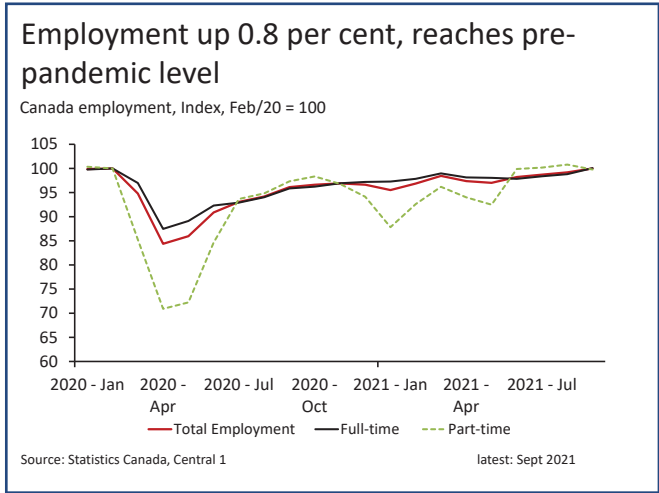




It has been a long- time, friend: Canadian employment back to February 2020 levels

Canada’s labour market racked up surprisingly impressive employment growth in September which could set the tone for Q4 improvements despite Delta concerns. Employment rose by 157.1k persons during the month, up 0.8 per cent from August, and more than doubled consensus for a 60k gain. September marked a milestone in the pandemic as employment reached February 2020 levels for the first time since the pandemic began, and earlier than expected.



September’s details were constructive. Full-time employment led the increase with a 1.3 per cent increase and have now exceeded February 2020, while part- time employment rolled back one per cent. This contributed to a 1.1 per cent gain in hours worked. Aside from Newfoundland and Labrador, all provinces saw significant job gains, albeit significantly in six, led by New Brunswick (1.7 per cent), Manitoba (1.2 per cent) and Ontario (1.0 per cent). Core-aged (25-54) women saw a large employment gain (2.1 per cent) and compared to a 0.8 per cent gain for men. Female employment now surpasses pre-pandemic levels by 0.8 per cent, with men roughly back to that level.

While the re-opening story remained a driver with borders re-opening to vaccinated travelers and introduction of vaccine passports, gains were more than just this factor. Service-sectors led the hiring with information/culture/recreation employment up 4.5 per cent (32.5k) reflecting re-opening of events to limited capacity, more office re-openings lifted business support (2.3 per cent, 16.6k persons), and transportation/warehousing (1.7 per cent, 16.8k persons). These sectors continue to lag pre-pandemic levels. Interestingly, hospitality rolled back with a 2.5 per cent drop, and was only 85 per cent of February 2020 levels.

Employment professional and technical workers remained on the upswing with a 1.7 per cent gain that highlighted the strong demand in the knowledge sector and levels are up 12 per cent. The education sector posted a 1.5 per cent or 21.3k gain. In contrast, goods- sector employment growth was a mild 0.4 per cent as construction (-0.8 per cent) and agriculture (-1.5 per cent) offset gains in manufacturing and resources. One sector which could roll back is public administration where the election provided a boost of 3.5 per cent or 37.2k persons.

The latest gain pushed the unemployment down to 6.9 per cent from 7.1 per cent in August. That said this compared to 5.7 per cent in February 2020. The employment to population ratio is still down about one per cent, and long-term unemployment remains elevated. Wage growth remains a bit of a puzzle given large composition effects from the pandemic. Statistics Canada’s fixed weight average that adjusts for some of these effects showed a 2-year gain of about 4.6 per cent or 2.3 per cent annualized in September.

Broadly, this was a strong jobs report with constructive trends across the spectrum and provides a solid hand off to Q4 and signals that the recovery remains on track.

Bryan Yu
Chief Economist
Central 1
byu@central1.com