.S. December Job Reports - Ending 2018 on a Positive Note

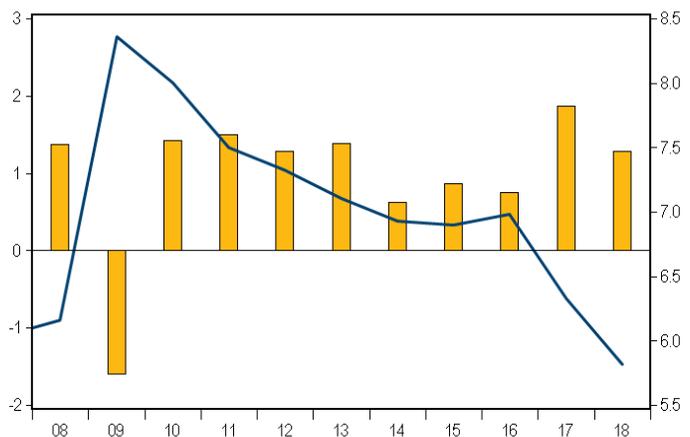
Canadian employment growth for December came in close to expectations at 9.3K (consensus 10K). This was due to increases in manufacturing employment (+24K), mainly in Ontario and Alberta, transportation and warehousing (+15K) and health care and social assistance (+11K); partly offset by decreases in wholesale and retail trade (-26K) and public administration (-17K). This allowed the unemployment rate to stay flat at 5.6%, the lowest level in 43 years.

Overall, total employment rose by 163K (1.3%) in 2018, less than 2017's 1.9% annualized average growth rates (see chart). This is understandable in a tight job market. This trend is expected to continue in 2019, as any significant source of job gains is not evident, and as we outline in our [2019 Outlook](#), market volatility is expected to continue at least through the middle of the year. The labour force survey (LFS) measure of wage growth, however, remains low at 1.5% y/y, which is odd considering the tight labour market. However, the latest Survey of Employment, Payrolls and Hours (SEPH) data from October has wage growth at 2.5% y/y, and most importantly, the Wage Common (the wage measure tracked by the Bank of Canada) stands at 2.4% y/y for 2018Q3.

South of the border, U.S. employment numbers for December came in very strong at 312K, significantly above the forecasted consensus of 184K. In a volatile market like we are currently experiencing, these numbers are a relief, as a lower than expected print would have certainly hurt markets. The labour market, however, tends to be a lagging economic indicator, so strong December employment numbers doesn't alleviate the concern of a slowdown in 2019.

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Canada: Employment: Both Sexes, 15 Years and Over
 % Change - Period to Period (LS)
 Canada: Unemployment Rate: Both Sexes, 15 Years and Over
 SA, % (RS)



Source: Statistics Canada/Haver Analytics

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