

November 4, 2022

Canadian employment surged 108k in October

- Employment count surged by 108k in October, defying expectations for a slowdown
- Gains were broadly-based, all full-time work, and mostly in the private sector
- Wage growth re-accelerated to a 5.6% year-over-year rate
- The typically more-stable unemployment rate held steady at 5.2%, but labour market data will add pressure on the Bank of Canada to push interest rates higher.

The jump in employment in October built on a 21k increase in September to fully retrace the 113k drop from June to August this year. Gains in October were widespread across industries, mostly in private employment (+74k) and entirely full-time work (+119k). Hours worked jumped 0.7% to retrace a 0.6% drop in September, and wage growth re-accelerated to a new cycle high 5.6% on a year-over-year basis after ticking down to 5.2% in September.

The monthly employment count is notoriously volatile, and unusually large swings in employment during the pandemic have probably made standard 'seasonal adjustment' of the numbers more difficult. The unemployment rate is typically less volatile and held steady at 5.2%, still slightly above the record low (since at least 1976) 4.9% rate in June and July, as the labour force also jumped.

But there is little evidence of weakness in the October data. Early signs of softening in the labour market were part of the reason the Bank of Canada opted for a smaller (but still large) 50 basis point hike to the overnight interest rate in October, signaling that the current rate hiking cycle could be in its late stages. Inflation data will remain the main driver of the BoC's interest rate decisions, but the rebound in labour markets in October will also add pressure to push interest rates higher.

Canada employment summary

	Aug-22	Sep-22	Oct-22	Oct-22 change from pre-pandemic
	<i>m/m change (thousands)</i>			
Employment	-40	21	108	513
Full-time	-77	6	119	510
Part-time	38	15	-11	2
Public	-28	35	18	392
Private	-4	9	74	349
Self-employed	-8	-22	17	-228
	<i>%</i>			
Unemployment rate	5.4	5.2	5.2	-0.5
'R8' (SA by RBC)	7.1	7.5	7.9	-0.5
Participation rate	64.8	64.7	64.9	-0.7
ages 25-54	88.1	88.1	88.2	0.9
Avg hrly wages (y/y %)	5.4	5.2	5.6	

Source: Statistics Canada, RBC Economics

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