

Canada's jobless rate falls to lowest since the dawn of the financial crisis

By Theophilos Argitis

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Canada's jobless rate fell last month to 6.3 per cent, the lowest since October 2008, as the nation's labour market continued its strong performance with an eighth straight employment increase.

The country added 10,900 jobs in July, according to Statistics Canada data Friday. The decline in the jobless rate was due in part to a lower participation rate, which fell to 65.7 per cent, from 65.9 per cent, as people left the labor force.

A separate trade report showed a pullback in June for exports, down 4.3 per cent during the month and a trade deficit of \$3.6 billion that was the widest since September 2016.

Economists had forecast a 12,500 increase in employment for July, and a \$1.25 billion June trade deficit.

Key Points — Jobs

Canada's labor market is running hot. The total increase over the past year of 387,600 is the biggest 12-month gain since 2007. The bulk of the gains over the past year have been full-time,

with 353,500 jobs. In July, the economy created 35,100 full-time jobs while dropping 24,300 part-time jobs. The full-time job gains means the total number of hours worked — a key determinant of income — are also accelerating. Total actual hours worked were up 1.9 per cent in July from a year earlier, the fastest year-over-year gain since August 2015. Wages continue to rise at historically low levels. The pace of annual wage rate increases was unchanged at 1.3 per cent in July. That's still better than the record low 0.7 per cent in April.

Key Points — Trade

The drop in exports was the largest since February 2016, reflecting the one-off nature of a big shipment of unwrought gold the previous month and a sharp decline in energy exports.

Imports were up 0.3 per cent in June, also below levels of recent months. In real terms, imports were up 0.8 per cent in June, while exports fell 1.7 per cent. Even with the pullback in June, Canada's trade performance has been robust over the past 12 months with exports up 12.4 per cent and imports gaining 10.4 per cent.