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GLOBAL ECONOMICS

SCOTIA FLASH

November 6, 2026

Youths Are Driving Most of Canada's Job Losses as Immigration Policy Clamps Down on Temps

- **Canada shed about 5k jobs last month…**
- **…as more folks searching for work drove higher unemployment**
- **Youths are driving two-thirds of the losses in the past three months…**
- **…as the temps category of immigration is being curtailed…**
- **…which may lessen concerns about the health of the job market**
- **Yet wage growth has begun accelerating again**
- **Hours worked are tentatively reversing the prior gains**
- **BoC to remain laser-focused on the outlook for inflation**

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Canadian jobs m/m 000s / UR %, Oct, SA:
Actual: -4.7 / 6.7
Scotia: 15 / 6.5
Consensus: 15 / 6.5
Prior: -68.3 / 6.5

Canada posted a mildly disappointing jobs report for October, shedding about 5k positions after two weak prior months.

The Canadian dollar slipped partly on the back of the report and given the strong US payroll gain. The impact on Canadian bond yields has been small with 2s richer by 1–2bps while nevertheless outperforming the rates sell off in the US. Markets scaled back December hike odds to just over one-in-three odds. I'll explain why I think that's a mistake.

Chart 1

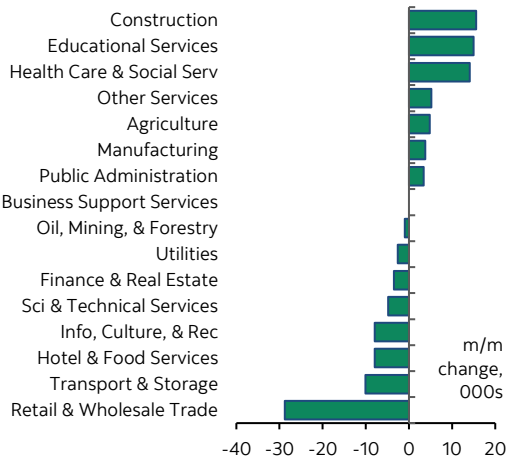
Canadian Jobs Break Down

Province	m/m
Alberta	-24.3k
Ontario	-8.6k
Prince Edward Island	-1.3k
Manitoba	+0.8k
New Brunswick	+1.2k
Nova Scotia	+2.3k
Saskatchewan	+2.5k
Newfoundland & Labrador	+2.9k
Quebec	+7.5k
British Columbia	+12.3k
Employment Type	**m/m**
Full Time	-18.1k
Part Time	+13.4k
Public Sector	+49.6k
Private Sector	-52.5k
Self Employed	-1.8k

Sources: Scotiabank Economics, Statistics Canada.

Chart 2

October Changes in Canadian Employment Levels by Sector



Sources: Scotiabank Economics, Statistics Canada.

Chart 1 provides some highlights. Chart 2 breaks down the change in jobs by sector to show the three sectors that were up the most and the sectors that were down especially retail/wholesale. All of the latter category was driven by a 30k drop in wholesale sector employment which is probably where the trade bite came in. Think warehouse jobs.

Youths drove the weakness with the 15–24 age category dropping 11k jobs for the third straight loss following -48k in September and -19k in August. The 15–24 youth category of employment has driven two-thirds of all job losses in Canada over the past three months.

There are four competing angles on the outsized role of youths in driving job losses of late. One is that they are driving most of the rise in the unemployment rate over recent months along with older 55+ workers.

Two is that youths are where the clamp down on the temps category of immigration is concentrated and note that the change in October's temps youth population was among the weakest on record comparing like months of October over time (chart 3). Three is that this is somewhat of an unwind from one of the hottest youth summer employment markets in years over the May to July period and so it's unclear that SA factors are

compensating enough (chart 4). Fourth is that while rising youth unemployment is unfortunate, the impact on incomes and bills to pay is less of a shock than for other demographic groups.

Public sector payroll employees rebounded by about 50k. Yeah right. I believe that as much as I believe the 70k drop in the same category the prior month. Private sector payrolls fell 53k after gaining 24k the prior month. Self-employed positions were flat (-2k).

Full-time jobs fell 18k with part-time up 13k.

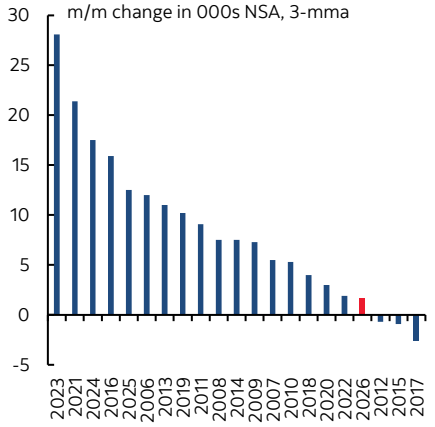
Wage growth has accelerated over the past two months with gains of 4.6% m/m SAAR in October and 5.5% in September (chart 5).

Hours worked were up in October (+0.3% m/m SA) which all else equal buoys October GDP. Hours are nevertheless tracking a sharp 2% q/q SAAR decline in Q4 which is unwinding the large increase in Q3 (chart 6). Tracking is obviously very tentative with just October data.

Sickness may be weighing on the results. This was the second highest month for lost hours worked due to sickness of any month of October in history. Year-to-date tracking is also abnormally high (chart 7).

Chart 3

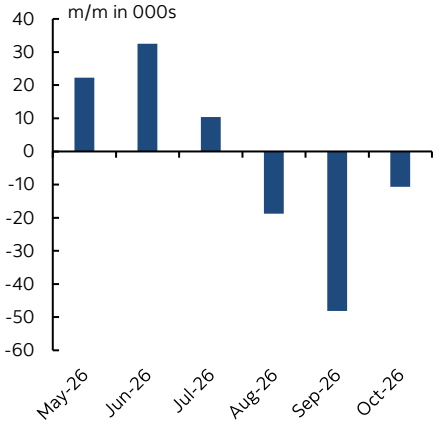
Comparing CA Temps Youth Population for All Months of October



Sources: Scotiabank Economics, Statistics Canada.

Chart 4

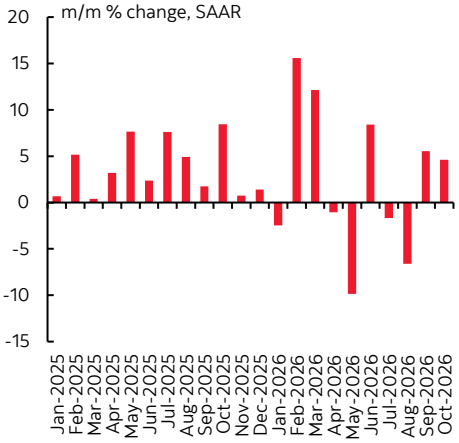
CA Youth Gives Back Summer Job Gains



Sources: Scotiabank Economics, Statistics Canada.

Chart 5

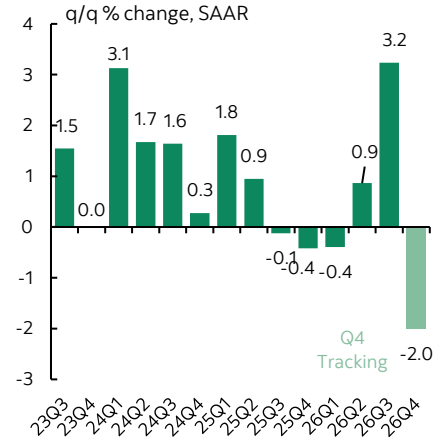
Canadian Hourly Wages



Sources: Scotiabank Economics, Statistics Canada.

Chart 6

Canada Total Hours Worked



Sources: Scotiabank Economics, Statistics Canada.

WHAT ABOUT THE BANK OF CANADA?

Will the soft jobs trend and recent softness in monthly GDP derail the BoC's hike path or suspend it into December? We have a month to figure that out as new information rolls in but here are some preliminary thoughts in addition to the comments above about being less worried about job losses that are two-thirds driven by youths and the temps reversal.

Recall that the BoC hiked despite arguing that growth would soften in Q4 to 1% and so we already know that some softening in the short-term activity data wasn't going to hold them back.

The BoC is entirely focused upon the inflation outlook and inflation risk.

Further, the path for oil is uncertain pending clarity around Iran, whether escalation, or de-escalation. I'm sceptical that war is over with nothing really having been accomplished to date, but we need to see.

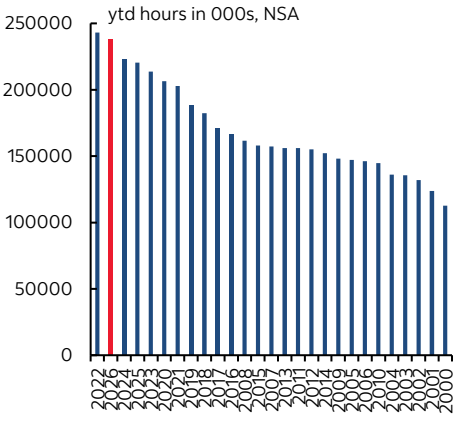
Fiscal policy is additive to growth with the budget with a rising case for monetary policy to neutralize some of it.

If we do get a decent trade deal, whether a grand bargain or partial deal, then that could also be constructive. Let's see if guidance from both sides pans out this time.

And the BoC is forwasrd-looking and acting on 2027-28 expectations.

Chart 7

Hours Lost Due to Illness/Disability Year To Date



Sources: Scotiabank Economics, Statistics Canada.

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