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TD Economics

Data Release: Canadian job markets end 2016 with a bang

- Canadian job markets came back to life in December as 53.7k net new jobs were added. Despite the gains, the unemployment rate ticked up to 6.9% as more Canadians entered the labour force.
- In a break from the past two months, it was full-time employment leading the charge, with 81.3k jobs added, more than offsetting a 27.6k net decline in part-time hiring.
- Both the private and public sectors added employees in December (+43.5k and +28.6k respectively). Moreover, December marked the fifth straight month of gains in employees (+72.1k) as self-employment fell again (-18.4k).
- Hiring was concentrated in the service side of the economy (+52.0k) while the good-producing sectors were effectively flat on the month (+1.7k). The largest gains were in professional services (+28.1k) and health care (+13.9k).
- Net employment gains were recorded in 8 of the 10 provinces, with Newfoundland and Labrador (-1.6k) and Saskatchewan (-1.1k) the exceptions. Leading the way was Quebec (+20.4k), followed by British Columbia (+17.0k) and Ontario (+9.1k).
- Hourly earnings grew just 1.5% year-on-year, repeating their November performance, in line with the subdued trend that characterized the latter half of 2016. Hours worked were effectively flat (-0.1%) year-on-year despite the healthy gains in full-time employment.

Key Implications

- If previous months' reports have been a mixed bag, December's is best called a loot bag. Nearly all aspects of the report were positive: strong full-time job growth, healthy private sector hiring, and continued gains in employees (rather than self-employment). The unemployment rate rose for the 'right' reason, as more Canadians were drawn to the job market. Moreover, gains were largely concentrated in the higher-skill service industries, with professional, scientific, and technical services leading the way.
- December's report is a welcome one, but given the significant statistical noise around this report, it should be put in the broader 2016 context. As highlighted in a TD Economics [report](#) this week, job growth to November 2016 was concentrated in part-time employment. This is unusual to see outside of a recession, and the December numbers are not sufficient to change the results for the year as a whole.
- Indeed, labour market performance in 2016 was consistent with an economy that faced a number of setbacks, and is continuing to struggle to find traction. This is perhaps best reflected in the marked deceleration of earnings growth in the latter half of the year. This, together with soft inflation figures, is likely to leave the Bank of Canada comfortable sitting on the sidelines (and maintaining an easing bias) for some time to come.

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