



### Labour market adds jobs in April, underlying trends soften

Canada's labour market continued to chug along through April with another significant employment gain, albeit driven by part-time workers. Total Labour Force Survey employment rose by 41.4k persons (0.2 per cent) to double forecast consensus. However, the numbers weren't entirely rosy with a marked slowdown in private sector hiring ahead of expected economic headwinds.

April's net employment gain resulted from increased part-time work which increased by 47.6k persons with a negligible dip in full-time work. Growth in hours worked slowed to a monthly pace of 0.2 per cent following a 0.4 per cent in March and a strong Q1, but still marked a solid pace of increase and a sign that employers are still searching for workers in a slowing economy. However, employment growth was led by self-employment (up 19.1k or 0.7 per cent), suggesting a slip in employment quality, while government hiring also picked up. Public-sector employment rose 13.1k or 0.3 per cent, unaffected by the federal worker strike which fell outside the reference period. A short duration of the spike means minimal impact on May numbers. In contrast, private-sector employment was essentially unchanged, which coincides with slowing economic conditions. Early estimates for March GDP growth are negative.

Nevertheless, April data still points to a persistently tight labour market. The unemployment rate was unchanged for a fifth month at 5.0 per cent, and both the employment rate and participation rate remained high. Average hourly wage growth tracked a robust 5.2 per cent despite slipping from 5.3 per cent in March but the monthly trend is decelerating.

Among industries, employment growth was led by services-producing sectors and a narrow group of sub-sectors. Specifically, wholesale and retail trade accounted for more than half of the net gain with a 24.4k gain (0.8 per cent) but still lower than a year ago. Other drivers included transportation and warehousing (up 16.5k or 1.6 per cent), and information/culture/recreation (up 16.1k or 1.9 per cent). In contrast, there were losses in business and building support (down 14k or 1.9 per cent), finance/insurance/real estate (down 8.8k or 0.6 per cent). Changes were insignificant in most other sectors.

Provincially, about three quarters of the increase was observed in Ontario (up 32.7k or 0.3 per cent) and rounded out by Quebec (up 10.5k or 0.2 per cent). Atlantic Canada generally recorded significant gains outside New Brunswick, and western Canada showed little change except for Manitoba (down 4k or 0.6 per cent). Unemployment rates crept up across the province outside Ontario and Quebec. The highest unemployment rates are currently observed in the Atlantic (highlighted by 10.1 per cent in Newfoundland and Labrador) with the lowest in Quebec at 4.1 per cent. Ontario sits at 4.9 per cent and B.C. at 5.0 per cent.

The latest employment numbers point to a steady economy but also aligned with slowing conditions given the lack of breadth in hiring, and weak private sector hiring. Labour markets should lag slowing economic growth. That said, low unemployment rates and still elevated wage growth (which could see more traction following public-sector agreements) support a Bank of Canada rate hold with bias to the upside for its policy rate.

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## Canada Labour Force Survey Summary

	2022M12	2023M01	2023M02	2023M03	2023M04
Employed, m/m	69.2	150.0	21.8	34.7	41.4
Employed, m/m %	0.3	0.8	0.1	0.2	0.2
Employed, y/y %	2.1	3.9	2.1	2.2	2.1
Unemployment Rate, %	5.0	5.0	5.0	5.0	5.0
Participation Rate, %	65.4	65.7	65.7	65.6	65.6
Employment Rate, %	62.1	62.5	62.4	62.4	62.4
Hourly Wage, y/y %	4.8	4.5	5.4	5.3	5.2
Employed, 3m % ch	0.8	1.2	1.2	1.0	0.5

### LFS Employed, m/m ch. by select NAICS industry, persons

Goods	23.2	25.4	17.5	-40.9	6.3
Resources	-1.3	1.3	5.0	-10.6	1.8
Construction	26.6	15.8	-1.5	-18.8	7.0
Manufacturing	-1.9	7.3	6.8	-6.1	2.8
Services	46.0	124.7	4.2	75.5	35.2
Trade	-17.8	58.7	-2.5	-2.4	24.4
FIREL	5.6	-3.0	-8.0	18.5	-8.8
PST	19.4	-0.5	-2.2	5.0	-6.1
Accom. and Foodservices	6.3	12.4	3.1	4.5	-5.1
Public Admin	9.5	-3.8	10.0	1.8	0.2