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TD Economics

Data Release: Canadian job growth heats up in September, but wage growth cools

- The Canadian job market defied expectations in September, adding a whopping 67.2k jobs in the month, well ahead of the consensus call for 7.5k.
- The strong increase in jobs was met with an even greater influx of people into the labour force (+69k), leaving the unemployment rate unchanged at 7.0%.
- Continuing the trend over the past year, the bulk of the jobs created were part time (+44.1k). Full-time job growth was also decent, rising 23k.
- Most of the jobs were in the self-employed category (+50.1k), reversing the decline in August.
- By industry, services-producing employment led the way, up 55.5k, while goods-producing employment added 11.6k to the tally.
- By province, Quebec saw strong job growth, up 38k. Alberta also saw growth accelerate, while Ontario and B.C. were largely unchanged. Still, the commodity-battered provinces continue to lead the country in unemployment. Alberta's unemployment rate rose to 8.5% on the month, just 0.1 percentage points below its peak in July. Saskatchewan's unemployment rate, meanwhile, rose 0.5 percentage points, hitting a new high at 6.8%, up 2.3 percentage points from its trough in early 2015.
- Wage growth continues to be underwhelming. Year-over-year average hourly wages were up 1.4%, down from 1.5% in August.

Key Implications

- Up and down, down and up. Canada's monthly job growth has been especially noisy over the past several months, echoing the volatility in the overall economy. Looking through the monthly din, the trend is consistent with a moderate pace of growth, but one that appears to be turning the corner from its moribund state early in the year.
- It is too early to call an end to the pain in commodity producing provinces, but the last three months have seen something of a reversal in the Alberta versus B.C. dynamic, with job growth turning positive in the Wild Rose country, but decelerating in British Columbia. This was echoed in the labour force, with both Alberta and Saskatchewan seeing an influx of job seekers.
- There was really not much here to change the Bank of Canada's policy stance, but the soft pace of wage growth adds to the evidence that inflationary pressures are well contained, which should contribute to the bias to leave rates on hold.

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