

Canada's jobs growth picks up, unemployment rate falls

By Leah Schnurr

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The Canadian economy added more jobs than expected in August, sending the unemployment rate to its lowest since the financial crisis, but part-time hiring accounted for all of the gains.

The unemployment rate dipped to 6.2 per cent from 6.3 per cent, its lowest since October 2008, while the participation rate held steady, Statistics Canada said on Friday.

Part-time jobs increased by 110,400 last month, while the economy shed 88,100 full-time positions.

Job growth picked up by 22,200 positions overall, topping expectations for an increase of 19,000.

Economists said the mixed report was not surprising, given the strong run of job gains over the last year. The employment report can be volatile from one month to the next.

“It’s ... a slightly more moderate pace than what we’ve been looking at in the first half of the year, but it still represents solid hiring by Canadian firms,” said Paul Ferley, assistant chief economist at Royal Bank of Canada.

There were also signs that wage pressures were rising, with average hourly pay up 1.7 per cent from a year earlier, the strongest annual increase since last October. Wage growth has been muted despite solid gains in the labor market.

“That’s a pretty solid appreciation in the pace of wage growth,” said Derek Holt, head of capital markets economics at Scotiabank. “I think we are on the path to 2.5 to 3 per cent wage growth off into next year.”

The mixed report led the Canadian dollar to pare gains against its U.S. counterpart. Markets trimmed expectations that the Bank of Canada could raise interest rates next month but increased bets on a December move.

Surprisingly strong economic growth prompted the central bank to increase rates earlier this week for the second time this year and left the door open to more hikes.

Service sector industries led employment gains in August, with an increase of 14,600 jobs in the finance, insurance and real estate category. Employers also added 9,800 positions in transportation and warehousing, and 8,900 in accommodation and food services.

Canada's unemployment rate



THE GLOBE AND MAIL, SOURCE: STATSCAN / SEASONALLY ADJUSTED DATA

Most of the decrease in full-time employment occurred among workers between the ages of 15 and 24. In the last year, employers have added 213,000 full-time jobs, compared with 161,000 part-time positions.

Separate data showed Canada's industrial capacity rose to 85.0 per cent in the second quarter, its highest level since 2007, on increased volumes of oil and gas extraction.