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CANADA

Canada Added More Jobs Than Expected in September

Unemployment rate falls to 5.5%; average hourly wage gains remain strong

Canada's Parliament buildings in Ottawa. September employment data suggests Canada's recent solid economic run may not be over yet. **PHOTO:** WARREN TODA/SHUTTERSTOCK

By Kim Mackrael

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OTTAWA—Canada's labor market posted another strong advance in September and the unemployment rate unexpectedly fell, fueling expectations the Bank of Canada will leave interest rates on hold in its upcoming decision.

The latest jobs report leaves the Canadian economy on relatively solid footing, in contrast with other global economies. Several central banks have already moved interest rates lower amid worries about slowing global growth.

The Canadian economy added a net 53,700 jobs on a seasonally adjusted basis in September, Statistics Canada said Friday. Market expectations were for a 10,000-job gain, according to economists at Royal Bank of Canada.

The unemployment rate fell to 5.5% in September. After touching a 40-year low of 5.4% in May, the jobless rate edged up to 5.5% in June and was at 5.7% in July and August.

When using U.S. Labor Department methodology, Canada's jobless rate was 4.4% in September.

Meanwhile, average hourly wages rose 4.3% in September from a year before, extending the strong advances of the previous two months. Average hourly wages on an annual basis were up 4.5% and 3.7% in July and August respectively. At the beginning of this year, average hourly wage gains were closer to 2%.

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The September employment data suggests Canada's recent solid economic run may not be over yet, despite a flat reading for July's gross domestic product. The Canadian economy advanced 3.7% on an annualized basis in the second quarter, but many economists anticipate slower growth the remainder of this year.

The jobs data gives the Bank of Canada another reason to remain on hold during its next interest-rate announcement on Oct. 30. The central bank has acknowledged that global trade tensions are taking a toll but has given no clear signal that an interest-rate cut is in the offing.

"Today's data is another nail in the coffin for anyone looking for rate cuts in 2019," TD Bank economist Andrew Kelvin said. Still, he said Canada's economic picture will likely deteriorate over time. TD expects a softening global economy will eventually push the central bank to cut rates in January 2020, Mr. Kelvin said.

Other central banks have already cut rates to deal with global headwinds. The Federal Reserve lowered its benchmark rate by a quarter-percentage point in September—its second move in as many months—to cushion the U.S. economy against a global slowdown, and could do so again in October.

The economy posted one of its biggest employment increases in a decade in August. For the third quarter as a whole, the Canadian economy added about 111,000 jobs. Job growth has averaged around 38,000 a month over the past year.

The September jobs report said employment in health care and social assistance posted the biggest monthly gain, continuing an upward trend that began in April. The accommodation and food-services sector also added more jobs in September, while the number of people employed in information, culture and recreation declined.

The public sector gained 32,600 workers in the month, while private-sector companies and organizations lost 21,000 employees. The ranks of the self-employed—generally freelancers and independent contractors—advanced by 42,100 in the month.

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