

Economics

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## Canadian employment (Apr): A year to forget so far

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Labour force survey (monthly change, thousands, unless otherwise noted)	Dec	Jan	Feb	Mar	Apr
Employment	10.1	-24.8	-83.9	14.1	-17.7
• Full-time	51.4	44.9	-108.4	-1.1	-46.7
• Part-time	-41.3	-69.7	24.5	15.2	29.0
• Paid workers	4.0	-38.7	-89.7	20.0	-12.1
• Private	4.1	-52.0	-72.6	15.4	-2.6
• Public	-0.1	13.3	-17.1	4.6	-9.5
• Self-employed	6.2	14.0	5.6	-5.8	-5.7
Participation rate (%)	65.4	65.0	64.9	64.9	65.0
Unemployment rate (%)	6.8	6.5	6.7	6.7	6.9
Avg. hourly earnings, perm. workers (y/y %)	3.7%	3.3%	4.2%	5.1%	4.8%
Actual hours worked by industry (m/m %)	-0.2%	0.6%	-1.1%	0.2%	0.0%

Source: Statistics Canada

- So far, 2026 is a year to forget for the Canadian labour market. The third monthly decline in employment within the first four months of the year, combined with a slight uptick in participation, saw the unemployment rate rise to a six-month high of 6.9% in April. Evidence that slack within the labour market is, if anything, increasing rather than reducing, should limit the ability for the oil price shock to spread into wider inflationary pressure, and we continue to see the Bank of Canada holding interest rates at their current level through to the end of the year.
- The -18K decline in jobs came against consensus expectations for a 10K increase, and so far this year employment has fallen by a cumulative 112K within this survey. By sector, information, culture & recreation saw the largest decline in employment on the month, and by class of worker the reduction was driven wholly by full-time (-47K) and by public sector paid employment (-10K). Manufacturing employment was little-changed in April, confirming that weakness so far this year has broadened beyond the most trade-sensitive areas of the economy.
- The unemployment rate increased most for young people aged 15-24, but also continued to drift higher for core aged (25-54) workers. However, for prime-aged workers that increase was driven by more people looking for work, as employment within this group was little changed. For the workforce as a whole, the 9K increase in base population was in-line with the recent slower trend, while the uptick in participation meant that the labour force expanded by 33K. Combined with the decline in employment, the unemployment rate increased by two ticks to 6.9%, which is its highest rate since last October.
- Wage growth for permanent employees decelerated slightly to 4.8% y/y, from 5.1% in the prior month, but remained higher than its 2025 average. Statistics Canada noted that higher wage inflation so far this year has largely been due to compositional factors, including a smaller proportion of workers with shorter job tenures. Aggregate hours worked were unchanged on the month, but down 0.5% on a year-over-year basis.
- By province, Quebec saw the largest reduction in employment during April (-43K), with that province also accounting for most of the aggregate decline in jobs seen so far this year (Quebec -91K vs Canada -112K). At 6.2%, the

unemployment rate in Quebec is back in line with its 2025 peak. In contrast, employment rose by 42K in Ontario, and the jobless rate ticked down slightly.

## Implications & actions

**Re: Economic forecast** — Continued trade uncertainty and increased energy costs are likely making companies very wary of adding to their workforce. Those worries are unlikely to ease in the near-term, and as a result we see the unemployment rate holding near current levels throughout much of the year. With ample slack in the labour market, it's less likely that core measures of inflation will accelerate much in the months ahead, and as a result we don't think that the Bank of Canada will need to respond to the current oil price shock by raising interest rates. We continue to forecast no change in interest rates throughout 2026.

**Re: Markets** — Bond yields fell on the weak labour market print, as investors reduced bets on Bank of Canada interest rate hikes before the end of the year.

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