



**October 6, 2023**

## Canadian employment up sharply again in September

- Employment rose another 64k in September to build on a 40k jump in August as surging population (+82k in September) continues to add to labour supply.
- The September job gain was substantially stronger than expected, but details were more mixed. The employment increase was entirely concentrated in a 66k jump in educational services workers - with Statistics Canada reiterating that employment counts in that sector can be volatile around the start of the new school year.
- Most of the job growth was in part-time positions (+48k) and actual hours worked outright declined by 0.2%.
- The unemployment rate held steady at 5.5%, still up half a percent from earlier in the spring. And the alternative 'R8' unemployment rate, which includes people who want a job but are not looking for work as well as , continued to edge higher on a seasonally adjusted basis by our count. The number of discouraged workers (people not counted as 'unemployed' because they are not looking for work due to discouragement about job prospects) were up 43% year-over-year in September.
- Still, wage growth continues to rise strongly, pointing to a still firm underlying balance between labour demand and supply. Average hourly wages were up 5.0% from a year ago, little changed from the 4.9% and 5.0% readings in August and July.

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- Bottom line:** Details of the September labour market data were more mixed than strong headlines would suggest. And there are still signs that hiring demand continues to soften under the surface relative to surging labour supply, with broader unemployment measures pointing to more softening than the official unemployment rate itself implies. Still, it would be difficult for the Bank of Canada to look through very strong top-line employment growth, and wages are showing few signs of decelerating despite signs that labour supply is beginning to catch up to hiring demand. Our own base-case does not assume further interest rate hikes from the Bank of Canada this year - and there is still another monthly inflation report and the closely watched Business Outlook Survey to be released before the central bank makes its next decision on interest rates. But the BoC has been clear that it won't hesitate to respond with more hikes if necessary to cool labour markets and bring inflation down.

Canada employment summary				
	Jul-23	Aug-23	Sep-23	Sep-23
	<i>m/m change (thousands)</i>			<i>y/y change (thousands)</i>
Employment	-6	40	64	552
Full-time	2	32	16	474
Part-time	-8	8	48	78
Public	17	13	37	86
Private	-18	-23	1	412
Self-employed	-6	50	26	55
Hours worked (% change)	0.1	0.5	-0.2	2.6
		%		<i>Ppt change</i>
Unemployment rate	5.5	5.5	5.5	0.3
'R8' (SA by RBC)	7.4	7.5	7.9	0.6
Participation rate	65.6	65.5	65.6	0.4
ages 25-54	88.8	88.6	89.0	0.5
Avg hrly wages (y/y %)	5.0	4.9	5.0	

Source: Statistics Canada, RBC Economics