



Canadian labour market moves in reverse on uncertainty

Canada's labour market deteriorated in March in a sign that trade war escalation and uncertainty has caused employers to retreat. Employment fell by 32.6k (0.2 per cent) in March after holding steady in February. This was the first negative print since July (0.1 per cent) and steepest single month decline since January 2022. Employment had increased at a strong pace of expansion during the preceding three months. Canada's unemployment rate nudged up 0.1 pp to 6.7 per cent limited in part by a dip in labour force participation rate. The pull back certainly aligned with slumping business confidence as reported by the Canadian Federation of Independent Business (CFIB) even as direct tariff hits were limited.

March's employment pullback was also concentrated among sectors. Broadly, full-time work retreated by 62k (-0.4 per cent), offset in part by a 29.5k (or 0.8 per cent) increase in part-time work. Surprisingly, hours worked rose during the month by 0.4 per cent but rebounded after a sharper 1.2 per cent decline in February. Job losses were seen in both the private- sector and public- sector, with a bump up in self-employment suggesting a shift in job quality.

On a sector basis, employment declines were driven by a handful of industries. In the goods-producing sector, which fell by 11.7k or (0.3 per cent), agriculture (-9.3k) and manufacturing (-7.1k) led the way. These sectors would be most directly impacted by U.S. tariff threats, alongside China tariffs. Meanwhile, in the services-sectors which slid 20.9k or 0.1 per cent, the biggest drop came in the wholesale/retail trade segment (28.5k of 1.0 per cent) which reversed a large 1.7 per cent gain in February. Information/culture/recreation fell 20.3k or 2.4 per cent as a major contributor. In contrast, growth was seen in transportation/warehousing (+10k), and other private services (+11.6k) were offsets. Obviously, there were quite a few moving parts in March, and not all tariff related. That said, in some areas confidence over future conditions may have played a role in reductions. More cuts are likely to come, including impacts of the shuttering of retail stores like the Bay.

The unemployment rate nudged only slightly higher to 6.7 per cent during the month but would have been higher if not for a dip in the participation rate. The working age population rose at a steady clip of 0.2 per cent, aligning with still modest population growth. That said the labour force participation rate fell to 65.2 per cent, and while volatile is near the lowest points seen since 2021. This tends to be consistent with Statistics Canada's finding that long-term unemployment is on the rise, and an increase in self-employment during the month, high job vacancies, and weaker small business hiring plans as per the CFIB's surveys. Wage growth has also slowed and sat at 3.6 per cent y/y, compared to 3.8 per cent the previous month.

Provincially, employment decline was led in March by Alberta (-0.6 per cent) and Ontario (-0.3 per cent). Employment rose in B.C. (0.2 per cent), Saskatchewan (1.1 per cent), and the Atlantic provinces of Nova Scotia (0.4 per cent), and Newfoundland and Labrador (0.7 per cent). The unemployment rate remains highest in Newfoundland and Labrador at 10 per cent and Ontario at 7.5, followed by Alberta at 7.1 per cent. The lowest was Saskatchewan at 4.9 per cent.

Labour market conditions deteriorated significantly in March even as direct tariff impacts were only starting to hit the economy. This puts the Bank of Canada into a challenging position heading into its April 16 decision. CPI inflation was strong in February and likely March as some tariffs and retaliatory tariffs went live. The latest Liberation Day tariffs on many U.S. trading partners could move to lift import inflation from the U.S. further, but at the same time curb global growth. Inflation also likely softens with removal of the carbon tax. Our current call is for a hold at 2.75 per cent.

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Mar-2025	Canada Labour Force Survey (LFS) Summary							
Indicator	Latest	prior month	m/m person ch	m/m ch.	prior m/m ch	y/y ch.	prior y/y ch.	YTD ch.
	Persons, 000s			Per Cent				
Employed	20,961.9	20,994.5	-32.6	-0.2	0.0	1.7	1.9	1.9
Full-time	17,104.2	17,166.2	-62.0	-0.4	-0.1	1.2	1.6	1.6
Part-time	3,857.8	3,828.3	29.5	0.8	0.5	3.8	3.3	3.0
Labour Force	22,470.7	22,467.2	3.5	0.0	-0.1	2.3	2.6	2.7
Working age population	34,440.0	34,388.2	51.8	0.2	0.1	2.9	3.0	3.0
	Per Cent			Per Cent				
Unemployment Rate	6.7	6.6		0.1	0.0	0.6	0.7	0.7
Employment Rate	60.9	61.1		-0.2	0.0	-0.7	-0.6	-0.7
Participation Rate	65.2	65.3		-0.1	-0.2	-0.4	-0.3	-0.3
Average wage (\$)	36.0	36.1		-0.2	0.4	3.6	3.8	3.6

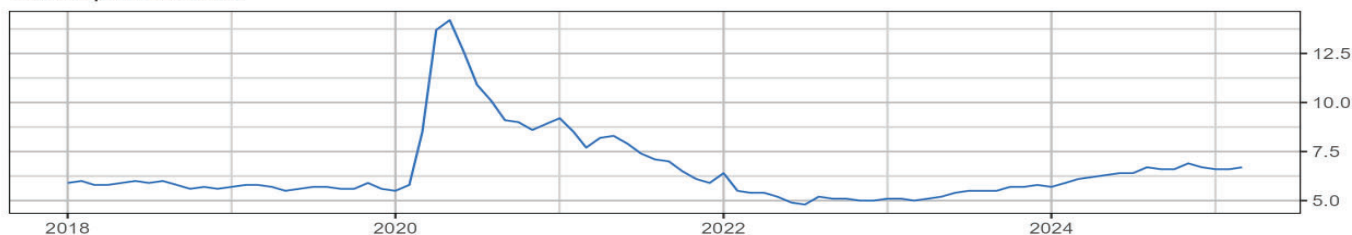
Canada Employment by Industry				
Industry	Employed, 000s	Monthly change	Monthly % change	12- month % change
Total	20,961.9	-32.6	-0.2	1.7
Goods	4,230.5	-11.7	-0.3	0.6
Agriculture	229.3	-9.3	-3.9	0.5
Primary resources	340.8	4.4	1.3	-2.5
Utilities	152.2	4.2	2.8	-4.0
Construction	1,642.4	-3.8	-0.2	1.3
Manufacturing	1,865.9	-7.1	-0.4	0.9
Services	16,731.5	-20.9	-0.1	2.0
Wholesale/Retail Trade	2,968.9	-28.5	-1.0	0.7
Transportation/Warehousing	1,079.0	10.1	0.9	-1.6
Finance/Insurance/RE	1,465.6	6.3	0.4	3.9
Professional/Scientific/Technical Service	1,995.7	9.6	0.5	2.5
Business Support	719.6	-10.3	-1.4	4.2
Education	1,595.7	-3.5	-0.2	2.4
Healthcare/Social Assistance	2,878.2	-0.6	0.0	3.4
Information/Culture/Recreation	835.4	-20.3	-2.4	-0.1
Accommodation/Foodservices	1,178.3	-1.8	-0.2	6.5
Other Private Service	772.9	11.6	1.5	-4.0
Public Administration	1,242.0	6.3	0.5	1.3
Employment by Class				
Private-Sector	13,697.1	-47.8	-0.3	1.3
Public-Sector	4,526.7	-2.8	-0.1	2.1
Self Employed	2,738.1	18.0	0.7	3.0

Labour Market Summary by Province					
Province	Employed, 000s	m/m % change	y/y % change	Unemployment Rate	Participation Rate
CAN	20,961.9	-0.2	1.7	6.7	65.2
BC	2,944.9	0.2	0.9	6.1	65.0
AB	2,550.8	-0.6	2.0	7.1	68.3
SK	613.5	1.1	3.1	4.9	67.1
MB	730.9	-0.2	2.6	6.0	66.5
ON	8,229.8	-0.3	1.7	7.5	65.1
QC	4,627.3	-0.1	1.9	5.7	65.0
NB	401.6	0.0	2.2	7.0	60.1
NS	524.9	0.4	0.2	6.1	61.3
PEI	93.9	0.1	2.4	7.5	66.4
NL	244.3	0.7	-0.6	10.0	57.8

Canada Labour Market Conditions

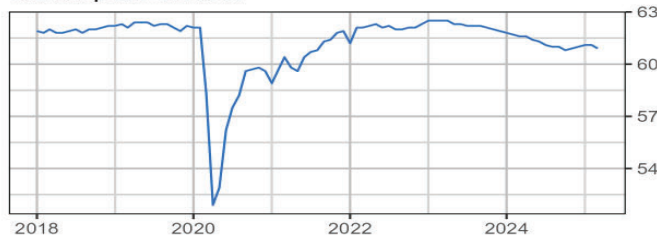
Unemployment Rate (%)

Last data point: 2025-03-01



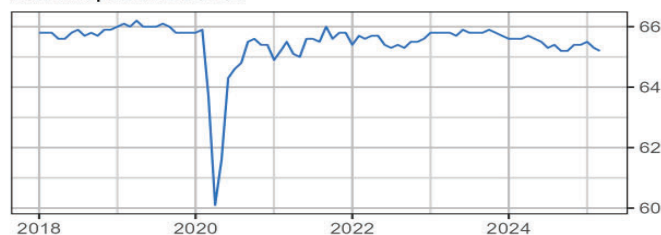
Employment Rate

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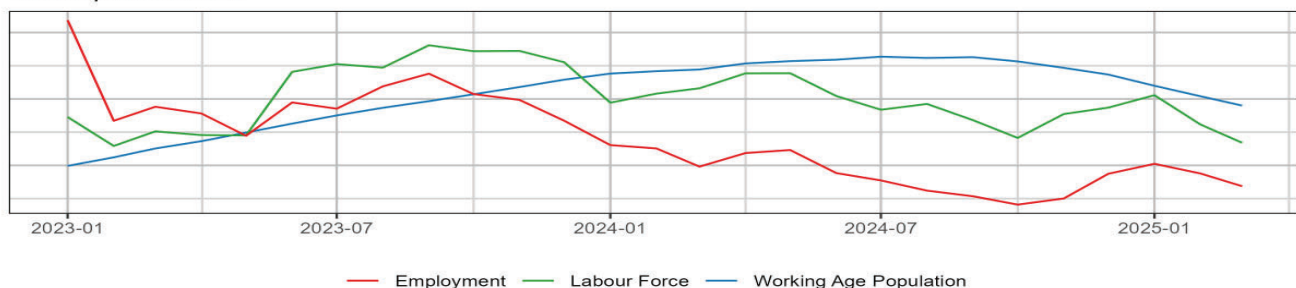
Participation Rate

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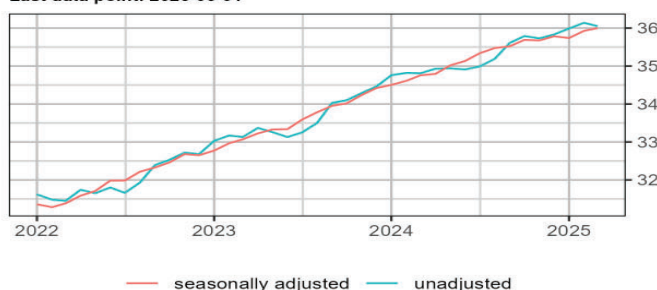
Labour Indicators, 12-month % ch

Last data point: 2025-03-01



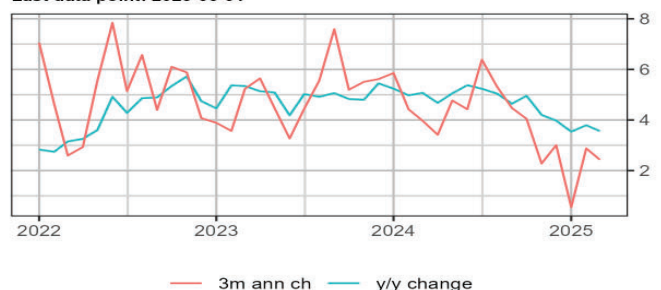
Average hourly wage

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Average hourly wage growth (%)

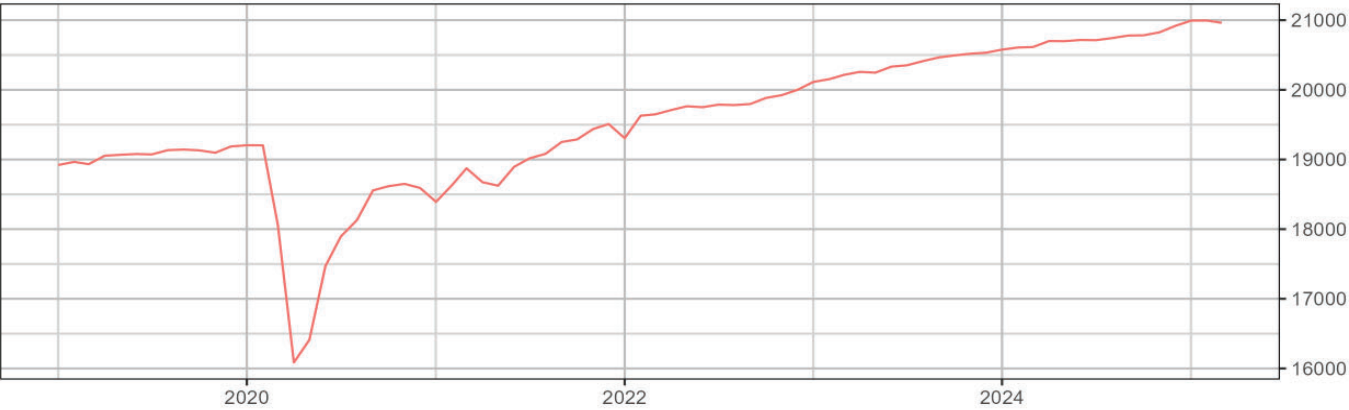
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Canada LFS Employment

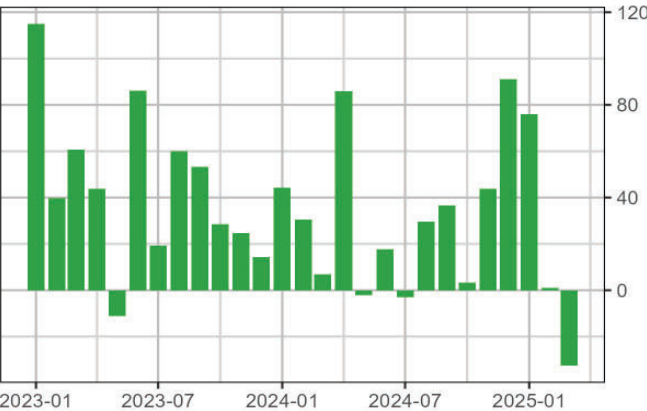
Employment, 000s

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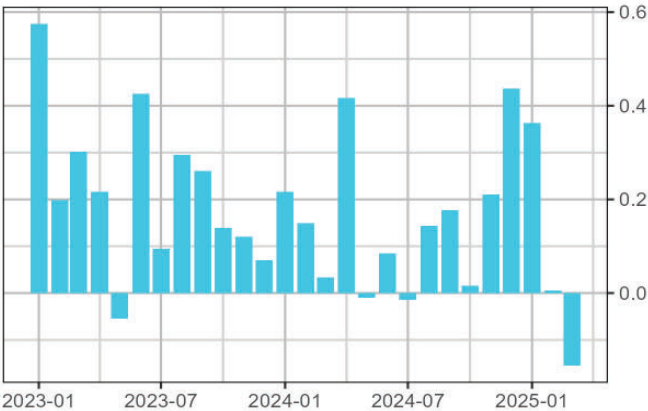
Monthly ch 000s

Last data point: 2025-03-01



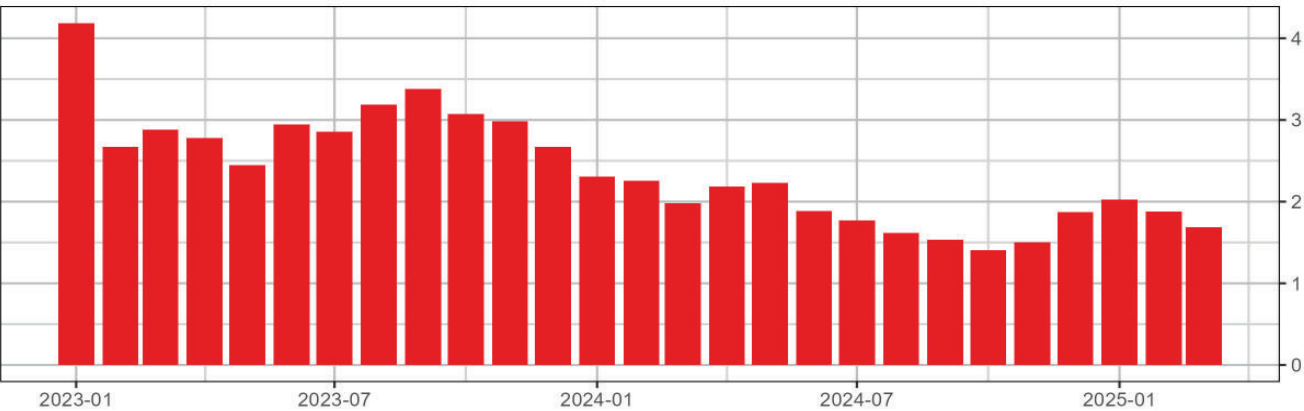
Monthly ch (%)

Last data point: 2025-03-01



12- month ch (%)

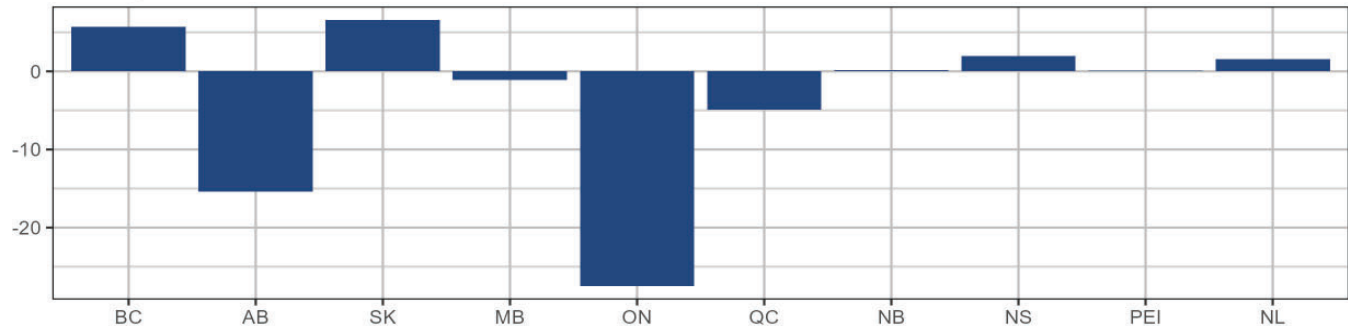
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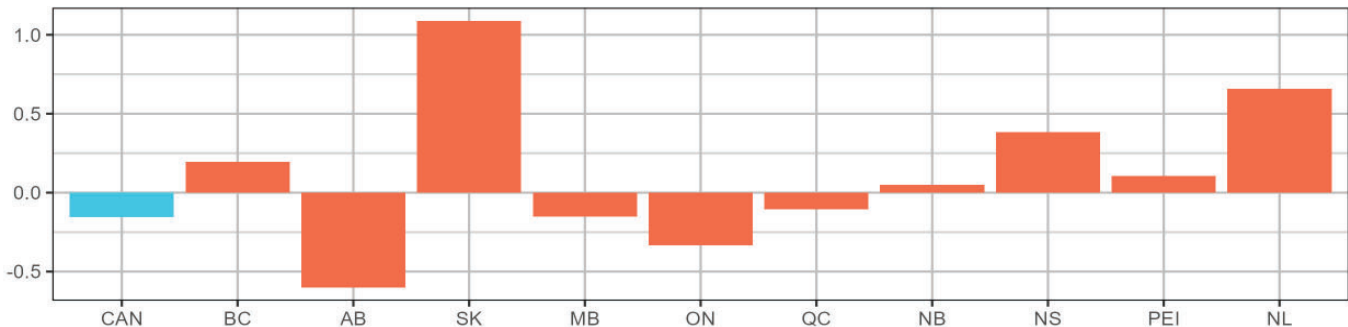
Statistics Canada, Central 1

Provincial Labour Market Highlights

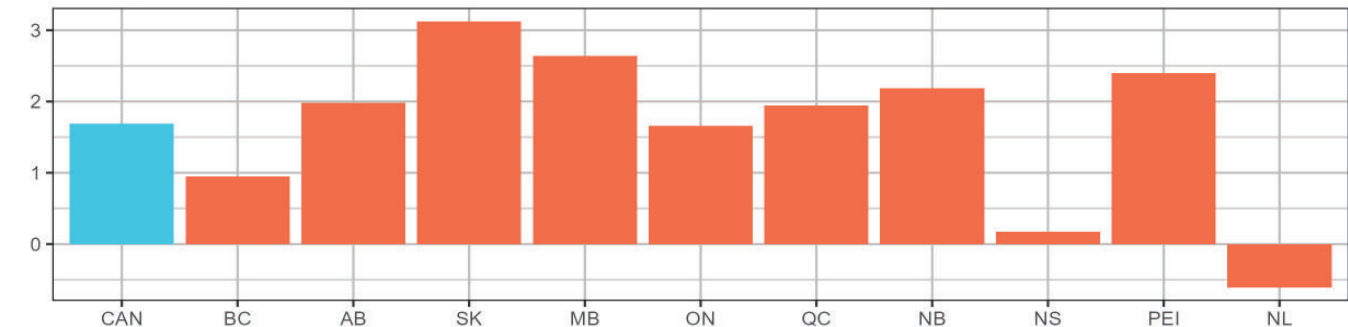
Employment by Province, m/m ch (000s)
Last data point: 2025-03-01



Employment by Province, m/m % ch
Last data point: 2025-03-01



Employment by Province, y/y % ch
Last data point: 2025-03-01



Unemployment Rate by Province, %
Last data point: 2025-03-01

