

Canada's Jobs Report Met Expectations

- The decline in jobs was not materially worse than expected
- Jobs might drop again in May before a durable rebound returns
- The details broadly met expectations

Canadian jobs m/m 000s // UR %, SA, April:

Actual: -207.1 / 8.1

Scotia: -150 / 7.8

Consensus: -150 / 8.0

Prior: 303.1 / 7.5

Canada's jobs report was generally in the ballpark of expectations relative to the big miss stateside. As restrictions tightened, jobs were lost at a pace commensurate to consensus expectations especially after taking into account a 95% confidence interval of +/-57k around the estimate. Putting on a statistician's hat puts the drop barely at the outer limit of this interval. One cannot therefore say that the pace of decline was bigger than either the median consensus estimate or mine in a statistically significant manner. The decline averted both tails of the consensus distribution that included some expecting a small rise and a minority expecting a materially worse number.

That makes Canada's report much more boring than the unfortunate miss stateside albeit while taking that in stride (recap [here](#)). Canada's jobs could also take a further step back in May but are likely to begin a more durable rebound from June onward if restrictions ease into June and the new cases trend continues to ebb (chart 1). It remains highly feasible that Canada could regain all lost jobs during the pandemic later this year and well before the US.

The details behind Canada's report generally offered few surprises to the headline dip. See the summary table. See chart 2 for the progress toward regaining lost jobs to date.

By sector, service sector jobs fell by 195.4k and goods sector jobs fell by about 12k. Within goods, construction jobs fell by almost 13k with agriculture down 4.4k and natural resources up 5k.

Within services, the drop was spread across four main areas. Wholesale/retail fell 89k. Accommodation and food services fell 59k. Educational services fell by 36k. Info/culture/recreation fell 26k.

Chart 3 shows the sector breakdown of the change in jobs.

The drop in the education sector was as expected and explained by StatsCan as driven by the fact that "more workers than usual were absent from their jobs due to the delayed spring break" in Ontario.

Public sector payroll jobs fell 13k so all of the decline in payroll employment was at private employers (-204k). Self-employed jobs were up by just 10k.

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Canadian Jobs Break Down

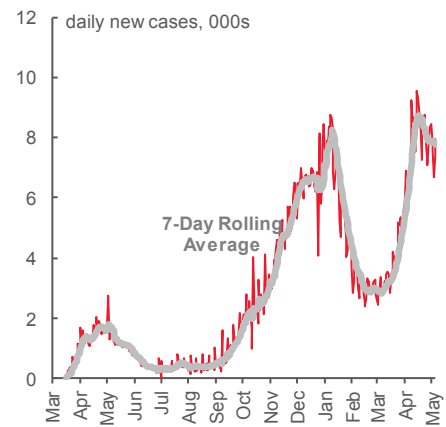
Province	m/m
Ontario	-152.7k
British Columbia	-43.1k
Quebec	-13.3k
Alberta	-12.6k
Newfoundland & Labrador	-1.2k
Nova Scotia	-0.9k
Prince Edward Island	-0.3k
Manitoba	+3.2k
New Brunswick	+4.1k
Saskatchewan	+9.5k

Employment Type	m/m
Full Time	-129.4k
Part Time	-77.8k
Public Sector	-13.2k
Private Sector	-203.7k
Self Employed	+9.7k

Sources: Scotiabank Economics, Statistics Canada.

Chart 1

Canadian Trend in New Cases



Sources: Scotiabank Economics, Government of Canada.

By province, the decline was concentrated in the biggest provinces and where the COVID-19 new cases have tended to be mostly focused. Ontario shed 153k jobs with BC down 43k and both Quebec and Alberta down by about 13k.

The unemployment rate climbed to 8.1% as the labour force fell by 84k and hence less than the drop in employment (chart 4).

Hours worked also fell by 2.7% m/m which is the largest single-month drop since April of last year. At an annualized rate, hours worked are tracking a drop of 3.8% q/q in Q2 so far (chart 5).

On a cumulative basis to date, Canada is down 503,000 jobs compared to February of last year, or about 2.6% of the pre-pandemic level of employment. That remains vastly better than the US where nonfarm payrolls remain 5.4% lower than in February 2020 for a net decline of 8.2 million that is far in excess of what can be explained by relative size of the two countries. Chart 6 shows where the cumulative employment changes are concentrated.

Youths took this one on the chin. The 15–24 age category saw a 101k job loss which roughly equalled the losses for everyone else aged 25+.

Wage growth should be ignored at least in terms of the year-over-year rate that is rebasing to the perversely higher average wage of April 2020 relative to prior months (chart 7). That was caused by relatively lower wage workers dropping out of the average wage figure in disproportionate fashion. It's also not the BoC's preferred wage measure anyway.

Chart 2

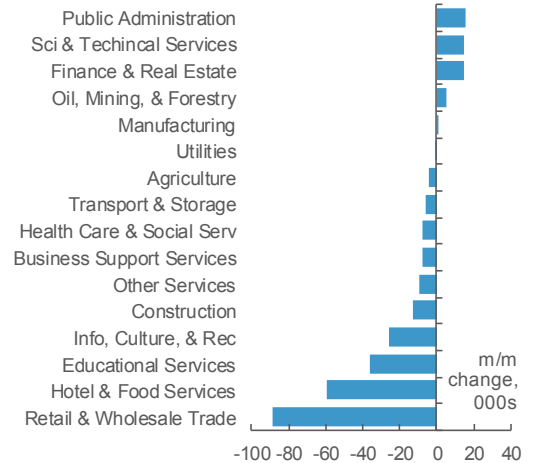
Canada's Job Recovery



Sources: Scotiabank Economics, Statistics Canada.

Chart 3

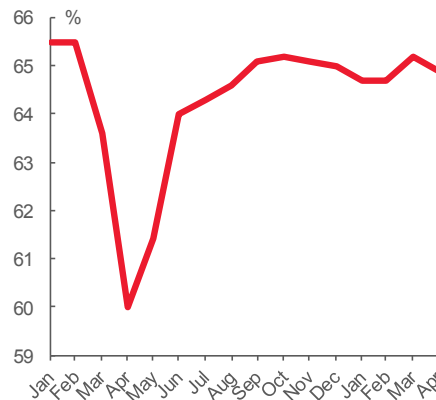
April Changes in Canadian Employment Levels by Sector



Sources: Scotiabank Economics, Statistics Canada.

Chart 4

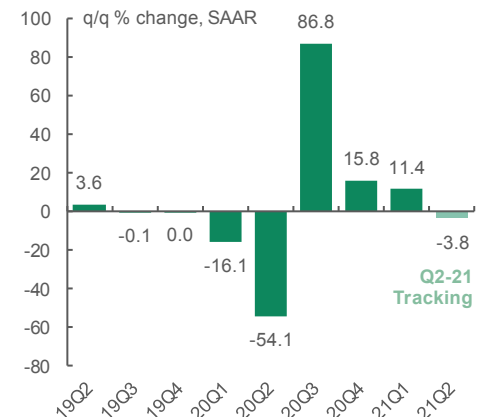
Canada's Labour Force Participation Rate



Sources: Scotiabank Economics, Statistics Canada.

Chart 5

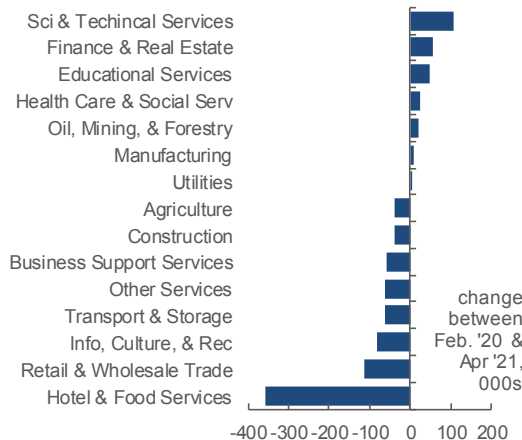
Total Hours Worked



Sources: Scotiabank Economics, StatsCan.

Chart 6

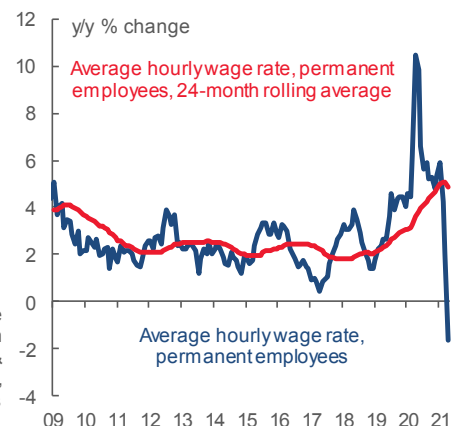
Canadian Employment Recovery to Pre-Pandemic Levels



Sources: Scotiabank Economics, Statistics Canada.

Chart 7

Canadian Wage Growth



Sources: Scotiabank Economics, Statistics Canada.

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