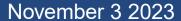
## **Economic Commentary**





## Canada's labour market stumbles in October

After September's surprising splash, Canadian employment growth stumbled in October reflecting slowing economic conditions, while higher unemployment rates and wage growth point to greater slack in the labour market. Total employment rose by a negligible 17,500 persons or 0.1 per cent in October, compared to September's 63,800 person increase, but still 2.7 per cent higher than a year ago. Moreover, there were no gains in the full-time work during the month with a net increase due to part-time work. The former has broadly driven growth over the past 12 months. With no change in hours worked, economic growth was subdued. While boosted by September's increase, the 6-month annualized employment growth was a mild 1.6 per cent.

While still eking out some job gains, Canada's unemployment rate notched higher by two percentage points to 5.7 per cent which was the highest since January 2022 (6.5 per cent), and a touch higher than the prepandemic level. This upswing in the unemployment rate reflects an economy losing pace to growth in the labour supply, which has run hot on record population growth of about 3 per cent year-over-year. Wage growth nudged lower to 4.8 per cent year-over-year, compared to 5.0 per cent, with the monthly gain decelerating (albeit still elevated at an annualized 4.4 per cent).

Among industries, employment gains were stronger in the goods sector with a 0.2 per cent gain (but only 7,500 persons). This was owed mostly to a rebound in construction (23,000 people or 1.5 per cent), as manufacturing fell by 1.0 per cent or 18,800 persons. The services sector employment was flat with mostly insignificant changes across sectors. Information/culture/recreation gained 20,900 persons (2.5 per cent) was a main contributor, while wholesale and retail trade (down 21,700 persons or 0.7 per cent) was a main offset. The private sector did not add any jobs during the month, with net gains entirely owing to the public sector.

Provincially, the big gains came from Alberta (37,700 persons or 1.5 per cent) which reversed a similar loss observed in September. Other significant increases came in Saskatchewan (9,100 persons or 1.5 per cent), and Nova Scotia (8,200 persons or 1.7 per cent). Offsetting losses were led by Ontario (14,300 persons or 0.2 per cent) and Quebec (22,100 persons or 0.5 per cent). Unemployment rates were a mix of increases and declines, with Quebec up 0.5 percentage points to 4.9 per cent and Saskatchewan which declined 0.5 percentage points to a nation-wide low of 4.4 per cent as notable moves. The highest rate is in Newfoundland and Labrador at 10 per cent.

While October's labour report was uneventful and in line with our expectations, the results remain supportive of a Bank of Canada policy rate hold into 2024. The labour market is stalling signaling extension of the weaker economic data we have recently observed including GDP growth, while impacts from past cumulative tightening are still to weigh. Meanwhile inflationary pressures should temper with the increase in unemployment rate and moderating wage growth.

Bryan Yu Chief Economist Central 1 Credit Union byu@central1.com

Canada Labour Force Survey Summary												
	2023M06	2023M07	2023M08	2023M09	2023M10							
Employed, m/m	59.9	-6.4	39.9	63.8	17.5							
Employed, m/m %	0.3	-0.0	0.2	0.3	0.1							
Employed, y/y %	2.4	2.2	2.5	2.8	2.5							
Unemployment Rate, %	5.4	5.5	5.5	5.5	5.7							
Participation Rate, %	65.7	65.6	65.5	65.6	65.6							
Employment Rate, %	62.2	62.0	61.9	62.0	61.9							
Hourly Wage, y/y %	4.2	5.0	4.9	5.0	4.8							
Employed, 3m % ch	0.4	0.2	0.5	0.5	0.6							
LFS Employed, m/m ch. by select NAICS industry, persons												
Goods	9.8	-27.5	-2.5	-10.5	7.5							
Resources	3.0	-0.3	5.3	0.3	0.7							
Construction	-13.5	-44.7	33.8	-17.5	23.0							
Manufacturing	27.3	5.2	-29.5	8.8	-18.8							
Services	50.0	21.2	42.4	74.3	10.0							
Trade	32.6	1.9	8.0	-10.7	-21.7							
FIREL	9.8	15.0	-16.3	-19.8	-8.1							
PST	-6.5	-10.3	52.1	8.4	5.1							
Accom. and Food services	-1.0	8.4	-0.5	11.0	-5.5							
Public Admin	6.7	-16.7	-3.0	6.4	6.0							

Provincial Summary									
	Employment						<b>Unemployment Rate</b>		
	Employed	m/m ch. Persons		m/m % ch.		y/y % ch	Per Cent		
	2023M10	2023M09	2023M10	2023M09	2023M10	2023M10	2023M09	2023M10	
British Columbia	2,810.3	25.7	-4.0	0.9	-0.1	1.8	5.4	5.4	
Alberta	2,487.0	-37.8	37.7	-1.5	1.5	3.8	5.7	5.8	
Saskatchewan	601.7	6.0	9.1	1.0	1.5	3.2	4.9	4.4	
Manitoba	701.3	8.8	1.2	1.3	0.2	2.7	5.0	5.2	
Ontario	7,945.9	19.9	-14.3	0.3	-0.2	2.6	6.0	6.2	
Quebec	4,521.1	38.7	-22.1	0.9	-0.5	1.9	4.4	4.9	
New Brunswick	388.8	-2.7	2.4	-0.7	0.6	2.6	7.2	6.6	
Nova Scotia	503.0	3.2	8.2	0.7	1.7	3.3	6.9	6.6	
Prince Edward Island	92.3	2.7	-0.3	3.0	-0.3	7.6	6.3	6.2	
Newfoundland & Labrador	236.3	-0.6	-0.4	-0.3	-0.2	1.1	9.7	10.0	