



Economic Commentary

July 11 2025

Labour market heats up to start the summer

Canada's labour market performance surprised in June, but this time to the upside, as conditions broadly improved, including in tariff-battered sectors. Stabilizing sentiment following a spike in early year uncertainty and ongoing adjustments by firms to diversify trade and be USMCA compliant supported hiring, although labour market conditions remain soft.

LFS employment rose by 83.1k people (0.4 per cent) in June, which was the first notable increase since January, to far outpace the consensus forecast for an 8.8k gain. Monthly growth was the strongest since December and aside from older males (55+), gains were seen across demographic cohorts. Meanwhile the unemployment rate nudged lower for the first time since January, falling 0.1 per cent to 6.9 per cent.

June's hiring increase was broad-based. Part-time work (up 69.5k persons of 1.8 per cent) led the increase, which takes off some of the shine, but full-time tenure roles also recorded a mild uptick (13.5k or 0.1 per cent). Total hours worked jumped 0.5 per cent m/m, suggesting real economic expansion during the month. Alberta and Manitoba led growth at 1.2 per cent, followed by Quebec (0.5 per cent). Employment fell in the Atlantic region.

Outside agriculture (-6k or 2.6 per cent), most sectors reported notable employment gains. Manufacturing employment rose 10.5k or 0.6 per cent after four consecutive declines and reversed most of May's decline. That said, employment in the sector is still 44k below January's peak as employers shed jobs due to the deteriorating trade environment. Construction was the other goods sector to post a gain (7.6k or 0.5 per cent).

Services-producing sector employment was broadly higher in June, pointing to resilience. Retail and wholesale trade surged 33.6k or 1.1 per cent during the month, suggesting consumer demand is still humming in the economy despite ongoing uncertainty. Meanwhile, there were increases of 0.6-0.7 per cent in a wide range of sectors including healthcare/social assistance, professional/technical services, and accommodations/food services. Transportation and warehousing fell 3.4k or 0.3 per cent.

While the country recorded a big hiring gain, labour market conditions remained soft. The unemployment rate nudged lower to 6.9 per cent in June but remains at the highest levels since 2021 and compares to the 5.5 per cent observed prior to the pandemic. Slower population growth has limited some growth in the jobless rate. Challenges in finding employment, particularly for younger workers, contributed to slowing wage growth, which slipped to 3.2 per cent y/y, from 3.4 per cent. The unemployment rate is highest in Ontario (7.8 per cent) and the Atlantic, with the lowest rates in Saskatchewan and Manitoba.

The June labour report was certainly an encouraging sign that the economy and businesses have remained resilient amidst early-year trade uncertainty. While monthly data is volatile and more is needed to confirm whether this is a trend, stronger hiring and the lower unemployment rate reduces the likelihood of a Bank of Canada rate cut on July 30.

There is CPI inflation data still to come before the decision which could still move the needle, and the Bank will also need to assess the risk from the evolving trade environment, including the latest Trump threat of a 35 per cent tariff on Canada for August 1 (one of many threats to its trading partners) that could further dampen business sentiment and exports.

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Jun-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	21,061.2	20,978.1	83.1	0.4	0.0	1.7	1.4	1.6
Full-time	17,206.9	17,193.4	13.5	0.1	0.3	1.7	1.7	1.5
Part-time	3,854.3	3,784.8	69.5	1.8	-1.3	1.5	-0.1	2.1
Labour Force	22,613.7	22,552.7	61.0	0.3	0.2	2.1	2.1	2.4
Working age population	34,577.2	34,530.6	46.6	0.1	0.1	2.3	2.5	2.8
	Per Cent			Per Cent				
Unemployment Rate	6.9	7.0		-0.1	0.1	0.5	0.7	0.7
Employment Rate	60.9	60.8		0.1	0.0	-0.4	-0.6	-0.6
Participation Rate	65.4	65.3		0.1	0.0	-0.1	-0.3	-0.3
Average wage (\$)	36.0	36.1		-0.4	0.0	3.2	3.4	3.5

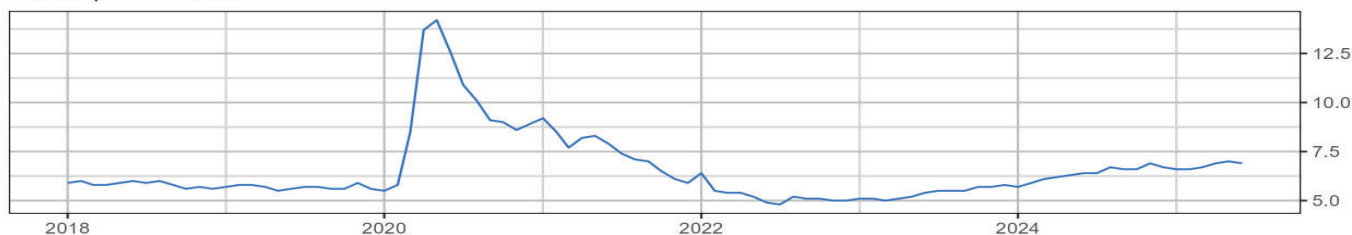
Canada Employment by Industry				
Industry	Employed, 000s	Monthly change	Monthly % change	12- month % change
Total	21,061.2	83.1	0.4	1.7
Goods	4,194.6	10.1	0.2	0.1
Agriculture	223.7	-6.0	-2.6	-5.3
Primary resources	337.2	-0.4	-0.1	-6.1
Utilities	159.3	-1.7	-1.1	7.5
Construction	1,640.8	7.6	0.5	3.5
Manufacturing	1,833.6	10.5	0.6	-1.4
Services	16,866.7	73.1	0.4	2.1
Wholesale/Retail Trade	3,018.5	33.6	1.1	2.9
Transportation/Warehousing	1,068.3	-3.4	-0.3	-0.8
Finance/Insurance/RE	1,506.5	4.8	0.3	5.0
Professional/Scientific/Technical Service	2,023.7	11.9	0.6	3.2
Business Support	691.8	1.2	0.2	-2.6
Education	1,609.2	2.0	0.1	3.3
Healthcare/Social Assistance	2,897.4	16.7	0.6	2.8
Information/Culture/Recreation	873.1	5.8	0.7	5.0
Accommodation/Foodservices	1,161.5	8.1	0.7	0.2
Other Private Service	769.0	-8.5	-1.1	-6.3
Public Administration	1,247.7	0.8	0.1	2.2
Employment by Class				
Private-Sector	13,777.5	46.6	0.3	1.3
Public-Sector	4,551.7	23.4	0.5	2.5
Self Employed	2,732.0	13.1	0.5	2.2

Labour Market Summary by Province					
Province	Employed, 000s	m/m % change	y/y % change	Unemployment Rate	Participation Rate
CAN	21,061.2	0.4	1.7	6.9	65.4
BC	2,968.9	0.2	1.6	5.6	65.0
AB	2,594.1	1.2	3.3	6.8	68.7
SK	619.9	0.5	3.0	4.9	67.5
MB	739.3	1.2	1.8	5.5	66.6
ON	8,219.8	0.3	0.8	7.8	65.0
QC	4,652.0	0.5	2.5	6.3	65.4
NB	406.8	-0.3	1.2	7.3	60.9
NS	523.6	-0.6	0.8	6.7	61.5
PEI	91.8	0.2	-0.3	8.6	65.2
NL	245.0	-1.4	-0.6	9.9	57.7

Canada Labour Market Conditions

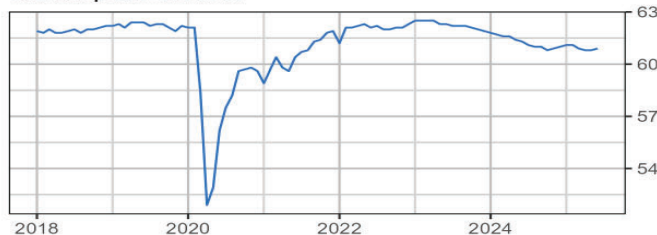
Unemployment Rate (%)

Last data point: 2025-06-01



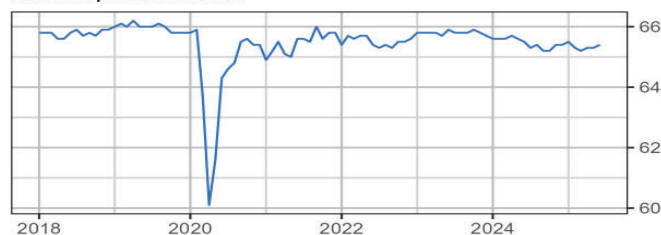
Employment Rate

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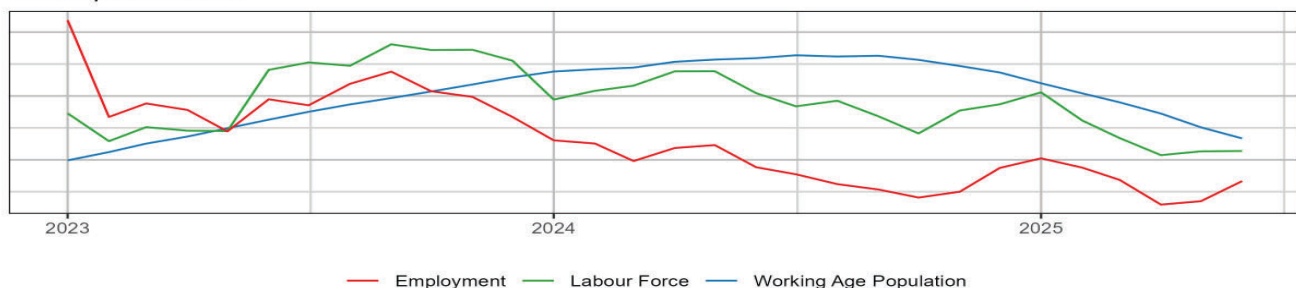
Participation Rate

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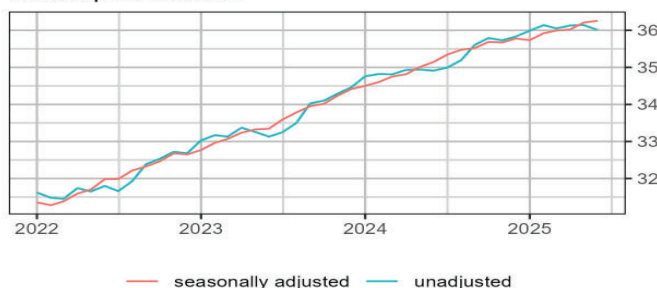
Labour Indicators, 12-month % ch

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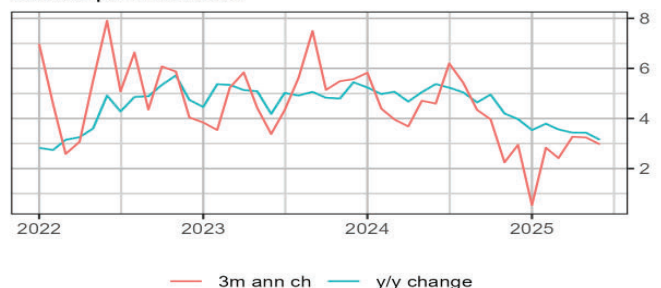
Average hourly wage

Last data point: 2025-06-01



Average hourly wage growth (%)

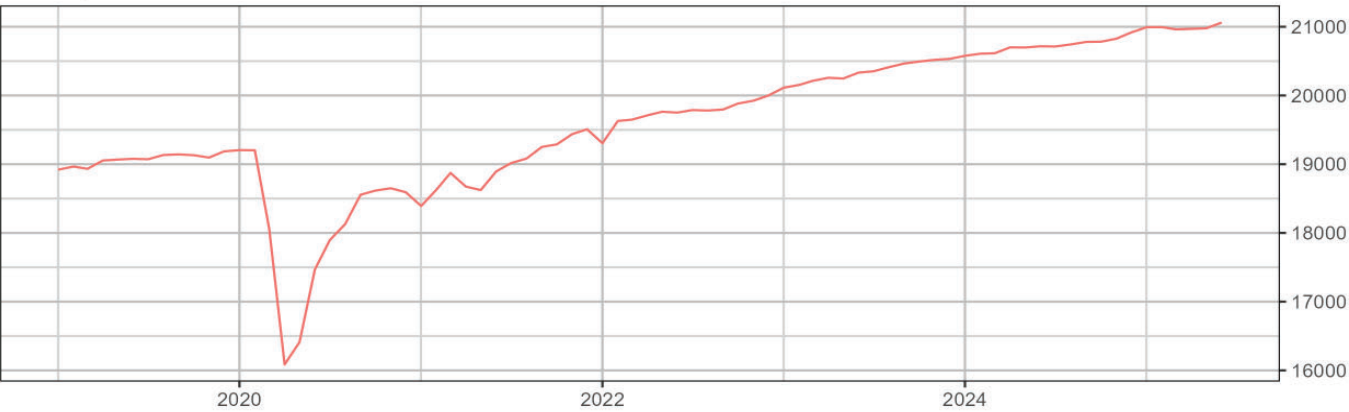
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Canada LFS Employment

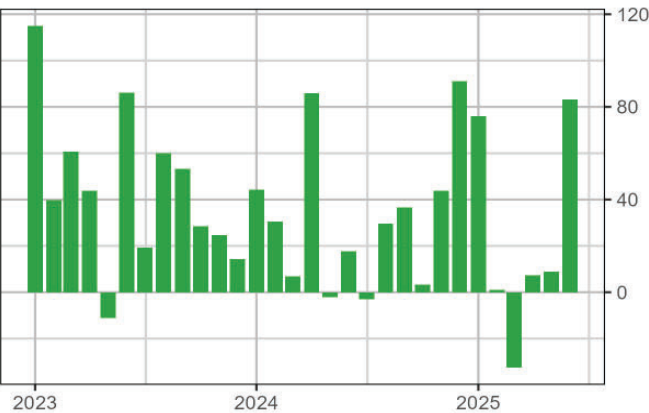
Employment, 000s

Last data point: 2025-06-01



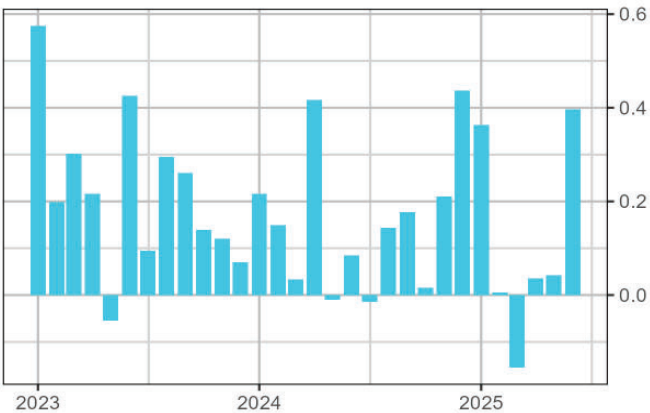
Monthly ch 000s

Last data point: 2025-06-01



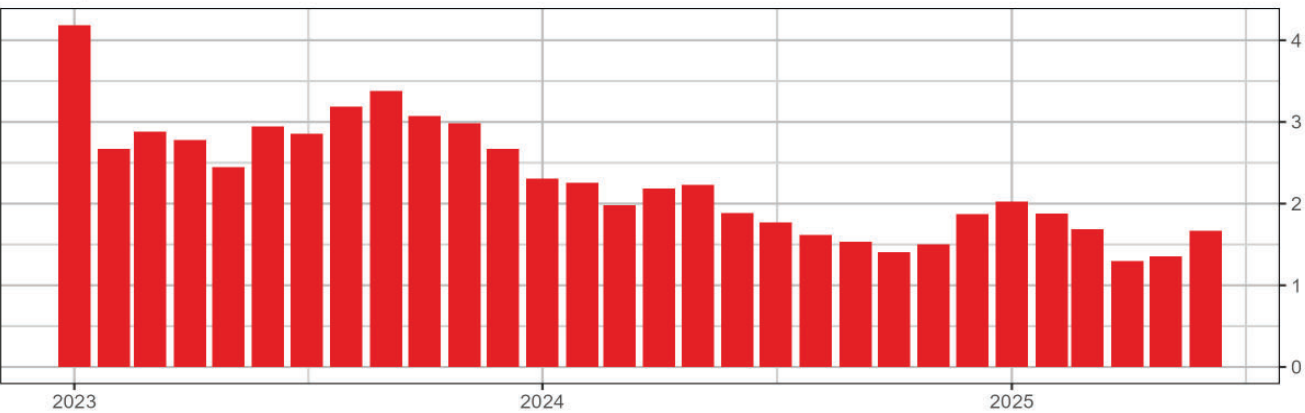
Monthly ch (%)

Last data point: 2025-06-01



12- month ch (%)

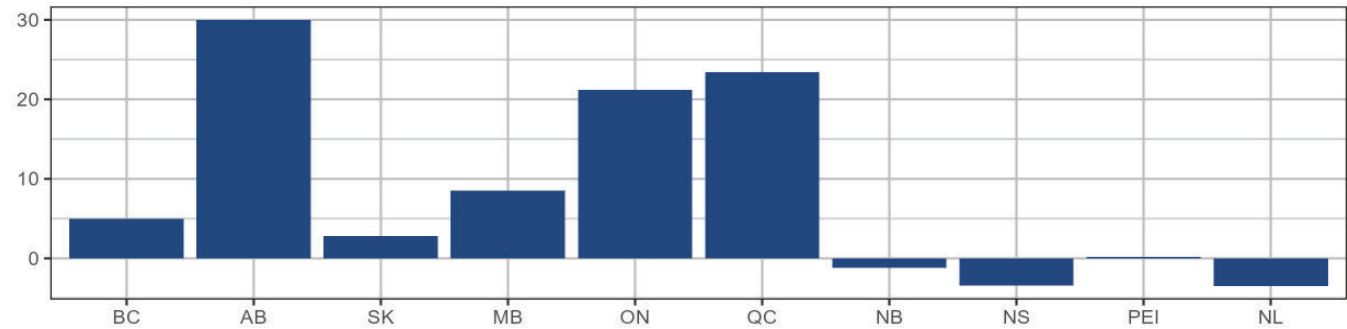
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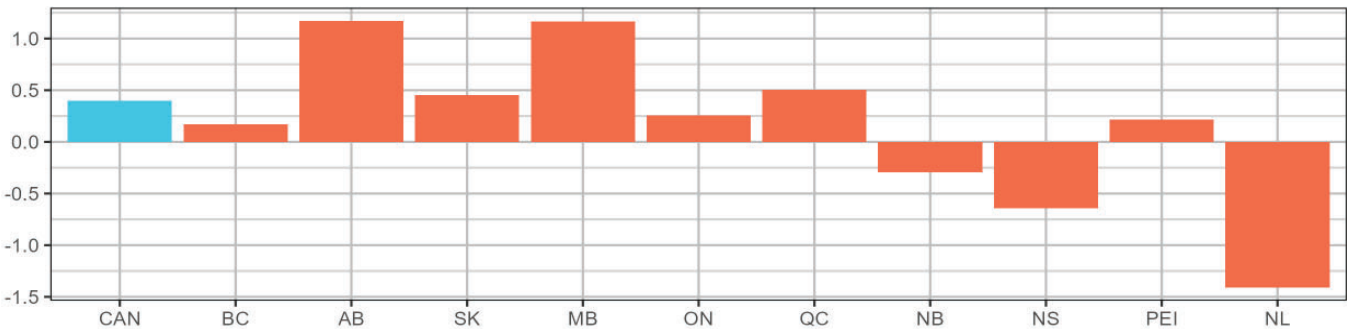
Statistics Canada, Central 1

Provincial Labour Market Highlights

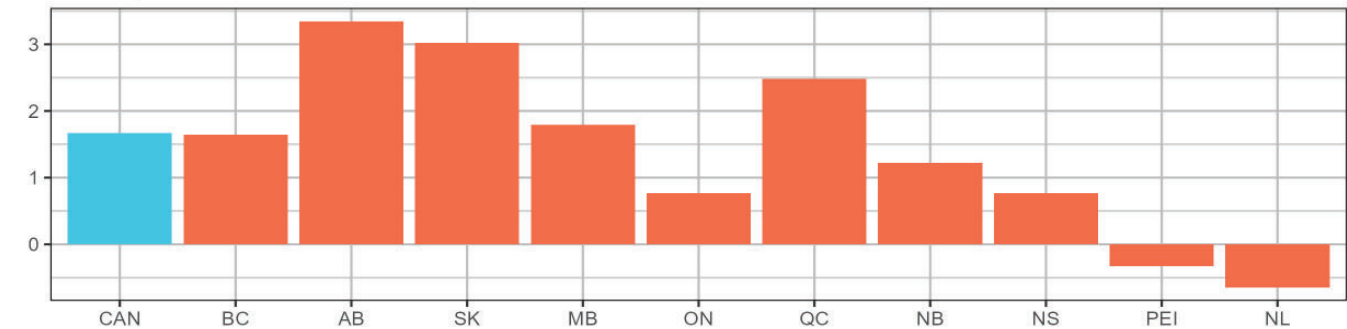
Employment by Province, m/m ch (000s)
Last data point: 2025-06-01



Employment by Province, m/m % ch
Last data point: 2025-06-01



Employment by Province, y/y % ch
Last data point: 2025-06-01



Unemployment Rate by Province, %
Last data point: 2025-06-01

