

December 18, 2025 - (Vol. IX, No. 117)

## Searching for answers in Canada's labour market

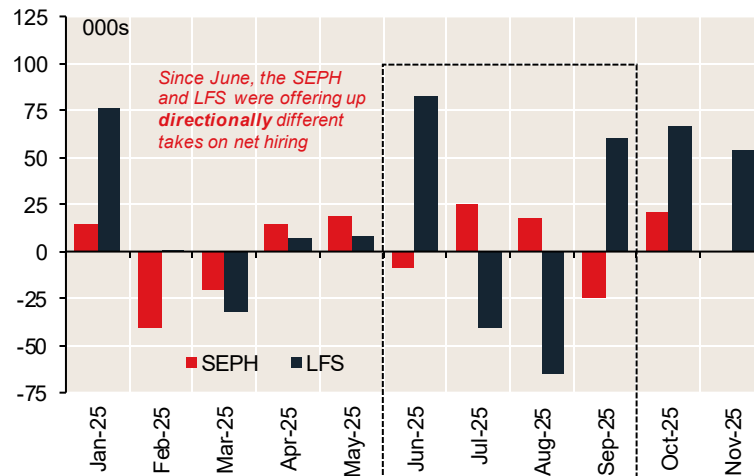
By Ethan Currie

We've earlier highlighted the year-to-date **inconsistencies** between Canada's two labour market surveys—after all, through October, the LFS is flagging 165K of net hiring, while the SEPH shows a relatively more muted advance of just 17K (Chart 1). The month-to-month jobs data is volatile in the most normal of times, but the discrepancies this year are particularly notable. October marks the first time in five months where both the SEPH and LFS total employment change figure is on the same side of breakeven (though the delta is still considerable). Regardless of October's employment gain showing 'alignment', the YTD correlation between the two surveys' monthly change figures is (drumroll please) ... **negative** 0.12. Now that's not necessarily a relationship that is always one-for-one, but the discrepancy adds to the considerable uncertainty about the health of the Canadian labour market.

In their December meeting, the BoC welcomed a lower jobless rate, but tempered building anticipation of rate hikes, cautioning that "economy wide hiring intentions continue to be subdued". Vacancy data confirm this,

### Chart 1: SEPH and LFS... on the same side again?

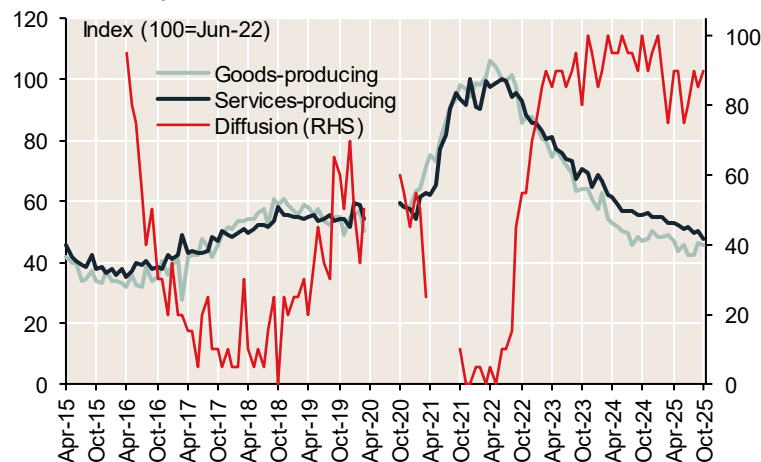
Monthly net change in employment—SEPH vs LFS, since January



Source: NBC, StatCan

### Chart 3: ...and across nearly all industries

Job vacancies by sector & indexed to 2022 vs share of sectors with Y/Y declines



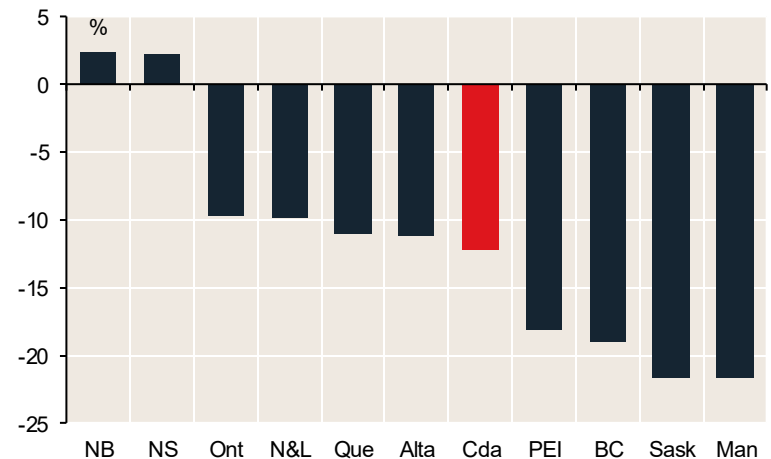
Source: NBC, StatCan | Note: Indexed to Jun22, when total vacancies peaked

as open positions continued to trend downwards after a slight rebound in September. Job vacancies were down over 12% in the year-ending October, a trend that is broad based across provinces (Chart 2), and industries. In fact, with 90% of industries flagging cooled labour demand year-over-year (Chart 3), it's perhaps easier to remain skeptical of a robust hiring prospect. That stance could also be supported by the steep decline in vacancies for jobs that require less education (Chart 4).

What does all this mean for the Bank? Macklem's recent assessment that policy is at "about the right level" is not poised to change in the near term. The labour market has recovered from its worst, and when combined with firmer economic data more broadly, has seemingly eliminated the need for additional rate relief. To be clear, we see the Bank delivering modest **tightening** next year (see our **Fixed Income Monitor**). However, that shouldn't materialize until Q4. Ultimately, some indicators (like vacancy data and subdued sentiment measures) will prevent a knee-jerk reaction to raise rates, even if hard data appear more encouraging of late.

### Chart 2: Vacancies are down across the country...

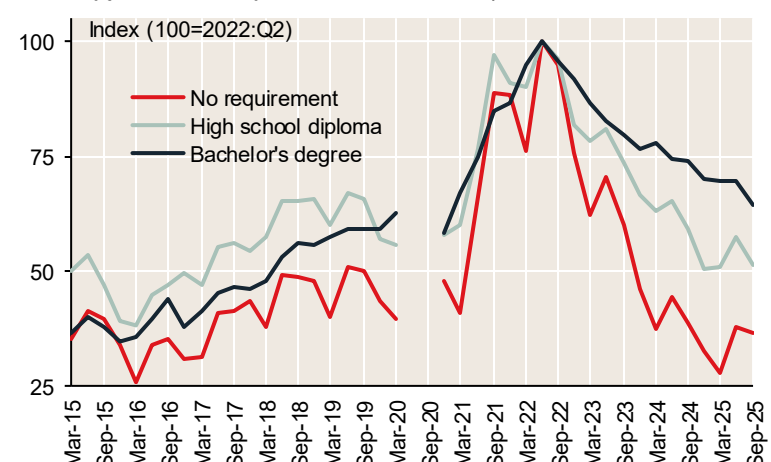
Year-over-year % change in job vacancies, by province (October 2025)



Source: NBC, StatCan

### Chart 4: Stay in school, kids! Your job pool depends on it

Quarterly job vacancies by minimum education requirements, rebased to 2022



Source: NBC, StatCan | Note: Indexed to 2022:Q2, when total vacancies peaked



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