

Canada Watch

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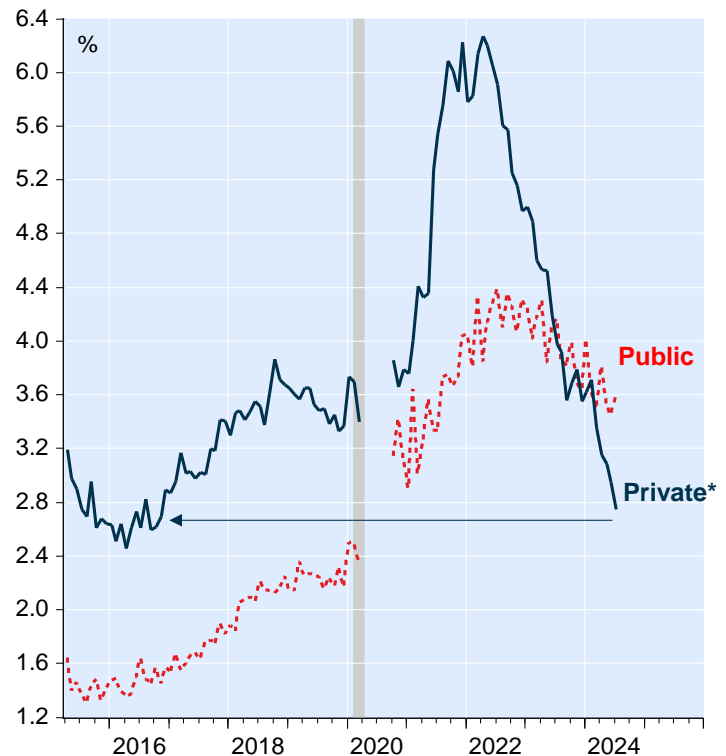
The restrictive monetary policy has had a significant cooling effect on the Canadian labour market. Without strong hiring in the public sector in 2024, the damage to the labour market would have been much greater. Indeed, job creation in the first eight months of the year was anemic for the private sector, rising by just 0.2 %, while the labour force grew by 2.0 %. Such a gap (1.8 percentage points) has never been seen outside a recession. The job vacancy data published by Statistics Canada this morning for the month of July does not point to a short-term recovery. As today's Hot Chart shows, the private sector job vacancy rate has plummeted and was at its lowest level since 2016. The September data also released this morning by the CFIB suggests that SMEs are even less concerned about labour shortages than they were two months ago. This morning's data confirms our view, expressed over the past few months, that restrictive monetary policy will prevent the labour market from stabilizing, contrary to what many forecasters believe. As a result, we continue to see the unemployment rate rising above 7% over the next 6 months.

Canada: Private sector job vacancies are plummeting

Private employment and labour force percentage growth in the first 8 months of each year



Job vacancy rate



* Private sector defined as total minus public administration, education services and healthcare
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