



October 7, 2022

Canadian employment edged higher in September

- Employment rose by 21k - the first increase in 4 months - as a big drop in August education jobs unwound
- Unemployment rate ticked down to 5.2%, still above the record low 4.9% over June and July
- Wage growth still strong at +5.2% year-over-year
- Labour demand still outpacing available supply but will soften further as the BoC presses forward with aggressive interest rate hikes

The 21k increase in employment in September still left the job count down 92k from May after 3 straight monthly declines June through August. And September employment was only up because of a 46k jump in the education job count that is notoriously volatile over the summer months. The unemployment rate is still extremely low, and ticked down to 5.2% in September from 5.4% in August. But that is still above the record-low 4.9% recorded over June and July. And actual hours worked declined 0.6%, suggesting that softening in GDP growth over the summer also extended into September. Wage growth remained very strong at 5.2% year-over-year, although that was down slightly from 5.4% in August.

Loss of labour market momentum is unlikely to dissuade the Bank of Canada from further interest rate hikes.

Labour markets are still very tight. The unemployment rate is still low, and demand for workers is still very high. Job openings have been edging lower but were running almost 60% above February 2020 levels as of mid-September. And those job openings are competing for 7% fewer unemployed workers than pre-pandemic. That excess of labour demand versus available supply will limit the pace of further increases in the unemployment rate near-term, even as the number of job postings continues to slow, and will continue to add to wage pressures.

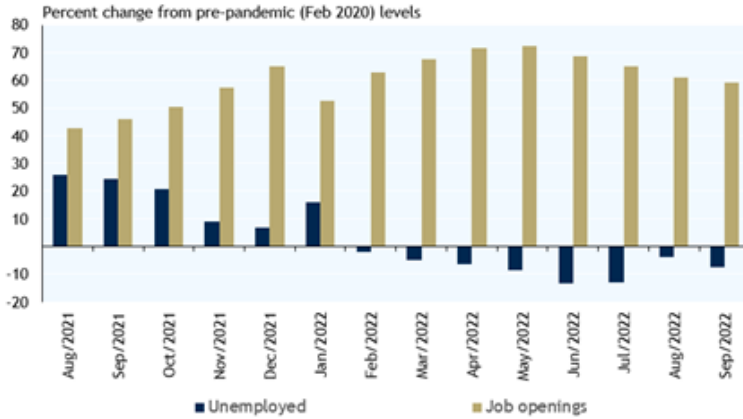
Against that labour market backdrop, the Bank of Canada remains firmly focused on hiking interest rates enough to put a cap on inflation pressures. Key inflation data will be released in coming weeks as well, but at this point we continue to expect at least another 50 basis points hike to the overnight rate later this month.

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Not enough unemployed people to fill open positions



Source: Indeed.com, Statistics Canada, RBC Economics Research

Canada employment summary

	Jul-22	Aug-22	Sep-22	Sep-22 change from pre-pandemic
	<i>m/m change (thousands)</i>			
Employment	-31	-40	21	404
Full-time	-13	-77	6	391
Part-time	-18	38	15	13
Public	-51	-28	35	374
Private	-14	-4	9	275
Self-employed	34	-8	-22	-244
	%			
Unemployment rate	4.9	5.4	5.2	-0.5
'R8' (SA by RBC)	6.4	7.2	7.5	-0.8
Participation rate	64.7	64.8	64.7	-0.9
ages 25-54	87.9	88.1	88.1	0.8
Avg hrly wages (y/y %)	5.2	5.4	5.2	

Source: Statistics Canada, RBC Economics

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