

May 10, 2024

Canadian employment jumped higher in April

- Canadian employment jumped 90k in April after edging lower in March (-2k) with the April surge led by hiring in service-sector industries
- Job gains were split between full-time (40k) and part-time (50k) work. Total hours worked jumped 0.8% after falling 0.3% in March.
- Other details were mixed - the increase in employment was not enough to push the

Canadian wage measures are giving mixed signals



- unemployment rate lower (still at 6.1%, up a full percentage point from a year ago) with another near-record monthly increase in population (112k) boosting the size of the labour force.
- And, consistent with the supply/demand balance for workers shifting more in favor of employers, wage growth showed signs of slowing, with year-over-year growth in average hourly earnings dipping to 4.7% in April from 5.1% in March. Other wage growth measures from business payroll data continue to point to lower wage growth.
- Still, an uptrend in the share of unemployment coming from permanent layoffs from a year ago took a pause in April, with a larger share of the increase again accounted for by longer job search times, particularly for students newly entering the labour force.
- **Bottom Line:** The Canadian employment growth numbers continue to look less impressive once accounting for surging labour force growth as the population continues to expand. The unemployment rate has risen more in Canada than in most other advanced economies in the wake of higher interest rates, and wage growth is showing further signs of moderating. Labour markets have softened enough to lower inflation risks going forward and justify a pivot to interest rate cuts from the Bank of Canada - but the bottom also still hasn't fallen out in a way that is

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forcing the central bank to act urgently. Our own base case assumption is that the BoC will be in a position to cut the overnight rate in June. But with labour market data for April surprising on the upside, that is also contingent on the next round of inflation numbers continuing to flag easing in price pressures.

Canada employment summary

	<u>Feb-24</u>	<u>Mar-24</u>	<u>Apr-24</u>	<u>Apr-24</u> <i>y/y change</i> <i>(thousands)</i>
	<i>m/m change (thousands)</i>			
Employment	41	-2	90	377
Full-time	71	-1	40	273
Part-time	-30	-2	50	104
Public	19	12	26	208
Private	-16	15	50	190
Self-employed	38	-29	15	-22
Hours worked (% change)	0.3	-0.3	0.8	1.2
	%			<i>Ppt change</i>
Unemployment rate	5.8	6.1	6.1	1.0
'R8' (SA by RBC)	8.1	8.2	8.1	1.3
Participation rate	65.3	65.3	65.4	-0.3
ages 25-54	88.8	88.8	88.9	0.2
Avg hrly wages (y/y %)	5.0	5.1	4.7	

Source: Statistics Canada, RBC Economics