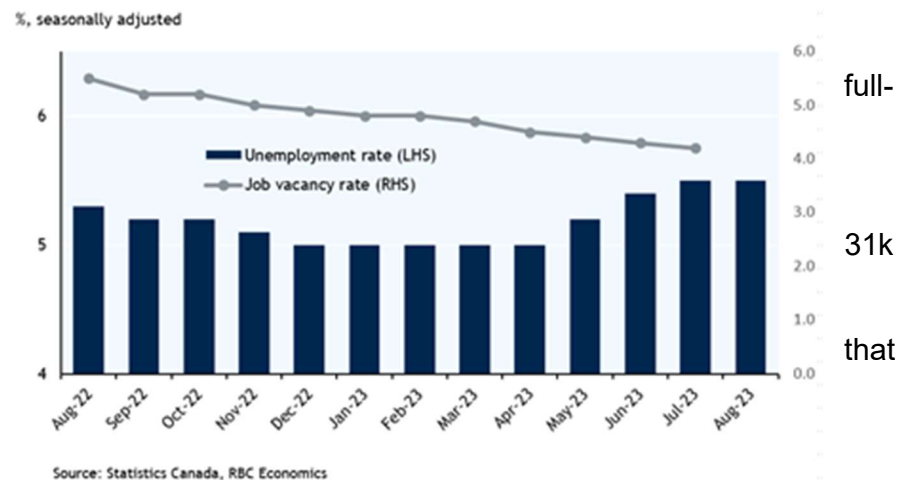


September 8, 2023

## Canadian employment still rising, but so is unemployment

- Employment bounced back 40k in August after edging down 6k in July. Most of the job growth was time (+32k) and hours worked rose 0.5%.
- Job growth has now averaged per month over the last three months and 41k year-to-date. Still, hasn't been enough to absorb rapidly increasing labour supply.
- The population increased by another record (103k) in August and the unemployment rate held steady at 5.5% after rising half a percent over the prior three months. The 0.5 percentage point increase over now 4 months to August is still the largest such increase outside of the pandemic since early in the 2008/09 downturn.
- Wage growth remains very firm but ticked lower on a year-over-year basis to 4.9% from 5.0% in July.
- There were other signs of labour market softness building: Statistics Canada reported the job changing rate (which typically declines when labour markets are softening) held at 0.4%, well-below the average 0.7% pre-pandemic. And broader measures of unemployment that include involuntary part-time work and worker discouragement (the "R8" unemployment rate) edged higher.
- **Bottom line:** The BoC remains highly data-dependent and won't hesitate to push interest rates higher if necessary to return inflation to the 2% target rate. And there are two additional labour market reports and two additional inflation reports before the next scheduled decision in October. But we

Unemployment rate ticking up as job vacancies fall



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continue to expect that the recent soft-patch in economic data will continue, and look for the overnight rate to hold where it is through the end of this year.

<b>Canada employment summary</b>				
	<u>Jun-23</u>	<u>Jul-23</u>	<u>Aug-23</u>	<u>Aug-23</u>
	<i>m/m change (thousands)</i>			<i>y/y change (thousands)</i>
Employment	60	-6	40	500
Full-time	110	2	32	471
Part-time	-50	-8	8	29
Public	-4	17	13	87
Private	83	-18	-23	403
Self-employed	-19	-6	50	10
Hours worked (% change)	0.1	0.1	0.5	2.6
		%		<i>Ppt change</i>
Unemployment rate	5.4	5.5	5.5	0.2
'R8' (SA by RBC)	7.0	7.4	7.5	0.3
Participation rate	65.7	65.6	65.5	0.1
ages 25-54	88.8	88.8	88.6	0.0
Avg hrly wages (y/y %)	4.2	5.0	4.9	

Source: Statistics Canada, RBC Economics