

Canada adds more jobs than expected; full-time hiring jumps

By Leah Schnurr

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Canada added more jobs than expected in February, extending the labour market's recent strong run as full-time hiring jumped, tempering concerns about deteriorating job quality after an increase in part-time work last year.

A decline in the number of people looking for work also sent the unemployment rate down to 6.6 per cent from 6.8 per cent, which tied with January 2015 for the lowest rate since October 2008, just as the global financial crisis hit.

Economists said the figures were unlikely to alter the Bank of Canada's cautious stance, though some said they may make it more difficult for the central bank to continue to downplay recent strength in the labor market.

"The good times keep on rolling for the Canadian labor market and the quality of employment also looks a little bit firmer this month," said Nick Exarhos, economist at CIBC Capital Markets.

Employers added 15,300 jobs last month, Statistics Canada said on Friday, topping economists' expectations for 2,500. The gain was driven by a hefty 105,100 increase in full-time hiring, offsetting a 89,800 drop in part-time positions.

The Canadian dollar strengthened against the greenback following the report, while the benchmark share index was up 0.3 per cent in early trade.

Hiring was strongest in the service sectors, including a 19,100 increase in trade, while public administration rose by 11,900. Public administration has created 65,200 new

positions since last February as federal and local government hiring has increased, the agency said.

Strong gains in Canada comes on a day when U.S. employment data beat expectations and wages grinded higher, which could give the Federal Reserve the green light to raise interest rates next week..

In its policy statement earlier this month, the Canadian central bank pointed again to persistent slack in the labor market and left interest rates unchanged at 0.50 per cent.

Stefane Marion, chief economist and strategist at National Bank of Canada, said he thought that story was running its course.

"It will be very interesting to see how the Bank of Canada spins this in its upcoming Monetary Policy Report," Marion said.

With wage growth muted and hours worked declining, others said the bank would continue to point to weaker details underlying the labor market.

Average hourly wages for permanent employees rose 1.1 per cent from a year ago, a slightly stronger pace than the 1.0 per cent annual pace seen in January. Average weekly hours worked decreased to 35.7 from 35.9.

"What (the Bank of Canada) has been telling us is look at the evidence of slack, and one of the metrics to look at is earnings trends," said Jimmy Jean, senior economist at Desjardins.

"There's no real improvement on that front. I don't think this is a report that changes the narrative from Bank of Canada's perspective."