

Cdn. Employment Report — May

Cdn Job Machine Still Running

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After the biggest job gain on record in April, you'd figure we were in for some serious payback in May—not quite. **Canadian employment rose a solid 27,700 in May**, with **full-time** work carrying the entire load. The **jobless rate** also fell three ticks, to 5.4%, which is a 45-year low, while **wage growth** accelerated to 2.8% y/y. But, beyond those gleaming headlines, the reaming details look a lot duller. For example, **self-employment** jumped by 61k, leaving outright declines of 13k and 21k in the public and private sectors, respectively. The jobless rate decline was also flattered by a two-tick drop in the **participation rate**. And, **hours worked** actually fell 0.3%—they're up less than 1% y/y, much more muted than the 2.4% y/y surge in jobs. This suggests less pull on real GDP growth, and perhaps weaker job quality.

All in, it's no surprise that our **grading system gives this report a 57.1** rating out of 100, which is decidedly neutral. Note that the year-to-date average rating is now just above 62, which still represents solid job-market conditions when you look beyond the swinging headline gains and losses.

A few more details...

By industry... Job gains were relatively widespread in the month, with 11 of 14 major sectors posting gains. Health care, professional services and transportation & warehousing were the biggest drivers, while tourism and construction were weak.

Fun fact for Friday: The best job growth performance of the past eight years (i.e., since the expansion began) is **transportation & warehousing** at better than 3% annualized (and it's hardly even close)—thank you online shopping!

By region... **Ontario** and **B.C.** saw the biggest job gains in May, and these provinces continue to drive national growth. B.C. employment is up 4.3% y/y despite the ongoing housing market correction, while Ontario is up a strong 3.1% y/y. That said, every province in Canada is positive from a year ago, with even the weakest performers (New Brunswick at +0.6% and Alberta at +0.9%) still posting respectable gains—the regional convergence theme remains in play. This is evident too in a very tight spread between provincial jobless rates.

The Bottom Line: While a few aspects dulled the strong headline figures in the May report, the Canadian labour market is still performing admirably. A multi-decade low on the jobless rate and firmer wage growth should dull some of the BoC rate-cut chatter, as should better momentum in areas like trade and housing (at least in Toronto) so far during the spring data run.



Employment					
Canada (change in thousands)				(average change)	
	May	Apr	Mar	3-mo.	12-mo.
Total	27.7	106.5	-7.2	42.3	37.8
(month/month % change)	0.1	0.6	0.0	2.7 ¹	2.4 ²
Full-Time	27.7	73.0	-6.4	31.4	24.9
Part-Time	0.0	33.6	-0.9	10.9	12.8
Goods Producing	4.9	39.7	1.6	15.4	6.9
Manufacturing	9.4	5.7	4.5	6.5	2.7
Construction	-8.6	29.2	-2.4	6.1	2.8
Service Producing	22.8	66.9	-8.8	27.0	30.9
Trade	4.7	32.4	8.4	15.2	6.2
Unemployment Rate (%)	5.4	5.7	5.8	5.8 ³	5.9 ⁴
Avg. Hourly Wages (y/y % chng)	2.8	2.5	2.4	2.3 ³	3.9 ⁴

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

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