The Canadian economy shed 20,000 jobs in April, almost reversing the 28,000 job gain in March. On a 3-month and 6-month moving average, employment gains have clocked in at a measly average of around 2,700 jobs per month.

The unemployment rate has been stuck at 6.8% since February of this year. Almost 7 years past the recession, the unemployment rate is still a percentage point above its pre-recession low.

The overall details were not all that bad, with the majority of the losses concentrated in part-time (-67,000), many of which were likely public sector jobs (-19,900) and self-employment (-24,000). Full-time jobs were up by 47,000 in the month, and have accounted for all of the 139,000 jobs created over the last year. Private sector employment increased by 24,000. Growth in the hourly wage rate accelerated to 2.3% year-over-year – the fastest pace since 2013.

On an industry basis, job losses were concentrated in sectors tied to domestic demand. The construction industry shed 28,400 jobs, while retail and wholesale lost 20,500 jobs combined. Elsewhere, job creation was fairly muted. Of note, manufacturing jobs increased by 10,000, but following six months of weakness.

On a regional basis, the story was not quite what you would expect. Job losses were concentrated in Ontario, British Columbia and most Atlantic provinces. However, employment was up in commodity driven economies such as Alberta (+0.5%), Newfoundland (+0.9%) and Saskatchewan(+0.3%).

Key Implications

With the economy hitting a soft patch through the first quarter of 2015, the labour market has held steady so far (on average). In particular, Alberta continues to turn out jobs despite the sharp plunge in oil prices. However, employment is a lagging indicator and the strength in employment in commodity-driven economies is unlikely to hold up through the rest of the year. Even as the economy accelerates through 2015, employment is likely to remain weak and the unemployment rate is expected to trek higher as the year unfolds.

Weak labour markets, however, are unlikely to stop Canadian consumers from pulling along economic activity. Low interest rates have more than offset weak job gains, and housing markets across the country appear to be heating up. Despite lacklustre job growth, we may find the Canadian economy once again leaning on households (and household debt) to drive economic activity.

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