



Actalent

Labour Market & Economy Report

Quarter Four 2023

Employment growth slowed during Q4, with the economy adding only 42,500 new jobs, compared to 97,300 jobs added in Q3.

Meanwhile, the unemployment rate increased from 5.5% in Q3 to 5.8% in Q4. Among the industries Actalent supports, Q4 unemployment rates were as follows: utilities (1.5%), healthcare (1.6%), construction (5.5%), professional, scientific, and technical services (3.4%), and manufacturing (3.6%).

Year-over-year inflation decreased significantly in October, down to 3.1% from 3.8% in September. It stood unchanged at 3.1% in November. In December, it went back up to 3.4%, due in part to higher gasoline prices. Overall, inflation is gradually declining, but it's still above the Bank of Canada's target rate of 2.0%.

The average hourly wage rate for all employees increased 5.0% from Q4 2022 to Q4 2023. That is the same annual growth rate observed in Q3. Real earnings also continued to outpace inflation last month.

Overall, slower business conditions are easing labour market demand, according to the Bank of Canada. Stalling job growth and rising unemployment have many economists believing that the Bank of Canada may finally cut interest rates, but stronger-than-expected wage growth could delay the timing.



42.5K

Jobs Gained in Q4

Employment growth was minimal last quarter. 17.5K jobs were added in October, then 24.9K in November, but only 100 jobs were added in December.



65.5%

Q4 Labour Force Participation Rate

The labour force participation rate averaged 65.5% during Q4, very close to Q3's rate of 65.6%. This indicates that the share of the Canadian population either working or actively seeking work was little changed.



5.8%

Unemployment Rate

The unemployment rate increased from an average of 5.5% in Q3 to 5.8% in Q4. Between April and November 2023, the unemployment rate increased by 0.8 percentage points, reflecting more challenging economic conditions.



1.2M

Q4 Monthly Average Job-Leavers

An average of 1.2M workers left their jobs per month during Q4, slightly higher than the Q3 average.

A Note on Comparability

Why Canadian data should not be compared directly to United States data

Canada labour market data is collected and analysed by Statistics Canada. United States data is collected and analysed by the United States Bureau of Labor Statistics. Both agencies use different methods and concepts, so data should not be compared directly.

For example, the US unemployment rate averaged 3.5% in Q1 2023 (BLS), and the Canada unemployment rate averaged 5.0% (StatCan); however, a StatCan report states, “the Canadian unemployment rate adjusted to US concepts was unchanged at 4.0%.” This report provides Canadian statistics without adjustments to US concepts.

Quarter Four Market Trends

A closer look at
unemployment by industry
and labour category



Overall unemployment rate

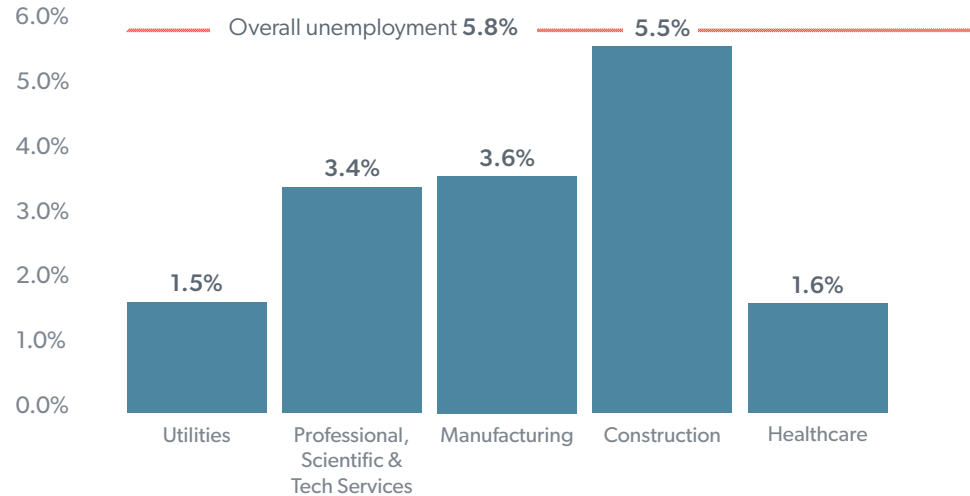


Unemployment Rate for Degreed
Workers (Bachelor's degree or
higher) in 2023

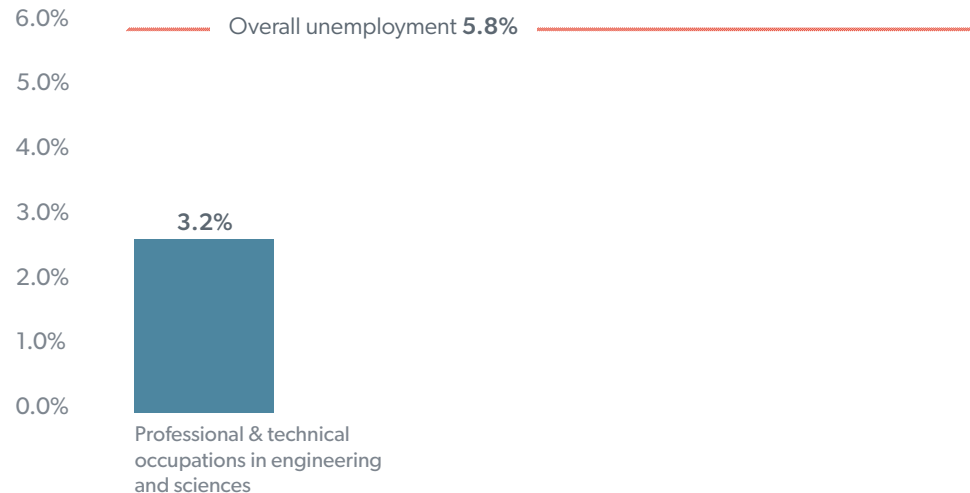


Ratio of unemployed workers
(Natural and Applied Sciences
and Related Occupations)
available per job opening
Oct 2023 – Dec 2023.

Unemployment rates by industry



Unemployment rates by labour category



Due to frequent data revisions and statistical noise on a month-to-month basis, Actalent employs a rolling 3-month average to best represent unemployment by labour category or industry.

Industry Trends

OVERALL ECONOMY

Employment growth slowed significantly in the last quarter of 2023. The Bank of Canada stated that slower business conditions have contributed to the easing labour market, as “most firms do not feel the need to add new staff and are experiencing less-intense labour shortages than 12 months ago.” Stalling job growth and a rising unemployment rate have many economists believing that the Bank of Canada may finally cut interest rates down from their current 22-year high, but stronger-than-expected wage growth could delay the timing of any rate cuts.



UTILITIES

Enserva has reported a “very favourable” outlook for Canada’s upstream oil and gas industry due to high capex, strong forecasts for oil prices, and growing drilling activity within Canada. Enserva lists emissions policies, slowing economic growth, energy infrastructure delays, and labour shortages as downside risks to their outlook. The Canada Energy Regulator approved the Trans Mountain’s pipeline variance request in early January after initially denying it in December. The Trans Mountain project will nearly triple the oil pipeline’s capacity when completed. Recent windstorms have caused outages for hundreds of thousands of Canadians, reinforcing the need for grid hardening and modernization.



CONSTRUCTION

JLL’s 2024 forecast states that high interest rates slowed real estate demand last year and caused developers to delay or cancel projects, contributing to the net loss in the construction workforce in 2023. Still, labour supply is a primary constraint facing developers. JLL anticipates, “if inflation continues to slow and debt markets stabilize, this will give builders more confidence and could lead to a rebound in launches beginning in the spring of 2024.” In response to a historically low housing vacancy rate and the growing housing shortage, Canada is offering money to municipal governments to entice them to waive zoning restrictions and encourage the construction of 100,000 more housing units.



HEALTHCARE

Canada’s Ministers of Health have committed to “reducing the time it takes for internationally educated health professionals to join the health workforce” and other steps that will address healthcare workforce challenges. Canada has signed bilateral agreements with Alberta, British Columbia, and Prince Edward Island, all of which are part of Working Together to Improve Health Care for Canadians, a \$25B, 10-year national health plan that aims to improve the healthcare workforce and enhance patient care.



EoQ = End of Quarter
YoY = Year over Year

Industry Trends, continued

ENGINEERING AND SCIENTIFIC R&D SERVICES

Architecture & Engineering: BC Transportation and Infrastructure Ministry officials have shortlisted Cross Fraser Partnership, Daewoo-GS JV, and Fraser River Tunnel Constructors to submit proposals for the \$3B Fraser River Tunnel Project, and “officials plan to sign a design early works agreement with the winning progressive design-build team” by springtime. During Q4, AECOM job postings increased, and the company announced two more projects in Canada: AECOM will be a technical advisor for the Hamilton Light Rail Transit project in Ontario and a delivery partner for the Eglinton Crosstown West Extension in Toronto.

Scientific R&D: Over the last few months, Health Canada has approved CSL’s Hemgenix – the first gene therapy for the treatment of hemophilia B – and Pfizer’s Beqvez – Pfizer’s treatment for hemophilia B and the company’s first gene therapy to be granted regulatory clearance. The two approvals represent advancements in scientific R&D and expansion of patient treatment options in Canada. The federal government is investing \$15M to expand Northern RNA’s biomanufacturing capacity, which will establish a GMP facility in Calgary, Alberta to produce lipids for mRNA vaccines.



AEROSPACE & DEFENCE

The DND must cut \$1B from its annual budget due to government-driven spending cuts. The budget cuts were announced after NATO had asked its allies to spend at least 2% of their GDP on defence, and the DND had committed to a 20-year \$38B NORAD modernization plan. Canada’s defence minister says the \$1B cut will likely affect consulting, professional services, and travel, but investments in military personnel and equipment will continue. The Government of Canada will purchase a fleet of Remotely Piloted Aircraft Systems (RPAS) from General Atomics for \$2.49B to modernize its military force.

**EMPLOYMENT DATA
NOT AVAILABLE**

C&IP

Overall: Canadian manufacturing sales declined 2.8% in October then increased 1.2% in November (latest data available). Total inventories rose to their highest level on record in November, driven by inventories of transportation equipment, machinery, petroleum, and coal. Food Processing Skills Canada has forecasted that, “the Canadian food and beverage manufacturing industry will need 142,000 new people or almost 50% of the current workforce between 2023 and 2030,” as the industry will need to add new workers and backfill retiring workers over the next decade. Specialty silicone manufacturer Siltech is investing \$100M into a new facility in Fort Erie, Ontario, which will create 51 new jobs.

Automotive: New vehicle sales in Canada rebounded to 1.7 million in 2023, and analysts predict that 2024 volumes will be even closer to pre-pandemic levels as production continues to normalize. While there is debate over whether Canadians are adopting EVs “fast enough,” there is optimism that new models in 2024 could attract new buyers. After very brief strikes (not exceeding 12 hours) at Stellantis and GM plants, Unifor ratified agreements – including pay increases among other arrangements – with the two automakers and completed its bargaining with the Detroit 3. Unifor also ratified agreements with parts-manufacturer Magna after a five-day strike in Windsor, Ontario, and with the St. Lawrence Seaway Management Corp., allowing the seaway to reopen after a week-long strike.



EoQ = End of Quarter
YoY = Year over Year

Wages in Canada

How they've changed.

+3.4%



Consumer Price Index

Year-over-year inflation changed from 3.8% in September to 3.1% in October, 3.1% in November, and 3.4% in December. December's increase was primarily due to higher prices for gasoline. Overall, Canada continues to see its CPI gradually decline, although it is still higher than the Bank of Canada's 2% target.

+5%



Wage Increases

Average hourly wages for all employees increased 5.0% year-over-year (Q4 2022 to Q4 2023). This was the same annual wage growth observed in Q3. Strong wage growth could make it difficult to curb inflation.



"Real" Earnings

Wage growth continued to outpace inflation last month, which is good news for workers. While many Canadians may still feel the impacts of inflation, their paychecks aren't taking a significant hit.

References

Read more about trends in Engineering & Sciences

For a labour market snapshot of a specific province or territory, visit [JobBank.gc.ca/trend-analysis](https://jobbank.gc.ca/trend-analysis)

INDUSTRY TRENDS:

Overall: [Positive outlook for Canada's construction industry; Canada's economic engine is gearing down; Business Outlook Survey—Third Quarter of 2023](#)

Utilities: [Enserva State of the Industry Report; Outlook good for Canadian oil and gas sector, says industry report, but risks remain; Trans Mountain pipeline variance request approved by Canada Energy Regulator; Canada's Trans Mountain Pipeline expansion reportedly 95% complete; Report: BC Hydro's most damaging storms of all time are recent history; Hydro One crews battle through 48 hours of high winds to restore nearly 125,220 customers...](#)

Construction: [JLL U.S. and Canada Construction Outlook; Canada Offers Cities Money to Spur Home Building](#)

Engineering & Scientific R&D Services

Architecture & Engineering: [British Columbia Shortlists Three Teams for \\$3B Fraser River Tunnel; AECOM awarded contract to serve as technical advisor for Hamilton LRT in Ontario, Canada; AECOM selected as delivery partner for Eglinton Crosstown West Extension in Toronto](#)

Scientific R&D: [Health Canada Authorizes CSL's HEMGENIX® \(etranacogene dezaparvovec\) as First Gene Therapy for Hemophilia B; Pfizer wins Canadian OK for hemophilia treatment, its first gene therapy; Federal government invests in biomanufacturing in Calgary, Alta.](#)

Healthcare: [Federal, provincial and territorial statement on supporting Canada's health workforce; Canada signs \\$1.2 billion bilateral agreement with British Columbia to improve health care over three years; Canada signs more than \\$1 billion bilateral agreement with Alberta to improve health care over three years; Canada signs \\$94 million bilateral agreement with Prince Edward Island to improve health care over three years](#)

Aerospace & Defence: [The State of Canadian Defence Purchasing for 2024; Federal government looking to cut \\$1 billion from National Defence budget; Facing need to cut some spending, defence minister says more must be spent on 'right things'; Canada acquiring Remotely Piloted Aircraft Systems for the Canadian Armed Forces](#)

C&IP: [Monthly Survey of Manufacturing, October 2023; Monthly Survey of Manufacturing, November 2023; 142,000 New Workers Needed for Canada's Food and Beverage Manufacturing Industry By 2030; Ontario welcomes \\$100 million manufacturing investment](#)

Automotive: [Canadian auto sales top 1.7 million, see 'return of normality' in 2023; Driving into the Future Preview: Is Canada lagging on EV adoption?; Will car prices come down in 2024? Industry experts share their outlook; Unifor ratifies GM Canada deal with 80.5% of voters in favor; Unifor ratifies Stellantis contract with 60% of voting members in favor of new deal; Unifor members at Magna Integram ratify tentative agreement; St. Lawrence Seaway Reopens After Strike Is Settled...](#)

CPI:

[Bank of Canada: Consumer Price Index; Consumer Price Index, December 2023](#)

WAGES:

[StatCan Wages by Industry, Monthly, Unadjusted for Seasonality](#)

JOB POSTING DATA FROM:

[Lightcast](#)