



Dismal start for Canada's labour market

Canada's labour market had a dismal start to 2026, pointing to a deterioration in economic conditions. LFS employment plunged by 83.9k people (0.4 per cent) in February to push the two-month loss to 109k. Year-over-year, employment growth decelerated to a negligible 0.2 per cent. With that, the unemployment rate ticked up by 0.2 points to 6.7 per cent despite a nudge lower in the labour force participation.

February's employment drop was the largest single month decline since January 2022 during pandemic-era volatility, with the most comparable recent decline seen in October, when 61.7k jobs were shed. If we look prior to the pandemic, this marked the worst single-month loss outside the financial crisis period since 2000. Unlike January's drop that was driven by Ontario, employment contracted across the country in February. Eight of ten provinces reported losses, with the deepest declines observed in Quebec (-1.2 per cent), Saskatchewan (-0.9 per cent), and British Columbia (-0.7 per cent). Ontario held roughly steady. Statistics Canada noted a sharp drop in youth employment which fell 46.9k (1.7 per cent).

Employment declines owed to a drop in full-time work (-108.4k) as some workers shifted to part-time hours, pointing to deterioration in job quality. Both private- (-0.5 per cent) and public-sector (-0.4 per cent) shared in February's job loss. Among industries, employment in the goods- sector declined by 27.9k or 0.7 per cent, with sharp declines in construction (-11.8k or 0.7 per cent), and construction (-9.2k or 0.5 per cent). The latter signals ongoing impacts of trade-related weakness. Services-sector employment contracted by an aggregate 56.2k people, with deep declines coming in wholesale/retail trade (-17.9k or 0.6 per cent), alongside information/culture/recreation (-12k or 1.4 per cent).

The broad-based employment decline across most regions and industries pushed the jobless rate up to 6.7 per cent from 6.5 per cent in January and 6.6 per cent a year ago. The increase was slightly cushioned by a slight drop in the labour force participation rate to 64.9 per cent, while the size of the working age population was essentially flat owing to federal migration caps. Among provinces, pronounced increases in unemployment rates were seen in Quebec, which jumped from 5.2 per cent to 5.9 per cent, Ontario from 7.3 to 7.6 per cent, and Saskatchewan from 5.3 to 5.6 per cent. The only notable decline was Prince Edward Island from 7.6 to 7.2 per cent. The lowest unemployment rate in the country is in Saskatchewan, with a high of 9.2 per cent in Newfoundland and Labrador. Wage growth surprisingly accelerated on a year-over-year basis to 3.9 per cent and has shown some upward momentum in recent months. This may point to compositional effects in the labour market or labour supply induced growth.

The takeaway from February remains a poor start to the year for the economy, with nearly no good news on the labour market front. Employment has retreated to the lowest level since September. While this report may nudge market sentiment towards a rate cut or at least an extended hold, it will likely take a back seat to the war in the Middle East and volatility in global energy markets. Higher oil prices remain an upside risk inflation at the current time, which will likely keep the Bank from pivot towards an easing bias in the near term.

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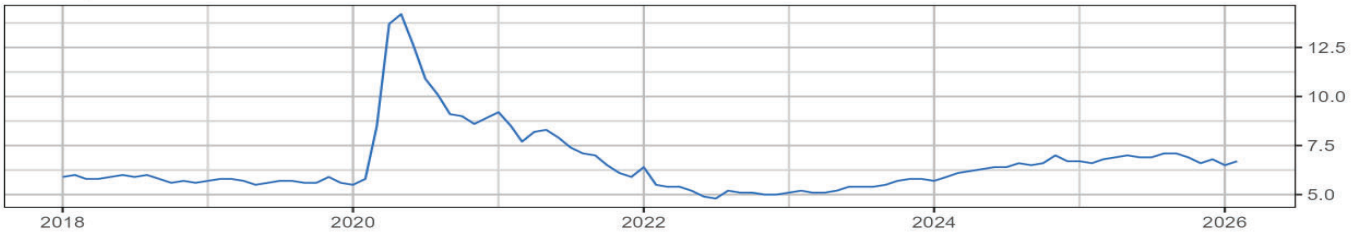
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Labour Market Summary by Province					
Province	Employed, 000s	m/m % change	y/y % change	Unemployment Rate	Participation Rate
CAN	21,037.3	-0.4	0.2	6.7	64.9
BC	2,927.4	-0.7	-0.4	6.1	64.4
AB	2,649.2	-0.1	3.3	6.3	68.7
SK	618.1	-0.9	1.5	5.6	67.1
MB	740.1	-0.5	1.0	5.7	66.3
ON	8,211.3	0.0	-0.4	7.6	64.6
QC	4,612.4	-1.2	-0.4	5.9	64.5
NB	409.3	-0.1	1.9	7.0	60.7
NS	524.1	-0.1	0.4	7.1	61.3
PEI	96.2	0.7	2.8	7.2	66.6
NL	249.4	0.8	2.6	9.2	58.1

Canada Labour Market Conditions

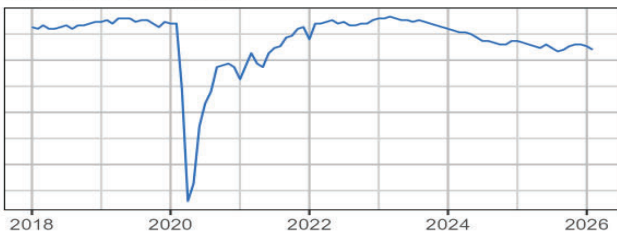
Unemployment Rate (%)

Last data point: 2026-02-01



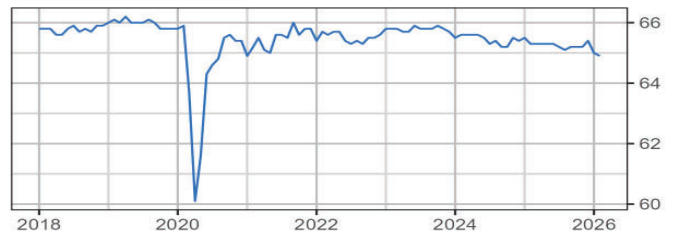
Employment Rate

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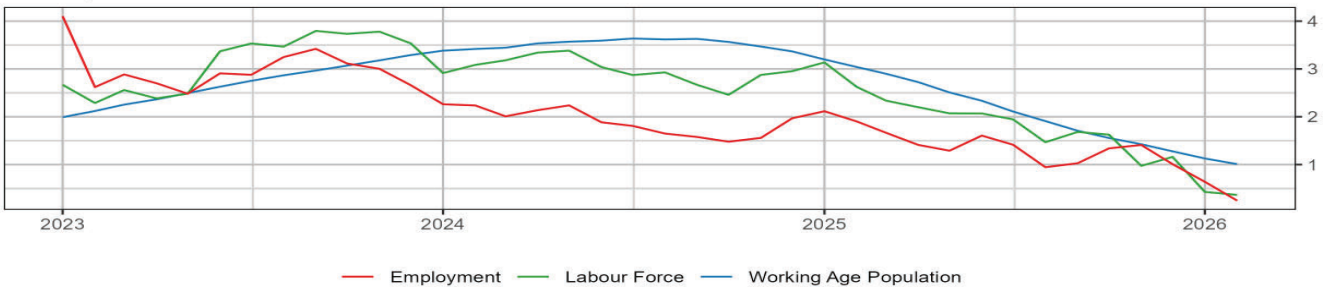
Participation Rate

Last data point: 2026-02-01



Labour Indicators, 12-month % ch

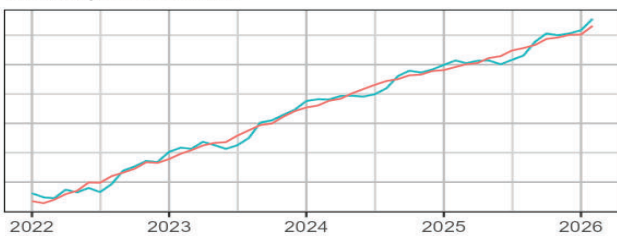
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— Employment — Labour Force — Working Age Population

Average hourly wage

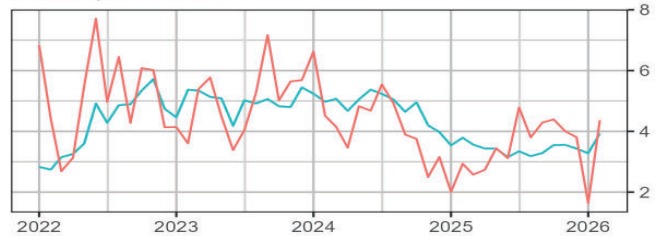
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— seasonally adjusted — unadjusted

Average hourly wage growth (%)

Last data point: 2026-02-01

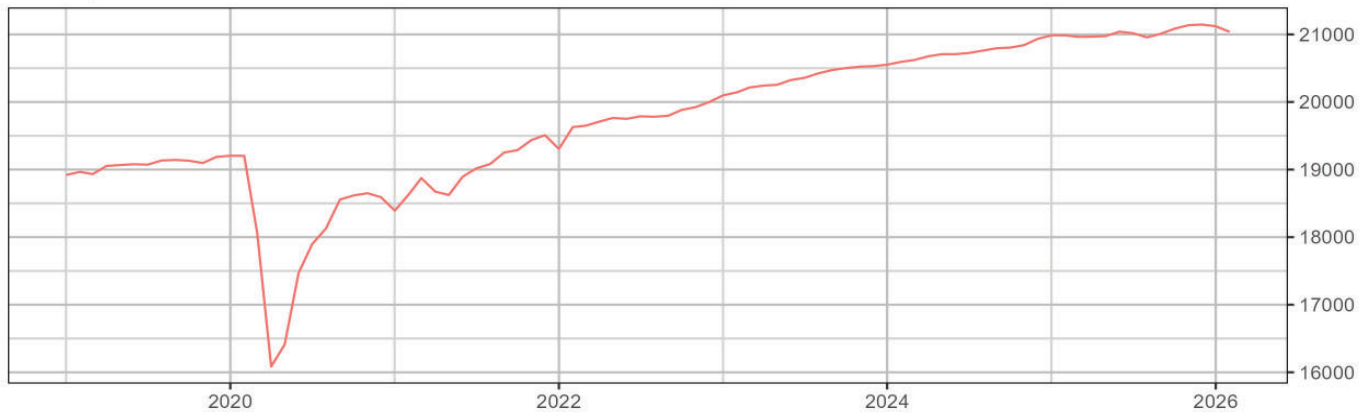


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Canada LFS Employment

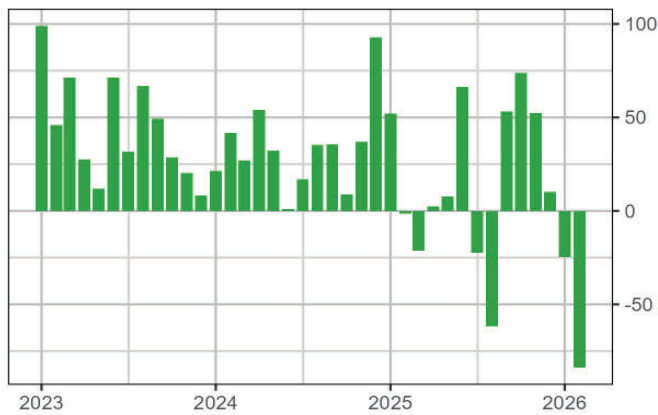
Employment, 000s

Last data point: 2026-02-01



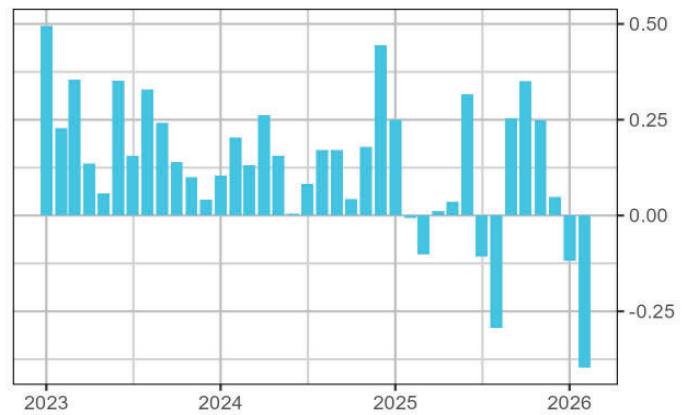
Monthly ch 000s

Last data point: 2026-02-01



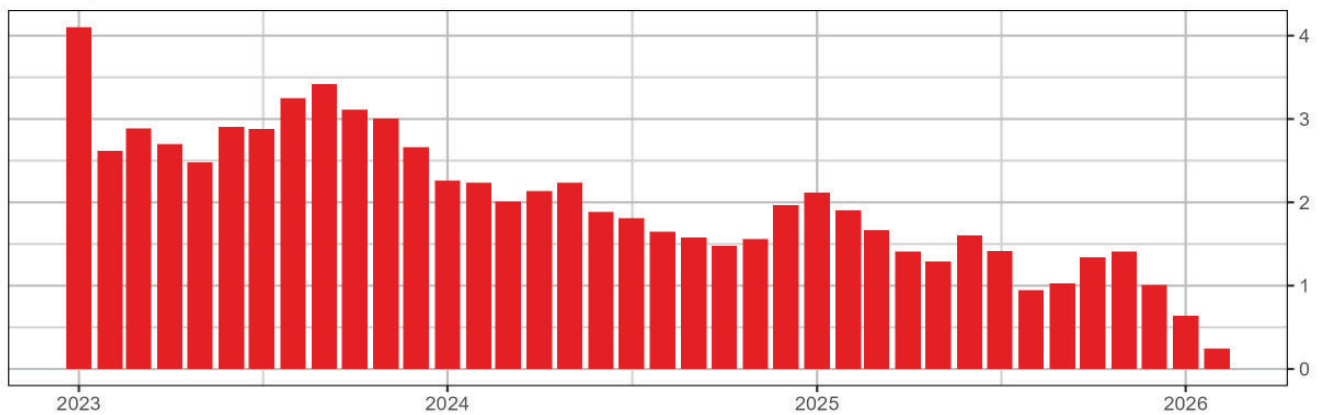
Monthly ch (%)

Last data point: 2026-02-01



12-month ch (%)

Last data point: 2026-02-01

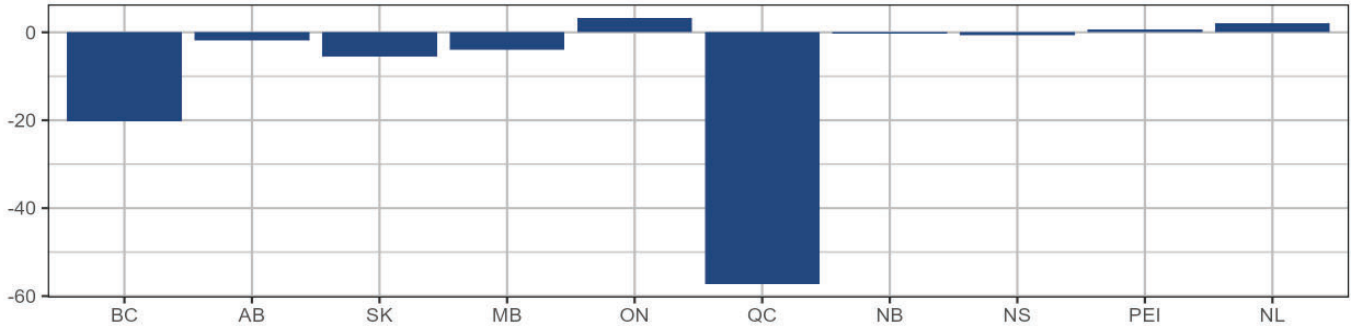


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Provincial Labour Market Highlights

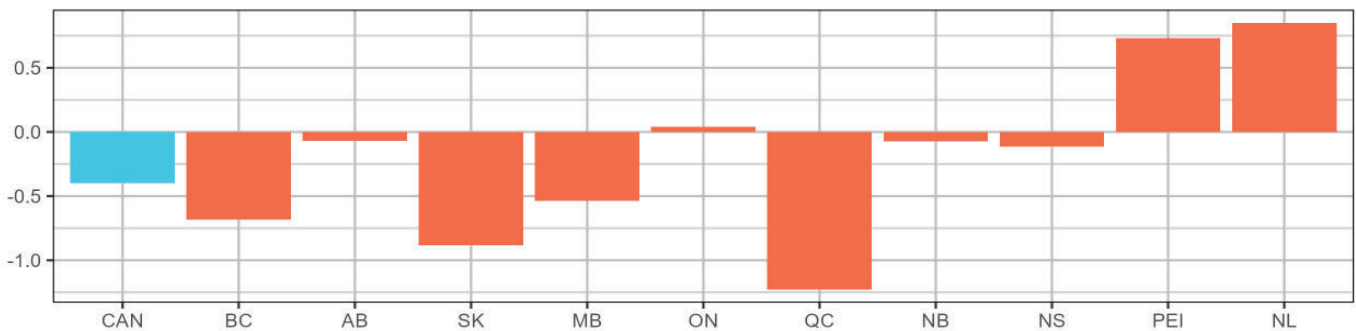
Employment by Province, m/m ch (000s)

Last data point: 2026-02-01



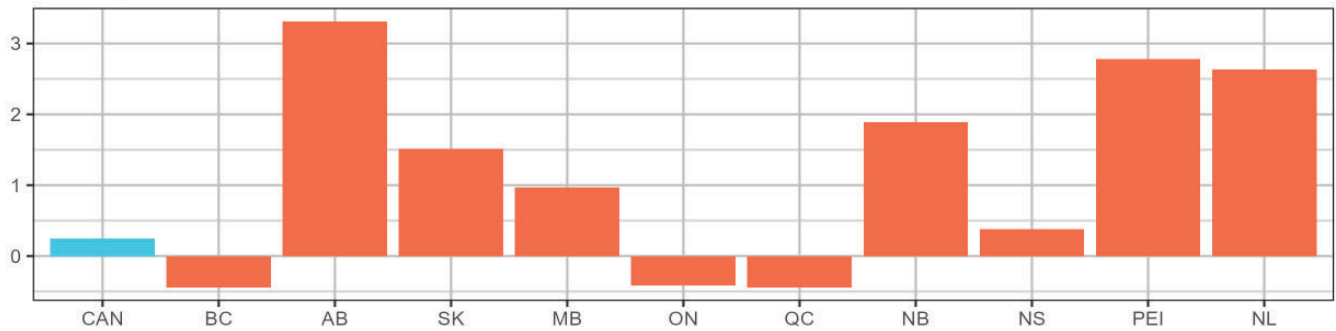
Employment by Province, m/m % ch

Last data point: 2026-02-01



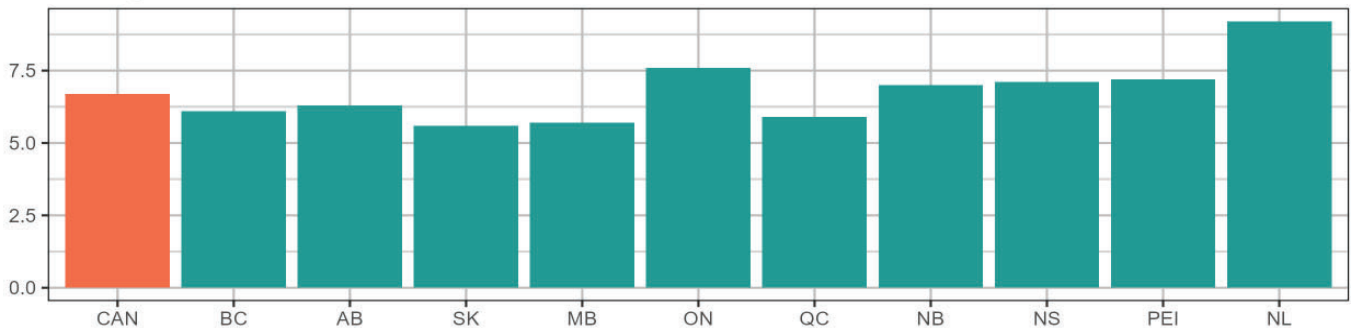
Employment by Province, y/y % ch

Last data point: 2026-02-01



Unemployment Rate by Province, %

Last data point: 2026-02-01



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