

Contributors

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Chart 1

Canadian Jobs Break Down	
Province	m/m
Ontario	+54.5k
Quebec	+11.5k
Alberta	+10.3k
Newfoundland & Labrador	+4.4k
Prince Edward Island	+0.4k
Saskatchewan	-1.4k
New Brunswick	-1.7k
British Columbia	-2.9k
Manitoba	-4.0k
Nova Scotia	-4.4k
Employment Type	m/m
Full Time	-18.5k
Part Time	+85.1k
Public Sector	-4.2k
Private Sector	+73.2k
Self Employed	-2.5k

Sources: Scotiabank Economics, Statistics Canada.

Canadian Jobs Vindicate Bank of Canada, Federal Budget—At Least For Now

- Canada registered another strong month for job growth, with mixed details
- The numbers vindicate the BoC and PM Carney's budget for now

Canadian jobs m/m 000s / UR %, SA, October:

Actual: 66.6 / 6.9

Scotia: -25 / 7.1

Consensus: -5 / 7.1

Prior: 60.4 / 7.1

Canada heaped on more jobs of fairly low quality, drove the unemployment rate down, recorded supercharged wage growth and a temporary drop in hours worked. If you believe it. Some summary stats are shown in chart 1.

All of which vindicates—at least for now—the BoC's clear hold signal and the Carney administration's resistance against heaping on cyclical stimulus.

NOISE OR REALITY?

In fairness, while it's a spin of the wheel for a volatile survey, we can't dismiss two months of strong gains with any greater statistical confidence than we could dismiss the brief summertime soft path as mere statistical noise.

Enter chart 2. The 95% confidence interval around monthly reported changes in Canadian jobs is about +/-57k. In other words, if the Labour Force Survey was repeatedly sampled, then 95 times out of 100 the survey would have turn up a gain anywhere between about 10k and 124k. The prior month would have been anywhere between about 3k and 117k. The month before that would range from -123k and -9k and July would have been between a loss of -98k and a gain of 16k.

Get the point? Carve through the noise in a wildly volatile survey, but do so without cherry-picking which month's numbers you believe. Don't be one of those doves who pounced on the July and August declines while dismissing the big gains in September and October. Don't be one of the hawks who dismisses the July and August reports in favour of the wild gains over the next two months.

Nevertheless, as a sign of the limited confidence one may have in the report we can look at chart 3. Same agency. Notable differences in recent population growth. The gap between the quarterly total population growth estimates available up to Q3 versus what the LFS says for the monthly adult 15+ population has widened over the past year or so in a way that is fairly rate and more persistent than in the depths of the pandemic. These are

Chart 2

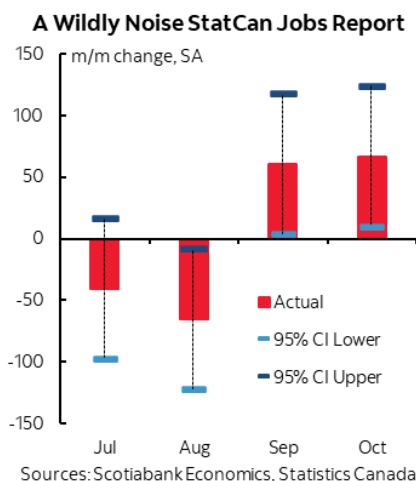
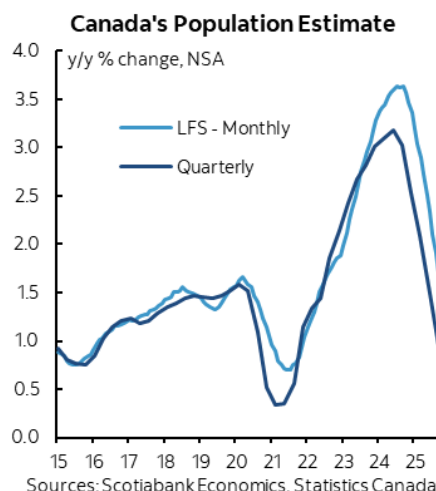


Chart 3



fairly large differences in percentage terms applied against the number of people in the country. If they're having difficulty estimating the population between two different approaches, then perhaps check one's confidence in the batch of numbers.

DETAILS

The overall gain in jobs was mostly driven by three sectors: retail/wholesale, transportation and storage, and info/culture/rec (chart 4). These tend not to be relatively high paying jobs and they tend to lean on part-time workers relative to some other sectors.

Enter the fact that part-time jobs drove the overall report with a gain of 85k while full-time jobs fell by 19k. That too is not a great quality signal.

All of the job growth was in private payrolls last month (+73k) as small declines were recorded in public payrolls and the self-employed. For the year as a whole, chart 5 shows that private payrolls are dominating job growth.

Hours worked fell by -0.2% m/m SA for the second month in a row. More jobs are being created at the margin, but the total hours worked by all employed Canadians are falling. In October's case, this was driven by the Alberta teachers strike (chart 6) and we'll see that influence reverse in the next report after they were ordered back to work.

For Q4 overall, hours worked are tracking a drop of -1.3% q/q SAAR in a continuation of a slipping trend (chart 7). This is very tentative a) because it's based only on October and the Q3 average, and b) because of the strike effect. Still, based on known information so far, this is a negative signal for Q4 GDP defined as hours worked times labour productivity.

It was Ontario's turn to drive job gains last month (chart 8) after Alberta drove the prior gain. Alberta still grew a smaller number of jobs last month along with BC, but there isn't much breadth to the gains otherwise over the past two months.

Wage growth super-accelerated to 9.6% m/m SAAR in October (chart 9). That's the strongest gain since June 2022. Smoothing through the figures reveals nominal wage growth persistently above the BoC's 2% inflation target rate while productivity continues to tank. The combination represents cost-push inflation risk.

Continue to expect strong trend wage growth as the one-third of Canada's workforce that is governed by expiring collective bargaining agreements continues to reset wage growth higher to make up for what they negotiated about four years ago on average. Wage settlements data is unfortunately lagging again to July.

Chart 4

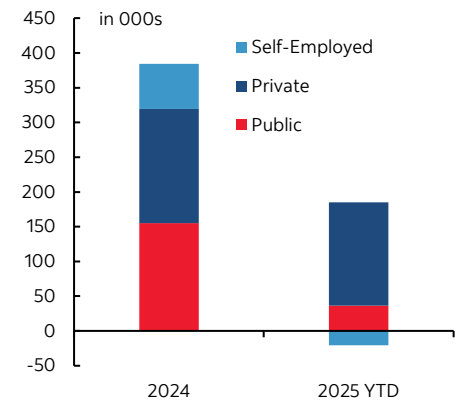
October Changes in Canadian Employment Levels by Sector



Sources: Scotiabank Economics, Statistics Canada.

Chart 5

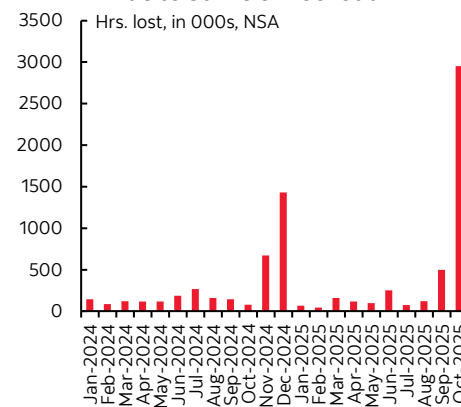
Job Creation in 2025 vs 2024



Sources: Scotiabank Economics, Statistics Canada.

Chart 6

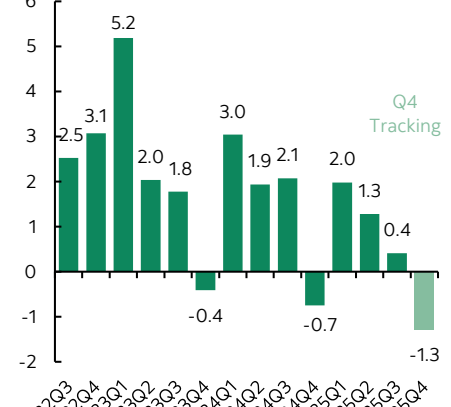
Canadian Economy Hours Lost Due to Strike or Lockout



Sources: Scotiabank Economics, Statistics Canada.

Chart 7

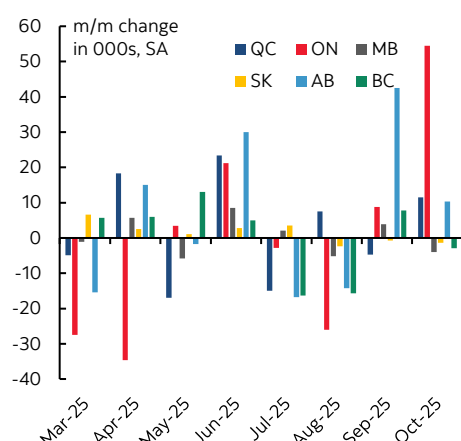
Canada Total Hours Worked



Sources: Scotiabank Economics, Statistics Canada.

Chart 8

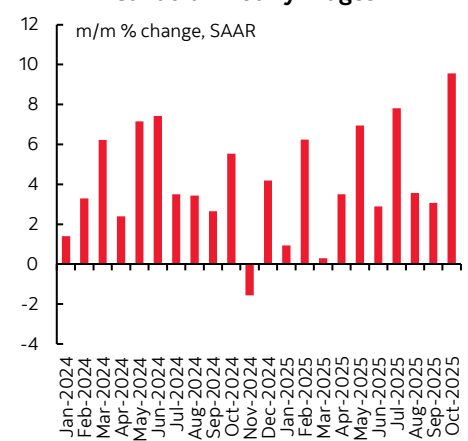
Job Growth in Canadian Provinces



Sources: Scotiabank Economics, Statistics Canada.

Chart 9

Canadian Hourly Wages



Sources: Scotiabank Economics, Statistics Canada.

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