

Canadian job growth tops forecasts as full-time hiring jumps

By Leah Schnurr

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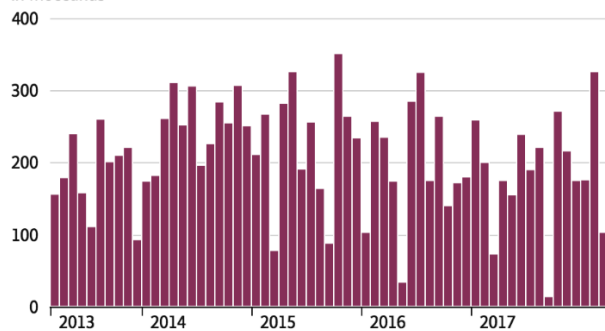
The Canadian economy added more jobs than expected last month, driven by hiring in construction and a recovery in full-time positions, data showed on Friday, though economists still expect the central bank to take its time raising interest rates again.

Canada created 32,300 jobs in March, Statistics Canada said, topping economists' forecasts for an increase of 20,000. The unemployment rate held at 5.8 per cent, while the participation rate was unchanged at 65.5 per cent.

Average hourly wages were up 3.1 per cent from a year ago, matching February's annual growth rate. Wages are a key measure being watched by the Bank of Canada, with policymakers still seeing slack in the labor market.

One-month net change in employment, U.S.

In thousands



THE GLOBE AND MAIL, SOURCE: BUREAU OF LABOR STATISTICS

While economists said the report was largely encouraging, they said it was unlikely to move the central bank off the sidelines any faster.

“The absence of any acceleration in wages or drop in the jobless rate should be enough to keep the Bank of Canada on hold for now, particularly given only muted GDP growth in the most recent two months of data,” said Avery Shenfeld, chief economist at CIBC Economics.

The central bank has raised rates three times since last July and markets see a more than 80 per cent likelihood of another increase this July.

The bank has said it will be cautious in considering future hikes as it watches to see how indebted consumers handle higher borrowing costs and how U.S. trade policy unfolds.

“The Bank of Canada is going to be happy to see a positive month of jobs data,” said Andrew Kelvin, senior rates strategist at TD Securities. “It won’t change the calculus around April (interest rate decision) really in any way, shape or form.”

The Canadian dollar strengthened to a five-week high against the greenback as investors were also taking in data that showed U.S. job growth was the smallest in six months.

Unemployment rate, Canada



THE GLOBE AND MAIL, SOURCE: STATISTICS CANADA

Goods-producing industries led March's jobs growth, with 18,300 new hires in construction and an increase of 8,100 positions in agriculture. In the services sector, public administration added 11,900 jobs.

Overall, full-time jobs rose by 68,300, more than recovering from February's decline, while part-time work pulled back by 35,900 positions.

Still, for the first quarter, employment declined by 40,000 positions, due to a drop in January. The Canadian labor market is coming off of a robust 2017 and economists expect the pace of job creation to slow this year.