

# OBSERVATION

## TD Economics

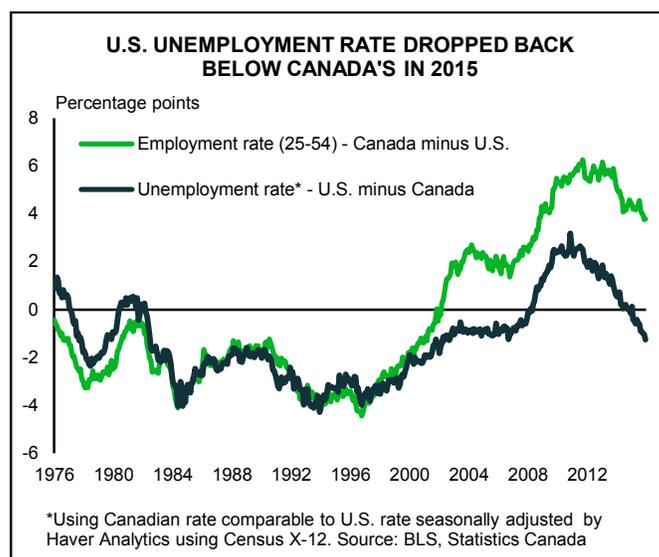


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### SIX EMPLOYMENT FACTS FROM A NOT SO GREAT YEAR

2015 was a disappointing year for the Canadian economy. The start of the year was marked by recession. Third quarter growth was a decent 2.3% annualized, however it appears increasingly likely that the final quarter of the year will see growth barely above 0%. The full effects of the downturn and ongoing adjustment process are likely to continue playing out in the months ahead, but we can still look back at how employment has evolved so far during this challenging period. A number of interesting facts and trends emerge from the data:

- 1. Self-employment is back:** Self-employment rose by 91.5K net positions in 2015, outpacing both public and private sector hiring (40.8K and 25.9K positions respectively). The historic precedent for this pattern helps reconfirm the recession that began the year: past years that saw this pattern were marked either by recession or austerity, such as 1981/1982, the early and mid 1990s, and 2008/2009.
- 2. Real estate driving Ontario:** Employment in the most populous province was resilient – across all industries, employment was up 45.3K net positions, down just slightly from its 2014 growth rate. However, more than half of this growth (53%) was due to just one sector: real estate and leasing, further underscoring the importance of the housing market in Ontario.
- 3. Government hiring easing the pain in Alberta:** Employment fell by 14.6K in Alberta, a slightly better outturn than in 2009 (-17.2K). The relatively mild overall performance was in large part due to hiring in public administration, which was up 13.5K net positions. This means that for the private sector in Alberta, 2015 was a worse year for employment than 2009: -28.1K net positions vs. -21.1K. With a bounce-back in oil prices not in the cards, 2016 will likely mark another challenging year for the private sector in Alberta.
- 4. Older Canadians captured the employment gains:** Net employment gains totaled 158K in 2015, while Canadians over 55 saw employment rise by 220K positions. Canadians aged 15 to 54 saw their employment decline by 62.2K positions. This pattern is somewhat unusual, and has only been seen in 9 of 36 years from 1980 onwards.
- 5. Low loonie benefited only some of the likely suspects:** The currency was down more than 10% on a trade-weighted basis in 2015, making Canadian exports, including tourism more attractive. While the loonie appeared to have benefited the manufacturing sector, which saw employment rise a net 49.7K positions, it was a different story for the tourism sector. Both the information/cultural/recreation sector (which also includes media employees) and the accommodation/food services sector saw net job losses in 2015 of 7.2K and 28.7K respectively, despite strong increases in foreign visitors to Canada.
- 6. Canada lost more ground to the U.S.:** While it isn't a competition, it is always interesting to benchmark Canada against our southern neighbour. Post-crisis, both employment and the unemployment rate in Canada were above equivalent U.S. levels. In recent years this has started to reverse, with 2015 marking the first time in six years that the U.S. had a lower unemployment rate than Canada (when both series are calculated on a comparable basis).





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