



Canada records modest employment gain in October

Today's labour report was rather uneventful as job gains moderated in October. Only 31,200 more people (or 0.2 per cent) employed compared to September. This lagged the market consensus for a 50,000 person increase and slowed from the 157,100 person increase seen in September, but pushed levels ahead of February 2020 by 0.2 per cent. However, there were signs that labour markets continue to tighten with an inching down in the unemployment rate to 6.7 per cent from 6.9 per cent in September.

Only four of the ten provinces recorded job growth during the month, with gains in Ontario (up 0.5 per cent or 37,000 persons) and B.C. (up 0.4 per cent or 10,400 persons) notable among large provinces. Saskatchewan employment fell 1.1 per cent.

Gains were driven by private-sector paid employment which rose 0.6 per cent (or 69,500 persons) as businesses continued expand their activities. In contrast, public sector employment was flat while self-employment tumbled by 1.4 per cent or by 38,400 persons. The latter continues to struggle, which has been a key theme of the pandemic. More freelancers may have shifted into more traditional structures, while agriculture was also drag on this work. Full-time employment accounted for the entirety of the increase as part-time employment which was a good sign for broader economic growth as total hours worked jumped 1.0 per cent to narrow the gap from pre-pandemic levels to 0.6 per cent. Full time employment has fully recouped pandemic losses.

Among industries, growth was concentrated in wholesale and retail trade which surged by 80,500 persons or 2.8 per cent driven by retail hiring. Meanwhile, re-opening factors lifted information/culture/recreation by 15,100 or 2.0 per cent, and personal private services employment jumped 2.9 per cent. In contrast, there were losses in the professional/scientific and technical services (1.3 per cent or 21,800 persons), business/building support (3.2 per cent or 22,800 persons), and surprisingly in hospitality (down 2.6 per cent or 27,000 persons or 2.6 per cent). Employment in goods-producing sectors edged down on manufacturing and resources employment. October employment gains were driven by core age (25-54) individuals as youth employment fell 0.1 per cent and employment for those aged 55 and over declined 0.5 per cent from September. However, most of this core aged increase was observed among men.

Labour market slack eased slightly with the slip in the unemployment rate, but partly reflected a contraction in the labour force. Labour force participation edged down to 65.3 per cent from 65.5 per cent but remained near pre-pandemic levels. Wage growth is trending at an annualized 2.5 per cent (based on a two-year change).

Looking forward, the jobs report bodes relatively well for Q4 expansion particularly as the re-opening of events, social interaction and inbound travel continues to mend. Job growth should pick up although the end of federal support programs including wage, rent, and income subsidies could have impacts on both hiring and labour force participation.

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