

## Daily Economic Update

May 5, 2017

### Canadian employment up again in April but wages continue to underperform

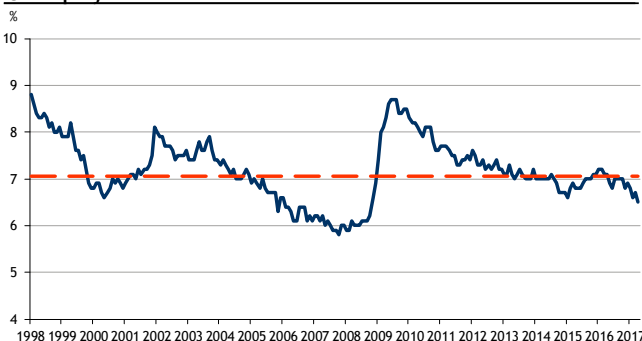
The headline employment gain was modest in April (a negligible 3k in a monthly survey with very wide confidence bands around spot monthly estimates); however, the tick higher is nonetheless notable in that it continues an unusual streak of positive monthly readings. Employment has now increased in 15 of the last 17 months with growth over the last year averaging a solid 23k per month. The details of the monthly report for April were mixed (with a sharp pull-back in full-time jobs offset by stronger part-time employment) but, on average, more than two-thirds of job gains over the last year have been of the full-time variety. A drop in the number of people participating in labour markets was largely responsible for a drop in the unemployment rate to a new cycle-low at 6.5% in April; however, participation of 'prime-aged' 25-54 year-old workers ticked only modestly lower from record levels in March and was still up 0.4 percentage points from a year ago.

The fly in the ointment continues to be weak wage growth with year-over-year growth in average hourly earnings for permanent employees slipping to its lowest level on record (again) in April at 0.5%. The weak wage growth is in sharp contrast to what would otherwise appear to be a labour market with little or no slack remaining. To be sure, other measures of wages have been stronger (wage growth in the alternative 'SEPH' employment survey was 2.4% year-over-year in February) but weaker numbers today from a wage perspective will likely continue to worry the Bank of Canada.

### Highlights

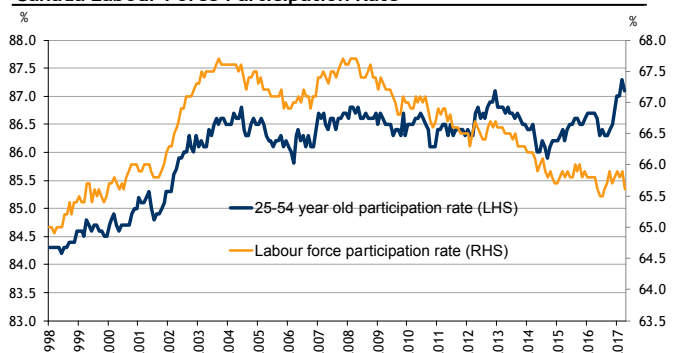
- Employment rose 3k in April and the unemployment rate declined to 6.5%.
- The increase in hiring was led by a 34k jump in part-time employment offsetting a 31k drop in full-time employment. It remains the case that most jobs created over the last year have been full-time.
- The labour force participation rate ticked lower (65.6% versus 65.9% in March). The rate for prime-aged 25-54 year old workers also ticked lower but was still up 0.4 ppts from a year ago.
- Hours worked were up 1.1% from a year ago, up from 0.7% in March and the strongest increase since November 2016.

Unemployment Rate



Source: Statistics Canada, RBC Economics Research

Canada Labour Force Participation Rate



Source: Statistics Canada, RBC Economics Research

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