



Labour market steadies in September

Labour market patterns were steady in September in what were relatively inconsequential headline numbers from the Labour Force Survey report. Canadian employment rose 0.1 per cent or 21.1k persons from August to nearly halve the near 40k loss observed the previous month. However, with employment easing since a May peak, the pattern remains negative. Moreover, all of September's gains came in part- time work as full- time employment was unchanged.

Within the latest details, younger workers led the pull back with employment among those aged 15 -24 driving the loss (down 1.0 per cent or 26.1k persons). In contrast, employment rose among prime age workers (aged 25- 54), specifically women, and edged up for older workers.

Headline employment growth was unsurprising but masked significant declines in some sectors. August saw an abnormally large decline in education sector employment which predictably reversed with a 3.2 per cent or 46k increase – accounting for all the net increase. Healthcare and social assistance rose 23.8k or 0.9 per cent. In contrast, manufacturing shed nearly 27.5k workers or 1.6 per cent, while transportation and warehousing fell 18.2k or 1.8 per cent, and information/culture/recreation declined 2.6 per cent or 21.1k workers.

Despite a dip in public administration employment, total public-service employment rose 0.8 per cent to drive, offsetting a drop in self-employment (-0.8 per cent). Private sector employment nudged up 0.1 per cent.

Among provinces, B.C. posted the strongest gain with a 1.2 per cent increase which reversed the surprise August pullback. Manitoba growth came in at 1.0 per cent, while Ontario employment fell 0.4 per cent and PEI dipped 4.4 per cent. The survey was conducted before Hurricane Fiona hit Atlantic Canada.

Canada's unemployment rate tightened to 5.2 per cent compared to 5.4 per cent in August but largely reflected a slip in the number of people looking for work as labour force participation eased. B.C. fell to 4.3 per cent, Saskatchewan (4.1 per cent), Manitoba (4.5 per cent) and Quebec at 4.4 per cent at the low end. Levels were 6 per cent and above in Atlantic Canada. Levels remained low and indicative of a tight labour market. Wage growth remained strong but did not accelerate with a 5.2 per cent year-over-year increase.

The latest LFS data points to a slight moderation in labour demand, while wage growth slipped, and average hours worked declined. A slowing economy likely contributed to this slowdown and while constructive for monetary policy, will not stop the Bank of Canada from hiking later this month which we pencil in at 50 basis point hike. That said, a couple more reports like this and weaker inflation numbers could yield a pause by year end.

Bryan Yu

Chief Economist
Central 1 Credit Union
byu@central1.com