



## Why You Should Ignore Today's Disappointing Jobs Report

### Description

North American equities traded higher on Friday after disappointing jobs data raised hopes that the Federal Reserve won't rush to pull its monetary stimulus.

As of noon eastern time, the **S&P/TSX Composite Index** (^OSPTX) was trading higher up 79.46 points, or 0.58%, to 13,708. U.S. equities opened higher after the jobs release, but started to sag mid-session. At mid-day the broad-based **S&P 500** was trading down 4.29 points, or 0.23%.

In what could only be described as a shocker, monthly jobs data north and south of the border was exceptionally disappointing.

According to the Friday report from Statistics Canada, the Canadian economy shed 46,000 jobs in December, well below the roughly 15,000 figure economists were expecting. The unemployment rate also ticked higher up to 7.2% from 6.9% in November.

In the U.S., the Labour Department reported that the American economy cranked out only 74,000 jobs during the month of December, far lower than the 200,000 the Street had predicted. Meanwhile, the unemployment rate ticked down to 6.7%, but this drop was credited mostly to the decline in the number of people looking for work.

Following the news, the Canadian dollar fell 0.69% to US\$1.0918 — a fresh four-year low. This shouldn't be a surprise as the country's weak recovery pushed a Bank of Canada rate hike another couple of months down the road.

Hope of continued central bank stimulus also put a big bid underneath gold prices. Miners like **Agnico Eagle Mines** (TSX:AEM, NYSE:AEM) and **Goldcorp** (TSX:G, NYSE:GG) led the TSX 60 higher — up 4.85% and 4.57%, respectively.

So what should investors be doing following this report?

If you're an economics nerd like me, you're digging through the numbers every month. New data-points fuel fun chitter-chat about the Federal Reserve's next move.

What does this have to do with investing? Very little, actually.

The truth is, we have no idea how many jobs were added in December. As most media outlets conveniently forget to include, the Statistics Canada jobs report has a margin of error of 53,000, 19 times out of 20. And this figure will be revised six or seven times over the next year. Drawing any kind of conclusions based on this data point is absurd.

In order to draw meaningful information from these reports, investors should be looking at long-term trends and ignore the month-to-month gyrations. And even this has nothing to do with finding wonderful businesses at reasonable prices.

To see what I mean, take a look at this chart from Statistics Canada. When put into a long-term context, all the gloom and doom headlines appear rather silly, don't they?

[employment chart](#)

default watermark

Image not found or type unknown

*Source: Statistics Canada*

In corporate news, **RBC Securities** upgraded smartphone manufacturer **BlackBerry** (TSX:BB, NASDAQ:BBRY) to 'sector perform' and increased their price target from \$6 to \$10. Analysts praised the company for moving quickly to improve liquidity and strengthen its balance sheet. Shares were up 1.80% to \$9.64.

Finally, **Shawcor** (TSX:SCL) warned that it expected third-quarter earnings to be 'significantly lower' than expected hurt by a big drop in its Asia Pacific division and other project delays.

While this news is certainly disappointing, this is a normal risk inherent in a cyclical, project-oriented business. There wasn't anything in this report to question the company's long-term investment thesis. At noon, Shawcor shares were trading down 3.86% to \$39.13.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. TSX:BB (BlackBerry)
2. TSX:MATR (Shawcor)

**Category**

1. Investing

**Date**

2025/07/06

**Date Created**

2014/01/10

**Author**

rbailieul

default watermark

default watermark