

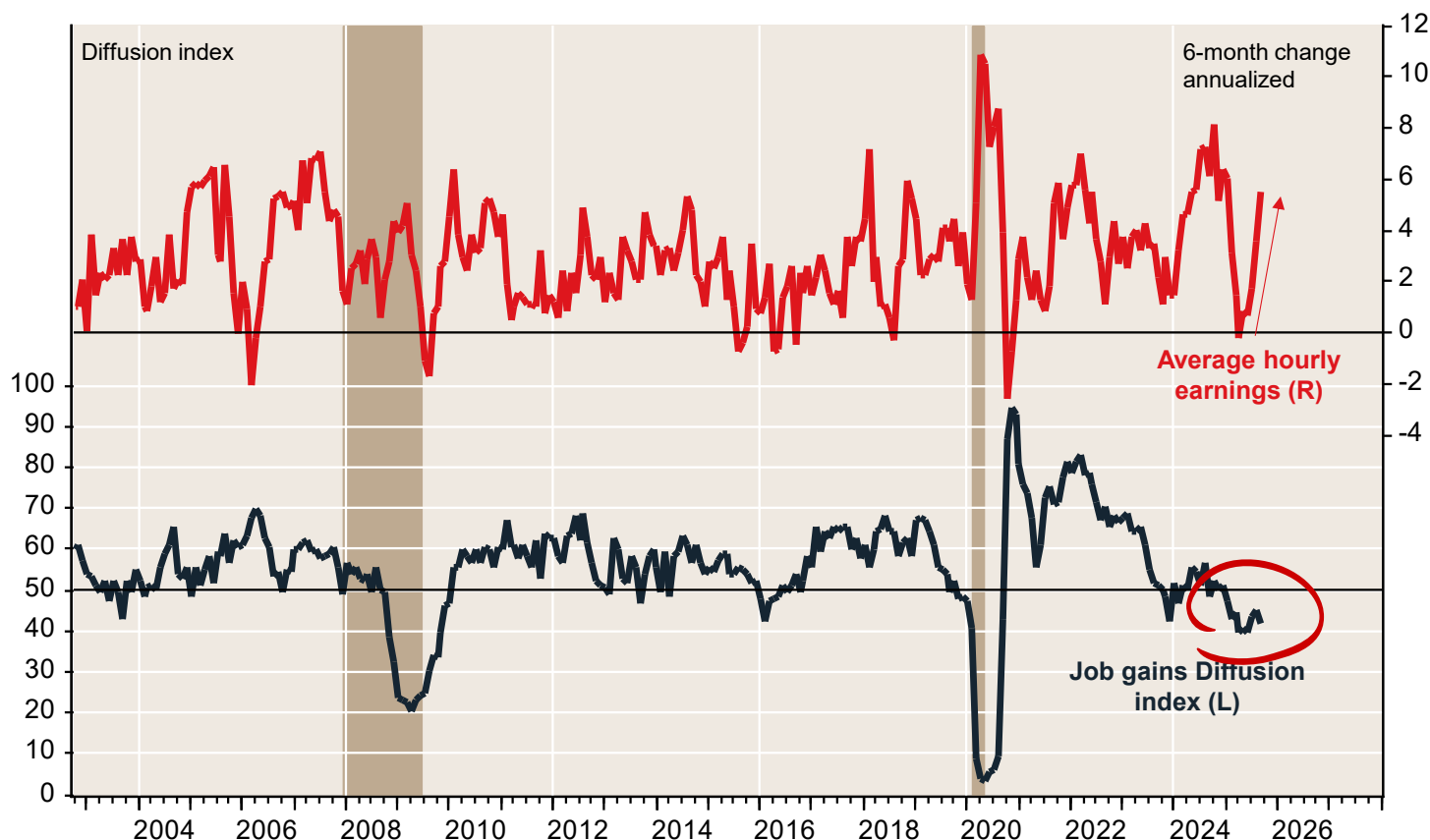
## Canada Watch

By Matthieu Arseneau and Alexandra Ducharme

The November data from the Labour Force Survey (LFS, conducted among households) will be published this Friday. These figures are eagerly awaited, as they will reveal whether the upturn of the last two months is confirmed or whether it was a statistical fluke. This momentum indeed contrasts with soft data showing a weak appetite for hiring. Skepticism grew last week with the release of the Survey of Employment, Earnings, and Hours (SEPH, conducted among businesses). This showed a monthly loss of 58K jobs in September, while the LFS reported a gain of 26K after adjustments for comparability. Over six months, employment in only 41% of private sector industries (out of 251) is growing, which is a proportion usually seen only in recession. However, as today's Hot Chart shows, this fragility has not prevented wages in the private sector from accelerating, rising at an annualized rate of 5.5% over the last six months, a pace that is incompatible with bringing inflation back to target. In our Monthly economic monitor, entitled "A Whiff of Stagflation," we discuss the wage dynamics in Canada that are limiting the Bank of Canada's ability to further lower the policy rate ([Monthly economic monitor - Canada](#)).

### Canada: A whiff of stagflation in the labour market?

% of 251 private-sector industries showing an increase in jobs and wage inflation over the last 6 months



NBC Economics and Strategy (data via SEPH, Statistics Canada)



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