

## Canada jobs: temporary respite

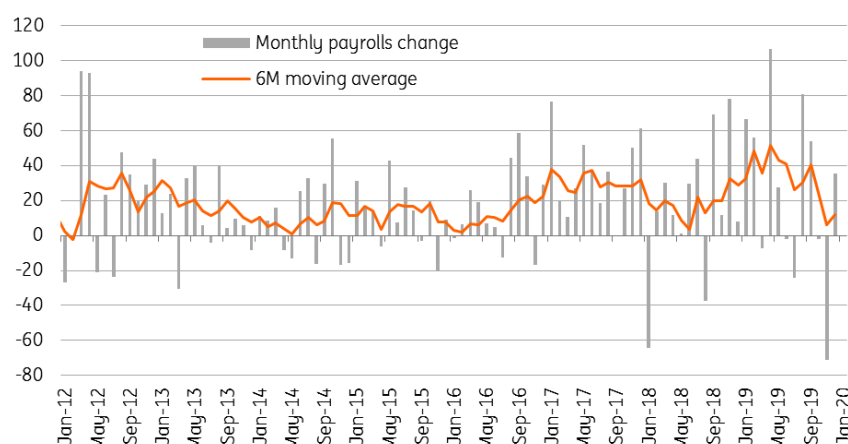
Canada created more jobs than expected in December, but this can't hide the clear deceleration through the second half of 2019. With the activity story remaining uncertain we look for a further cooling of jobs in 2020



Source: Shutterstock

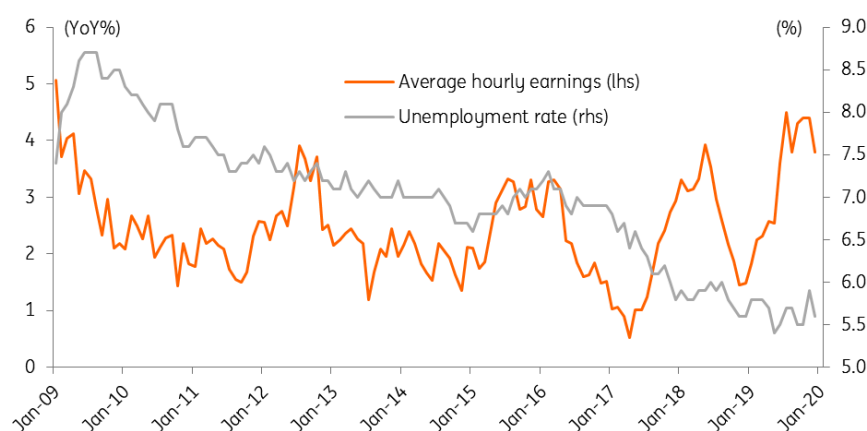
After a fairly torrid run, the Canadian jobs market ended the year on a positive note. Employment rose 35,200 in December, better than the 25,000 predicted by the market, while the unemployment rate dipped back down to 5.6% from 5.9%. This is a positive outcome given the second half of 2019 was in general pretty poor. Private payrolls had contracted in four of the previous five months so the creation of 56,900 private sector jobs in December is a relief.

## Canadian monthly payrolls growth



Although wage growth slowed, it remains very healthy and far stronger than pretty much all other major markets at 3.8% year on year. As such we should be seeing some pretty decent consumer spending numbers. Unfortunately we aren't. Retail sales have been weak and GDP actually contracted in October while manufacturing and even the housing market are showing signs of moderation.

## Canada unemployment & wage growth



Source: Macrobond,, ING

Given this backdrop we expect payrolls growth to continue its softening trend and with unemployment closer to 6% rather than the 3%-4% handle comparable economies have, we believe that wage growth will slow further. This doesn't alter the outlook for stable policy at the 22 January Bank of Canada policy meeting, but it leaves the possibility of action open for subsequent meetings.

## Author

**James Knightley**

Chief International Economist

[james.knightley@ing.com](mailto:james.knightley@ing.com)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.