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TD Economics

Commentary

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SEPTEMBER EMPLOYMENT NUMBERS: *WOW!*

- Canada adds 107,000 in September
- Unemployment rate steady at 6.1%

To say that this morning's jobs report far exceeded expectations would be an understatement. The 106,900 new jobs created in September was more than 10 times market expectations and the largest one-month gain since January 1976! Still, a similar sized gain in the labour force left the unemployment rate unchanged at 6.1%.

The bulk of the gains in employment stemmed from the part-time sector, which added 97,000 jobs on the month. This brings part-time employment growth up to 131,000 since the start of the year, which is almost double the rate of growth in full-time jobs. Private sector employment jumped by 56,000, which combined with the 41,000 jobs added in August, more than offsets the sharp decline (-95,000) seen in the sector in July. Self-employed (+30,000) and public sector (20,000) employment also posted decent gains.

By industry, employment growth was fairly widespread. The goods producing sector, which has been outperforming this year, continued to show strength with 46,000 new jobs created on the month, while the service producing sector added 60,000 new positions. The healthcare and social assistance sector led the way, wiping out the losses seen over the past three months. The manufacturing sector has shown surprising resilience, adding nearly 19,700 in September. This increase, in addition to the 13,800 jobs created in August, brings the industry back to a level similar to that seen at the end of 2007. Elsewhere, significant gains were seen in business, building and support services (19,800), agriculture (+14,700) and construction (+14,400).

Regionally, the labour markets in Central Canada outperformed. Employment in Ontario jumped by a whopping 52,000 jobs, which is the largest one-month gain for

CANADIAN LABOUR FORCE SURVEY				
	Sep-08 (000's)	Aug-08 (000's)	m/m % chg*	y/y % chg*
Employment	106.9	15.2	0.6	1.6
Full-time	10.3	16.1	0.1	0.8
Part-time	96.6	-0.9	3.1	5.2
Goods-producing	46.3	14.8	1.1	2.0
Manufacturing	19.7	13.8	1.0	-2.1
Construction	14.4	18.5	1.2	10.4
Services-producing	60.6	0.4	0.5	1.5
Trade	-3.7	-0.8	-0.1	-0.3
Fin., Ins., & Real Estate	-1.6	5.9	-0.1	1.5
Public Sector	20.6	-23.9	0.6	2.9
Private Sector^A	56.2	40.9	0.5	1.4
Unemployment Rate (%)**	6.1	6.1	0.0	0.2
Participation Rate (%)**	67.8	67.5	0.3	0.2

*Reflect changes in seas. adjusted data; ^Aincludes self-employed
 ** level expressed as a per cent, % chg expressed as percentage movement in the rate. Source: Statistics Canada / Haver Analytics.

the province since January 1989. Increases in transportation and warehousing, and health care and social assistance were the most significant. But even with this massive increase in jobs, the unemployment rate in the province crept back up to 6.4% (from 6.3% in August) as more workers entered the labour force. In Quebec, employment rose by 32,000, pushing the unemployment rate down from 7.7% in August to 7.3%.

Overall, September's employment report is good news – and we'll take it. However, we do caution that Canada won't sustain this rate of growth going forward. So far this year, the average monthly number of jobs created is 21,500 – which is about double what is typical of an economy growing at around 1%. As such, we wouldn't be surprised to see some payback over the next couple of months, with declines in the double digits – especially since the job market lags economic activity.

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