



Economic Commentary

September 5 2025

Labour market slumps again in August

Canada's labour market deteriorated sharply in August as total employment fell 65.5k or 0.3 per cent m/m, adding to the 40.8k drop in July. This was the sharpest monthly decline in employment since January 2022. The recent declines mean Canada has barely seen any job gains this calendar year, and outright losses since the trade tensions began. The only silver lining was that the bulk of loss related to part-time employment (-59.7k) with full-time employment nudging only slightly lower to hold total hours worked relatively steady (+0.1 per cent m/m). The latest decline was driven largely by core-aged (25 to 54) men and women, with the recently hard-hit youth segment showed a slight uptick. Moreover, losses were driven by self-employed workers (-42.6k) and to a lesser extent, public-sector workers (-15.5k), as private-sector employment held steady.

Nevertheless, labour market conditions clearly deteriorated. The unemployment rate jumped 0.2 points to 7.1 per cent to the highest level in this cycle, and the highest since August 2021 even as labour force participation fell. Excluding the pandemic, this was the highest since 2016. Youth unemployment nudged lower but remained very high at 14.5 per cent. The employment rate at 60.5 per cent, similarly, declined to the lowest levels since 2021. Wages slowed to 3.2 per cent y/y from 3.3 per cent.

Sectorally, four sectors accounted for the entirety of the losses. Trade friction is biting, as manufacturing employment fell 19.2k or 1.0 per cent, while resource employment declined 5.6k or 1.7 per cent. Transportation and warehousing declined by 22.7k (2.1 per cent) but may have caught some of the leading edge of the Air Canada strike. Other key declines included a surprising professional/scientific and technical services (26.1k or 1.3 per cent) loss which may signal a quiet chill from tech advances, and education (18.4k or 1.1 per cent), which swung lower after a sharp July increase. Education is typically quite volatile in August, which could reflect the timing of work done prior to the start of the school year.

Provincially, 8 of 10 provinces reported employment losses, with the deepest declines in western Canada. B.C. (-15.7k or 0.5 per cent) and Alberta (-14.2k or 0.6 per cent) both slumping after similarly deep pullbacks in July. Both Manitoba (-0.7 per cent) and Saskatchewan (-0.4 per cent) also took a hit. Ontario employment fell 26k but represented a relatively small decline of 0.3 per cent, with Quebec up marginally. Atlantic Canada broadly deteriorated. Unemployment rates were mixed but moved up sharply in Alberta by 0.6 points to 8.4 per cent, which was the highest outside Newfoundland and Labrador, while several provinces including Ontario and Saskatchewan reported a lower rate.

The latest labour market data ups the likelihood of a Bank of Canada rate cut later this month, specifically following the weak trade-driven slump in Q2 GDP. However, we will need to see a soft CPI print to cement the case.

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Aug-2025	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	20,954.9	21,020.4	-65.5	-0.3	-0.2	1.0	1.5	1.6
Full-time	17,149.9	17,155.9	-6.0	0.0	-0.3	1.2	1.0	1.4
Part-time	3,804.9	3,864.6	-59.7	-1.5	0.3	0.1	3.5	2.0
Labour Force	22,549.5	22,580.7	-31.2	-0.1	-0.1	1.5	2.0	2.2
Working age population	34,644.2	34,614.8	29.4	0.1	0.1	1.9	2.1	2.6
	Per Cent			Per Cent				
Unemployment Rate	7.1	6.9		0.2	0.0	0.4	0.5	0.6
Employment Rate	60.5	60.7		-0.2	-0.2	-0.5	-0.4	-0.6
Participation Rate	65.1	65.2		-0.1	-0.2	-0.3	-0.1	-0.3
Average wage (\$)	36.3	36.2		0.4	0.4	3.2	3.3	3.4

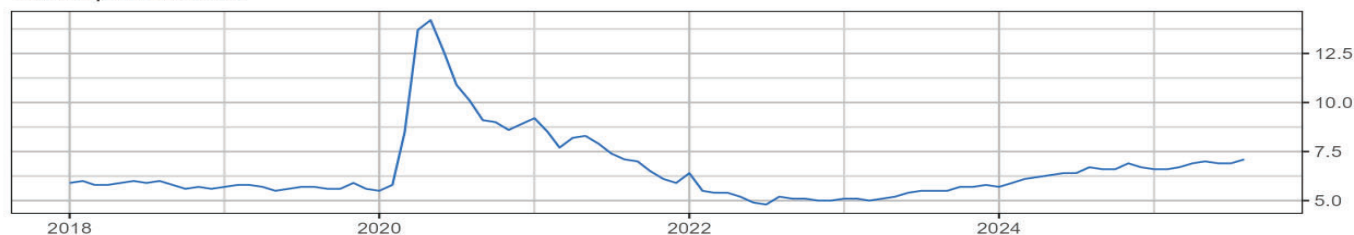
Canada Employment by Industry				
Industry	Employed, 000s	Monthly change	Monthly % change	12- month % change
Total	20,954.9	-65.5	-0.3	1.0
Goods	4,167.3	1.7	0.0	-0.9
Agriculture	217.7	4.8	2.3	-8.7
Primary resources	330.2	-5.6	-1.7	-8.4
Utilities	163.5	4.7	3.0	10.9
Construction	1,636.3	17.1	1.1	2.2
Manufacturing	1,819.7	-19.2	-1.0	-2.0
Services	16,787.6	-67.2	-0.4	1.5
Wholesale/Retail Trade	3,014.2	-1.8	-0.1	3.2
Transportation/Warehousing	1,071.7	-22.7	-2.1	-1.3
Finance/Insurance/RE	1,497.7	-2.8	-0.2	4.2
Professional/Scientific/Technical Service	2,000.9	-26.1	-1.3	1.8
Business Support	675.5	2.9	0.4	-3.3
Education	1,613.2	-18.4	-1.1	2.0
Healthcare/Social Assistance	2,884.2	3.3	0.1	1.3
Information/Culture/Recreation	838.7	-5.2	-0.6	-0.1
Accommodation/Foodservices	1,177.1	9.2	0.8	3.6
Other Private Service	769.5	-6.1	-0.8	-3.2
Public Administration	1,245.1	0.7	0.1	1.1
Employment by Class				
Private-Sector	13,731.0	-7.5	-0.1	1.0
Public-Sector	4,540.2	-15.5	-0.3	1.1
Self Employed	2,683.6	-42.6	-1.6	1.0

Labour Market Summary by Province					
Province	Employed, 000s	m/m % change	y/y % change	Unemployment Rate	Participation Rate
CAN	20,954.9	-0.3	1.0	7.1	65.1
BC	2,936.9	-0.5	0.9	6.2	64.6
AB	2,563.1	-0.6	1.7	8.4	68.8
SK	621.0	-0.4	2.7	4.7	67.3
MB	736.2	-0.7	1.3	5.7	66.4
ON	8,191.0	-0.3	0.3	7.7	64.7
QC	4,644.5	0.2	1.9	6.0	65.0
NB	401.2	-1.6	-0.4	7.7	60.2
NS	524.1	-0.2	0.8	6.5	61.3
PEI	93.8	1.2	1.3	8.1	66.1
NL	242.9	-1.3	-0.5	10.7	57.7

Canada Labour Market Conditions

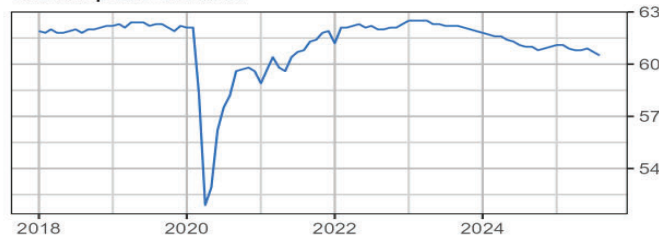
Unemployment Rate (%)

Last data point: 2025-08-01



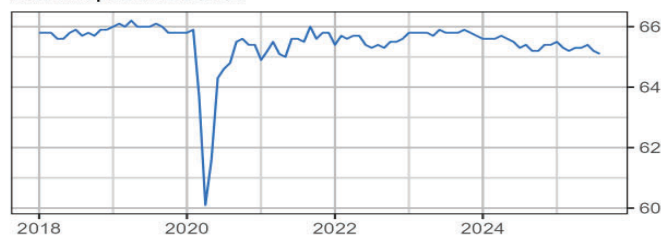
Employment Rate

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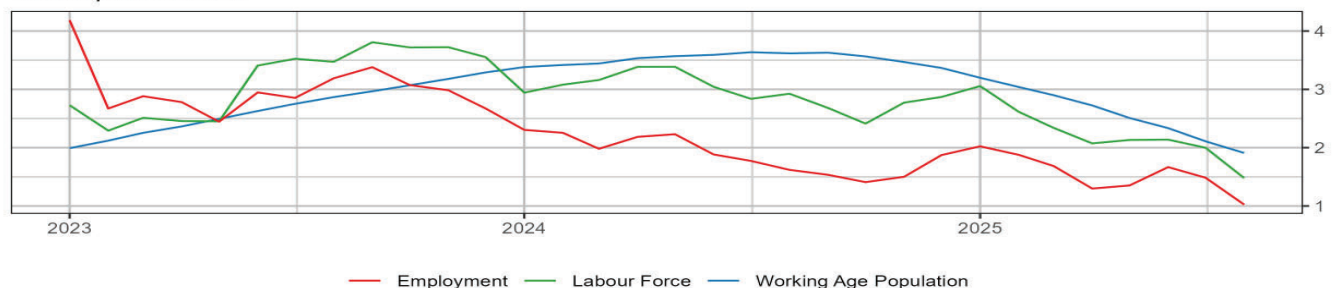
Participation Rate

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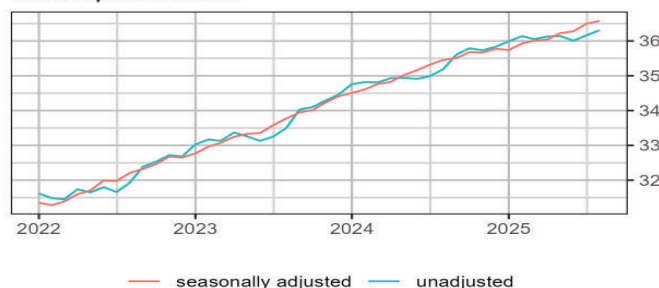
Labour Indicators, 12-month % ch

Last data point: 2025-08-01



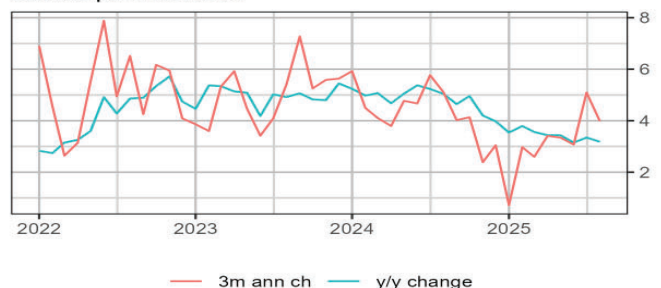
Average hourly wage

Last data point: 2025-08-01



Average hourly wage growth (%)

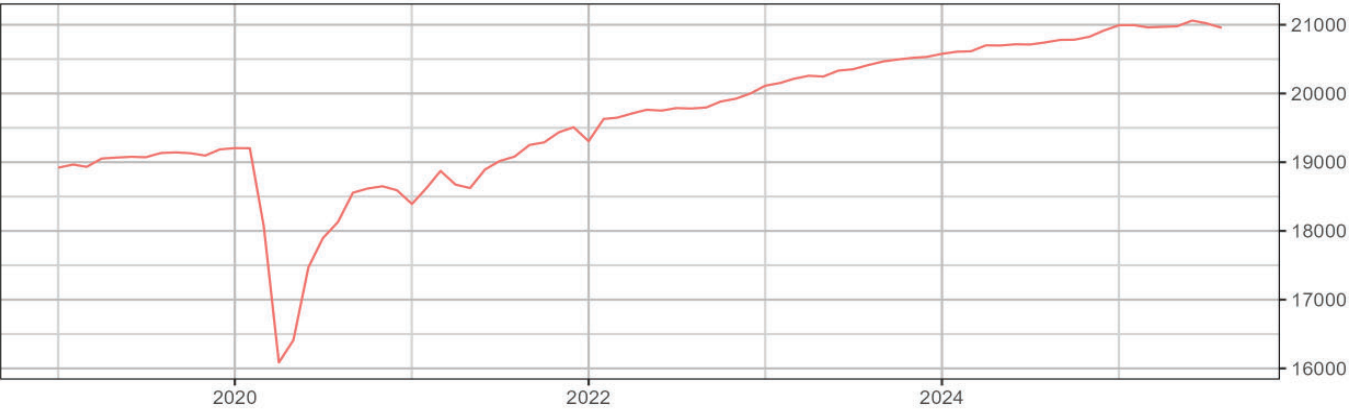
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Canada LFS Employment

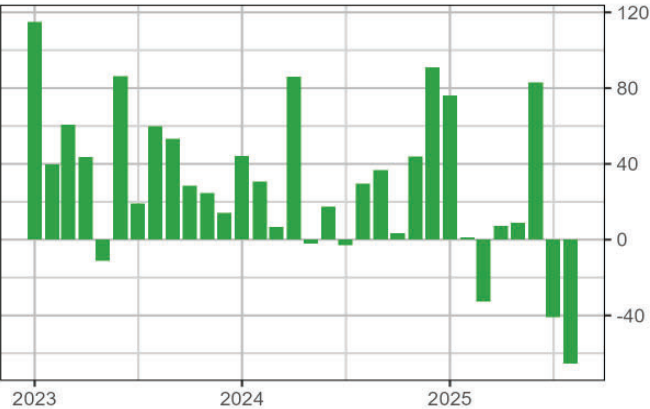
Employment, 000s

Last data point: 2025-08-01



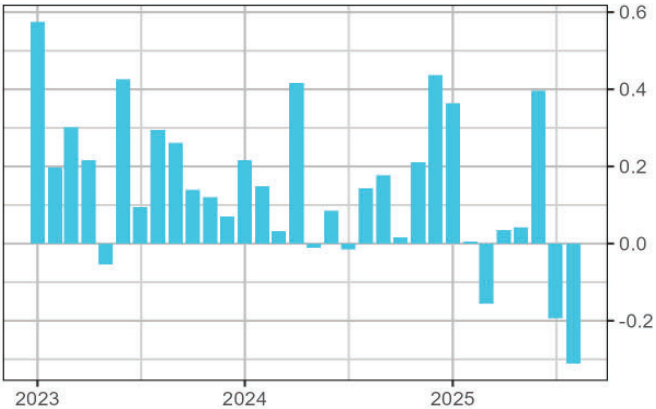
Monthly ch 000s

Last data point: 2025-08-01



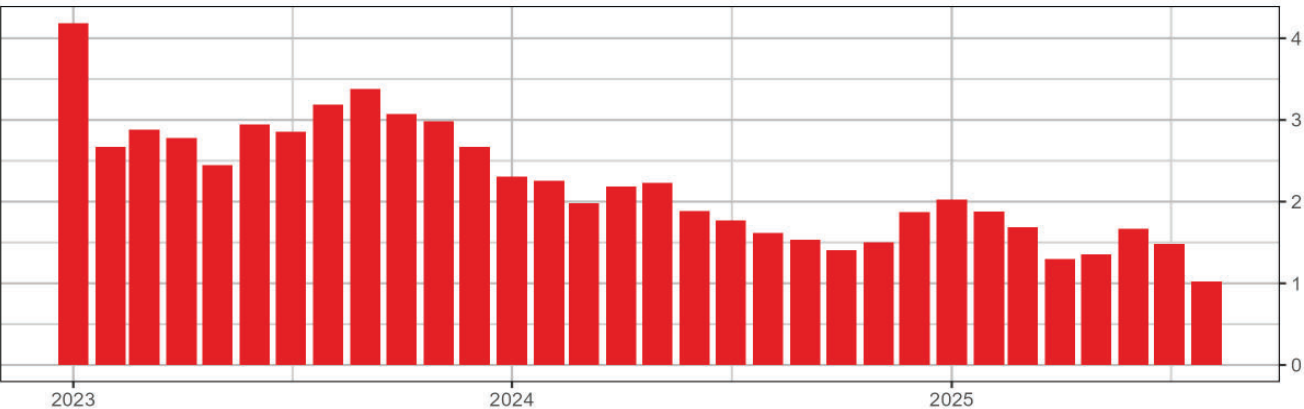
Monthly ch (%)

Last data point: 2025-08-01



12- month ch (%)

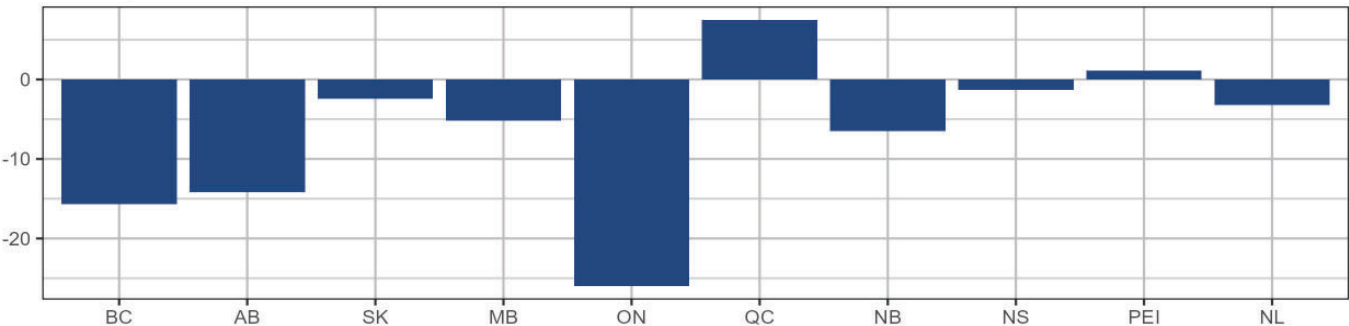
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Provincial Labour Market Highlights

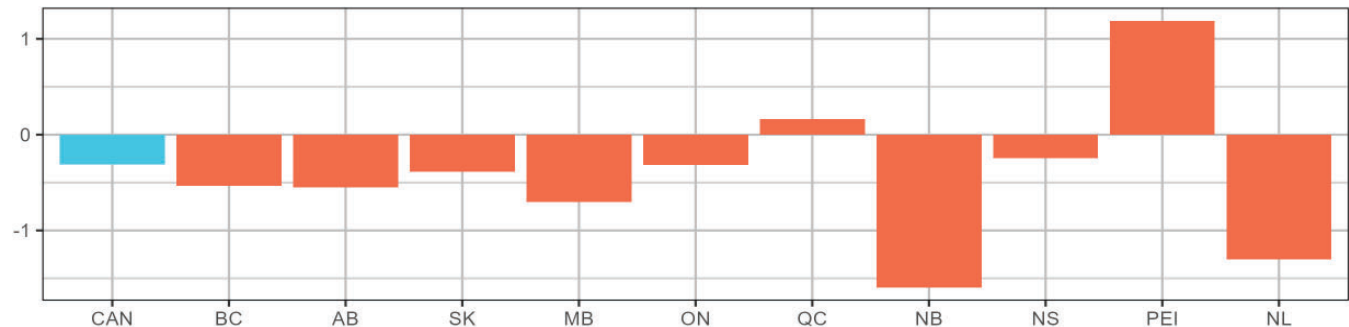
Employment by Province, m/m ch (000s)

Last data point: 2025-08-01



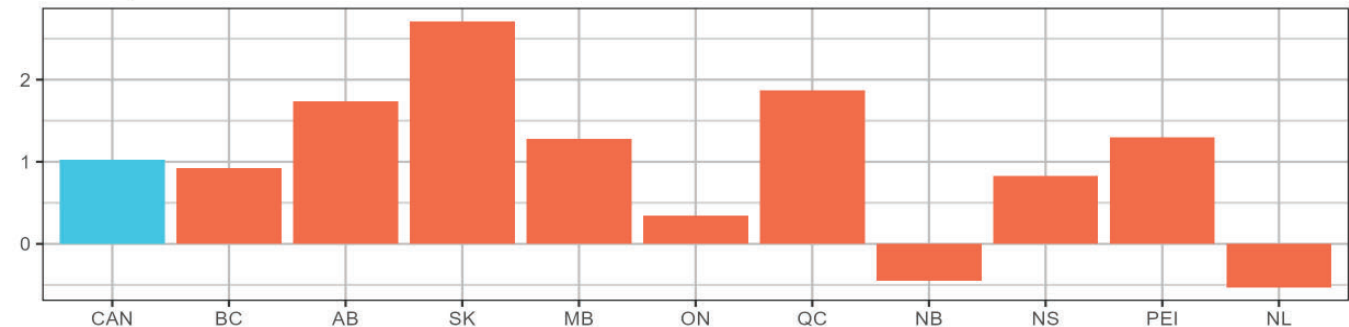
Employment by Province, m/m % ch

Last data point: 2025-08-01



Employment by Province, y/y % ch

Last data point: 2025-08-01



Unemployment Rate by Province, %

Last data point: 2025-08-01

