

May 5, 2023

Canadian labour markets still firm in April

- Canadian employment rose another 41k in April, adding to the 371k surge over the prior 6 months
- Details were (slightly) more mixed. The increase in employment in April was entirely part-time (+48k), and about half from self-employment (+19k).
- Still, the unemployment rate held at 5.0% (just above the multi-decade lows of last summer) for a fifth straight month. And total hours worked edged up another 0.2%.
- Population growth has also surged higher (+72k for those aged 15 and above in April following a record 80k jump in March). But, for now, job gains have been enough to absorb a large number of new entrants into the labour market.
- Employment remains strong, but the labour market lags the broader economic cycle, and GDP growth softened over February and March after surging higher in January.
- Separately reported job openings have been declining and the BoC's Q1 Business Outlook Survey flagged a significant easing in the intensity of labour shortages.
- Wage growth edged down to 5.2% year-over-year in April from 5.3% in March and is expected to slow further as labour demand continues to cool.
- **Bottom line:** For now, labour markets look very firm, and continued to surprise broadly on the upside in April. But growth headwinds from aggressive interest rate hikes over the last year continue to build, with tightening credit conditions in the U.S. adding to downside risks. With growth concerns building, the BoC is likely done hiking interest rates. But labour markets are too strong and inflation still running too hot to justify a quick shift to cuts. We expect the BoC to remain on hold for the rest of this year.

Canada employment summary

	Feb-23	Mar-23	Apr-23	Apr-23 change from pre-pandemic
	<i>m/m change (thousands)</i>			
Employment	22	35	41	907
Full-time	31	19	-6	863
Part-time	-9	16	48	44
Public	-8	3	13	440
Private	39	35	9	602
Self-employed	-9	-3	19	-135
	%			
Unemployment rate	5.0	5.0	5.0	-0.7
'R8' (SA by RBC)	7.0	6.8	6.3	-2.0
Participation rate	65.7	65.6	65.6	-0.3
ages 25-54	88.9	88.7	88.6	1.1
Avg hrly wages (y/y %)	5.4	5.3	5.2	

Source: Statistics Canada, RBC Economics

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