

Economics

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## Canadian employment (Mar): A very partial rebound

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Labour force survey (monthly change, thousands, unless otherwise noted)	Nov	Dec	Jan	Feb	Mar
Employment	52.3	10.1	-24.8	-83.9	14.1
• Full-time	-4.9	51.4	44.9	-108.4	-1.1
• Part-time	57.2	-41.3	-69.7	24.5	15.2
• Paid workers	64.5	4.0	-38.7	-89.7	20.0
• Private	47.9	4.1	-52.0	-72.6	15.4
• Public	16.6	-0.1	13.3	-17.1	4.6
• Self-employed	-12.2	6.2	14.0	5.6	-5.8
Participation rate (%)	65.2	65.4	65.0	64.9	64.9
Unemployment rate (%)	6.6	6.8	6.5	6.7	6.7
Avg. hourly earnings, perm. workers (y/y %)	4.0%	3.7%	3.3%	4.2%	5.1%
Actual hours worked by industry (m/m %)	0.3%	-0.2%	0.6%	-1.1%	0.2%

Source: Statistics Canada

- Canadian employment increased in March, but the 14K gain represented only a very partial rebound following cumulative declines of more than 100K in the prior two months. Although wage growth accelerated on the month, general softness in most other labour market data suggests that wages will likely ease again in the months ahead. We still think that slack in the economy will limit the ability of the current oil price shock to spread widely into other areas of inflation, enabling the Bank of Canada to keep interest rates on hold at current levels throughout this year.
- The headline increase in employment was almost exactly in line with the consensus forecast (+15K). Moreover, it almost exactly matched the increase in population (+11K) and labour force (+15K) during the month with the participation rate holding stable. Because of that the unemployment rate also held firm at 6.7%. The prime aged (25-54) unemployment rate ticked up slightly, with that move offset by a modest decline in youth unemployment. However, at 13.8% the youth unemployment rate remains elevated and not far below the recent peak of 14.6% seen last year.
- By sector, professional services and natural resources, alongside "other" services, led the increases, with those gains partly offset by declines in sectors such as finance and food & accommodation. Overall job growth was driven by part time positions, with full time work unable to recoup any of the ground lost in the prior month. Private sector paid employment rose by 15K, although like the headline figure that only partly offset the cumulative decline seen in the prior two months. Aggregate hours worked increased by 0.2% in March, potentially held back from achieving a stronger rebound by the leaning of job growth to part-time work.
- On a provincial basis, BC saw a further decline in employment with the jobless rate there rising to its highest since the pandemic year of 2021. Manitoba and Saskatchewan posted job gains, with the unemployment rate in the later falling to represent the lowest among Canadian provinces.
- Despite general softness in most labour market indicators recently, hourly wage growth for permanent employees accelerated sharply, to 5.1%, although that partly reflected base effects from a year ago and the year-over-year rate should ease again in the months ahead.

## Implications & actions

**Re: Economic forecast** — The Canadian labour market appears to be in a holding pattern, with the underlying trend in employment not strong enough to bring the jobless rate down further. Given continued uncertainty over US trade and with energy prices adding to company costs, hiring is likely to remain cautious in the near term and we forecast only a very marginal improvement in the unemployment rate before year-end, before hopefully seeing greater progress in 2027. A continued elevated unemployment rate should see wage inflation decelerate again ahead, and should also limit the possibility that the current energy price spike turns into a broader inflationary problem.

**Re: Markets** — Bond yields were slightly lower following the release, although that move may have been driven more by a softer than anticipated US core CPI print and oil price fluctuations, rather than the Canadian data itself.

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