



Economic Commentary

January 10 2025

A firm end to 2024 for Canada's labour market

The Canadian labour market ended 2024 on a surprisingly upbeat tone despite the cloud of uncertainty hanging over the 2025 outlook. December's Labour Force Survey data showed a better than consensus gain of 90.9k jobs (0.4 per cent m/m), while also eking out a slight decline in the unemployment rate to 6.7 per cent. Interest rate cuts may already be percolating through the economy. That said, the market remains soft which likely drives further Bank of Canada rate cuts amidst coming economic headwinds.

Hiring accelerated in December with employment growth more than tripled consensus. Employment growth rose in both full-time work (57.5k persons or 0.3 per cent), and part-time work rose one per cent of 33.5k persons. Net monthly employment growth nudged above the most recent high of 90.4k gain in April. This pushed full-year growth to 413k or 2.0 per cent, outpacing the economy, although lagging population. Hours worked also rose at a solid pace of 0.5 per cent m/m and 2.1 per cent y/y.

A scan of industries pointed to expansion in both the goods- and services- producing sectors. Utilities (+9.8k or 6.7 per cent), construction (+6.1k or 0.4 per cent), and manufacturing (+13k or 0.7 per cent) led the way for the former. Both utilities and manufacturing were down on a year-over-year basis.

Among services, December gains reflected significant growth in public-sector aligned health services (15.5k or 0.5 per cent), and education (17.4k or 1.1 per cent), alongside substantial increases in transportation/warehousing (16.6k or 1.6 per cent), and finance/insurance/real estate (15.9k or 1.1 per cent). Stronger housing market conditions in recent months may have contributed to the latter upswing. Broadly services have led growth in employment over the past year at 2.0 per cent with goods-sector employment flat. Public- sector and self-employed outpaced private-sector growth in December, with the former driving full-year growth and highlighted weakness in the business sector.

December's pick up in hiring whittled down the unemployment rate to 6.7 per cent as hiring outpaced growth in both the labour force population and labour force. Consensus was for the unemployment rate to nudge higher to 6.9 per cent, although it should be noted that November's surge to 6.8 per cent also came as a surprise to markets. The rise in unemployment rate emerged despite the participation rate holding at a 4-month high of 65.1 per cent, while the employment-to-population ratio nudged up to 60.8 per cent. While steady, there is considerable slack in the labour market which is dampening wage growth. Year-over-year wages fell to 3.8 per cent y/y from 4.1 per cent, with data over the last two months showing a deceleration in monthly trend toward two per cent, which is moving towards inflation.

Provincially, employment was led by Alberta and Nova Scotia at 1.4 per cent, while Ontario and B.C. came in at 0.3 and 0.4 per cent. Manitoba was the most notable drag with employment down 0.4 per cent. Alberta was by far the leader over the past year with 12-month employment growth of 4.0 per cent. Among large provinces, the unemployment rate is highest in Ontario at 7.5 per cent, although Atlantic provinces saw higher rates. The lowest unemployment rates were recorded in Quebec at 5.6 per cent and Saskatchewan at 5.9 per cent.

December's labour market performance was a welcome surprise amidst a drumbeat of negativity as we usher in the new era of Trump uncertainty. Nevertheless, the labour market remains soft, and wages are decelerating which should keep the Bank of Canada on a measured cutting path to 2.5 per cent in coming months although this is by no means certain. There are several risks to the economy, labour markets and interest rate profile. Potential U.S. tariffs could severely derail the Canadian economy and drive us into an economic downturn and require deeper rate cuts if they materialize. In the interim period, higher U.S. policy rates could limit Bank of Canada rate cuts.

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Dec-2024	Canada Labour Force Survey (LFS) Summary							
Indicator	Latest	prior month	m/m person ch	m/m ch.	prior m/m ch	y/y ch.	prior y/y ch.	YTD ch.
	Persons, 000s			Per Cent				
Employed	20,738.3	20,647.4	90.9	0.4	0.2	2.0	1.6	1.7
Full-time	16,978.9	16,921.4	57.5	0.3	0.3	2.0	1.6	1.4
Part-time	3,759.5	3,726.0	33.5	0.9	-0.1	2.4	1.8	3.1
Labour Force	22,230.4	22,163.7	66.7	0.3	0.6	3.1	2.8	2.7
Working age population	34,124.7	34,057.6	67.1	0.2	0.2	3.6	3.6	3.4
	Per Cent			Per Cent				
Unemployment Rate	6.7	6.8		-0.1	0.3	0.9	1.0	0.9
Employment Rate	60.8	60.6		0.2	0.0	-0.9	-1.2	-1.0
Participation Rate	65.1	65.1		0.0	0.3	-0.4	-0.5	-0.5
Average wage (\$)	35.8	35.7		0.3	-0.2	3.8	4.1	4.9

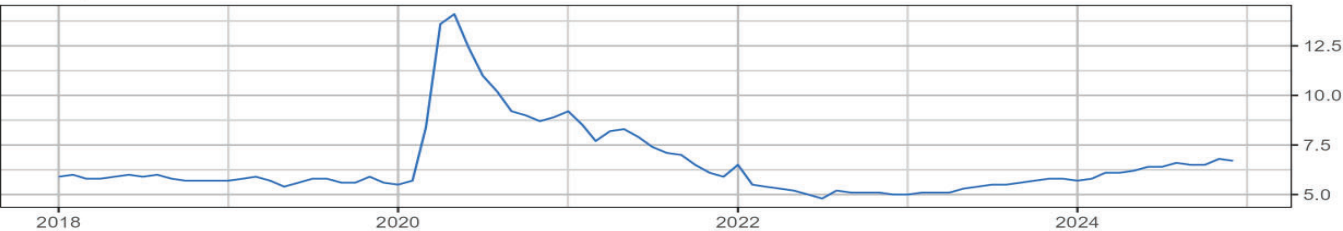
Canada Employment by Industry				
Industry	Employed, 000s	Monthly change	Monthly % change	12- month % change
Total	20,738.3	90.9	0.4	2.0
Goods	4,136.3	22.5	0.5	0.2
Agriculture	228.6	0.9	0.4	-5.1
Primary resources	334.4	-7.4	-2.2	0.7
Utilities	156.4	9.8	6.7	-1.5
Construction	1,605.4	6.1	0.4	1.5
Manufacturing	1,811.5	13.1	0.7	-0.2
Services	16,602.1	68.4	0.4	2.5
Wholesale/Retail Trade	2,927.3	-7.8	-0.3	-0.2
Transportation/Warehousing	1,065.6	16.6	1.6	1.1
Finance/Insurance/RE	1,448.0	15.9	1.1	6.2
Professional/Scientific/Technical Service	1,963.4	-11.2	-0.6	1.2
Business Support	725.6	11.1	1.6	6.7
Education	1,590.5	17.4	1.1	4.7
Healthcare/Social Assistance	2,856.5	15.5	0.5	4.8
Information/Culture/Recreation	852.8	1.1	0.1	-0.4
Accommodation/Foodservices	1,173.9	9.0	0.8	3.4
Other Private Service	785.4	3.6	0.5	-1.5
Public Administration	1,213.0	-2.7	-0.2	1.5
Employment by Class				
Private-Sector	13,541.1	26.7	0.2	1.4
Public-Sector	4,488.9	40.4	0.9	3.7
Self Employed	2,708.3	23.7	0.9	2.4

Labour Market Summary by Province					
Province	Employed, 000s	m/m % change	y/y % change	Unemployment Rate	Participation Rate
CAN	20,738.3	0.4	2.0	6.7	65.1
BC	2,844.8	0.5	0.2	6.0	63.9
AB	2,602.5	1.4	4.0	6.7	69.5
SK	613.9	0.7	1.1	5.9	67.7
MB	716.4	-1.0	1.9	6.2	66.7
ON	8,118.8	0.3	2.6	7.5	64.9
QC	4,585.0	0.3	1.2	5.6	64.6
NB	398.6	-0.4	2.0	7.8	60.5
NS	522.0	1.4	2.8	6.3	62.0
PEI	95.1	0.3	3.5	8.5	68.0
NL	241.3	0.5	1.4	10.4	58.1

Canada Labour Market Conditions

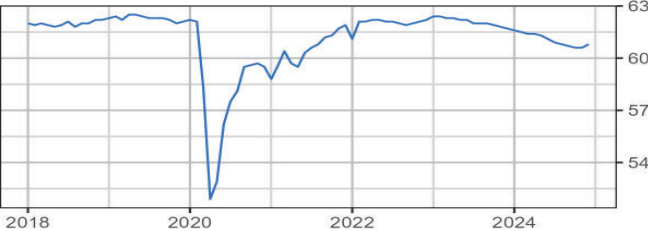
Unemployment Rate (%)

Last data point: 2024-12-01



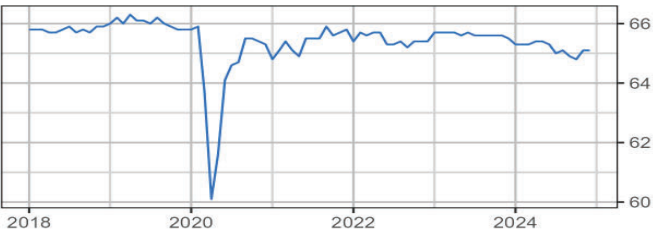
Employment Rate

Last data point: 2024-12-01



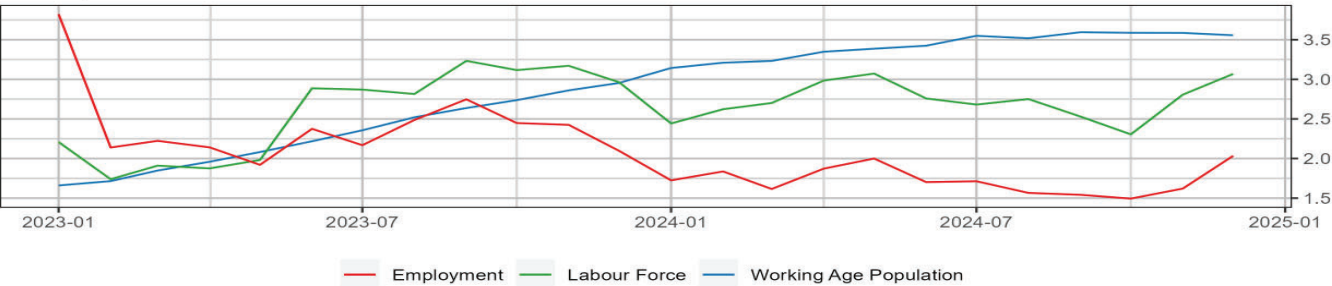
Participation Rate

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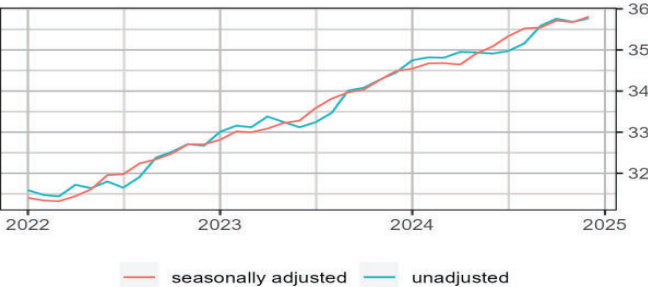
Labour Indicators, 12-month % ch

Last data point: 2024-12-01



Average hourly wage

Last data point: 2024-12-01



Average hourly wage growth (%)

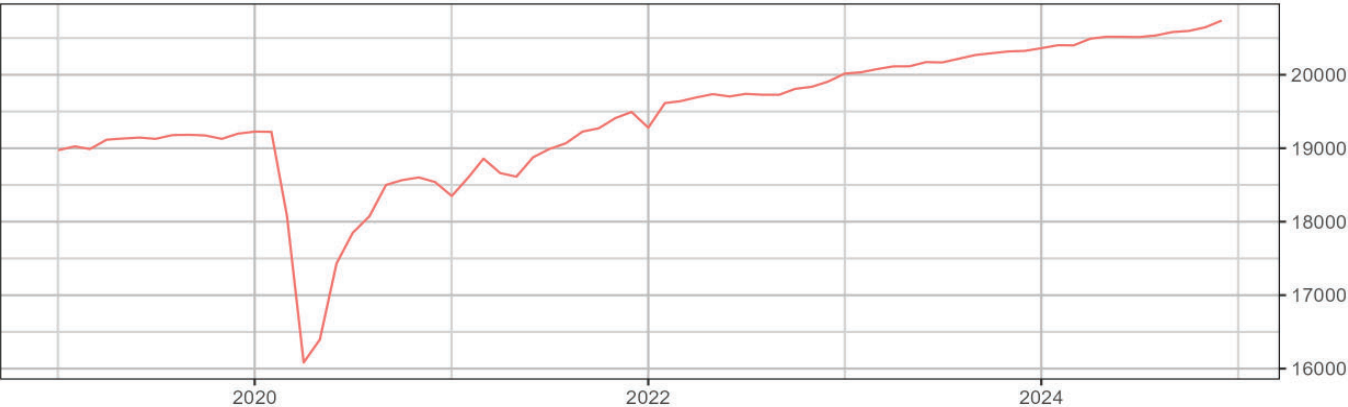
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Canada LFS Employment

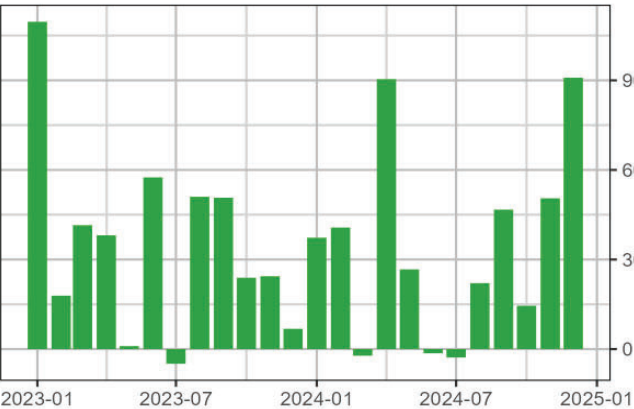
Employment, 000s

Last data point: 2024-12-01



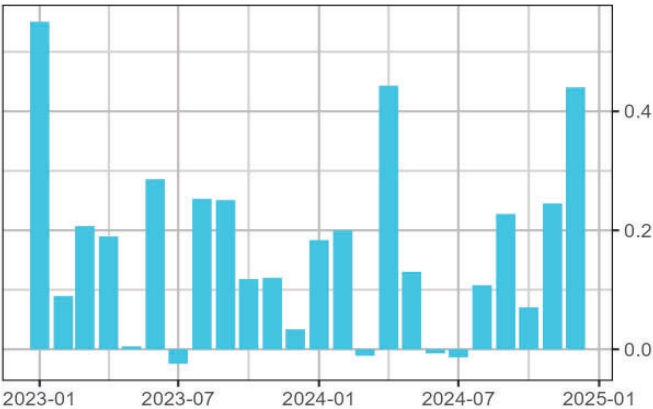
Monthly ch 000s

Last data point: 2024-12-01



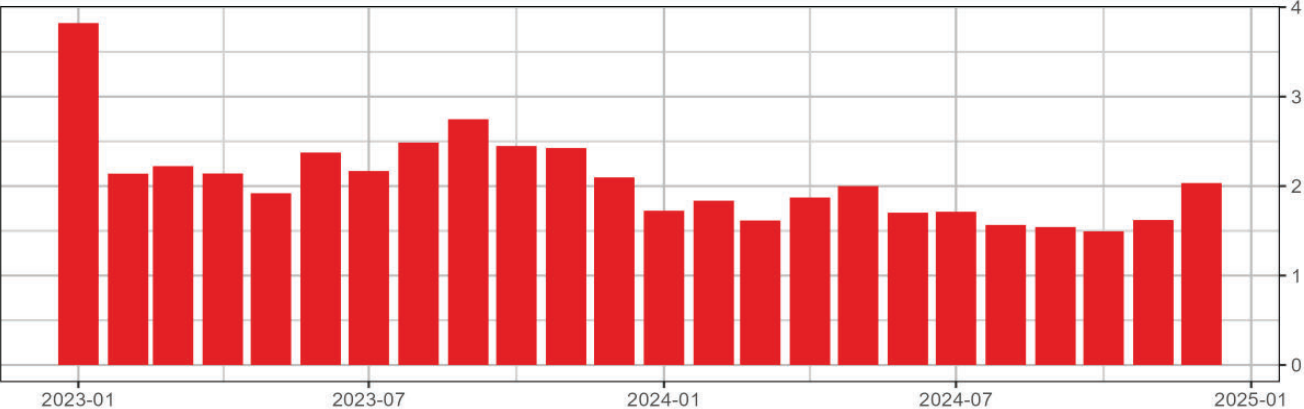
Monthly ch (%)

Last data point: 2024-12-01



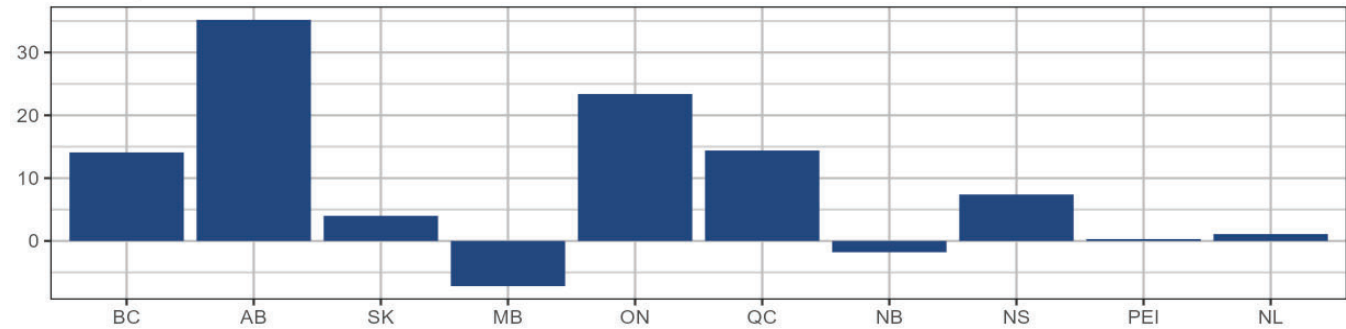
12- month ch (%)

Last data point: 2024-12-01

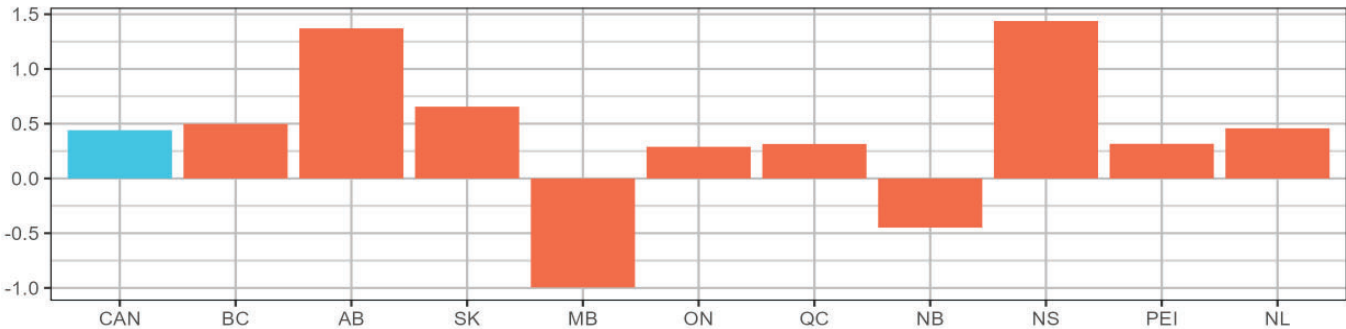


Provincial Labour Market Highlights

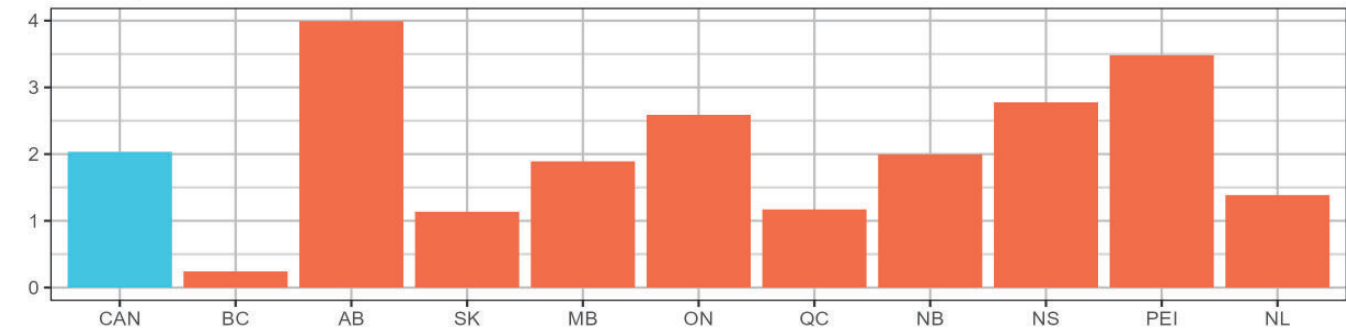
Employment by Province, m/m ch (000s)
Last data point: 2024-12-01



Employment by Province, m/m % ch
Last data point: 2024-12-01



Employment by Province, y/y % ch
Last data point: 2024-12-01



Unemployment Rate by Province, %
Last data point: 2024-12-01

