



December's anemic labour market performance was a regional and industry story

Canada's labour market slumbered through December with slight change in net hiring or the jobless rate as businesses remained cautious with the grinding economic slowdown. Total employment was virtually unchanged during the month at 20.3 million people which was the most anemic performance since July when the labour market shed workers. However, the story was highly regional with Ontario the only province to report an employment decline.

Nationally, job quality looks to have taken a hit. Despite flat total employment, full-time employment declined 23.5k persons (0.1 per cent), offset by a similar gain in part-time work. This could reflect a compression of hours during the month that impacted prime-age workers. However, all these losses came in the self-employed sector during the month. Total hours worked rose 0.4 per cent.

On a 12-month basis, total employment rose 2.2 per cent, with both full-time (2.0 per cent) and part-time work (3.0 per cent) higher. Most of these gains reflected early hiring momentum in 2022 through early 2023 as momentum has eased since mid-year. Hours worked rose a modest 1.7 per cent year-over-year.

On an industry basis, there were large swings in employment despite the flat monthly performance. Good-producing sector employment ran into a wall with employment dropping by 42.9k persons, or 1.0 per cent. Manufacturing (down 13.9k or 0.9 per cent), and manufacturing (down 18.3k or 1.0 per cent) were the main contributors. Services-employment on net increased by a corresponding amount but concentrated in professional/technical services (up 45.7k or 2.4 per cent) and healthcare and social services (up 15.5k or 0.6 per cent). Notably, retail and wholesale trade (down 20.6k or 0.7 per cent) pointed to a weaker than normal holiday hiring season and transportation/warehousing also fell significantly.

The national jobless rate did not get any worse during the month with the unemployment rate holding at 5.8 per cent for a second straight month. Even as the working age population continued to soar along (up 0.2 per cent m/m), there was a dip in the proportion of individuals engaged in the labour force. We would expect population growth to add to labour force expansion, which it has had over the past year. Wage growth did pick up again to 5.4 per cent from 4.8 per cent y/y in November, although the severe swings in industry employment could have driven this. Nevertheless, wage growth continues to trend at a stronger than expected pace in recent months, with adjustments for seasonal factors pointing to an annualized 3-month change trending near six per cent.

As noted, the story in December was region-centric with some traction in other parts of Canada. Ontario employment fell 48k persons (0.6 per cent), while every other province added employment. Specifically, B.C. (up 17.7k persons or 0.6 per cent), Saskatchewan (up 4.8k persons or 0.8 per cent), and Nova Scotia (6.3k or 1.3 per cent) led the way with notable bumps. Unemployment rates did rise in five of ten provinces, due primarily to labour force expansion. Alberta's unemployment rate rose to 6.3 per cent, which was the highest since early 2022, and matched Ontario. B.C. sat at 5.6 per cent, which was the highest since mid-year. The highest unemployment rate in the country was found in Newfoundland and Labrador at 10.7 per cent.

The labour market capped off December with a non-story labour market performance, with notable fluctuations amongst industries and provinces. That said, on the net, there was little to be said for economic traction and points to slower economic conditions in Q4 and heading into Q1 2024. This slowdown should keep the Bank of Canada on the sidelines, although the persistent strength in wage growth will remain of some concern in the inflation story. That said, with further economic headwinds to come in coming quarters, we continue to expect a cut in the Bank's policy rate in Q2 2024.

Canada Labour Force Survey Summary

	2023M08	2023M09	2023M10	2023M11	2023M12
Employed, m/m	39.9	63.8	17.5	24.9	0.1
Employed, m/m %	0.2	0.3	0.1	0.1	0.0
Employed, y/y %	2.5	2.8	2.5	2.5	2.2
Unemployment Rate, %	5.5	5.5	5.7	5.8	5.8
Participation Rate, %	65.5	65.6	65.6	65.6	65.4
Employment Rate, %	61.9	62.0	61.9	61.8	61.6
Hourly Wage, y/y %	4.9	5.0	4.8	4.8	5.4
Employed, 3m % ch	0.5	0.5	0.6	0.5	0.2

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

Goods	-2.5	-10.5	7.5	38.3	-42.9
Resources	5.3	0.3	0.7	-4.5	4.4
Construction	33.8	-17.5	23.0	16.2	-13.9
Manufacturing	-29.5	8.8	-18.8	28.4	-18.3
Services	42.4	74.3	10.0	-13.4	43.1
Trade	8.0	-10.7	-21.7	-26.9	-20.6
FIREL	-16.3	-19.8	-8.1	-18.4	7.2
PST	52.1	8.4	5.1	0.6	45.7
Accom. and Foodservices	-0.5	11.0	-5.5	-1.7	-2.5
Public Admin	-3.0	6.4	6.0	0.8	7.6

Provincial Summary

	Employment					Unemployment Rate		
	Employed	m/m ch. Persons		m/m % ch.		y/y % ch		Per Cent
	2023M12	2023M11	2023M12	2023M11	2023M12	2023M12	2023M11	2023M12
British Columbia	2,837.0	9.0	17.7	0.3	0.6	2.7	5.3	5.6
Alberta	2,502.6	8.9	6.7	0.4	0.3	3.9	5.9	6.3
Saskatchewan	608.0	1.5	4.8	0.2	0.8	4.0	5.1	5.0
Manitoba	702.8	1.2	0.3	0.2	0.0	3.0	4.9	4.2
Ontario	7,904.4	6.5	-48.0	0.1	-0.6	1.5	6.1	6.3
Quebec	4,529.4	-1.5	9.8	-0.0	0.2	1.5	5.2	4.7
New Brunswick	390.9	2.4	-0.3	0.6	-0.1	3.1	6.4	6.6
Nova Scotia	508.6	-0.7	6.3	-0.1	1.3	3.3	6.8	6.0
Prince Edward Island	91.1	-1.3	0.1	-1.4	0.1	8.1	8.1	8.1
Newfoundland & Labrador	237.8	-0.9	2.4	-0.4	1.0	0.4	10.0	10.7