



Labour market holds steady in November as economy weakens

Canada's labour market held steady in November according to Statistics Canada's Labour Force Survey (LFS) report with another mild uptick in employment while the unemployment rate nudged higher. Total employment rose 24.9k persons (0.1 per cent) during the month, which was a touch above forecast consensus, while the unemployment rate was in line at 5.8 per cent. This compared to Central 1's projection of a 10k gain and 5.9 per cent unemployment rate.

While November's job gain was negligible, the trend has remained slightly positive over the past four months but slowing sharply. Details remained mixed. Full-time work bounced back after stagnating in October with a 59.6k person (0.4 per cent) gain, while part-time work fell by 34.7k persons. This would normally speak to an increase in real economic activity, but total hours worked fell 0.7 per cent. There has been a gap between hours worked (up 1.3 per cent, year-over-year) as compared to employment (up 2.5 per cent).

Both private-sector and public- sectors added to total employment with growth of 0.3 per cent but self-employment declined. Among industries, goods- sectors led the increase driven by construction (up 16.2k persons or 1.0 per cent), and manufacturing (up 28.4k or 1.6 per cent) which should support average income growth. The services sector on aggregate slipped 0.1 per cent with more pronounced declines in wholesale and retail trade (26.9k persons or 0.9 per cent), while finance/insurance/real estate (fell 18.4k persons or 1.3 per cent). The only notable increase was in healthcare/social assistance (up 12.4k persons or 0.5 per cent).

Despite the uptick in employment, there remained some signs of slackening. The unemployment rate edged up 0.1 points to 5.8 per cent as the labour market has been unable to fully absorb growth in the labour force due to large gains in population. The working age population rose 0.2 per cent. As seen in Q3 GDP figures, the economy contracted at an annualized rate of 1.1 per cent during the quarter, and business investment figures were negative, pointing to easing hiring patterns albeit with signs of an uptick in October GDP. This is consistent with LFS findings that unemployment due to layoffs has risen since last year. Job vacancies are normalizing quickly, and higher unemployment rates are going forward. Wage growth was steady at 4.8 per cent, year-over-year, albeit there are signs of stronger seasonally- adjusted momentum.

On a regional basis, flat employment reflected no change in Ontario and Quebec. In contrast, western Canada employment gained with a 0.4 per cent increase in Alberta and 0.3 per cent in B.C. with the former leading on a year-over-year basis with 4.1 per cent growth. Atlantic Canada saw a 0.6 per cent increase in New Brunswick but declines in other provinces. Unemployment rate patterns were mixed with half of the provinces reporting higher jobless rates from October. The largest increases were found in Prince Edward Island from 6.2 per cent to 8.1 per cent, and Saskatchewan which rose from 4.4 per cent to a still low 5.1 per cent. Quebec increased from 4.9 per cent to 5.2 per cent. In contrast, B.C. slipped to 5.3 percent and Manitoba fell to 4.9 percent from 5.2 percent.

This month's steady performance adds little to the economic story and remains consistent with a slowing growth with employment trending near one per cent growth rate in recent months. That said, the labour market is holding up better than we expected, and wage growth is still on the firm side. We continue to see headwinds for economic activity and hiring into 2024 with the intensification of mortgage renewal impacts on consumer spending and tempered business investment which should curb wage impacts on inflation. We remain of the view that a Q2 Bank of Canada cut will be appropriate, with a reduction to 3.5 per cent by year-end.

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Canada Labour Force Survey Summary

	2023M07	2023M08	2023M09	2023M10	2023M11
Employed, m/m	-6.4	39.9	63.8	17.5	24.9
Employed, m/m %	-0.0	0.2	0.3	0.1	0.1
Employed, y/y %	2.2	2.5	2.8	2.5	2.5
Unemployment Rate, %	5.5	5.5	5.5	5.7	5.8
Participation Rate, %	65.6	65.5	65.6	65.6	65.6
Employment Rate, %	62.0	61.9	62.0	61.9	61.8
Hourly Wage, y/y %	5.0	4.9	5.0	4.8	4.8
Employed, 3m % ch	0.2	0.5	0.5	0.6	0.5

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

Goods	-27.5	-2.5	-10.5	7.5	38.3
Resources	-0.3	5.3	0.3	0.7	-4.5
Construction	-44.7	33.8	-17.5	23.0	16.2
Manufacturing	5.2	-29.5	8.8	-18.8	28.4
Services	21.2	42.4	74.3	10.0	-13.4
Trade	1.9	8.0	-10.7	-21.7	-26.9
FIREL	15.0	-16.3	-19.8	-8.1	-18.4
PST	-10.3	52.1	8.4	5.1	0.6
Accom. and Foodservices	8.4	-0.5	11.0	-5.5	-1.7
Public Admin	-16.7	-3.0	6.4	6.0	0.8

Provincial Summary

	Employment						Unemployment Rate	
	Employed	m/m ch.	Persons	m/m % ch.	y/y % ch		Per Cent	
	2023M11	2023M10	2023M11	2023M10	2023M11	2023M11	2023M10	2023M11
British Columbia	2,819.3	-4.0	9.0	-0.1	0.3	2.3	5.4	5.3
Alberta	2,495.9	37.7	8.9	1.5	0.4	4.1	5.8	5.9
Saskatchewan	603.2	9.1	1.5	1.5	0.2	3.3	4.4	5.1
Manitoba	702.5	1.2	1.2	0.2	0.2	3.0	5.2	4.9
Ontario	7,952.4	-14.3	6.5	-0.2	0.1	2.6	6.2	6.1
Quebec	4,519.6	-22.1	-1.5	-0.5	-0.0	1.3	4.9	5.2
New Brunswick	391.2	2.4	2.4	0.6	0.6	4.0	6.6	6.4
Nova Scotia	502.3	8.2	-0.7	1.7	-0.1	2.1	6.6	6.8
Prince Edward Island	91.0	-0.3	-1.3	-0.3	-1.4	9.9	6.2	8.1
Newfoundland & Labrador	235.4	-0.4	-0.9	-0.2	-0.4	0.6	10.0	10.0