

March 10, 2023

## Canadian labour markets still strong in February

- Canadian employment rose 22k in February to build on the 150k surge in January
- Details firm with growth entirely in full-time, private, positions
- The unemployment rate held at (a very low) 5.0% and wage growth picked up
- Labour markets have been surprisingly resilient to-date but headwinds from higher interest rates continue to grow

**Employment rose another 22k in February, adding to the 326k gains over the prior 5 months (including the 150k surge in January).** Most of the February increase came from the goods producing sector (+18k), and the net increase was all in full-time (+31k) and private (+39k) positions. Employment in the hospitality sector was little changed and still down sharply from pre-pandemic levels. Staffing in the accommodation & food services sector was still down 104k from pre-pandemic levels in February versus a total employment gain of over 800k.

**Labour markets are still very tight.** Job openings have been edging lower in recent months, but are still up from pre-pandemic levels, and are competing for a relatively small number of unemployed workers. The unemployment rate held at 5.0% in February, still just above the record-low (dating at least back to 1976) 4.9% in summer 2022. Wages continued to grow more quickly than normal. Month-over-month wage growth actually looks relatively modest, but a weak year-ago comparable mean the year-over-year rate of growth in average hourly earnings jumped to 5.4% from 4.5% in January - although month-over-month gains

**Labour markets have clearly been more resilient in early 2023 than expected.** The data is notoriously volatile. And two years of stop-and-start pandemic lockdowns have probably added to those challenges making the data more difficult to seasonally adjust. But the pace and breadth of job gains has been very firm at a time when they were expected to be slowing. Still, the impacts of aggressive Bank of Canada interest rate hikes over the last year are still flowing through to household borrowing costs with a lag. The BoC focused on those building headwinds more than recent economic data in deciding to hold interest rates unchanged earlier this week - the first decision that didn't involve higher interest rates in a year. Further stronger-than-expected economic data could still push the central bank to re-start hikes, but we still expect the economy will slow more meaningfully going forward and for the BoC to remain in wait-and-see mode for now.

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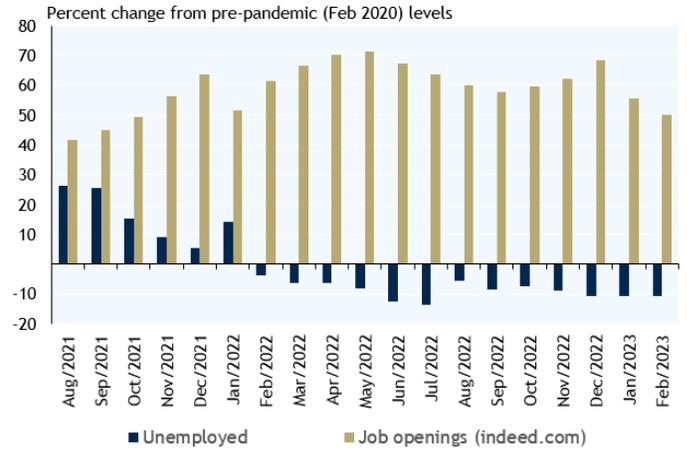
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## Canada employment summary

	Dec-22	Jan-23	Feb-23	Feb-23 change from pre- pandemic
	<i>m/m change (thousands)</i>			
Employment	69	150	22	831
Full-time	71	121	31	850
Part-time	-2	29	-9	-19
Public	-30	32	-8	423
Private	99	115	39	558
Self-employed	0	4	-9	-151
	<i>%</i>			
Unemployment rate	5.0	5.0	5.0	-0.7
'R8' (SA by RBC)	7.6	6.9	6.9	-1.4
Participation rate	65.4	65.7	65.7	-0.2
ages 25-54	88.5	88.9	88.9	1.4
Avg hrly wages (y/y %)	4.8	4.5	5.4	

Source: Statistics Canada, RBC Economics

## Not enough available workers to fill open positions



Source: Indeed.com, Statistics Canada, RBC Economics Research