

Cdn. Employment Report — Apr.

More Cdn Employment Intrigue

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And you thought this year's NHL playoffs were intriguing... **Canadian employment surged by 106,500 in April, the biggest monthly increase in 43 years.** The details of the report were almost unanimously strong as well, with **private-sector (+84k)** and **full-time (+73k)** jobs doing the lifting. Additionally, the **participation rate** rose by two ticks, yet the **jobless rate** still managed to decline a tick, to 5.7%, leaving it a notch above the cycle low. **Wage growth** also edged up to 2.5% y/y in the month.

All in, it's no surprise then that our **grading system gives this report an 84.9** rating out of 100 (where 50 is neutral), which is pretty much as strong as it gets (only once have we seen anything better). Note that the year-to-date average rating is now just under 64, which represents very solid job-market conditions when you look beyond the swinging headline gains and losses.

Adding a little more intrigue, year-over-year job growth in the Labour Force Survey is now running at 2.3%, up from just 1% y/y in December. The payroll survey (often viewed as more reliable, but less timely), however, has been steadily showing growth in the 2%-to-2.5% range well back to mid-2017. So...this could very be a case where the LFS is playing catch-up—and a lot of it in one month.

Some more details...

By industry... Probably most notable (and even explainable) is a 29k surge in **construction** employment, which follows declines in each of the past four months. We've noted often that the nastier-than-normal weather was putting downward pressure on a number of indicators early in the year, and this is a prime example. Elsewhere, trade added 32k, while only 4 of 16 sectors saw declines.

By region... **Ontario and Quebec** saw massive gains of 47k and 38k, respectively in April, though both were just shy of records. Gains were pretty broad based across sectors in these provinces. Notably, **Quebec's jobless rate fell below 5% for the first time on record**, and has now gapped below that in Ontario (up a tick to 6.0%) by the widest margin on record. To be fair, Ontario has seen its labour force surge at more than twice the rate in the past year, so it could just be a matter of taking more time to absorb. Meantime, **Alberta** employment by rose a strong 21k in the month, while **every province has seen job gains from a year ago.**



Employment					
Canada (change in thousands)				(average change)	
	Apr	Mar	Feb	3-mo.	12-mo.
Total	106.5	-7.2	55.9	51.7	35.5
(month/month % change)	0.6	0.0	0.3	3.3 ¹	2.3 ²
Full-Time	73.0	-6.4	67.4	44.7	20.7
Part-Time	33.6	-0.9	-11.6	7.0	14.9
Goods Producing	39.7	1.6	9.5	16.9	4.5
Manufacturing	5.7	4.5	4.0	4.7	0.7
Construction	29.2	-2.4	-6.6	6.7	2.7
Service Producing	66.9	-8.8	46.2	34.8	31.0
Trade	32.4	8.4	12.1	17.6	6.2
Unemployment Rate (%)	5.7	5.8	5.8	5.8 ³	5.9 ⁴
Avg. Hourly Wages (y/y % chng)	2.5	2.4	2.3	2.0 ³	3.6 ⁴

¹ (3-mo. % change : a.r.) ² (y/y % change) ³ (3 mo. ago) ⁴ (12 mo. ago)

The Bottom Line: There's no way for even the staunchest bears to spin it—this is as good of a jobs report as you can get. But, here is where we'd insert the usual disclaimer to not get too hopped up on any particular LFS report. That said, it's encouraging that the massive labour force inflows in Canada seem to be getting absorbed well into the job market. And, even though real GDP growth was weak again in Q1, recent job trends suggest that the broader economy is not falling off a cliff, and that the weakness should prove transitory, as we and the BoC expect.

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