



## Population growth dwarfs unexpectedly strong hiring gain in August

After pulling back in July, Canadian hiring momentum regained some traction in August to provide a conflicting signal to weakening economic growth seen in the second quarter and heading into the third. At the same time, inflation and wage implications were modest with a steady unemployment rate supported by robust population growth. Total employment rose by 39.9k (0.2 per cent) and more than doubled the consensus forecast for a 15k increase for the month. Gains were observed in both full-time (up 32.2k) and part-time (up 7.8k) hiring, up by 0.2 per cent. Total hours worked increased 0.5 per cent.

However, the increase was heavily concentrated among sectors and owed to rebounds in areas that contracted significantly in July. Specifically, the professional/scientific/technical services sector gained 52.1k jobs following a 10k loss in July. This exceeded the net gain for the entire economy, and more than reversed four months of sector contraction in the sector. Adding to this was higher transportation/warehousing (up 12.7k or 1.2 per cent) and the other private services category (up 20.9k or 2.8 per cent). In contrast, sharp rollbacks were observed in education (down 44k or 2.9 per cent) while the finance/insurance/real estate sector shed 16.3k or 1.1 per cent. Broadly, industry trends did not underscore any significant patterns. Education has shown some odd swings in the past couple of years which could have reflected pandemic effects or timing of rehires prior to start of school years.

Despite the employment upshift, there was no sign of tightening in the labour market as strong population growth continued to propel the labour supply. The working age population surged by a record 102.9k persons during the month, a record monthly gain in the number of warm bodies and relative terms at 0.3 per cent. While the labour force participation rate slipped, the massive population increase has offset hiring to hold the unemployment rate at 5.5 per cent which is half a point higher than the beginning of the year. Hourly wage growth remained elevated but slipped slightly from 5.0 per cent in July to 4.9 per cent in August. That said, seasonally-adjusted calculations still point to some monthly gains.

Among provinces, aside from Ontario (-9.0k or -0.1 per cent) and Nova Scotia (-3.6k or 0.7 per cent) all others recorded higher employment during August. Ontario shed jobs for a second month. Alberta led all provinces in employment growth (17.7k or 0.7 per cent) followed by Quebec (14.8k or 0.3 per cent) and B.C. (12.0k or 0.4 per cent). Unemployment rates rose in 5 of 10 provinces, with the largest increase in Manitoba from 4.9 per cent to 5.7 per cent and New Brunswick from 6.2 to 7.7 per cent. Ontario's rate rose 0.3 percentage points to 5.9 per cent. In contrast, rates fell B.C., Alberta, and Quebec, which was the lowest among provinces at 4.3 per cent.

August's labour performance suggests some surprise momentum in the economy partway through the third quarter but given the concentrated drivers of growth, this is unlikely to mark a sustained increase. Slowing economic growth, driven by the interest rate cycle is likely to keep hiring below population and lift job vacancies. We expect the unemployment rate to reach a bit higher and temper wage growth. These trends will keep the Bank of Canada on its perch as it holds the policy rate steady but maintain its option to hike again.

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## Canada Labour Force Survey Summary

	2023M04	2023M05	2023M06	2023M07	2023M08
Employed, m/m	41.4	-17.3	59.9	-6.4	39.9
Employed, m/m %	0.2	-0.1	0.3	-0.0	0.2
Employed, y/y %	2.1	1.8	2.4	2.2	2.5
Unemployment Rate, %	5.0	5.2	5.4	5.5	5.5
Participation Rate, %	65.6	65.5	65.7	65.6	65.5
Employment Rate, %	62.4	62.1	62.2	62.0	61.9
Hourly Wage, y/y %	5.2	5.1	4.2	5.0	4.9
Employed, 3m % ch	0.5	0.3	0.4	0.2	0.5

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

Goods	6.3	22.8	9.8	-27.5	-2.5
Resources	1.8	2.1	3.0	-0.3	5.3
Construction	7.0	0.6	-13.5	-44.7	33.8
Manufacturing	2.8	12.9	27.3	5.2	-29.5
Services	35.2	-40.1	50.0	21.2	42.4
Trade	24.4	-12.9	32.6	1.9	8.0
FIREL	-8.8	-3.3	9.8	15.0	-16.3
PST	-6.1	-13.4	-6.5	-10.3	52.1
Accom. and Foodser- vices	-5.1	10.6	-1.0	8.4	-0.5

## Provincial Summary

	Employment						Unemployment Rate	
	Employed	m/m ch.	Persons	m/m % ch.	y/y % ch	Per Cent		
	2023M08	2023M07	2023M08	2023M07	2023M08	2023M07	2023M08	
British Columbia	2,788.6	-1.6	<b>12.0</b>	-0.1	<b>0.4</b>	<b>1.5</b>	5.4	5.2
Alberta	2,487.1	11.8	<b>17.7</b>	0.5	<b>0.7</b>	<b>4.1</b>	6.1	5.7
Saskatchewan	586.6	-5.7	<b>2.8</b>	-1.0	<b>0.5</b>	<b>0.9</b>	5.1	5.4
Manitoba	691.3	-6.4	<b>1.5</b>	-0.9	<b>0.2</b>	<b>3.3</b>	4.9	5.7
Ontario	7,940.3	-2.0	<b>-9.0</b>	-0.0	<b>-0.1</b>	<b>2.7</b>	5.6	5.9
Quebec	4,504.5	-8.5	<b>14.8</b>	-0.2	<b>0.3</b>	<b>2.2</b>	4.5	4.3
New Brunswick	389.1	4.2	<b>1.6</b>	1.1	<b>0.4</b>	<b>3.0</b>	6.2	7.7
Nova Scotia	491.6	-0.5	<b>-3.6</b>	-0.1	<b>-0.7</b>	<b>1.7</b>	7.7	7.0
Prince Edward Island	89.9	1.5	<b>1.8</b>	1.7	<b>2.0</b>	<b>5.6</b>	8.1	7.6
Newfoundland & Labrador	237.3	0.8	<b>0.4</b>	0.3	<b>0.2</b>	<b>1.4</b>	8.7	8.9