



## TD Economics

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### Data Release: Canada's job creation streak fades in April

- Canada's hot streak of job creation faded in April, with only 3.2k jobs added on the month. Despite the modest uptick in employment, the unemployment rate fell by 0.2 percentage points to 6.5% - the lowest level since October 2008 – as 45.5k left the labour force.
- Full-time employment declined 31.2k after four months of strong gains, with part-time gains more than offsetting, up 34.3k on net.
- Public sector hiring surged, up 35.2k while private sector saw large declines of 50.5k, erasing nearly all of the gains seen this year and breaking the seven-month trend of private sector outperformance. The rise in self-employment continued, matching last months gain, up 18.5k positions on net.
- Goods-producing sectors continued to rebound, albeit at a much slower pace, adding 4.3k on the month. Agriculture (+4.3k) and natural resources (+1.4k) were the outperformers, while construction hiring slowed to just 600 jobs. Both manufacturing (-600) and utilities (-1.5k) saw declines. Service sector hiring was little changed, dropping 1k, as declines in business support (-18.7k), accommodation & food (-12.3k), and trade (-8.8k) more than offset the gains in education (+19.3k), health care (+12.4k) and transport (+8.8k).
- British Columbia took the top spot this month, adding 11.3k positions, with Newfoundland & Labrador (+1.9k) and P.E.I. (+800) rounding out the only provincial gainers. The remainder of the provinces lost jobs on the month, with Quebec (-3.8k), Saskatchewan (-2.2k) and New Brunswick (-2.0k) showing the largest net losses.
- Hours worked continued to accelerate to 1.1% y/y in April from 0.7% y/y in the previous month. On the other hand, hourly wages continued to weaken, up just 0.5% y/y – or just half of its first-quarter pace.

### Key Implications

- This was not a great employment report. After several months of strong gains the Canadian job machine slowed in April, coming in well below expectations for a 10k increase. The details were even less encouraging, with all of the gains coming from part-time jobs. Moreover, the unemployment rate, while at its lowest level in nine years, declined for the 'wrong' reason as people left the labour force and participation rate declined to its lowest level since the summer of 2016.
- While the goods-sector hiring was welcome, it came solely from small and volatile agriculture sector, while the remainder of goods producing industries seeing little change. Moreover, service-sector weakness continued for the second straight month with education & health coming to the rescue as many others cut jobs. Wage data was also discouraging, given the mix of job creation concentrated in part-time positions, with the pace of wage gains decelerating to its slowest pace on record.

- Despite the decline in unemployment, this report is unlikely to encourage the BoC to change its dovish tone on the outlook for the economy and Canadian monetary policy. In particular, the soft wage data will underscore the likely cool-off in consumption over the medium-term. At the same time, the poor showing in manufacturing underscores the rising uncertainty about Canada's trade relationship with its largest trading partner, and may delay the rotation of growth towards exports.

**Michael Dolega, Senior Economist**  
**416-983-0500**

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