

Canada: Deterioration of the labour market paused in April

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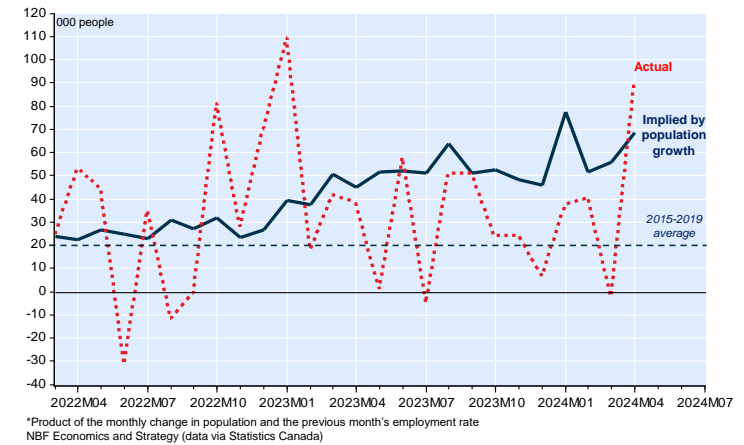
Highlights:

- Canadian employment increased 90K in April, a better performance than consensus expectations for a 20K increase. Meanwhile, the participation rate rose to 65.4% while population grew 112K. As a result, the unemployment rate remained unchanged at 6.1%, one tick lower than consensus expectations.
- The increase in employment is the result of a rise in both part-time (+50K) and full-time positions (+40K).
- The increase in employment stemmed mostly from the private sector (+50K). There were also gains in the public sector (+26K) and in the number of self-employed people (+15K).
- April's variation in employment was positive in the services sector (+100K), while employment in goods (-10K) was down.
- On the goods side, increases in forestry (+8K) and manufacturing (+3K) were more than offset by declines in construction (-11K), agriculture (-5K) and utilities (-5K).
- On the services side, the largest gains were registered in professional/scientific services (+26K), accommodation/food services (+24K), health care/social assistance (+17K), information/culture (+10K) and business/building (+10K). Education (-5K), meanwhile, registered a small decline.
- Regionally, there were job gains in Ontario (+25K), British Columbia (+23K), Québec (+19K) and Alberta (+11K).
- Hours worked were up 0.8% in April following a 0.3% decrease in March.
- Wage inflation was 4.8% on a year-over-year basis in April (down from 5.0% in March).
- For more details, see table on next page.

Canadian employment recorded its strongest increase in 15 months in April, widely surpassing consensus expectations. But the big surprise in this report was the demographic surge, as the population aged 15 and over rose by 112K, the second-highest increase on record. It is therefore important to adjust our labour market evaluation standards in this highly atypical context. At the current rate of population growth, the labour market needs to generate 60K jobs to maintain the employment rate. By this criterion, job creation in April was good, but no more (top chart). Moreover, despite this seemingly exceptional gain, the unemployment rate remained essentially unchanged, meaning that the labour market did not tighten in April after cooling off since the start of the monetary tightening cycle (unemployment rate is up 1.3 percentage points (pp) since July 2022). For the time being, the easing of the labour market is characterized by the difficulty of individuals to enter the Canadian job market, as evidenced by the sharp rise in the unemployment rate for young people and recent immigrants. The deterioration is particularly acute in Toronto as shown by the unemployment rate reaching 7.9%, up 2.3 pp from recent trough. Back at the national level, the percentage of unemployed people finding work is currently at its lowest level in over a decade excluding the pandemic. For the time being, layoffs are limited, as the separation rate remains very low on a historical basis (bottom chart). As for the private sector rebound, we remain skeptical about its sustainability. Goods-producing industries posted contractions in April, which is not surprising given the labour hoarding that occurred in 2023 in many of these sectors. With more than 50% of SMEs indicating that they are concerned about their sales, we doubt that there will be a sustained upturn in corporate hiring in the months ahead.

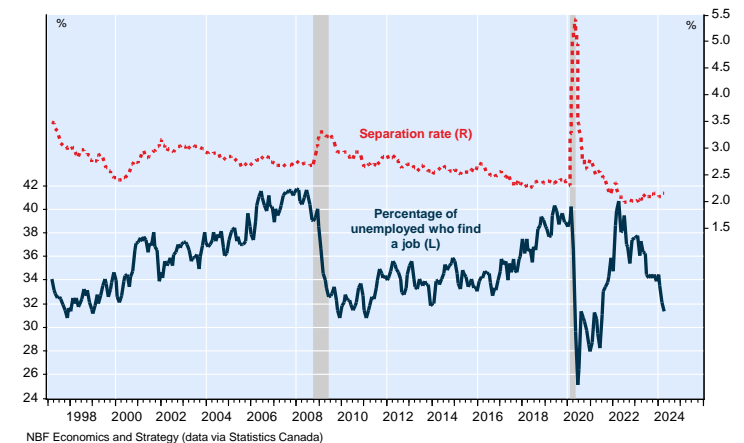
Canada: Job creation in April was good, but no more

Actual job creation and job creation implied by population growth*



Canada: It's getting harder for the unemployed to find work

% of unemployed who find a job and separation rate (voluntary departures + layoffs), 3-m moving averages





| | Apr-24 | Mar-24 | 1-Month | 1-Month | 1-year change | | Current Level (000s) | 1-Month Change (000s) | | |
|----------------------------|----------------|-----------------|-------------|----------------|---------------|---|-------------------------|-----------------------|--------|-------------|
| | % | % | Change (pp) | Trend | (pp) | | | Apr-24 | Mar-24 | |
| Unemployment Rate | 6.1 | 6.1 | 0.0 | ▶ | 1 | Industries | | | | |
| Participation Rate | 65.4 | 65.3 | 0.1 | ▲ | -0.3 | High-Paid | 10,972 | 29.5 | ▲ | 60.5 |
| Employment Rate | 61.4 | 61.4 | 0.0 | ▶ | -0.9 | Low-Paid | 9,519 | 60.9 | ▲ | -62.7 |
| | Current Level* | 1-Month Change* | | 1-year change* | | Goods-producing sector | 4,118 | -10.4 | ▼ | 29.9 |
| | | Apr-24 | Mar-24 | | | Agriculture | 221 | -5.4 | ▼ | -2.5 |
| Employment | 20,491 | 90.4 | ▲ | -2.2 | 376.6 | Forestry, fishing, mining, quarrying, O&G | 346 | 7.7 | ▲ | 3.5 |
| Total Hours Worked, % | - | 0.8 | ▲ | -0.3 | 1.2 | Utilities | 154 | -5 | ▼ | 4.3 |
| Average Hourly Wage NSA, % | - | 0.19 | ▲ | 0.1 | 4.8 | Construction | 1,590 | -11.1 | ▼ | 15.3 |
| Provinces | | | | | | Manufacturing | 1,807 | 3.4 | ▲ | 9.3 |
| Ontario | 7,996 | 25.0 | ▲ | 26.1 | 90.8 | Services-producing sector | 16,373 | 100.7 | ▲ | -32 |
| Quebec | 4,534 | 19.2 | ▲ | -18 | 28.9 | Trade | 2,930 | 6.1 | ▲ | -23.1 |
| British Columbia | 2,871 | 23.4 | ▲ | 6.6 | 93.0 | Transportation and warehousing | 1,088 | 6.7 | ▲ | -1.2 |
| Alberta | 2,538 | 10.6 | ▲ | -3.2 | 92.1 | Finance, insurance, real estate and leasing | 1,405 | -0.4 | ▼ | 11 |
| Manitoba | 703 | 2.9 | ▲ | -4.3 | 15.0 | Professional, scientific and technical svc. | 1,946 | 25.5 | ▲ | -19.9 |
| Saskatchewan | 598 | 1.1 | ▲ | -6 | 11.0 | Business, building and other support svc. | 688 | 9.5 | ▲ | -3.8 |
| Nova Scotia | 516 | -0.9 | ▼ | -1.5 | 19.8 | Educational services | 1,534 | -4.5 | ▼ | 7.8 |
| New Brunswick | 399 | 7.8 | ▲ | -1.7 | 15.3 | Health care and social assistance | 2,779 | 17.4 | ▲ | 39.9 |
| Newfoundland and Labrador | 244 | 0.4 | ▲ | 0 | 6.6 | Information, culture and recreation | 852 | 9.9 | ▲ | -10 |
| Prince Edward Island | 93 | 0.7 | ▲ | -0.1 | 3.8 | Accommodation and food services | 1,128 | 24.2 | ▲ | -26.6 |
| Employment Type | | | | | | Other services | 804 | 6.5 | ▲ | -4.8 |
| Full-Time | 16,751 | 40.1 | ▲ | -0.7 | 272.5 | Public administration | 1,218 | -0.1 | ▼ | -1.4 |
| Part-Time | 3,741 | 50.3 | ▲ | -1.6 | 104.1 | Age | | | | |
| Public Sector | 4,434 | 25.5 | ▲ | 11.9 | 208.0 | 15 to 24 | 93 | 39.7 | ▲ | -27.5 |
| Private Sector | 13,407 | 50.4 | ▲ | 15.2 | 190.2 | 25 to 54 | 516 | 67.7 | ▲ | 25.8 |
| Self Employed | 2,650 | 14.5 | ▲ | -29.3 | -21.6 | 55 and over | 399 | -17.1 | ▼ | -0.4 |

*Thousands unless otherwise stated

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