



Canadian labour market booms in November, adds nearly 154,000 jobs

November was a stellar month for the Canadian labour market amidst surging job growth and tightening up of conditions. The economy added 153,700 jobs over the month which shattered market consensus for a 35,000 person gain which pushed employment up nearly one per cent compared to February 2020. This lowered the unemployment rate to 6.0 per cent which was the lowest since the 5.7 per cent reading in February 2020 as employers scrambled to find employees during the recovery. The share of the population working rose to a pandemic era high of 61.4 per cent.

Beneath the headlines, performance was strong. Both full-time (up +80k) and part-time (up 73.8k) although the latter ripped higher by 2.1 per cent. Total hours worked returned to pre-pandemic levels for the first time with a 0.7 per cent increase. Women (aged 25 and over) led the increase with hiring up 1.1 per cent. The end of various federal programs may have led to an increase in workers taking on paid positions. The average wage rate climbed 2.7 per cent year-over-year, which strengthen but remains moderate.

Among sectors, both goods (up 0.7 per cent) and services (up 0.8 per cent) contributed. The former posted a strong 35k rebound in manufacturing (up 2.0 per cent) but offset by contraction in agriculture and resources. The service sector posted widespread growth. The re-opening phase contributed to strong wholesale/retail trade growth (28.3k or 1.0 per cent), transportation/warehousing (18.2k or 1.8 per cent), although hospitality growth was mild (5.2 k or 0.5 per cent). Health care surged by 43.8k or 1.7 per cent, while professional services also grew at a similar pace. Growth was led by the private sector (up 106.9 or 0.9 per cent), with self-employment also picking up.

Improved conditions were evident across the country. Among large provinces, employment rose 1.1 per cent in Quebec and 0.9 per cent in Ontario as vaccine amidst greater easing of restrictions amidst vaccine passports. The two provinces accounted for 74 per cent of net monthly growth. Employment rose 0.6 per cent in Alberta, while B.C. managed a 0.2 per cent gains. B.C.'s devastating floods were not captured during November's survey period but will be observed in December data. Newfoundland and Labrador recorded a 4.6 per cent monthly increase.

Strength in November's labour print alongside the October GDP flash provides considerable upside for the Q4 growth performance. Adding this to high CPI inflation and the rapidly tightening labour market could push the Bank of Canada to hike in H1 2022. However, there are considerable downside risks given the uncertainty related to the Omicron variant and how it could impact recovery trends.

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