

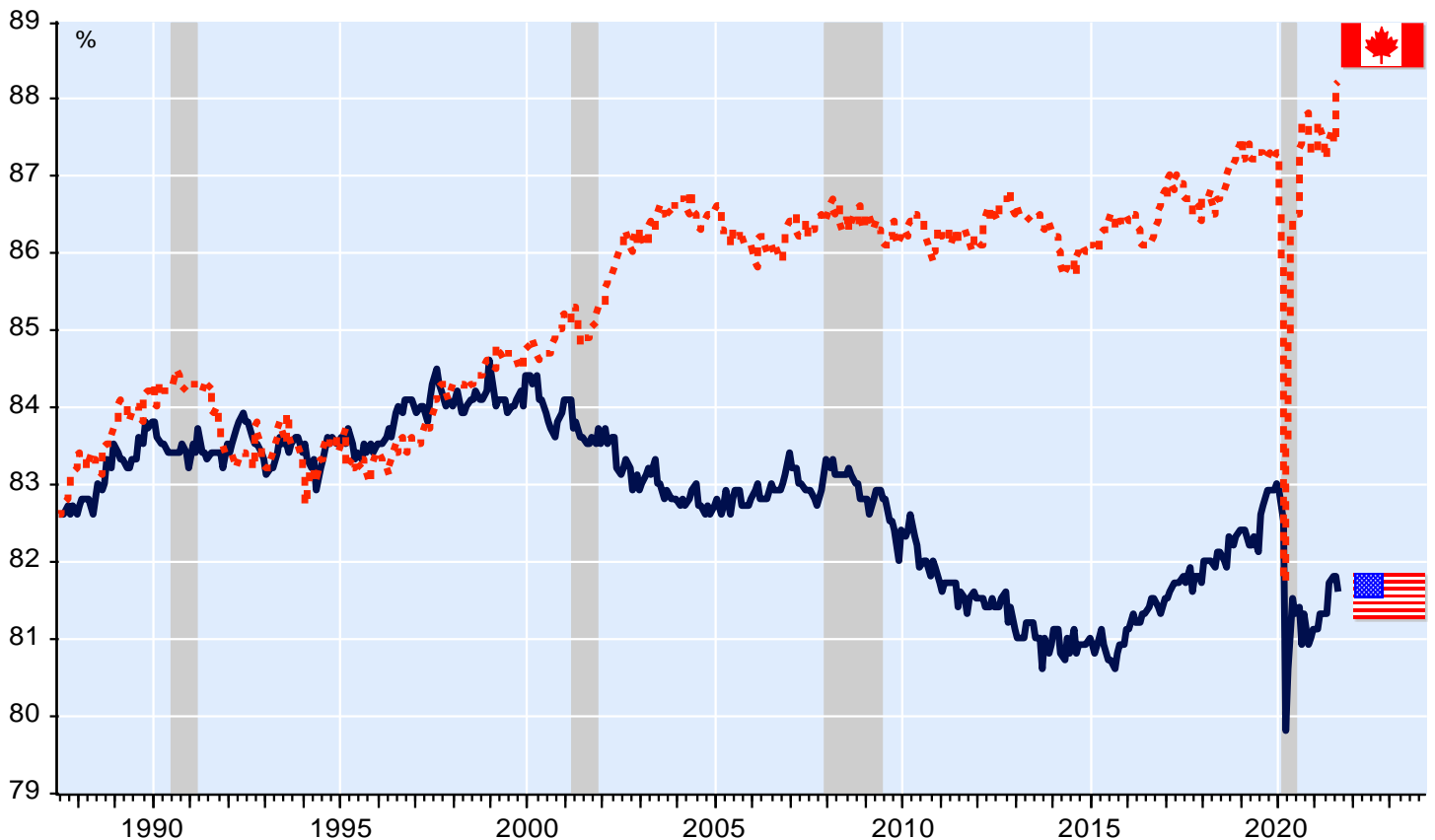
## Canada Watch

By Stéfane Marion

In his analysis of the latest Federal Reserve's minutes, our colleague Taylor Schleich highlighted disagreements between FOMC members on the future path of employment: while they broadly expected employment to continue to recover, "various participants suggested that a complete return to pre-pandemic conditions was unlikely, as the pandemic had prompted reductions in the workforce that were likely to persist." "A number of others, however, assessed that once the COVID-related concerns that were currently weighing on labor force participation passed, the participation rate and the employment-to-population ratio could return to, or even exceed, the pre-pandemic levels". Unlike the Fed, the Bank of Canada (BoC) should have no doubts about the strength of our labour markets at its next meeting on October 27. In just 19 months, employment in Canada has returned to its pre-pandemic level – not only the fastest recovery in the last four recessions, but also a staggering performance relative to the U.S., where employment remains more than 3% below its pre-recession peak. Furthermore, low labour force participation is not a problem in Canada. As today's Hot Chart shows, the prime-age labour force participation rate even surged to a record high in September. Our fixed income strategists expect more QE tapering by the BoC at the end of the month.

### Canada: Prime-age labour force participation is at a record high

Labour force participation rate of people aged 25-54



NBF Economics and Strategy (data from Statistics Canada, Bureau of Labour Statistics)

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