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## TD Economics

### Data Release: Canada sees a small pullback in employment in April

- Employment in Canada fell slightly in April, declining by 2.1k net jobs. This comes on the heels of March's strong gain of 41k net positions. The unemployment rate was unchanged at 7.1%.
- Full-time employment was lower in April, down 2.4k net positions. Part-time employment was little changed, up 0.4k. Despite the negative headline, both public and private sector employment were up on the month, gaining 8.4k and 14.4k positions respectively, as self-employment (-24.9k) led overall employment lower.
- Across industries, it was the goods-producing sectors (-37.1k) that held back employment, with particular weakness in manufacturing (-16.5k). Conversely, the service sectors (+35.0k) continued to add jobs, with notable strength in the trade (+26.8k) and accommodation and food services (+21.9k) subsectors.
- Provincial divergences continued in March. B.C. and the Atlantic provinces all added jobs on the month, with B.C. showing particular strength, adding 13k positions to bring its unemployment rate to 5.8%. This marks the first time since Statistics Canada began compiling this data that B.C. had the lowest unemployment rate of the provinces. Results were mixed and generally flat across the remaining provinces, with the exception of Alberta, which saw a net loss of 21k positions.

### Key Implications

- After a strong performance in March, employment growth normalized somewhat, bringing the six-month trend to 3.4k net new jobs per month. Indeed, taking April's small drop in employment into account, the trend in employment appears more in line with Canadian economic fundamentals, which remain consistent with trend job growth of around 5k to 7.5k per month.
- Beneath the small pullback in employment lurks significant regional disparity. Employment in Alberta is down 37k relative to year ago levels (compared with a gain of 144k nationally), and knock-on effects from the weakness in oil-producing regions are becoming increasingly evident in other sectors. These effects will moderate the pace of job gains at the national relative to growth in the labour force, with the net result being an unemployment rate that is likely to tick slightly higher in the coming months.
- With the regional differences in labour markets reflective of Canada's ongoing adjustment process to lower commodity prices, there is little to concern the Bank of Canada in today's report. We continue to expect the Bank to maintain its overnight rate at 0.5% for the foreseeable future, helping support the adjustment process.

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