

Canadian Jobs Report – March 2017

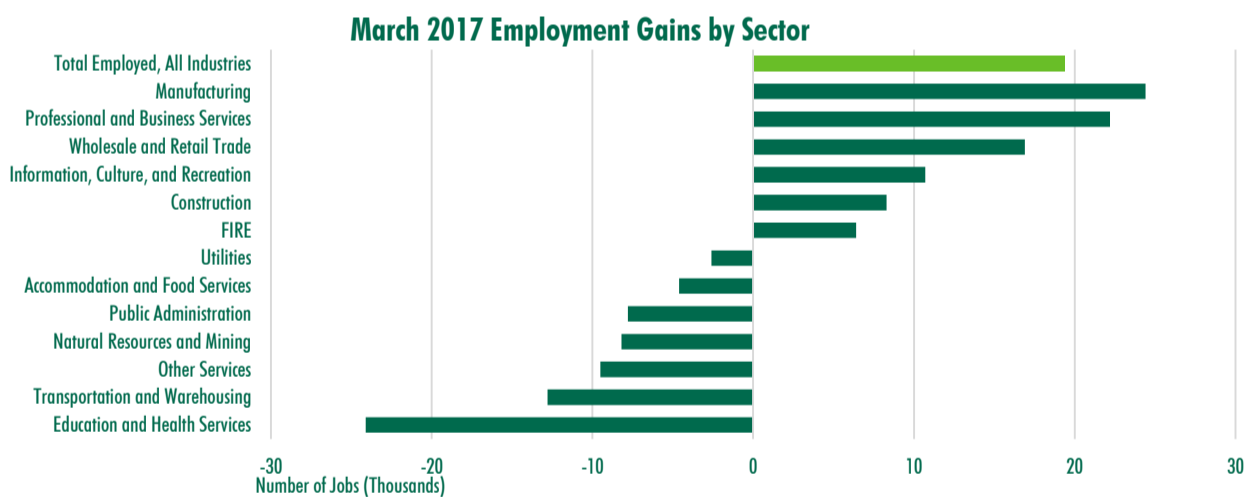
Job gains beat expectations for 4th consecutive month

- **Canada added 19,400 jobs in March, exceeding calls for growth of only 5,000 in gains**
- **Toronto showed the largest gain in metro-area employment, with 12,400 new jobs**
- **Alberta saw a surge of 20,400 new jobs, all in full-time positions**
- **Manufacturing jobs grew by 24,000 nationally, its strongest month since August 2002**
- **The unemployment rate now sits at 6.7% (+0.1%), as more people re-enter workforce**

The Jobs Numbers

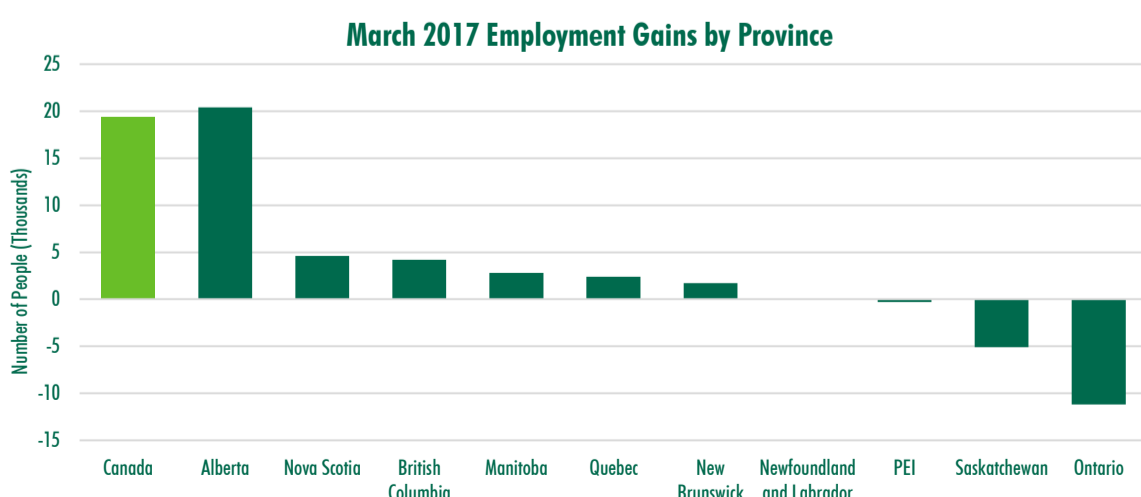
Canadian employment grew stronger than expected with 19,400 jobs created in March 2017, exceeding calls for only 5,000 new jobs. Full-time job creation had another solid month with 18,400 jobs created, while part-time jobs grew by 1,000. The national unemployment rate rose to 6.7% (+0.1%) in March, as more people re-entered the workforce with the participation rate rising to 65.9%. This brings the total employment gains in Q1 2017 to 83,000 new jobs, a solid increase over job gains of 35,600 in Q1 2016. Wage growth, however, remains stagnant, increasing by only 1.1% YoY to an average of \$26.12/hour, far below the ten year average growth rate of 2.7%.

The manufacturing sector led jobs growth during the month, with 24,400 jobs created, marking the largest monthly job gain in the sector since August 2002. The majority of the manufacturing jobs were created in Ontario (+13,000) and distantly followed by Alberta (+5,000). Professional and Business Services and Wholesale and Retail Trade were the next best sectors with employment increases of 22,200 and 16,900 jobs respectively.



Source: Statistics Canada, April 2017

On a provincial level, Alberta surged with the largest gains in the country with 20,400 new jobs created. The jobs were all in full-time positions and spread out across multiple sectors, with eight out of thirteen sectors seeing jobs gains in the month. Ontario lost -11,200 jobs, primarily from a fall in Education and Health Services employment. However, this only equates to a minor -0.2% decrease in employment month-over-month. British Columbia continues to hold the lowest unemployment rate in the country at 5.4%, while Ontario and Québec are both at 6.4% and Alberta now at 8.4%.



Source: Statistics Canada, April 2017

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CRE Implications

INDUSTRIAL: the surge in manufacturing employment this month bodes well for a sector that has lost -55,400 jobs since the beginning of 2016. If this is the beginning of a trend for stable positive manufacturing growth, we can expect to see even stronger demand and activity for Industrial assets going forward.

OFFICE: continued strength in the office-centric employment sectors of Professional and Business Services and FIRE industries signal no slowdown in sight for the high demand for Office product in Canada.

RETAIL: Wholesale and Retail Trade employment ties in closely with the strength of Canadian household consumption which drove GDP growth in 2016. Canadians have continued to spend more which has provided strong support to the Retail sector in the country.

Wild Cards

Oil had a relatively volatile month in March, as prices dropped to as low as \$47.34/barrel. These have since gained 10.4%, and now sits at \$52.24/barrel as of April 7. Continued volatility or a sustained drop in oil prices could pressure Alberta's oil producers yet again, stunting the growth in the province we saw for March.

The slow growth of wages continues to be a concern for the Bank of Canada as a factor that is keeping inflation below their optimal target. However, sustained job gains can finally bring Canada back to full employment and lead to material increases in average hourly wages. As it stands though, the Bank of Canada is unlikely to move from their current Policy Interest Rate in their scheduled meeting this week on April 12.

The U.S. released a disappointing March jobs report adding 98,000 jobs, missing consensus expectations for growth of 180,000 new jobs. Wage growth in the U.S. also modestly decelerated in the past few months. If this develops into a negative trend, and the U.S. economy experiences a surprise slowdown, Canada could also be negatively affected. However, the unemployment rate is still falling and the average twelve month job growth is still strong at 182,000 new jobs.

March 2017 Metropolitan Employment Rankings

Market	March 2017 Total Employment (Thousands)	Absolute Job Gains MoM (Thousands)	% Job Gains MoM	Absolute Job Gains YoY (Thousands)	% Job Gains YoY
Toronto	3,245.6	12.4	0.4%	32.7	1.0%
Edmonton	756.7	6.4	0.9%	-23	-2.9%
London	249.9	5.6	2.3%	-1	-0.4%
Vancouver	1,370.2	3.7	0.3%	25.6	1.9%
Hamilton	399.7	2.2	0.6%	15.9	4.1%
Victoria	190.2	2	1.1%	9.2	5.1%
Kitchener-Cambridge-Waterloo	281.3	1.4	0.5%	-3.7	-1.3%
Ottawa-Gatineau	729.3	1.2	0.2%	14.8	2.1%
Regina	141.8	0.9	0.6%	3.8	2.8%
Calgary	820.1	0.8	0.1%	18	2.2%
Windsor	161.2	-0.1	-0.1%	0.8	0.5%
Winnipeg	426.2	-0.2	0.0%	1.6	0.4%
Halifax	224.7	-0.2	-0.1%	1	0.4%
Québec	447.4	-0.2	0.0%	15.2	3.5%
Saskatoon	169.5	-0.3	-0.2%	1.6	1.0%
St. John's	113.2	-0.5	-0.4%	-1.6	-1.4%
Moncton	73.9	-0.9	-1.2%	-4	-5.1%
Montréal	2,128.2	-1.1	-0.1%	81.5	4.0%

Source: Statistics Canada, April 2017

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