

**December 2, 2022**

## Canadian employment edged up 10k in November

- Employment edged up 10k in November
- The unemployment rate ticked down to 5.1% alongside a dip in labour force participation
- Labour markets still extremely tight, and wages posted another large increase.
- Still signs that economic momentum is flagging, but the BoC on track for another rate hike next week.

**The increase in Q3 GDP was larger-than-expected but details continue to point to cracks forming in the economic backdrop.** The gain was largely the result of a rebound in net trade that reversed a pullback in the prior quarter and another large build in inventories. That increase in stocks added to Q3 output, but means weaker growth ahead if demand from domestic purchasers continues to soften as expected. The Q3 economy-wide stock to sales ratio hit its highest level since Q1 2020 in Q3.

**The 10k increase in employment in November added to the 108k surge the prior month.** The employment data is notoriously volatile, and employment declines over the summer mean the average monthly increase over the last year still slowed to just 4k. But the details of the November report were reasonably solid. Full-time job growth jumped by 51k. Gains were all in the private sector and among self employed - public sector employment declined by 25k. And the unemployment rate edged down to 5.1% from 5.2% in October and just slightly above the record low (since at least 1976) 4.9% rate in June and July.

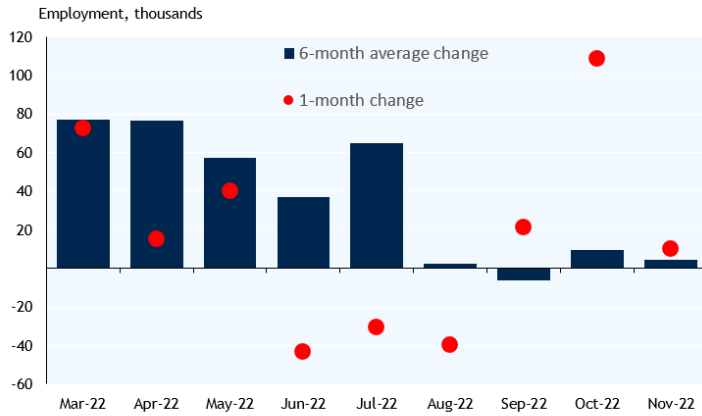
**Tight labour markets continued to push wages higher.** Average hourly earnings were up 5.6% year-over-year for a second month in a row. Wage growth for permanent employees ticked slightly lower - to 5.4% year-over-year from 5.5% in October, but wages for temporary employees rose more quickly as the seasonal holiday hiring period ramped up.

Labour demand is significantly outpacing supply of workers - and unemployment is holding at very low levels longer than expected. Still, the pace of job growth has slowed (looking through monthly volatility.) GDP growth moderated in September and October, and hours worked edged up just 0.1% in November. Wage growth has accelerated substantially but is still running behind inflation. And the impact of Bank of Canada interest rate hikes has yet to fully be felt in the economy. Some early signs that broader inflation pressures have started to ease, and indications that domestic demand is softening, mean the BoC could be close to the end of the current interest rate hiking cycle. But we expect another 25 basis point hike to the overnight rate at next week's central bank policy decision.

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## Canadian employment growth volatile but slowing



Source: Statistics Canada, RBC Economics Research

## Canada employment summary

	Sep-22	Oct-22	Nov-22	Nov-22 change from pre-pandemic
	<i>m/m change (thousands)</i>			
Employment	21	108	10	523
Full-time	6	119	51	561
Part-time	15	-11	-41	-38
Public	35	18	-25	367
Private	9	74	25	373
Self-employed	-22	17	10	-218
	%			
Unemployment rate	5.2	5.2	5.1	-0.6
'R8' (SA by RBC)	7.4	7.8	8.0	-0.3
Participation rate	64.7	64.9	64.8	-0.8
ages 25-54	88.1	88.2	88.4	1.1
Avg hrly wages (y/y %)	5.2	5.6	5.6	

Source: Statistics Canada, RBC Economics