



Employers ramp up hiring in October

Canada's labour market posted an absolute banger of a month for job gains in October despite the drag of higher interest rates and mounting concerns of an economic downturn. The latest Labour Force Survey (LFS) data showed a net increase of 108.3k (0.6 per cent) employed individuals in October, led entirely by an increase in full-time work (119.3k persons). This added to September's modest increase and rather surprisingly, reversed the entirety of the slide observed since May. Total hours worked jumped 0.7 per cent. In a sign that excess labour demand persists in the market, employment growth was matched by an increase in the labour force, holding the unemployment rate unchanged at 5.2 per cent. Indeed, many newcomers are finding jobs with ease, the immigrant employment rate was a record high at 62.2 per cent.

Like the headline gain, details of the report were robust. Private-sector employment led the increase (up 73.8k or 0.6 per cent) alongside a self-employed worker (up 0.6 per cent), while public-sector hiring rose at a more modest but still strong pace of 0.4 per cent (up 18k persons). Among industries, hiring rose 0.6 per cent in goods sectors led by stronger growth in construction (up 24.6k persons or 1.6 per cent), and manufacturing (up 23.8k persons or 1.4 per cent). Among services-sectors, growth was broad with notable increases in professional/scientific/technical services (up 17.9k persons or 1.0 per cent), accommodations/foodservices (up 18.3k persons or 1.7 per cent), and public administration (up 14.5k persons or 1.3 per cent). This points to a humming tourism recovery, while governments continue their hiring binge.

Aside from Prince Edward Island which saw employment rebound post-Hurricane Fiona by 5.3 per cent or 4.3k persons, national employment growth was driven by growth of 0.6 per cent in both Ontario (up 42.7k persons) and Quebec (up 27.8k persons). That said, growth was positive in all provinces including growth of up 0.4 per cent in B.C., 0.7 per cent in Manitoba and 1.1 per cent in Saskatchewan.

Unemployment rate changes were mixed but generally held steady from September with the lowest in Quebec (4.1 per cent) and B.C. (4.2 per cent). Four provinces have unemployment rates below 5.0 per cent. Higher rates are still observed among Atlantic provinces led by a 10.3 per cent reading in Newfoundland and Labrador. Average hourly wage growth accelerated to a year-over-year 5.6 per cent from a 5.2 per cent pace in September pointing to upward pressure from a strong labour market, albeit still not keeping pace with consumer price inflation.

The latest rebound in LFS trends points to economic resilience in the face of mounting challenges and could mean a stronger pace of growth than anticipated during the fourth quarter. That said, this will come as unwelcome news to a Bank of Canada that is trying to curb inflationary pressure given strength in hiring and accelerating wages.

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