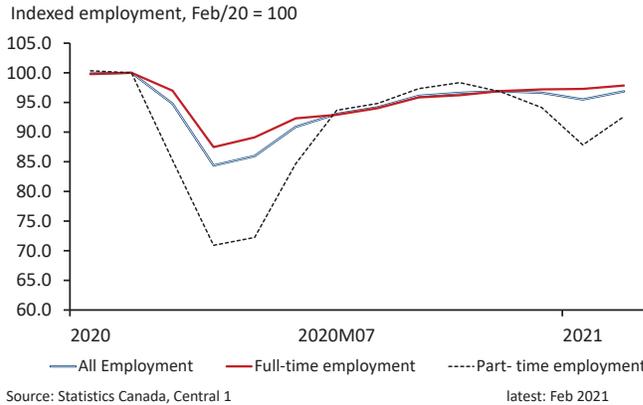




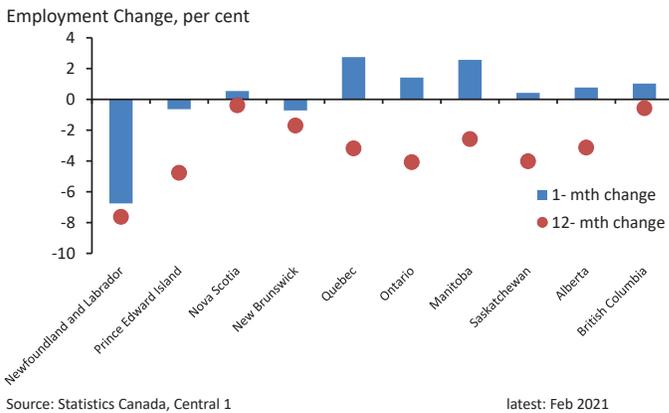
Canadian labour market bounces back after January employment losses

Canada employment gains, remains 3% below pre-pandemic levels



Canadian economic prospects received a positive economy surprise in February as employment gains blew past expectations and course-corrected after two months of losses. Canada-wide, employment jumped by 259,000 persons or 1.4 per cent. While more than reversing January's decline, levels were still off November's recovery phase peak. Average unemployment fell to 8.2 per cent of the labour force, compared to 9.4 per cent in January and marked the lowest level since March.

Quebec and Manitoba lead monthly employment gain



Broadly, the numbers were positive. While strict second wave restrictions remain in place in some regions of Ontario, particularly the Toronto area, and Newfoundland and Labrador tightened restriction, other regions largely loosened constraints on retail and in-person dining. Business re-openings naturally led to recalls of temporarily laid off employees.

Employment rose in 7 of 10 provinces, led by gains of 2.7 per cent in Quebec and 2.6 per cent in Manitoba, while Ontario rose 1.4 per cent. Newfoundland and Labrador slumped by 6.8 per cent. Reflecting the re-openings, more than 70 per cent of the monthly gain came from wholesale/retail trade (up 122,300 persons or 4.6 per cent) and accommodations/foodservices (up 65,000 or 7.7 per cent). Education employment also

gained significantly, while numbers were mixed in other sectors. These numbers should continue to improve with relaxation of Toronto area measures, but a third wave of the pandemic is a risk.

Part-time work contributed to the majority of the increase, rising 171,000 persons or 5.4 per cent, which is not surprising given the composition of industry gains, although full-time employment also gained a solid 0.6 per cent (88,200 persons). Total hours worked rose 1.4 per cent. Young people saw a stronger pace of improvement in jobs, while growth in female employment also outpaced that of males.

The latest jobs report is constructive and likely to lead precede further employment recovery in coming months. Further loosening of measures and wider vaccine deployment sets the stage for shift toward normalcy, although the risk of third wave restrictions remains prevalent. That said, there is plenty of slack in the labour market as employment remains three per cent below pre-pandemic levels, driven by fewer private- sector jobs and self-employment. Further improvements are also contingent on vaccines rollout and the evolution of the health crisis given more than full recoveries in sectors like professional services, technology and public administration. With declines still led by hospitality, tourism and other private- sector services a full- recovery will wait until vaccines are widely available and borders re-open more thoroughly into the second half of 2021.

The unemployment rate remains above the pre-pandemic level of 5.7 per cent, while long-term unemployment has also risen as those impacted by job loss early in the pandemic remain on the sidelines, risking skill deterioration and difficulty re-integrating into the labour force.

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