



## Hiring slows in April but unemployment rate continues to slide

Canadian hiring underwhelmed in April as Labour Force Survey employment stalled following two months of hefty gains. Total employment rose by 15.1k persons or 0.1 per cent, down from 72.5k in March, and well below consensus forecast for a 55k gain. The undershoot was particularly noteworthy given an expected bounce from loosening travel entry restrictions and resumption of large in-person events.

Hiring patterns softened. Full-time employment fell by 31.6k or 0.2 per cent while part-time employment rose 47.1k suggesting a drop in job quality. Total hours worked fell 1.9 per cent, which was the lowest since January. That said, this data can be volatile, and the trend remains positive. Stats Canada noted that the involuntary part-time employment rate was lowest on record in April at 15.7 per cent.

April's modest increase was led by private sector hiring (+20k) as both public-sector edged lower and self-employment remained flat. At the industry level, there were few noteworthy changes. Goods-sector hiring fell 16k (0.4 per cent) owing entirely to a 20k drop in construction. Growth in services were led by professional/scientific/technical services (+15.1k) suggesting ongoing gains in the knowledge economy, while re-opening trends lifted the information/culture (+12.6k) sector. Public administration employment gained 16.5k (1.5 per cent) but offset by healthcare. Wholesale and retail trade fell by 17.9k jobs.

Performance among provinces was also mixed. Quebec was the largest drag with employment down 26.5k (0.6 per cent), while Alberta gained 16k (0.7 per cent), and Ontario gained a mild 14.3k (0.2 per cent). Atlantic Canada recorded relatively stronger growth but contributed negligibly to headline increases in total employment. B.C. employment was unchanged alongside Saskatchewan and Manitoba.

While April's report lacked excitement, the story remains one of a tight labour market. The unemployment rate nudged lower to another record low of 5.2 per cent (going back to 1976) and scarcity of employees and skills mis-match may be impeding hiring. Average hourly wages softened slightly to a modest 3.3 per cent. The lowest unemployment rate is observed in Quebec at a startling low 3.9 per cent, with a high of 10.8 per cent in Newfoundland. The steepest declines from March were in Alberta (down 0.6 points to 5.9 per cent) and New Brunswick (down 0.7 points to 7.0 per cent).

A softer April labour market performance and slowing wage growth provides modest relief for the Bank of Canada as it works to cool domestic demand. That said, low jobless rates remain inflationary with economic growth expected to remain positive in the middle-two quarters which will require ongoing rate hikes, although potentially with less urgency.

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**Bryan Yu**

Chief Economist

Central 1 Credit Union

[byu@central1.com](mailto:byu@central1.com)