

September 9, 2022

Canadian employment down for third straight month in August

- Employment declined by 40k after 31k and 43k drops in July and June, respectively
- Unemployment rate jumped to 5.4% from 4.9%
- Labour demand still outpacing supply (wages jumped 5.4% from a year ago) but cracks are showing progress

The unemployment rate was still very low in August - the 5.4% rate is still below pre-pandemic lows even with the half point increase from the record-low 4.9% in each of June and July. And the number of job openings at the end of August was still 60% above February 2020 levels. Labour force participation ticked up despite a rise in retirements. The 40k drop in employment was largely concentrated in a 50k pullback in the education sector, and those numbers are notoriously volatile over the summer months.

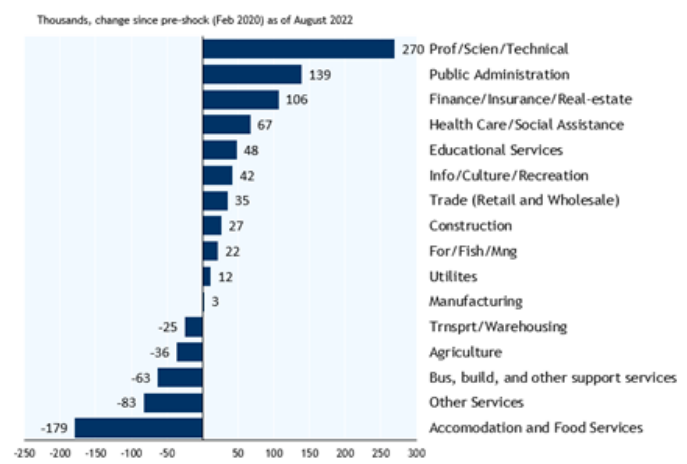
Still, the drop in employment was the third straight, with most of the cumulative 114k decline over that period in full-time positions. The increase in the unemployment rate was the first outside of a pandemic lockdown in two and a half years. Job openings are still very high, but have been edging lower. For now, labour demand is still stronger than available supply - wage growth edged up to 5.4% year-over-year in August from 5.2% in July with businesses widely reporting needing to pay more to hire and retain talent. But broader economic growth headwinds are also building with inflation still running exceptionally hot and central banks continuing to push interest rates higher in response. We expect those headwinds to ultimately be enough to push the economy into a modest contraction in the year ahead, and look for unemployment to continue to edge broadly higher from this point on.

Canada employment summary

	Jun-22	Jul-22	Aug-22	Aug-22 change from pre-pandemic
	<i>m/m change (thousands)</i>			
Employment	-43	-31	-40	383
Full-time	-4	-13	-77	385
Part-time	-39	-18	38	-2
Public	-1	-51	-28	339
Private	17	-14	-4	266
Self-employed	-59	34	-8	-222
	<i>%</i>			
Unemployment rate	4.9	4.9	5.4	-0.3
'R8' (SA by RBC)	5.9	6.3	7.3	-1.1
Participation rate	64.9	64.7	64.8	-0.8
ages 25-54	88.2	87.9	88.1	0.8
Avg hrly wages (y/y %)	5.2	5.2	5.4	

Source: Statistics Canada, RBC Economics

Employment change from pre-pandemic levels by industry



Source: Haver, RBC Economics Research

Nathan Janzen | Assistant Chief Economist, RBC Economics | Royal Bank of Canada | T. (416) 974-0569

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