



Economic Commentary

October 10 2025

Good-sector drives employment higher in September

A rosier than expected picture for Canada's labour market emerged in September with a pickup in overall employment following consecutive declines although broader conditions remained soft and monthly data remains volatile. According to the latest Labour Force Survey, the country's employment rebounded by a solid 60.4k people (0.3 per cent) in September. This reversed nearly all of August's loss and most of the 106k decline accumulated over the last two months. Since January, growth has been negligible at 0.1 per cent. The unemployment rate was unchanged at 7.1 per cent as the labour force expanded in lockstep with employment gains, even as underlying population growth stalled. Employment and population rates nudged higher. The jobless rate remains at the highest level since 2016, notwithstanding the pandemic.

September employment details were broadly positive with growth driven by full-time work (106.1k or 0.6 per cent) while part-time employment fell 45.6k (1.2 per cent). At the same time, hours worked oddly contracted by 0.2 per cent and have eroded in recent months but remained up 1 per cent y/y in line with employment levels. Prime aged workers (25 to 54) accounted for the entirety of the increase with a surge of 109k, but by 44k losses among those 55 and over, and a slip in younger workers. The prime aged unemployment rate slipped 0.1 points to 6.0 per cent but rose among other age cohorts. Youth unemployment remained exceptionally high at 14.7 per cent, which is increasingly becoming a risk for longer-term career prospects of young people if this endures. Wage growth accelerated slightly to 3.3 per cent from 3.2 per cent but likely owes in part to a shift to higher paid industries.

Among industries, there were highlights and lowlights. Growth was led by the goods-producing segment of the economy with a big gain in manufacturing (27.8k) which was led by Ontario and Alberta and aligned with some recovery in auto and mining-related goods in late summer, while agriculture and primary resource extraction sectors also reported stronger gains. That said, goods- sectors have been harder hit by direct tariffs and related uncertainty, and manufacturing (-0.2 per cent) and resources (-5.1 per cent) were still lower than a year ago. In the services-sector, which accounts for the bulk of Canadian employment, activity was mixed. There were signs that consumer demand may be waning with wholesale/retail trade (-20.8k), transportation/warehousing (-7.4k), and information/culture/recreation (-5.8k) all 0.7 per cent lower. In contrast, employment rose across knowledge and professional sectors, healthcare, and other private services. The broad fluctuations in the labour market data underscore the lack of a clear pattern in the economy and start-stop environment for businesses.

Regionally, there remained some bifurcation in conditions, reflecting different impacts of the trade war on industries. Employment growth was led by Alberta at 1.7 per cent m/m (+42.5k) after two months of declines, with Manitoba up 0.5 per cent, and B.C. up by 0.3 per cent. Levels were flat in most other provinces, albeit with deviations in the Atlantic. Unemployment rates, while flat nationally, masked a sharp decline in Alberta from 8.4 per cent to 7.8 per cent, and a drop in Quebec, but conditions generally deteriorated in most areas of the country. Notably, B.C.'s unemployment rate rose from 6.2 to 6.4 per cent, jumped in Saskatchewan from 4.7 to 6.0 per cent, and PEI from 8.1 per cent to 9.7 per cent. Unemployment rates are generally the highest in the Atlantic and Ontario (7.9 per cent).

The latest employment bump points to some firming in the labour market picture, although we caution that figures and details can fluctuate from month-to-month in either direction and there is no clear signal at this point. Moreover, the labour market slack continues, and conditions vary widely across the country with tariff uncertainty still an anchor. While this report adds more weight to an October Bank of Canada pause, we still anticipate it to follow up its September cut with another this month before pausing provided CPI inflation remains well behaved.

Bryan Yu

Chief Economist

Central 1 Credit Union

byu@central1.com

Sep-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	21,015.3	20,954.9	60.4	0.3	-0.3	1.1	1.0	1.5
Full-time	17,256.0	17,149.9	106.1	0.6	0.0	1.3	1.2	1.4
Part-time	3,759.3	3,804.9	-45.6	-1.2	-1.5	0.3	0.1	1.8
Labour Force	22,621.8	22,549.5	72.3	0.3	-0.1	1.7	1.5	2.2
Working age population	34,671.9	34,644.2	27.7	0.1	0.1	1.7	1.9	2.5
	Per Cent			Per Cent				
Unemployment Rate	7.1	7.1		0.0	0.2	0.5	0.4	0.6
Employment Rate	60.6	60.5		0.1	-0.2	-0.4	-0.5	-0.6
Participation Rate	65.2	65.1		0.1	-0.1	0.0	-0.3	-0.2
Average wage (\$)	36.8	36.3		1.3	0.4	3.3	3.2	3.4

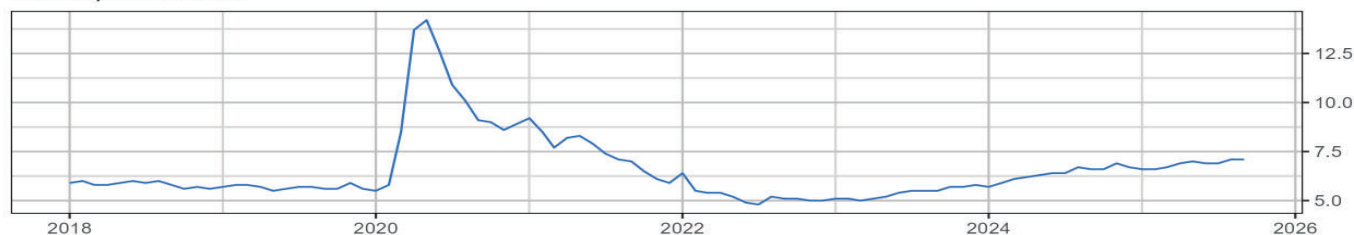
Canada Employment by Industry				
Industry	Employed, 000s	Monthly change	Monthly % change	12- month % change
Total	21,015.3	60.4	0.3	1.1
Goods	4,209.3	42.0	1.0	0.3
Agriculture	230.9	13.2	6.1	-1.0
Primary resources	337.3	7.1	2.2	-5.1
Utilities	165.5	2.0	1.2	10.4
Construction	1,628.1	-8.2	-0.5	1.2
Manufacturing	1,847.5	27.8	1.5	-0.2
Services	16,806.0	18.4	0.1	1.4
Wholesale/Retail Trade	2,993.4	-20.8	-0.7	2.1
Transportation/Warehousing	1,064.3	-7.4	-0.7	-2.1
Finance/Insurance/RE	1,506.2	8.5	0.6	5.0
Professional/Scientific/Technical Service	2,010.3	9.4	0.5	1.2
Business Support	674.9	-0.6	-0.1	-3.5
Education	1,611.1	-2.1	-0.1	2.7
Healthcare/Social Assistance	2,898.1	13.9	0.5	1.8
Information/Culture/Recreation	832.9	-5.8	-0.7	-3.2
Accommodation/Foodservices	1,184.6	7.5	0.6	4.1
Other Private Service	781.6	12.1	1.6	-1.5
Public Administration	1,248.5	3.4	0.3	1.2
Employment by Class				
Private-Sector	13,752.9	21.9	0.2	0.9
Public-Sector	4,570.9	30.7	0.7	2.4
Self Employed	2,691.5	7.9	0.3	0.3

Labour Market Summary by Province					
Province	Employed, 000s	m/m % change	y/y % change	Unemployment Rate	Participation Rate
CAN	21,015.3	0.3	1.1	7.1	65.2
BC	2,944.7	0.3	1.7	6.4	64.9
AB	2,605.6	1.7	3.8	7.8	69.3
SK	620.3	-0.1	2.3	6.0	68.1
MB	740.1	0.5	1.3	6.2	66.9
ON	8,199.8	0.1	0.0	7.9	64.8
QC	4,639.8	-0.1	1.3	5.7	64.7
NB	405.9	1.2	1.4	8.1	61.1
NS	525.4	0.2	0.7	6.2	61.2
PEI	92.9	-1.0	0.0	9.7	66.6
NL	240.7	-0.9	-1.2	10.6	57.1

Canada Labour Market Conditions

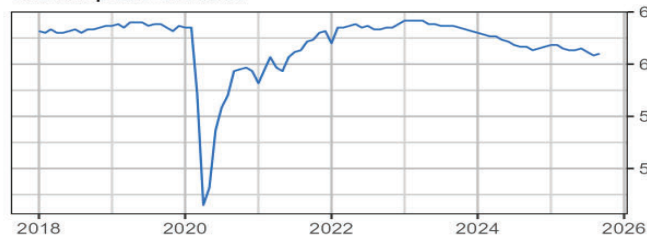
Unemployment Rate (%)

Last data point: 2025-09-01



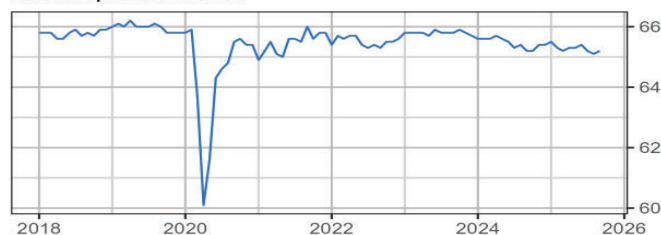
Employment Rate

Last data point: 2025-09-01



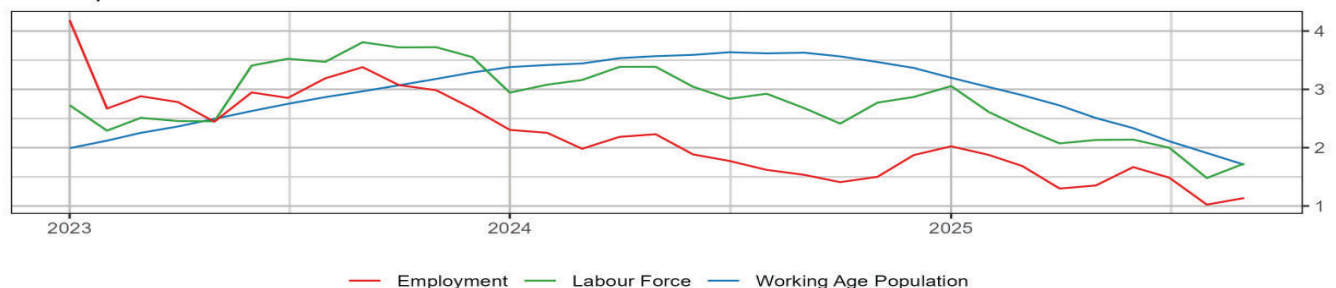
Participation Rate

Last data point: 2025-09-01



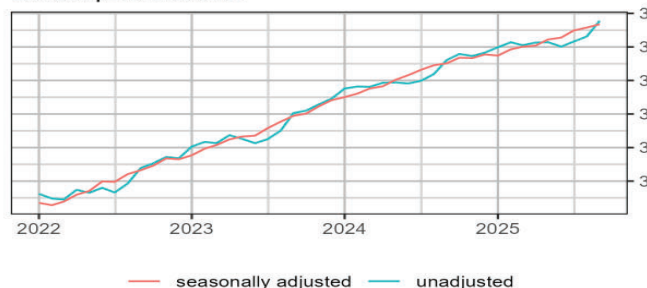
Labour Indicators, 12-month % ch

Last data point: 2025-09-01



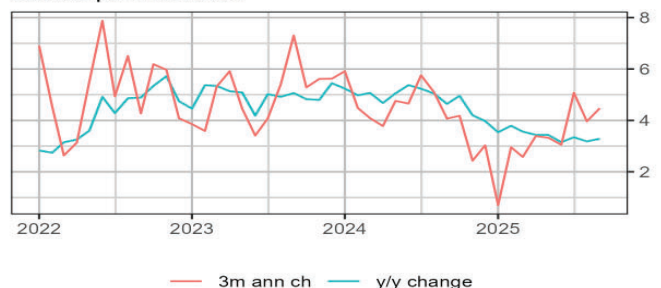
Average hourly wage

Last data point: 2025-09-01



Average hourly wage growth (%)

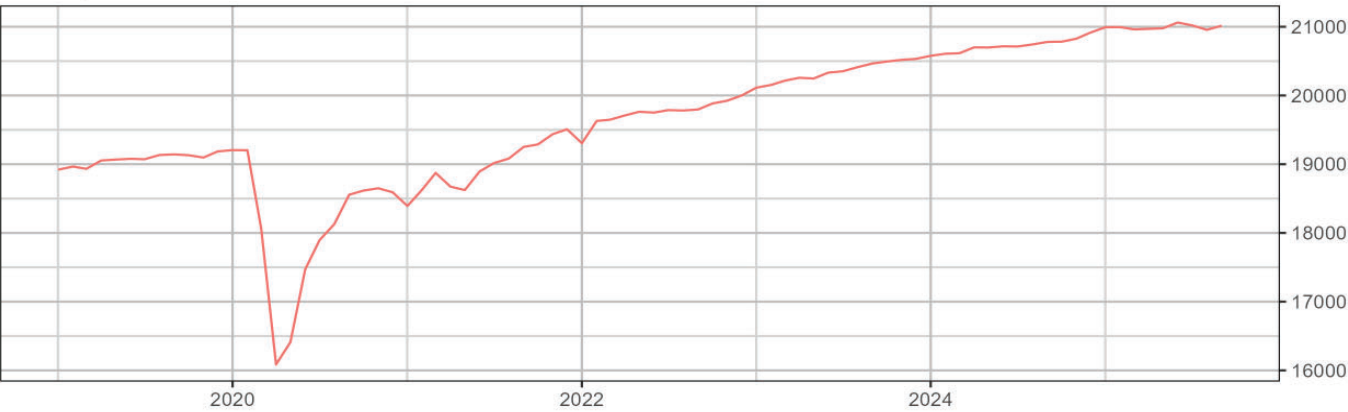
Last data point: 2025-09-01



Canada LFS Employment

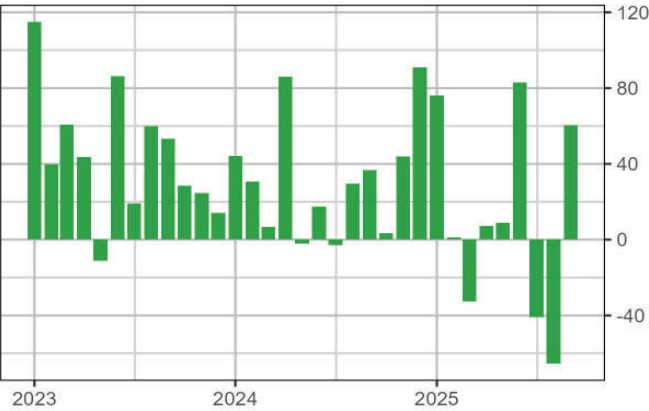
Employment, 000s

Last data point: 2025-09-01



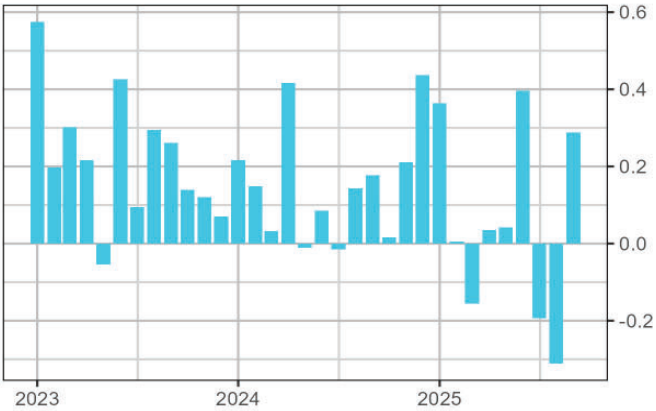
Monthly ch 000s

Last data point: 2025-09-01



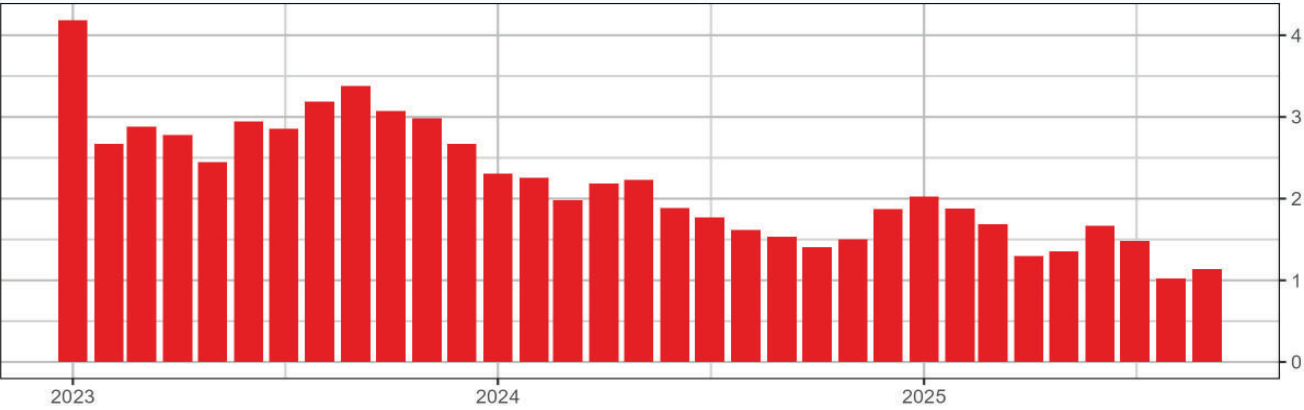
Monthly ch (%)

Last data point: 2025-09-01



12- month ch (%)

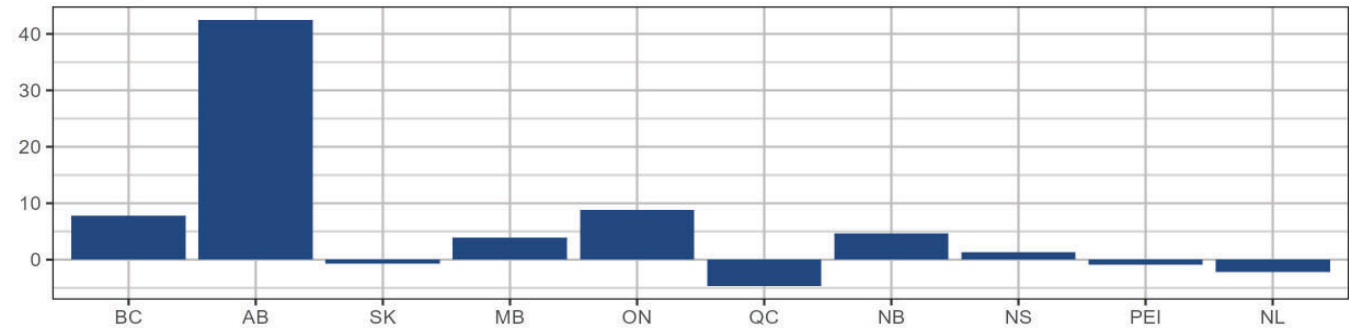
Last data point: 2025-09-01



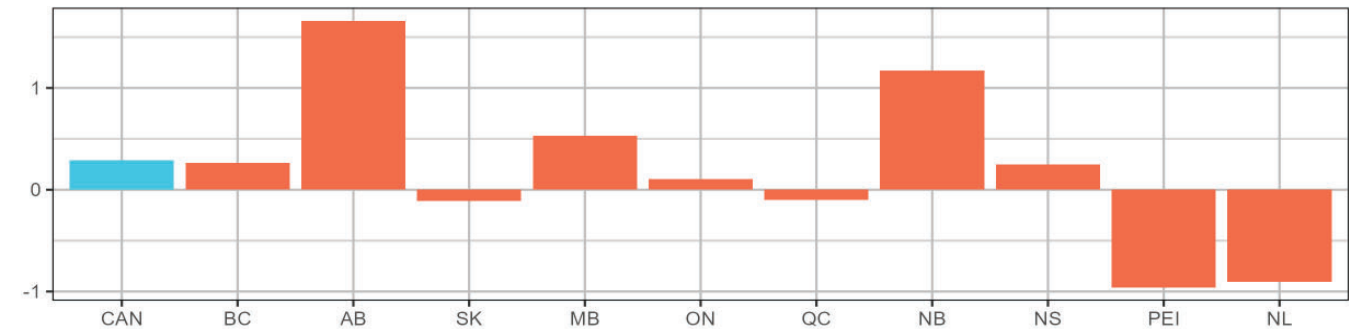
Statistics Canada, Central 1

Provincial Labour Market Highlights

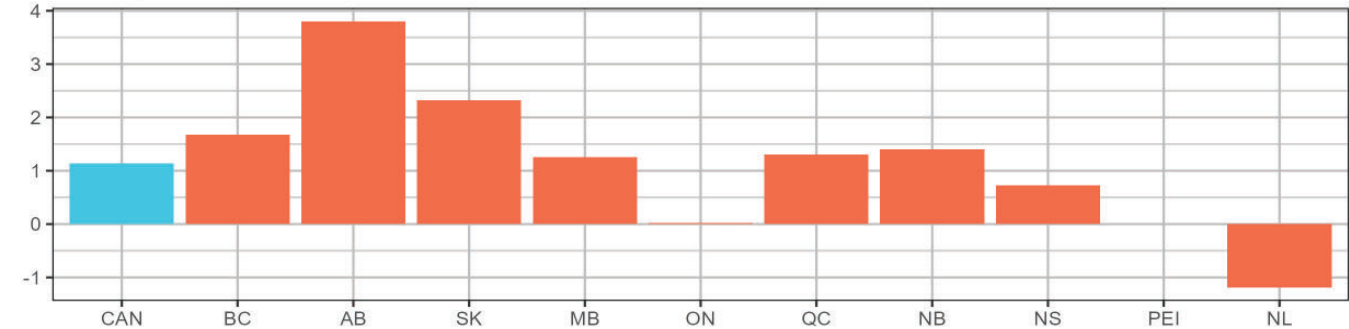
Employment by Province, m/m ch (000s)
Last data point: 2025-09-01



Employment by Province, m/m % ch
Last data point: 2025-09-01



Employment by Province, y/y % ch
Last data point: 2025-09-01



Unemployment Rate by Province, %
Last data point: 2025-09-01

