

November 5, 2021

Canada jobs recovery continued in October

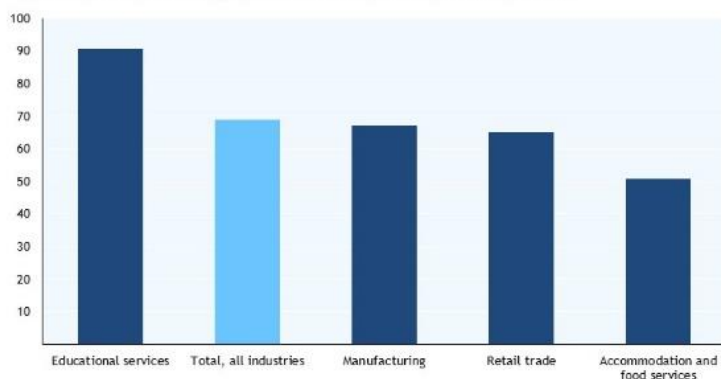
- Employment rose 31k in October, close to expectations
- The unemployment rate dipped to 6.7%
- Labour market has not fully recovered, but worker shortages in many industries will persist

The Canadian labour market added another 31k jobs in October a month after hitting pre-pandemic levels in September. There are still pockets of weakness. Employment in goods-producing sectors edged down 6k in October with global supply chain disruptions continuing to weigh on production and hiring. Accommodation and food services employment dropped to more than 200k below pre-pandemic levels after a surprising second-consecutive 27k pullback in October. But job growth has been much stronger elsewhere. Retail and wholesale trade employment jumped over 80k in October but the strongest growth versus pre-pandemic levels has been in the professional, scientific, and technical jobs, which are up more than 160k versus pre-pandemic despite edging lower in October. Hours worked rose another 1% in October, further extending outperformance versus recent GDP data.

Indeed, with strong growth in other industries, it increasingly looks like there may not be enough remaining 'unemployed' workers to fill positions in some of those hardest-hit industries. The share of the population actively participating in labour markets (either employed or actively looking for work) is already very high, controlling for demographic factors like aging. The unemployment rate is still about three-quarters of a percent above a longer-run 'normal' ~6% rate. But that represents less than 200k available workers - which is less than it would take to get just employment in accommodation and food services back to pre-pandemic levels. Statistics Canada reported that overall almost 70% of unemployed who returned to work over the last 12-months returned to the same industry they were in previously, but that share is significantly lower in accommodation & food services, where more workers have switched industries and won't be available to return. So labour markets have still not fully recovered from the shock of 2020, but they are getting closer, and reports of labour shortages are not likely to dissipate any time soon.

Many unemployed restaurant workers were rehired in other industries

Industry re-employment rate% (share of unemployed workers rehired into their prior industry)



Source: RBC Economics, Statistics Canada, Industry re-employment rates are calculated for the group of people who flowed from unemployment to employment, within 12 months of last working

Canada employment summary

	Aug-21	Sep-21	Oct-21	Oct-21 change from pre-pandemic
	m/m change (thousands)			
Employment	90	157	31	32
Full-time	69	194	36	46
Part-time	22	-37	-5	-13
Public	30	78	0	257
Private	77	98	70	54
Self-employed	-16	-19	-38	-279
	%			
Unemployment rate	7.1	6.9	6.7	1.0
'R8' (SA by RBC)	9.5	9.4	9.7	1.4
Participation rate	65.1	65.5	65.3	-0.2
ages 25-54	87.4	88.2	88.2	0.9
Avg hrly wages (y/y %)	1.3	1.7	2.0	

Source: Statistics Canada, RBC Economics

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