



### **A summer slowdown for the Canadian labour market**

In a case of no news is good news, the Canadian labour market was little changed in July as employment remained unchanged while the jobless rate nudged up again. This points to a gradual softening of conditions as the tentacles of cumulative interest rate hikes slowly works through economy and limits the need for further monetary policy tightening.

After a hefty June rebound, total employment was unchanged (-6,400 persons, 0.0 per cent) on a year-over-year basis, employment rose 2.2 per cent. A dip in part-time work (-8,100 persons) offset a slight gain in full-time work, but changes to both were insignificant. However, youth employment recorded a notable increase (18,400) as the much larger prime-age employment slipped by a similar count. Total hours worked were flat.

The unemployment rate ticked higher for the third consecutive month to reach 5.5 per cent despite the flat employment picture. This is a half point gain in 3 months. Robust population growth continues to add to the labour force as the working age population jumped 0.3 per cent, offsetting a dip in labour force participation rate. The working age population is up 2.4 per cent over the past year on high immigration. That said, the loosening of conditions was not entirely apparent in average wage growth which re-accelerated to a 5.0 per cent year-over-year gain, up from 4.2 per cent in June, as wages increased from June. While higher unemployment should work to cool growth, increased job action from unionized groups across the country could feed support wage gains.

There were a few movers and shakers among industries compared to the flat headline number. Construction was the largest drag as employment fell by 44,700 persons or 2.8 per cent, which added to June's decline. This was led by sharp reductions among Canada's largest provinces of Ontario, Quebec, and specifically B.C. where sector employment plunged nine per cent (-24,000 persons). Declining construction through 2023 aligns with a slide in residential and non-residential building permits and housing starts this year. Public administration fell 16,700 persons (1.4 per cent). Jobs were also lost in transportation and warehousing (-13,900 or 1.3 per cent), and information/culture (-15,800 persons or 1.8 per cent). The on again off again port strikes in B.C. were not evident but may have passed through other sectors as shipments delayed operations.

On the upside, several sectors continued to hire to offset these. Healthcare and social assistance (+25,100 persons) and education (+18,800 persons) were added to employment. Meanwhile, finance/insurance/real estate added 15,000 persons (1.1 per cent), although the downside in the resale housing market and weak capital markets will temper gains.

Provincially, employment fell in Manitoba (-6,400 persons or 0.9 per cent), Saskatchewan (-5,700 persons or 1.0 per cent) and Quebec (-8,500 persons or 0.2 per cent). This was offset by increased hiring in Alberta (11,800 persons or 0.5 per cent) and New Brunswick (4,200 persons or 1.1 per cent). Ontario and B.C. employment were unchanged.

Unemployment rates were mixed with the prairie provinces seeing increases of 0.4 to 0.6 per cent from June. Alberta's reached 6.1 per cent, with Saskatchewan (5.1 per cent) and Manitoba (4.9 per cent) well below. Nova Scotia recorded a large bump of 1.3 points to reach 7.7 per cent. B.C. (5.4 per cent) and Ontario (5.6 per cent) saw their rates edge lower.

There was not much to take away as labour markets stalled in early summer, but this marks a sign that the economy is cooling as the Bank of Canada looks to curb excess demand, although the rebound in wage growth was noteworthy. With a further slowdown in the economy anticipated, we expect the Bank will move to the sidelines in September.

## Canada Labour Force Survey Summary

	2023M03	2023M04	2023M05	2023M06	2023M07
<b>Employed, m/m</b>	<b>34.7</b>	<b>41.4</b>	<b>-17.3</b>	<b>59.9</b>	<b>-6.4</b>
<b>Employed, m/m %</b>	<b>0.2</b>	<b>0.2</b>	<b>-0.1</b>	<b>0.3</b>	<b>-0.0</b>
Employed, y/y %	2.2	2.1	1.8	2.4	2.2
<b>Unemployment Rate, %</b>	<b>5.0</b>	<b>5.0</b>	<b>5.2</b>	<b>5.4</b>	<b>5.5</b>
Participation Rate, %	65.6	65.6	65.5	65.7	65.6
Employment Rate, %	62.4	62.4	62.1	62.2	62.0
Hourly Wage, y/y %	5.3	5.2	5.1	4.2	5.0
Employed, 3m % ch	1.0	0.5	0.3	0.4	0.2

### LFS Employed, m/m ch. by select NAICS industry, persons

<b>Goods</b>	<b>-40.9</b>	<b>6.3</b>	<b>22.8</b>	<b>9.8</b>	<b>-27.5</b>
Resources	-10.6	1.8	2.1	3.0	-0.3
Construction	-18.8	7.0	0.6	-13.5	-44.7
Manufacturing	-6.1	2.8	12.9	27.3	5.2
<b>Services</b>	<b>75.5</b>	<b>35.2</b>	<b>-40.1</b>	<b>50.0</b>	<b>21.2</b>
Trade	-2.4	24.4	-12.9	32.6	1.9
FIREL	18.5	-8.8	-3.3	9.8	15.0
PST	5.0	-6.1	-13.4	-6.5	-10.3
Accom. and Food services	4.5	-5.1	10.6	-1.0	8.4
Public Admin	1.8	0.2	0.6	6.7	-16.7

## Provincial Summary

	Employment					Unemployment Rate		
	Employed	m/m ch.	Persons	m/m % ch.	y/y % ch	Per Cent		
	2023M07	2023M06	2023M07	2023M06	2023M07	2023M06	2023M07	
British Columbia	2,776.6	-2.6	<b>-1.6</b>	-0.1	<b>-0.1</b>	<b>0.8</b>	5.6	<b>5.4</b>
Alberta	2,469.4	10.6	<b>11.8</b>	0.4	<b>0.5</b>	<b>3.5</b>	5.7	<b>6.1</b>
Saskatchewan	583.8	1.8	<b>-5.7</b>	0.3	<b>-1.0</b>	<b>0.4</b>	4.7	<b>5.1</b>
Manitoba	689.8	0.6	<b>-6.4</b>	0.1	<b>-0.9</b>	<b>1.9</b>	4.3	<b>4.9</b>
Ontario	7,949.3	55.8	<b>-2.0</b>	0.7	<b>-0.0</b>	<b>2.3</b>	5.7	<b>5.6</b>
Quebec	4,489.7	-8.4	<b>-8.5</b>	-0.2	<b>-0.2</b>	<b>2.3</b>	4.4	<b>4.5</b>
New Brunswick	387.5	-1.5	<b>4.2</b>	-0.4	<b>1.1</b>	<b>3.4</b>	6.4	<b>6.2</b>
Nova Scotia	495.2	3.6	<b>-0.5</b>	0.7	<b>-0.1</b>	<b>2.4</b>	6.4	<b>7.7</b>
Prince Edward Island	88.1	-2.4	<b>1.5</b>	-2.7	<b>1.7</b>	<b>4.1</b>	8.2	<b>8.1</b>
Newfoundland & Labrador	236.9	2.3	<b>0.8</b>	1.0	<b>0.3</b>	<b>1.6</b>	8.8	<b>8.7</b>

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