



Canadian labour market steady in May

Following this week's Bank of Canada interest rate cut now in the rear-view mirror, we turn our eyes to the July 24th meeting and the data that will influence that decision.

First out of the gate May's job numbers. Employment growth slowed after a big bump in April while labour market slack increased pointing to weaker economic conditions. Total employment rose by 26.7k persons (or 0.1 per cent) in May, down from the 90k increase the prior month. Moreover, the increase was entirely led by part-time work (up 62.4k or 1.7 per cent), while full-time employment declined 35.6k (or 0.2 per cent). Over the past 12 months, the growth in hiring 2.0 per cent has been led by a bounce in part-time work of 3.8 per cent while full-time employment rose a modest 1.6 per cent.

Despite the increase in net new employment, labour market slack continues to build reflecting an economy that is unable to absorb the growth in population. As we saw in Q1 GDP data, the economy grew less than expected and revised figures pointed to little growth in the back half of 2023. In contrast the population has kept on rising.

The estimated working age population rose 0.3 per cent in May and 3.4 per cent y/y and growth has outpaced employment since September 2023. After steadying in April, the unemployment rate ticked up again by 0.1 pp to 6.2 per cent, which was up a point from a year ago, and the highest since January 2022. The employment rate (employment-to-working age population) slipped to 61.3 per cent and has been on a downward trend since February 2023. There is more underutilized capacity in the labour market although the average hourly wage accelerated on a y/y basis to 5.1 per cent from 4.7 per cent, while the annualized 3-month change also rose from 3.7 per cent to 4.1 per cent.

Employment details were mixed. Private-sector employment nudged up 0.1 per cent or 17.6k, with self-employment up 0.6 per cent or 16.6k. In contrast, public-sector employment fell 0.2 per cent or 7.5k, which was the first monthly decline since February 2023.

On an industry-basis, service-sectors lifted employment with significant increases in finance/insurance/real estate (28.8k or 2.0 per cent), and healthcare/social assistance (29.9k or 1.1 per cent) which has also up 6.5 per cent y/y. Business and building support rose 18.7k or 2.7 per cent but remained well below pre-pandemic levels amidst work from home and hybrid environments. In contrast, significant losses were observed in construction (29.6k or 1.9 per cent) and transportation and warehousing (20.6k or 1.9 per cent).

At the provincial level, there were mixed performances with only three reporting notable gains. Leading the way was Ontario (49.5k persons; 0.6 per cent), with sturdy growth in Manitoba (1.1 per cent) and Saskatchewan (0.9 per cent). In contrast, declines were observed in other provinces. B.C. (7.9k or 0.3 per cent), Alberta (-20.4k or 0.8 per cent) were key drags on headline growth, while Quebec saw no change. Prince Edward island and Newfoundland and Labrador reported larger relative declines but had minor impact on the headline numbers.

Aligning with employment growth, most provinces reported higher unemployment rates outside Ontario, Saskatchewan and Manitoba which nudged lower. In B.C. the rate surged from 5.0 per cent to 5.6 per cent, and nudged higher in Alberta to 7.2 per cent, while moving higher in the Atlantic.

As the first data release after the Bank of Canada rate cut, it is unlikely to have much impact as there is plenty of data to come including inflation readings and another employment report. That said, the slack in the labour market is constructive for another cut, particularly if we see further inflation hold steady given headwinds going forward from the mortgage renewal cycle. Increased wage pressure is of note, although it could reflect composition of jobs, while the pass through to inflation is not clear. Inflation is under control and while service price growth is elevated, much reflects shelter costs.

Canada Labour Force Survey Summary					
	2024M01	2024M02	2024M03	2024M04	2024M05
Employed, m/m	37.3	40.7	-2.2	90.4	26.7
Employed, m/m %	0.2	0.2	0.0	0.4	0.1
Employed, y/y %	1.7	1.8	1.6	1.9	2.0
Unemployment Rate, %	5.7	5.8	6.1	6.1	6.2
Participation Rate, %	65.3	65.3	65.3	65.4	65.4
Employment Rate, %	61.6	61.5	61.4	61.4	61.3
Hourly Wage, y/y %	5.3	5.0	5.1	4.7	5.1
Employed, 3m % ch	0.3	0.4	0.4	0.6	0.6

LFS Employed, m/m ch. by select NAICS industry, persons					
Goods	-23.0	-6.3	29.9	-10.4	-20.7
Resources	-1.5	3.9	3.5	7.7	3.0
Construction	-6.6	10.5	15.3	-11.1	-29.6
Manufacturing	-6.2	-13.9	9.3	3.4	8.1
Services	60.4	46.9	-32.0	100.7	47.4
Trade	31.3	-16.8	-23.1	6.1	-6.3
FIREL	28.1	3.2	11.0	-0.4	28.8
PST	-16.5	17.9	-19.9	25.5	1.3
Accom. and Foodservices	-30.3	26.2	-26.6	24.2	12.9
Public Admin	15.9	8.8	-1.4	-0.1	3.3

Provincial Summary								
	Employment						Unemployment Rate	
	Employed	m/m ch. Persons		m/m % ch.		y/y % ch	Per Cent	
	2024M05	2024M04	2024M05	2024M04	2024M05	2024M05	2024M04	2024M05
British Columbia	2,863.3	23.4	-7.9	0.8	-0.3	2.8	5.0	5.6
Alberta	2,517.1	10.6	-20.4	0.4	-0.8	2.7	7.0	7.2
Saskatchewan	603.6	1.1	5.4	0.2	0.9	2.9	5.7	5.6
Manitoba	711.1	2.9	7.8	0.4	1.1	2.2	5.1	4.9
Ontario	8,045.0	25.0	49.5	0.3	0.6	1.9	6.8	6.7
Quebec	4,532.3	19.2	-2.1	0.4	0.0	0.7	5.1	5.1
New Brunswick	397.4	7.8	-1.3	2.0	-0.3	3.1	7.0	7.5
Nova Scotia	514.6	-0.9	-0.9	-0.2	-0.2	4.3	6.1	6.4
Prince Edward Island	91.5	0.7	-1.1	0.8	-1.2	2.7	6.8	7.1
Newfoundland & Labrador	242.0	0.4	-2.1	0.2	-0.9	3.7	9.1	9.9

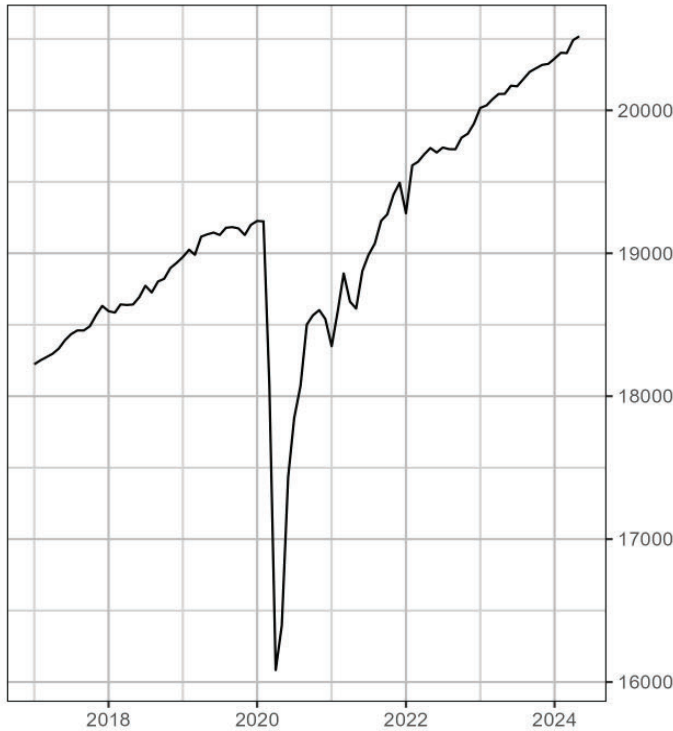
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Canada Labour Market Indicators

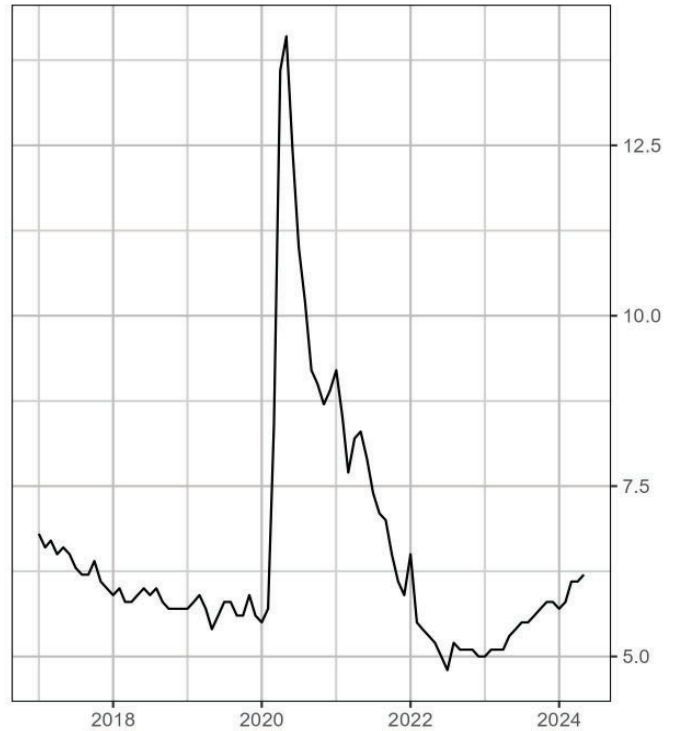
LFS Employment (000s)

Last data point: 2024-05-01



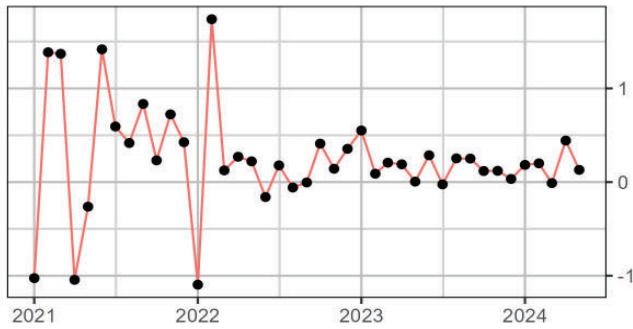
Unemployment rate (%)

Last data point: 2024-05-01



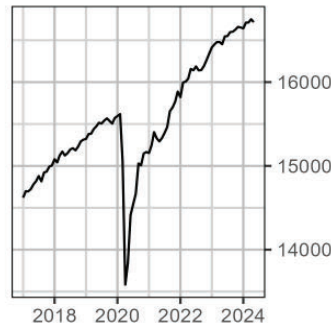
Monthly Employment change (%)

Last data point: 2024-05-01

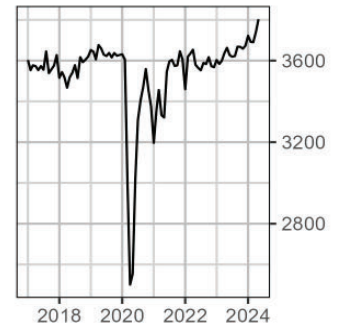


Full-time employment (000s) Part-time employment (000s)

Last data point: 2024-05-01

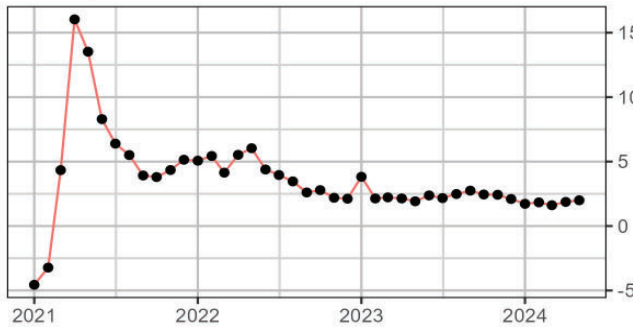


Last data point: 2024-05-01



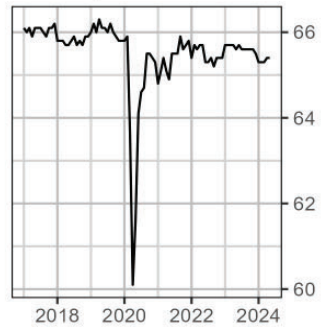
Year-over-Year Employment change (%)

Last data point: 2024-05-01



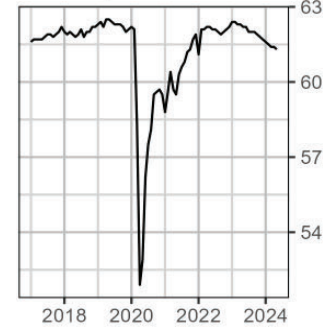
Participation rate (%)

Last data point: 2024-05-01



Employment rate (%)

Last data point: 2024-05-01



Statistics Canada, Central 1