

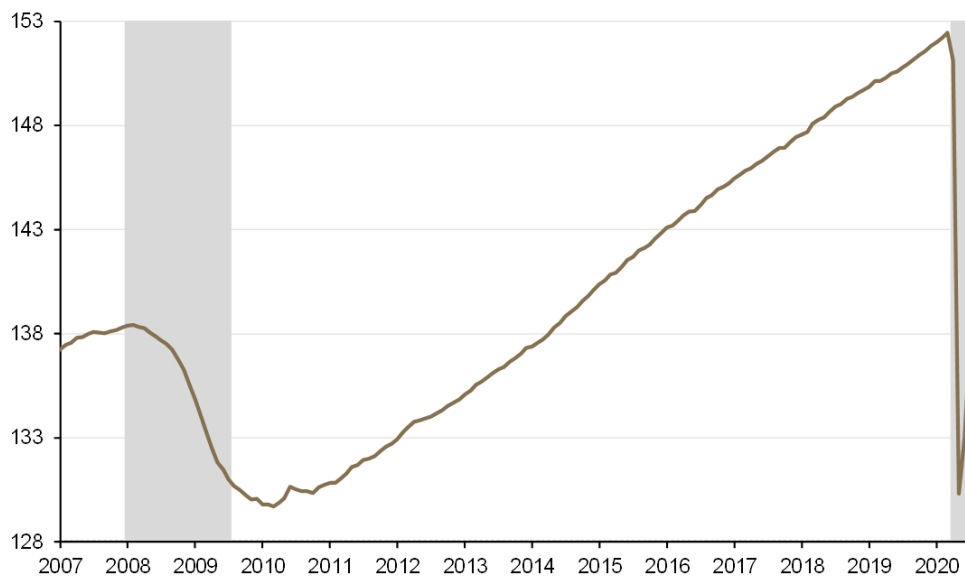
## Quick thoughts: North American employment reports -- US job market continued to recover despite COVID resurgence, Canada adds more as well

Once again, the North American employment reports came in better than expected for July in an indication that the economies remain on the recovery track despite the resurgence of COVID.

The upside surprise has given a lift to market risk, with equity futures paring earlier losses while government bond yields are now up slightly, in a bear-steepening fashion.

In terms of the main details of the reports, the **US** added another 1.763 million jobs on net in July (consensus was 1.48 million and “whispers” were for something much worse following the weak reading on the ADP employment report earlier in the week) bringing the cumulative tally to 9.3 million over the last three months which accounts for a retracement of about 40% of the 22.2 million jobs lost in March and April – still a way to go, but heading in the right direction.

**US Nonfarm Payroll Employment**  
(millions)

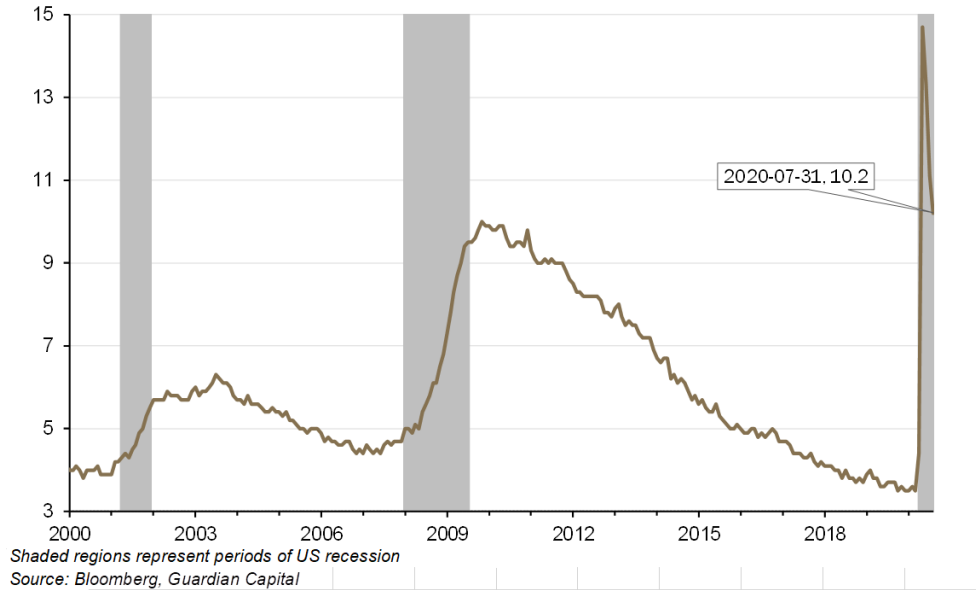


*Shaded regions represent periods of US recession*

*Source: Bloomberg, Guardian Capital*

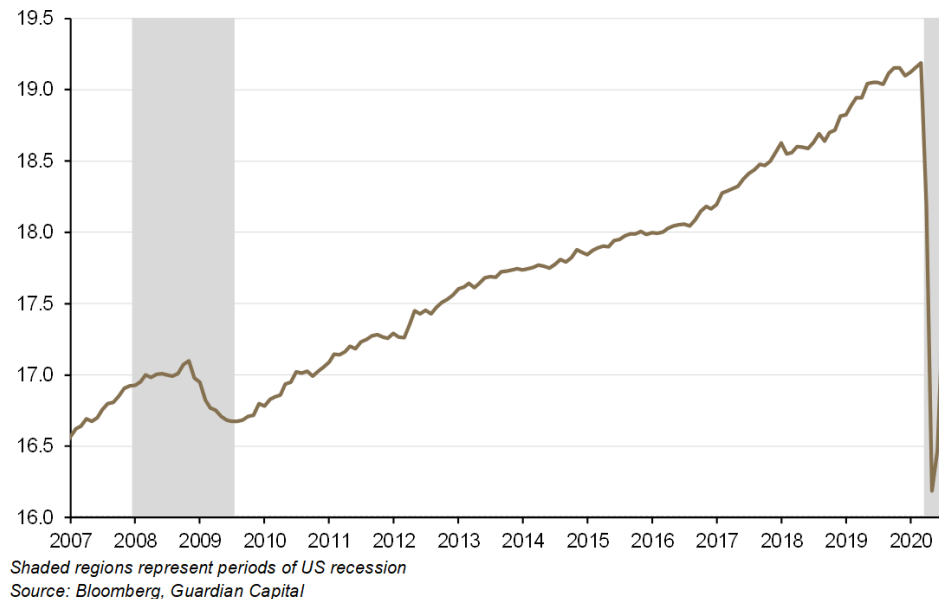
Other details were encouraging as well. Job gains were broad-based across American industries (natural resources and information/cultural services the sole areas to see a decline) but again tilted toward the hard hit leisure & hospitality sector (+592,000). The unemployment rate ticked down further (10.2% from 11.1% in June, 13.3% in May and the peak 14.7% in April); the underemployment rate similarly edged lower (16.5% in July from 18.0% in June and April’s high of 22.8%).

**US Unemployment Rate**  
(percent)



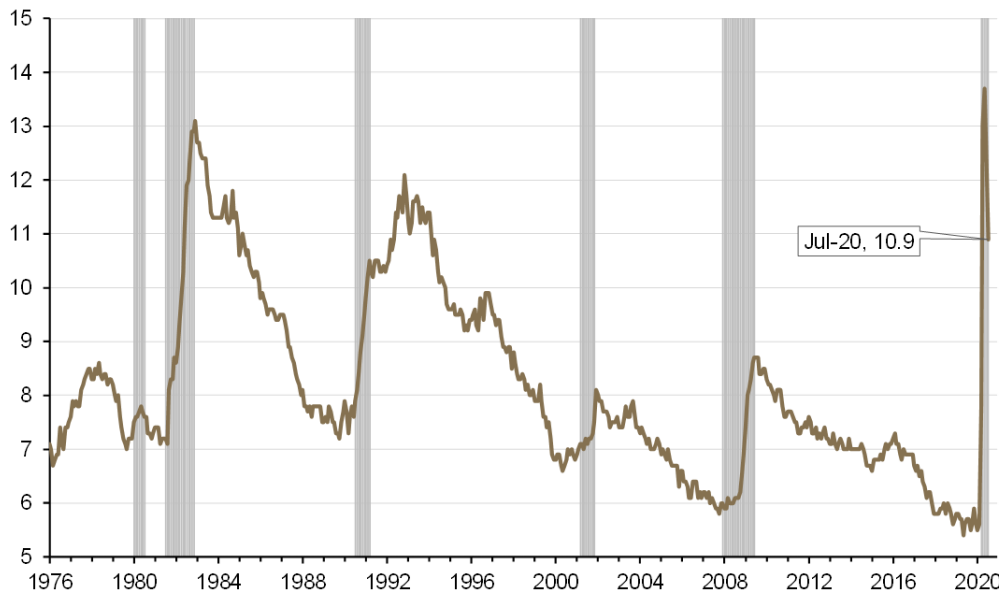
North of the border, **Canada** also notched a better-than-expected increase with net employment rising by 418,500 in July, ahead of consensus calls for a gain of 380,000. For its part, the Canadian economy has now recovered just over half of the 3 million crisis-induced jobs lost.

**Canadian Employment**  
(millions)



As was seen in the US, job gains were fairly broad-based across industries (12 of 16 sectors recorded gains) but also heavily skewed toward hospitality (accommodation & food services added 100,500 while retail & wholesale gained 101,300). The unemployment rate fell further from the crisis peak (10.9% in July versus a high of 13.7% in May) despite an increase in the participation rate (64.3% versus 63.8% in June and the low of 59.8% in April).

**Canadian Unemployment Rate**  
(percent)



Shaded regions represent periods of US recession  
Source: Bloomberg, Guardian Capital

Encouraging; there is still plenty room to go, but encouraging.

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