



**Bank
Financial
Group**

TD Economics

Commentary

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CANADIAN JOB GROWTH SLOWS IN MARCH

- **14,600 jobs created in March on greater part-time employment.**
- **Unemployment edges up to 6.0% from 5.8% last month.**

Building on two months of near unbelievable job growth, March's employment number came slightly closer to earth with 14,600 net jobs created in the month. With the gain in March, 85,800 were created in the first quarter of the year, up a stellar 2.0% from last year. While we were once again surprised by the strength in the headline job numbers, several details of this month's report painted a notably weaker picture of the labour market as we head into the second quarter of this year. In contrast to the story of the past several months, all of the job gains in March were in part-time employment, which increased by 34,000 for its strongest growth since November of 2006. Full-time jobs, on the other hand, edged down 0.1% in the month and with the shift towards part-time jobs, hours worked fell by 0.9%. Still there was no shortage of people looking for work - the labour force grew by a whopping 57,100, pushing the participation rate to a record 68.0% and the unemployment rate to 6.0% from 5.8% in February.

Looking into the industry details, manufacturing remained the main source of weakness to employment growth with a further 9,400 jobs lost in March and 113,300 total jobs in the last 12 months. Elsewhere in the goods producing sector, construction employment has been the mirror opposite of manufacturing with 9,600 net jobs created in March and 103,300 jobs in the past year. Construction employment has been buoyed by a hot housing market that is now showing signs of cooling and while non-residential building permits jumped at the outset of this year, they too are expected to moderate and lead to a slowdown in the pace of job creation in this sector in the next several months.

Perhaps even more surprising than the growing divide between employment in the domestic sectors and export-ori-

CANADIAN LABOUR FORCE SURVEY				
	Mar.08 (000's)	Feb.08 (000's)	m/m % chg*	y/y % chg*
Employment	14.6	43.3	0.1	1.9
Full-time	-19.6	49.5	-0.1	2.1
Part-time	34.2	-6.2	1.1	1.1
Goods-producing	7.8	-12.5	0.2	0.4
Manufacturing	-9.4	-23.7	-0.5	-5.4
Construction	9.6	20.8	0.8	9.3
Services-producing	6.8	55.8	0.1	2.4
Trade	3.0	14.1	0.1	1.1
Fin., Ins., & Real Estate	-12.9	6.7	-1.2	0.1
Public Sector	2.9	12.1	0.1	5.9
Private Sector[^]	20.3	30.8	0.2	0.8
Unemployment Rate (%)**	6.0	5.8	0.2	-0.1
Participation Rate (%)**	68.0	67.8	0.2	0.3

*Reflect changes in seas. adjusted data; ^includes self-employed
** level expressed as a per cent, % chg expressed as percentage movement in the rate. Source: Statistics Canada / Haver Analytics.

ented sectors, is the disconnect between job creation in the private and public sectors. While this trend reversed itself slightly in the first quarter of this year, job creation in the public-sector on a year-over-year basis remains lofty at 5.9%, while the private sector ekes out more meager gains of 0.8%. This detail is even more pronounced when one considers that while private-sector employment makes up close to 65% of total employment and the public-sector just under 30% (with the remaining 5% self-employed) public-sector job growth has contributed close to 60% of total job growth in the last 12 months compared to just under 30% in the private-sector. With governments across the country facing the increased likelihood of slower economic and hence revenue growth, public-sector employment is unlikely to remain the main source of job creation going forward. A return to more stable levels of public-sector job growth combined with the continued negative headwinds from the struggling U.S. economy is expected to lead to a continued cooling in job growth this year.

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