

ECONOMIC NEWS

Canada: More Strong Job Creation

By Benoit P. Durocher, Senior Economist

HIGHLIGHTS

- ▶ The labour market saw 90,200 jobs created in August.
- ▶ The service sectors added 92,900 jobs. Employment in the service sectors has almost returned to pre-pandemic levels. On the other hand, important sectoral differences remain.
- ▶ Employment in the goods sectors fell by 2,600 jobs. We still need 142,400 jobs to return to the pre-pandemic level, mainly in agriculture, construction and manufacturing.
- ▶ The unemployment rate fell from 7.5% to 7.1%.

COMMENTS

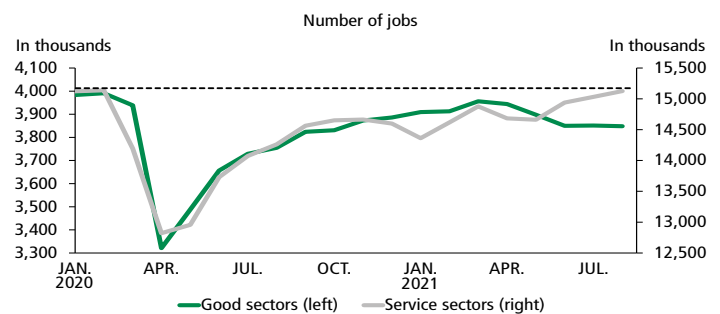
As expected, the labour market's recovery continued in August. That said, while disruptions from successive waves of COVID-19 are creating volatility, there is a sense that the pace of growth is beginning to normalize. In fact, 7 of the 17 principal sectors are now reporting higher employment levels than before the pandemic. In addition, it's clear that the recovery in some sectors will continue to be hampered by certain constraints for several more months. For example, weak immigration is slowing down employment in agriculture and labour shortages are a drag on hiring, particularly in restaurants and accommodations. Given these conditions, the job creation trend should gradually slow down over the next few months.

IMPLICATIONS

Speaking of labour shortages, while the usual statistics, such as median hourly wages, are still showing limited growth, some alternative data is beginning to show more significant upward pressure on worker compensation. The fixed-weighted average wage, which strips out temporary fluctuations from the pandemic, was up 5.2% in August from the 2019 average. This could be an early sign of wage acceleration, which, of course, would not be good news for inflation and the Bank of Canada's monetary policy management.

GRAPH 1

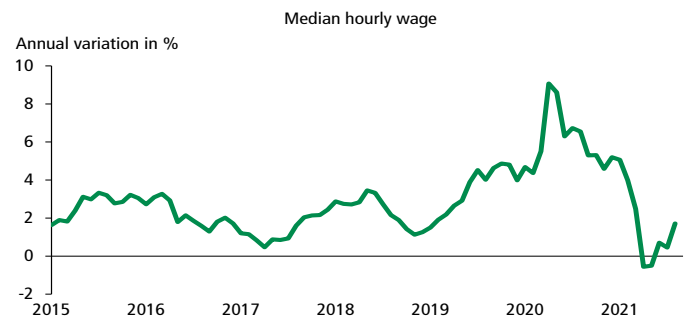
Recovery is almost complete in the service sectors



Sources: Statistics Canada and Desjardins, Economic Studies

GRAPH 2

Median hourly wage growth remains moderate for now



Sources: Statistics Canada and Desjardins, Economic Studies