

July 7, 2023

Canadian labour markets still firm in June

- Employment jumped another 60k in June, led by a 110k jump in full-time workers.
- Still, the unemployment rate also ticked up to 5.4% from 5.2% in May, consistent with earlier indicators from business surveys (including the BoC's Q2 Business Outlook Survey) that the intensity of labour shortages has been easing.
- The reason the unemployment rate can rise alongside historically strong employment growth is that population growth continues to set new records - including an 84k monthly increase in June. Employment growth is very strong, but was not enough to absorb the large number of new labour force entrants.
- Wage growth slowed to 4.2% year-over-year from 5.1% in May (consistent with tightness in labour markets easing).
- Actual hours worked were little-changed in June (despite the surge in full-time jobs) but were still up 1.8% (annualized) in Q2 as a whole.
- **Bottom line:** The June labour market data was mixed but shouldn't be enough to prevent the Bank of Canada from following through with a second straight 25 basis point interest rate hike at the next policy decision next week. There are still signs that the economic backdrop is softening. Consumer delinquency rates are edging higher, job openings are edging lower, and wage growth is slowing. But the BoC highly likely planned more than one interest rate hike when they ended a short pause in increases last month. Economic growth data and 'sticky' core inflation readings since then haven't been soft enough to derail those plans.

Canada employment summary

	Apr-23	May-23	Jun-23	Jun-23 y/y change (thousands)
	<i>m/m change (thousands)</i>			
Employment	41	-17	60	470
Full-time	-6	-33	110	409
Part-time	48	16	-50	61
Public	13	10	-4	32
Private	9	13	83	469
Self-employed	19	-40	-19	-32
Hours worked (% change)	0.2	-0.4	0.1	2.0
	<i>%</i>			<i>Ppt change</i>
Unemployment rate	5.0	5.2	5.4	0.5
'R8' (SA by RBC)	6.4	6.6	6.9	0.7
Participation rate	65.6	65.5	65.7	0.4
ages 25-54	88.6	88.7	88.8	0.2
Avg hrly wages (y/y %)	5.2	5.1	4.2	

Source: Statistics Canada, RBC Economics

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