Canada: Labour Market Rebounds in September

HIGHLIGHTS

- The Canadian labour market created 63,300 jobs in September.
- Jobs in the private sector soared by 95,800 positions, marking the strongest increase for this segment since April 2012. Only 2,300 new hires were made in the public sector. The ranks of the self-employed declined by 35,000.
- Construction stands out, with 28,000 workers added for the month, recovering the bulk of the jobs lost since July.
- The unemployment rate edged down from 6.0% to 5.9%.

COMMENTS

After the disappointing showing in August with 51,600 jobs lost, our expectations for September were fairly high. In the end, the employment rebound recorded for the month blasted past our expectations (+42,000). This is indeed very good news for Canada’s labour market.

The employment trend, established on the basis of a six-month moving average, jumped from 9,700 to 14,800. This level still seems too weak however, compared with recent economic growth. Under such conditions, we have to expect employment to post another strong advance in the short term.

In terms of average hourly wages, the annual change fell back to 2.4% from 2.9% in August. This level is moving closer to that of other available indexes that measure worker compensation.

IMPLICATIONS

The bottom line: conditions remain very favourable in the labour market. This leaves the door wide open to a new key rate hike in October.