

Canadian labour force data for December 2021: A decent end to a strong year, but troubles lie ahead

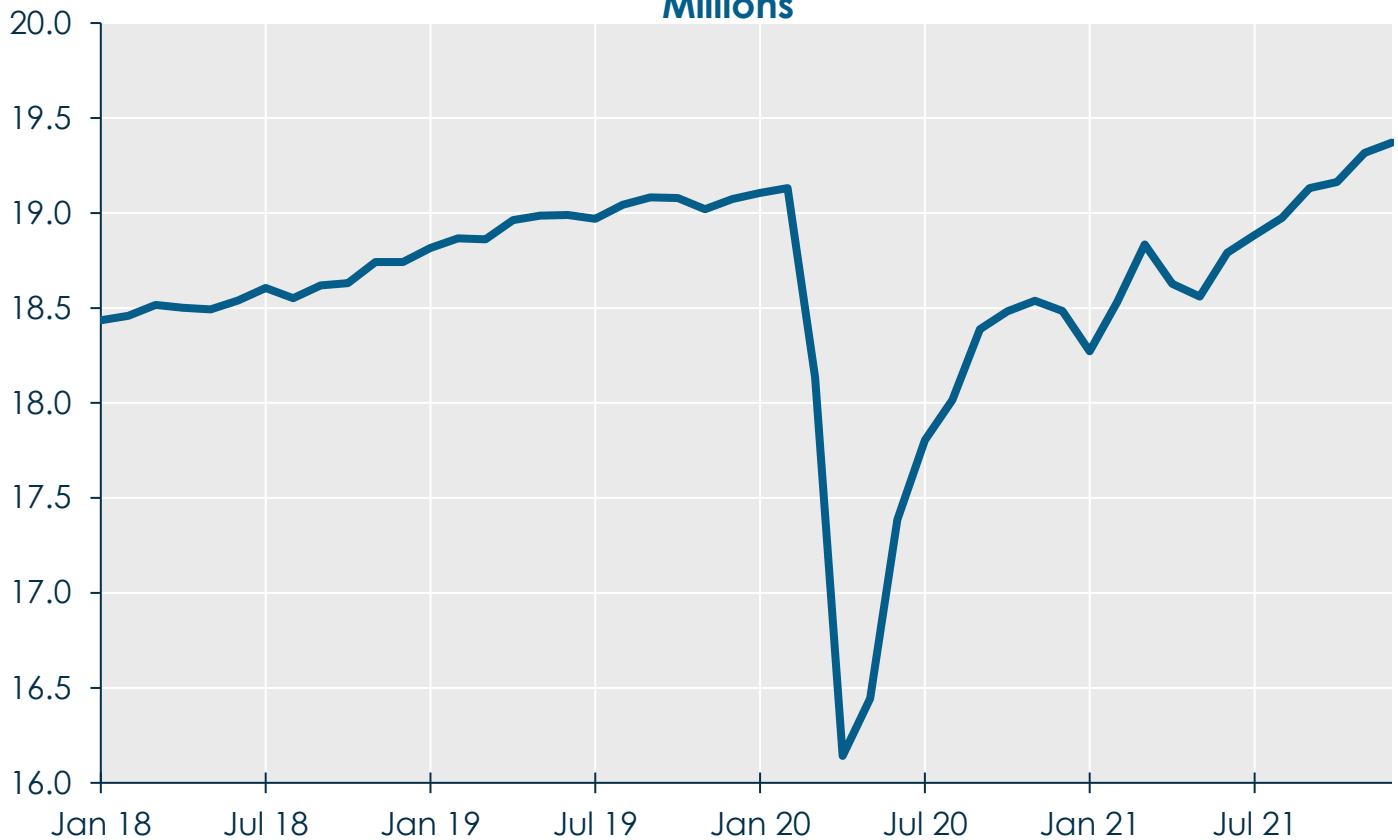


Stephen Tapp, Chief Economist

January 7, 2022

Canadian employment

Millions



Source: Statistics Canada

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“ Canada’s labour market ended the year with another good showing, and its recovery over 2021 has exceeded most expectations. However, with the alarming rise in COVID-19 cases bringing renewed health restrictions across the country, we expect job disruptions in high-touch service sectors (such as restaurants, entertainment, recreation, retail and personal services) in coming months. Even before these restrictions, many small businesses were struggling with rising input costs, labour difficulties and supply chain disruptions.

Key Takeaways

- After a blockbuster jobs report in November (+154k), **net employment** in Canada finished the year by adding 55k more jobs in December. Full-time positions led the way (+123k), more than offsetting declines in part-time jobs (-68k).
- For 2021 as a whole, the Canadian economy added an impressive 886k net jobs, representing significant progress towards recovery and generally exceeding forecasters' expectations.
- Job gains in December came largely from **goods sectors** (+44k, with **construction** up 27k), alongside a modest contribution from **services** (+11k, where **education** was up 17k). **Public sector jobs** kept driving employment gains in December (+32k), outperforming the private-sector, while self-employment jobs have fallen significantly during the pandemic. By **gender**, job gains were entirely enjoyed by men in December (+56k, whereas women -2k).
- **Total hours worked** across the economy was up 0.3% on the month.
- The **participation rate remained at 65.3%**. While prime-age groups are running at record highs, workers over 55 years old have dropped out of Canada's labour market during the pandemic. Is it a lack of demand from employers (possibly reflecting industry/occupation shifts) or are workers reducing supply (aging demographics, voluntary retirements, family obligations, or health concerns)?
- The **unemployment rate** edged down to 5.9%. This brings it below 6% for the first time since the pandemic began, and is inching closer to the pre-pandemic low of 5.7%. With a record number of unfilled job vacancies, employers are looking to hire, so expect to see more progress for this indicator over the course of 2022.
- It's encouraging to see **long-term unemployment** (i.e., those unemployed for 27 weeks or more) continue to decline (down 25k in December), driven by those unemployed for one year or more. That said, there are still 293k long-term unemployed, a 63% increase in the pandemic, and accounting for a much higher share of the unemployed than before the pandemic began.
- StatsCan's "**labour market underutilization rate**" fell to 12%, still a bit higher than in Feb 2020 (11.4%), but now back within the pre-pandemic range. Economists will continue to debate whether the labour market part of the economic recovery can be considered largely "complete" or remains a work-in-progress.

- **Labour market tightness** has risen in recent months, and is starting to put upward pressure on wages (especially for recent hires) as companies continue to struggle to fill job vacancies. That said, average hourly wages overall in the labour force survey continue to run below the elevated rate of inflation, so more “catch up” is expected.
- **The provincial employment** picture was little changed in December. Only three provinces had statistically-significant moves (up in Ontario +47k and Saskatchewan +6k, and down in Newfoundland and Labrador, -5k).
- Almost one-in-four workers (24%) did so remotely “**work from home**”, that share been stable since the summer.

Summary tables

	Latest		Changes		
	Nov	Dec	Last month, level	Last month, %	Feb 2020, %
Total Employment <i>Thousands</i>	19,316	19,371	55	0.3	1.3
Full Time	15,681	15,803	123	0.8	1.6
Part Time	3,635	3,568	-68	-1.9	-0.2
Men	10,130	10,187	56	0.6	1.4
Women	9,186	9,184	-2	0.0	1.1
Hours Worked <i>Millions</i>	632	633	2	0.3	0.4
Employment Rate %	61.4	61.5		0.1 ppts	-0.3 ppts
Participation Rate %	65.3	65.3		0 ppts	-0.2 ppts
Unemployment Rate %	6	5.9		-0.1 ppts	0.2 ppts

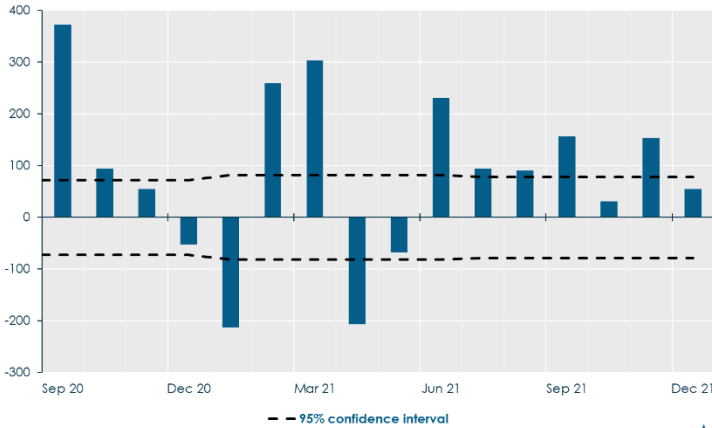
Employment by Industry	Monthly change, thousands	Change vs pre-Covid, thousands	Change vs pre-Covid, %
Total	55	241	1.3
Goods	44	-63	-1.6
Services	11	304	2.0
Construction	27	-41	-3
Education	17	93	7
Manufacturing	11	23	1
Business services	7	-44	-6
Utilities	3	0	0
Retail & Wholesale trade	3	81	3
Agriculture	2	-59	-20
Natural resources	2	13	4
Professional services	-2	188	12
Transportation	-2	-11	-1
Accommodation & Food services	-4	-206	-17
Health	-4	86	3
Culture & Recreation	-5	10	1
Finance & Insurance	-11	79	6

Employment by Province	Monthly change, thousands	Change vs pre-Covid, thousands	Change vs pre-Covid, %
Ontario	47	161	2.1
Alberta	11	21	0.9
Saskatchewan	6	-4	-0.7
Manitoba	3	-2	-0.3
British Columbia	0	56	2.1
Prince Edward Island	0	2	1.8
Nova Scotia	0	4	0.7
New Brunswick	-2	-2	-0.4
Newfoundland and Labrador	-5	0	0.0
Quebec	-6	5	0.1

More labour force charts!

Canadian monthly employment changes

Net change, thousands



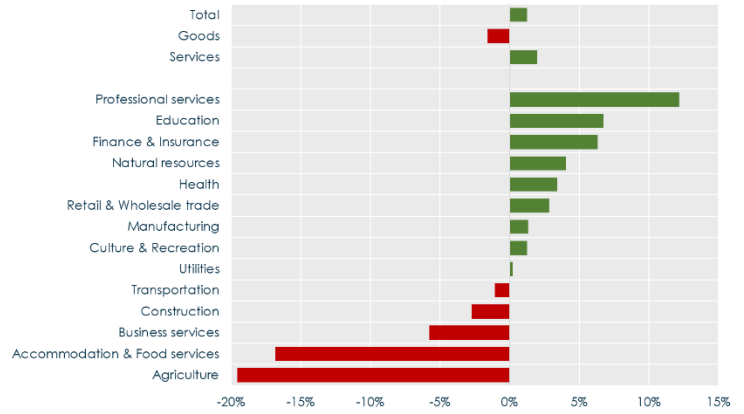
Source: Statistics Canada

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Canadian employment by industry

% change vs Feb 2020



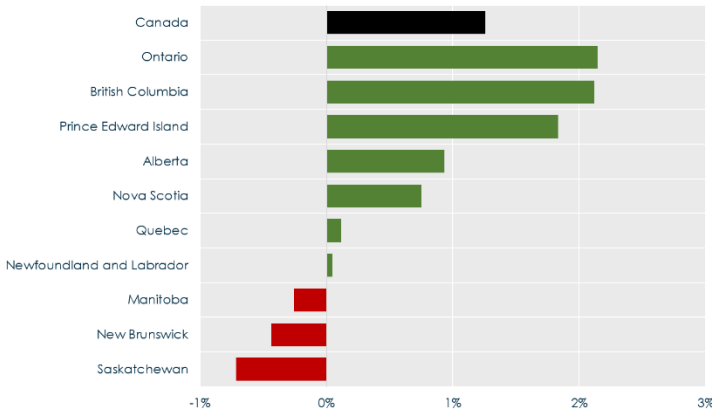
Source: Statistics Canada

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Canadian provincial employment

% change vs Feb 2020



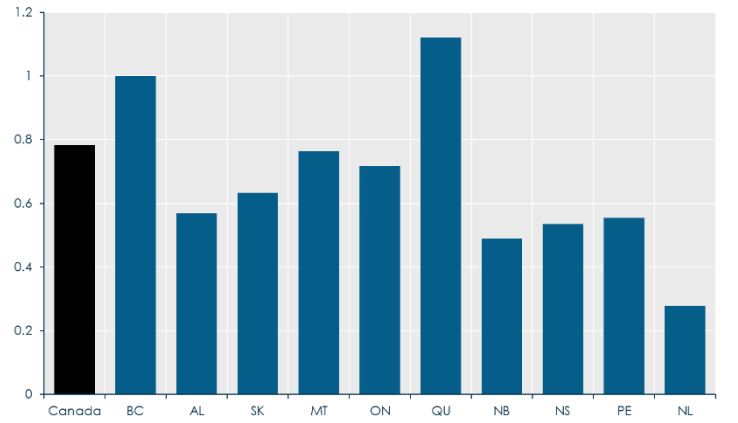
Source: Statistics Canada

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Provincial labour market tightness

Vacancies / Unemployed



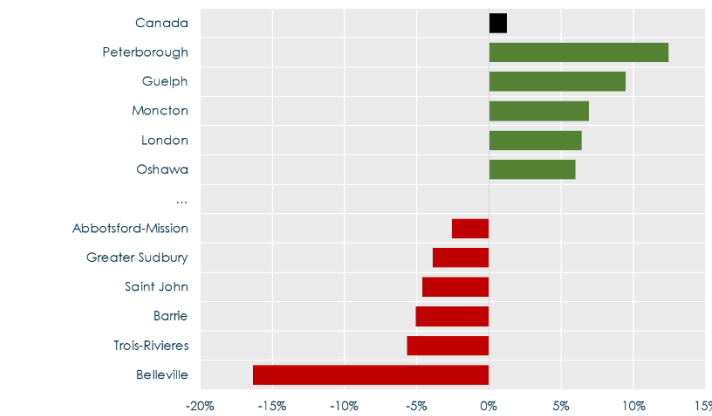
Source: Statistics Canada

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Canadian CMA employment standouts

% change vs Feb 2020



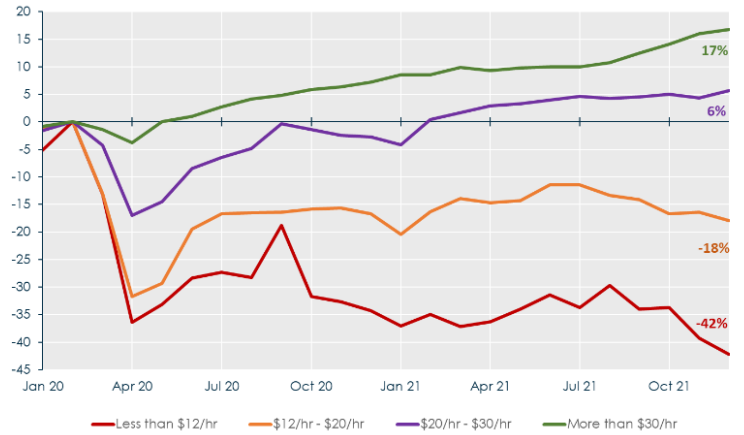
Source: Statistics Canada

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Canadian employment by hourly wage

% change since Feb 2020

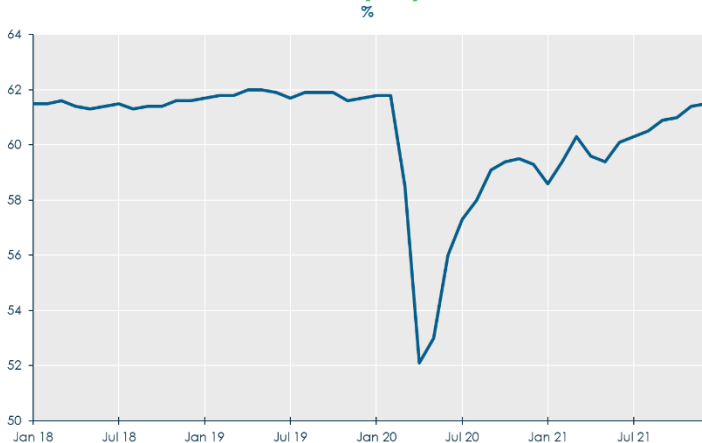


Source: Statistics Canada

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Canadian employment rate

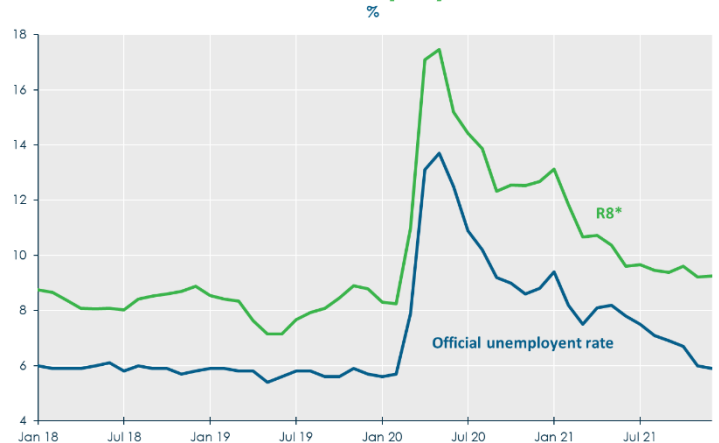


Source: Statistics Canada

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Canadian unemployment rate



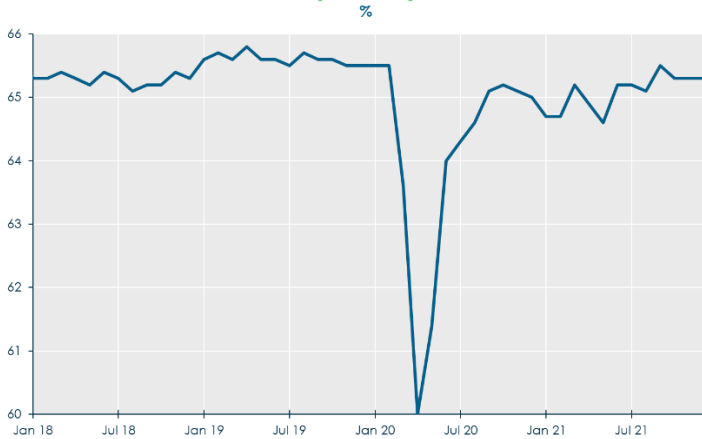
* Official rate + involuntary part-timers; discouraged searchers; awaiting recall, etc.

Source: Statistics Canada

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Canadian participation rate

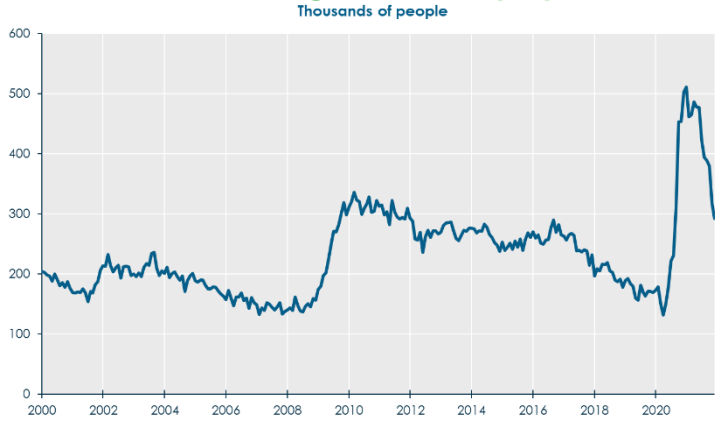


Source: Statistics Canada

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Canadian long-term unemployment

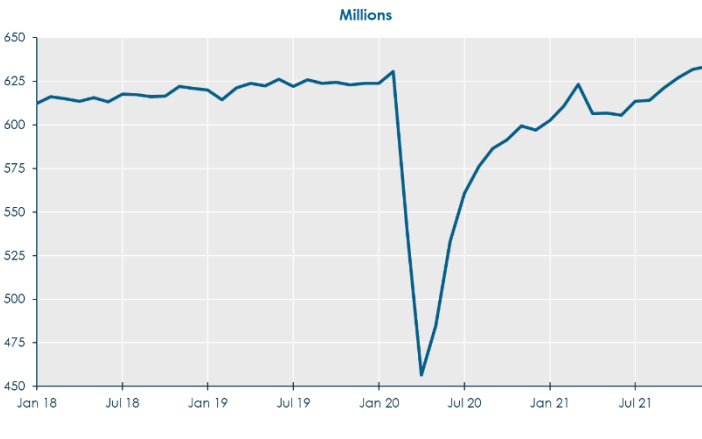


Source: Statistics Canada

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Canadian hours worked

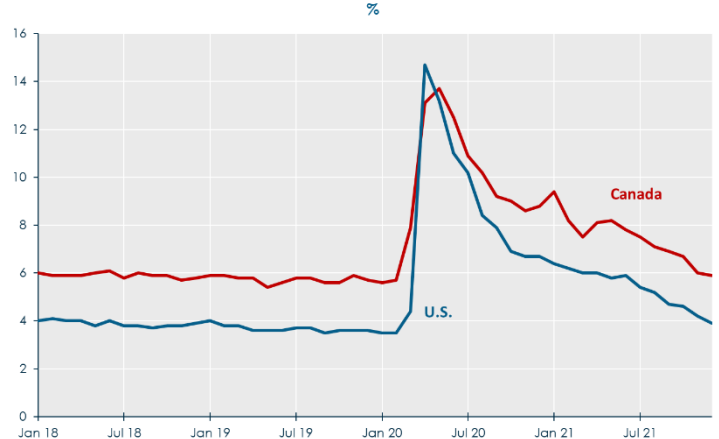


Source: Statistics Canada

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U.S. and Canadian unemployment rates



Sources: Statistics Canada; Bureau of Labour Statistics

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