

May 7, 2021

Canada jobs recovery dented by third virus wave

- Employment down 207k in April as virus containment measures were re-imposed.
- The unemployment rate rose to 8.1% from 7.5% in March
- As in prior virus waves, job losses heavily concentrated in 'high contact' services sectors and at the bottom of the wage distribution
- Government transfers to keep floor under household purchasing power, employment to rebound as restrictions ease

Job losses were once again heavily concentrated in the 'high-contact' services sector and at the lower end of the wage scale (where government pandemic support programs provide a larger relative income offset). Another round of restrictions on in-store retail shopping pushed retail employment sharply lower. The decline in the employment count in the education sector (-36k) was reportedly impacted by the timing of Spring Break in Ontario (shifted to April from the usual March break). Still, the drop in April employment was more broadly-based than job losses during the second virus wave over the winter. Hours worked fell 2.7%, flagging a likely decline in April GDP as well.

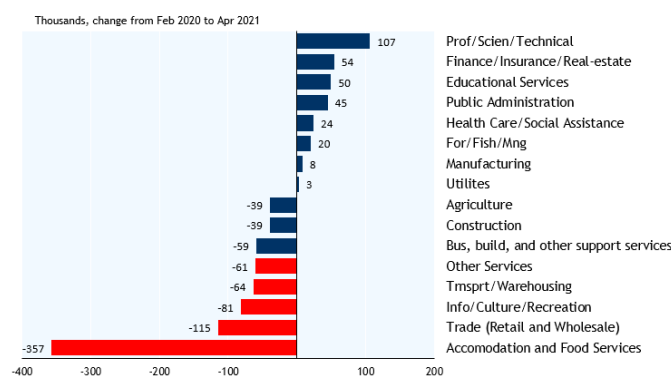
As in prior waves of virus spread, employment will rebound once containment measures can be eased. And that light at the end of the tunnel is getting closer with vaccination rates ramping up. In the mean-time, government support programs for those losing work remain in place and will help put a floor under household purchasing power.

Canada employment summary

	Feb-21	Mar-21	Apr-21	Apr-21
	m/m change (thousands)			y/y change
Employment	259	303	-207	2486
Full-time	88	175	-129	1660
Part-time	171	128	-78	826
Public	46	46	-13	370
Private	226	201	-204	2196
Self-employed	-12	56	10	-80
	%			y/y change
Unemployment rate	8.2	7.5	8.1	-5.0
'R8' (SA by RBC)	11.8	10.7	10.7	-6.4
Participation rate	64.7	65.2	64.9	4.9
ages 25-54	87.3	87.7	87.5	5.8
Avg hrly wages (y/y %)	4.8	2.1	-1.8	

Source: Statistics Canada, RBC Economics

Canada employment vs pre-pandemic level



Source: Haver, RBC Economics Research

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