



Economic Commentary

December 5 2025

Labour market heats up as year closing

Canada's economy showed more signs of resilience in November as LFS employment increased for a third straight month, while the unemployment rate (6.5 per cent) tumbled to the lowest level since July 2024. Total employment climbed by 53.6k persons (0.3 per cent) in November, marking a third straight gain and 180.6k increase over the period. This was far above the consensus forecast for a flat employment reading and a tick higher in the jobless rate. Recent gains have more than reversed the losses recorded near mid-year and pushed year-over-year growth up to a respectable 1.5 per cent. On a three-month annualized basis, employment growth has accelerated to a pace of above 3 per cent.

As often is the case, there are some nuances in the data that deflate some of the headline strength. Employment growth was led entirely by part-time work (63k m/m or 1.6 per cent), as full-time work was essentially unchanged. Nonetheless, there was a strong pick up in youth (aged 15 to 24) employment (49.7k) which made up the bulk of the increase and helped to whittle the still-high unemployment rate in the segment to 12.8 per cent from 14 per cent. Women aged 55 and over made up most of the remaining employment increase. Employment growth was also concentrated in Alberta (28.7k) which accounted for more than half of the net gain, with limited gains in other large provinces.

Employment by industry was also mixed. On the goods-side, manufacturing fell by 9.3k (0.5 per cent), consistent with the sectoral news, but construction rose 6.2k (0.4 per cent), even as the housing cycle waned, while resources jumped during the month by 11.4k (3.4 per cent). On aggregate, services rose 0.3 per cent (43k), consistent with goods growth, but nearly all of this was in the health and social assistance sector (45.5k or 1.6 per cent), alongside stronger gains in the hospitality sectors, and culture industries which gained more than one per cent each. This is generally good news, although they are highly paid and productive sectors. The main drag was in wholesale and retail trade (-34k or 1.1 per cent). Both private and public sector employment increased by 0.4 per cent, while self-employment fell.

The sharp decline in the unemployment rate came as a surprise. At 6.5 per cent, this was the lowest since July 2024, having averaged 7 per cent since April of this year. However, the large drop-off reflected a steep decline in the labour force participation rate as the estimated working age population nudged up. The decline in unemployment rate could reflect more discouraged workers opting out of job search as the labour force count fell but given the reported job find rate of unemployed rose and layoff rate was steady, this drop could also owe to the survey and changes to the sample of respondents. More data will be needed to assess if this holds. The lowest unemployment rates were in Quebec (5.1 per cent) and Saskatchewan (5.6 per cent), with the highest in Newfoundland and Labrador at 10.4 per cent. Alberta, which has had one of the highest unemployment rates, saw a drop to 6.5 per cent, which is now consistent with the broader economy.

While there were some curious aspects of the LFS results, the key theme was signs of a firming economy and labour market in recent months. We are a bit skeptical that the unemployment rate will remain at the current level, but wage growth is firm at 3.6 per cent y/y which was up from October, and well above CPI inflation. Weak population growth could further constrain labour supply, and support wages and a modest unemployment rate. Adding the most recent LFS data to the strong Q3 GDP reading (warts and all) likely confirms a hold at the Bank of Canada's December 10 meeting, and we remain of the view that the next move is a hike in the second half of 2026.

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Nov-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	21,135.5	21,081.9	53.6	0.3	0.3	1.5	1.4	1.5
Full-time	17,228.1	17,237.5	-9.4	-0.1	-0.1	0.8	1.2	1.3
Part-time	3,907.4	3,844.4	63.0	1.6	2.3	4.6	2.7	2.2
Labour Force	22,613.4	22,639.1	-25.7	-0.1	0.1	1.1	1.7	2.0
Working age population	34,713.1	34,695.4	17.7	0.1	0.1	1.4	1.6	2.3
	Per Cent			Per Cent				
Unemployment Rate	6.5	6.9		-0.4	-0.2	-0.4	0.3	0.5
Employment Rate	60.9	60.8		0.1	0.2	0.0	0.0	-0.5
Participation Rate	65.1	65.3		-0.2	0.1	-0.3	0.1	-0.2
Average wage (\$)	37.0	37.1		-0.2	0.8	3.6	3.5	3.4

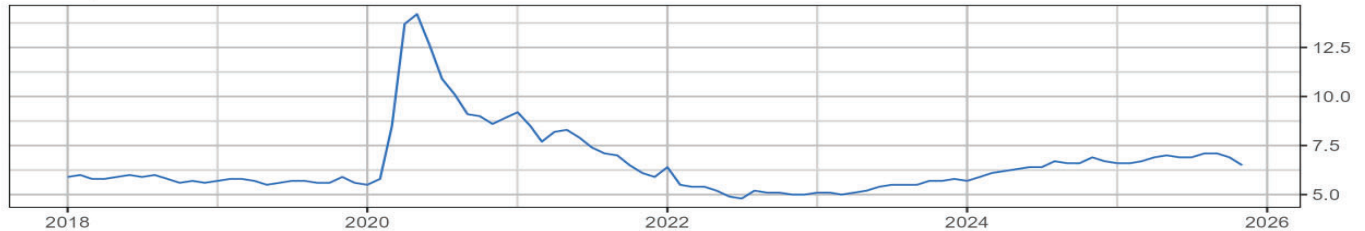
Canada Employment by Industry				
Industry	Employed, 000s	Monthly change	Monthly % change	12- month % change
Total	21,135.5	53.6	0.3	1.5
Goods	4,219.2	11.0	0.3	0.9
Agriculture	230.5	0.4	0.2	1.2
Primary resources	347.0	11.4	3.4	-0.9
Utilities	175.3	2.2	1.3	17.6
Construction	1,619.5	6.2	0.4	-0.3
Manufacturing	1,846.9	-9.3	-0.5	1.0
Services	16,916.4	42.8	0.3	1.6
Wholesale/Retail Trade	3,000.0	-34.1	-1.1	1.5
Transportation/Warehousing	1,097.6	3.8	0.3	3.4
Finance/Insurance/RE	1,501.6	-0.8	-0.1	5.1
Professional/Scientific/Technical Service	2,015.7	5.9	0.3	0.0
Business Support	670.8	2.7	0.4	-6.9
Education	1,598.9	-5.2	-0.3	0.7
Healthcare/Social Assistance	2,936.4	45.5	1.6	2.8
Information/Culture/Recreation	869.2	11.1	1.3	1.8
Accommodation/Foodservices	1,197.5	14.2	1.2	3.6
Other Private Service	780.7	7.3	0.9	0.0
Public Administration	1,248.0	-7.6	-0.6	1.5
Employment by Class				
Private-Sector	13,878.3	52.2	0.4	1.8
Public-Sector	4,583.0	16.3	0.4	2.0
Self Employed	2,674.3	-14.7	-0.5	-0.8

Labour Market Summary by Province					
Province	Employed, 000s	m/m % change	y/y % change	Unemployment Rate	Participation Rate
CAN	21,135.5	0.3	1.5	6.5	65.1
BC	2,948.0	0.2	1.4	6.4	65.0
AB	2,644.6	1.1	4.2	6.5	69.1
SK	621.2	0.4	2.7	5.6	67.7
MB	740.6	0.6	0.5	6.1	66.8
ON	8,260.4	0.1	1.1	7.3	64.8
QC	4,649.4	0.0	0.9	5.1	64.5
NB	409.7	1.4	1.8	6.6	60.6
NS	523.6	0.5	0.4	6.7	61.2
PEI	94.0	0.8	-0.5	7.7	65.6
NL	244.0	-0.4	0.9	10.4	57.6

Canada Labour Market Conditions

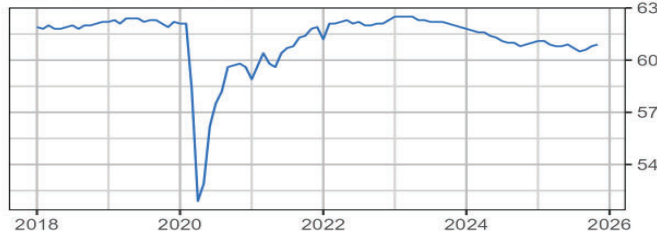
Unemployment Rate (%)

Last data point: 2025-11-01



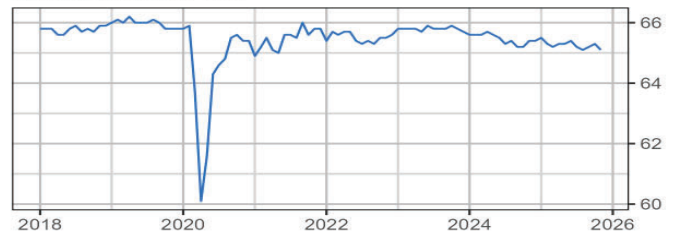
Employment Rate

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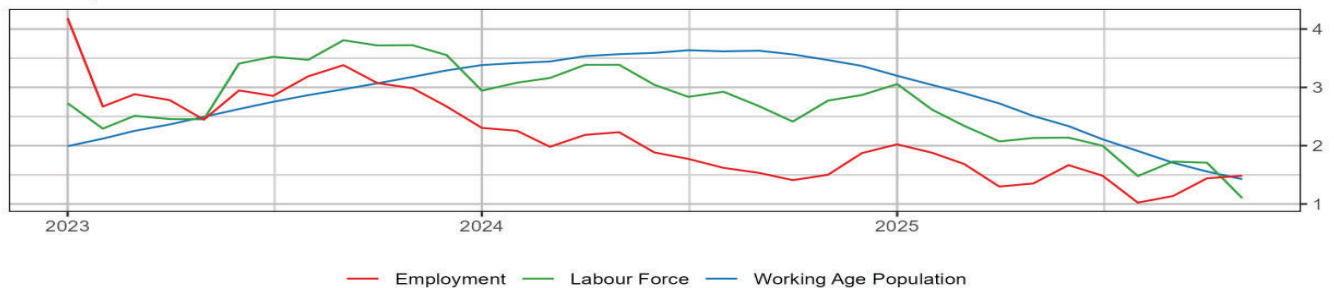
Participation Rate

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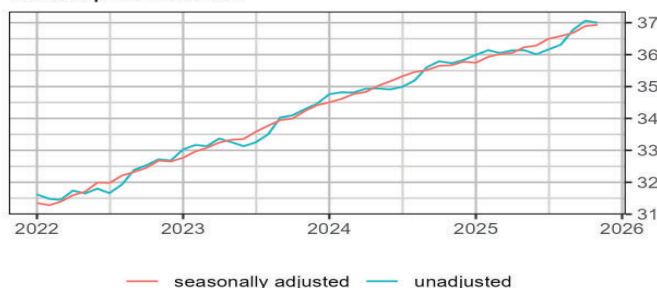
Labour Indicators, 12-month % ch

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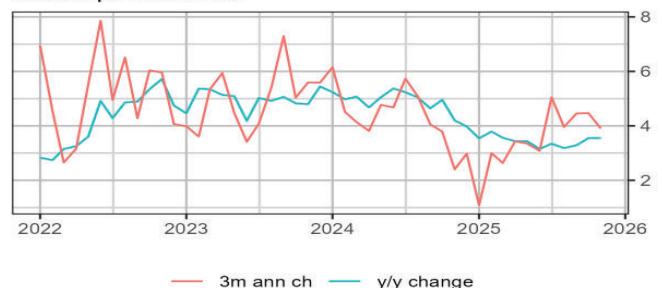
Average hourly wage

Last data point: 2025-11-01



Average hourly wage growth (%)

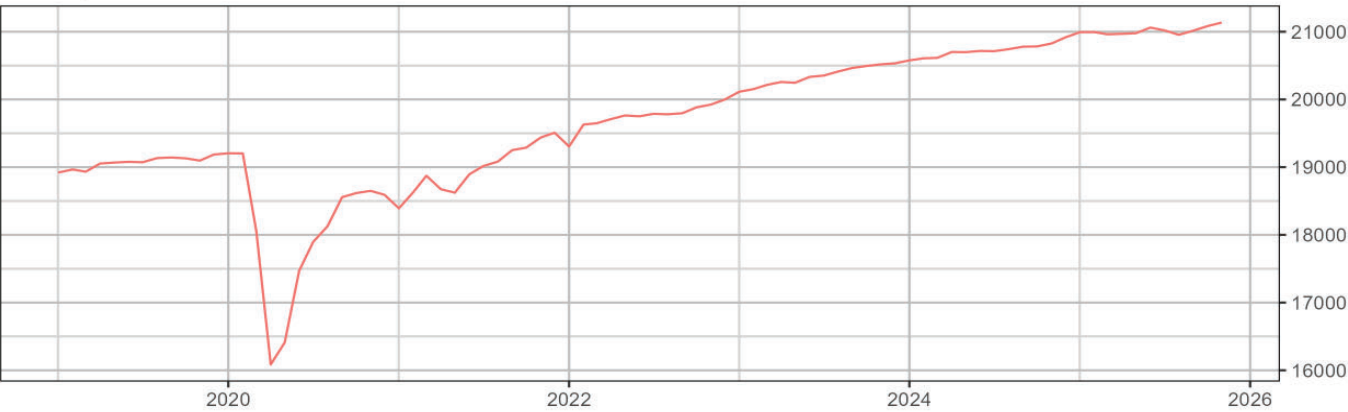
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Canada LFS Employment

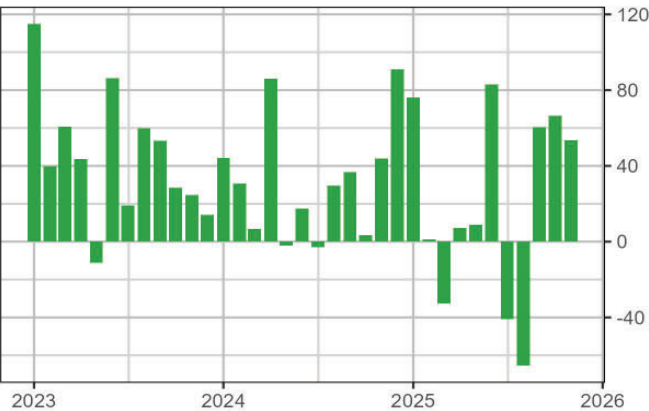
Employment, 000s

Last data point: 2025-11-01



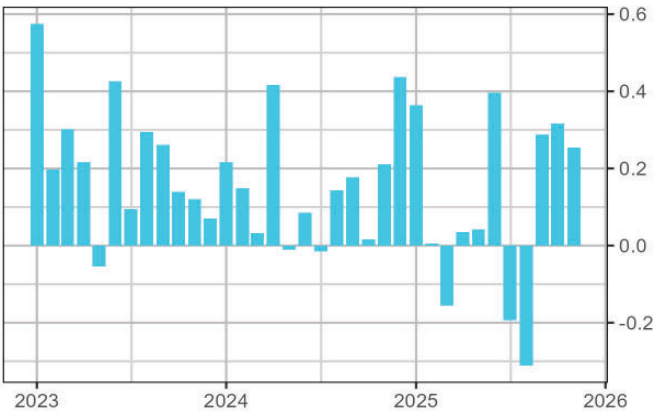
Monthly ch 000s

Last data point: 2025-11-01



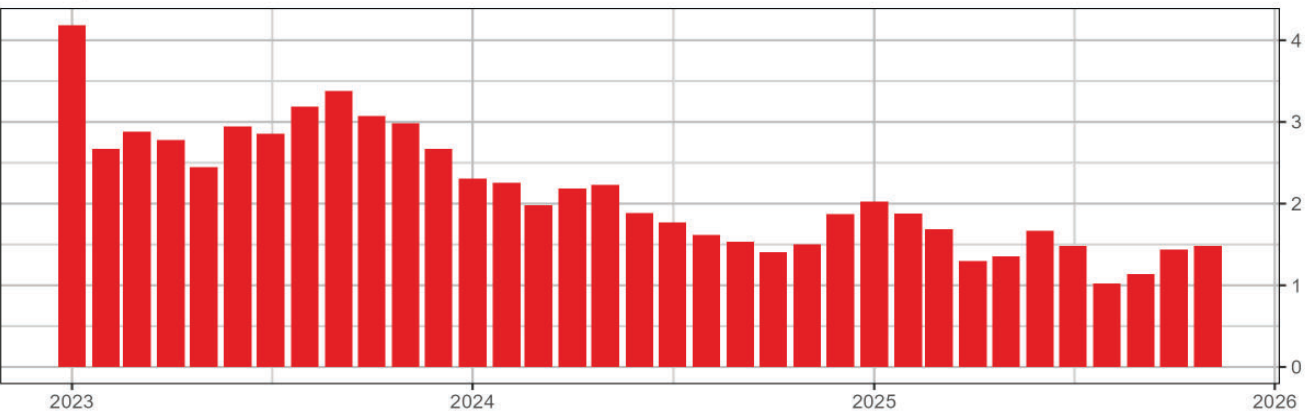
Monthly ch (%)

Last data point: 2025-11-01



12- month ch (%)

Last data point: 2025-11-01



Statistics Canada, Central 1

Provincial Labour Market Highlights

