

Contributors

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Chart 1

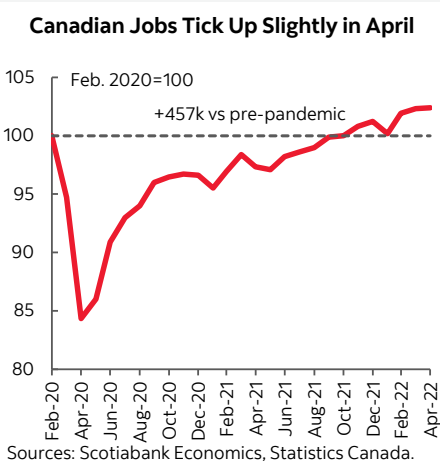


Chart 2

Canadian Jobs Break Down	
Province	m/m
Alberta	+15.9k
Ontario	+14.3k
New Brunswick	+6.7k
Nova Scotia	+5.9k
Newfoundland & Labrador	+2.5k
Prince Edward Island	-0.2k
Manitoba	-0.5k
Saskatchewan	-0.9k
British Columbia	-2.0k
Quebec	-26.5k
Employment Type	m/m
Full Time	-31.6k
Part Time	+47.1k
Public Sector	-5.2k
Private Sector	+21.6k
Self Employed	-1.0k

Sources: Scotiabank Economics, Statistics Canada.

Did a Sick Easter Bunny Mess Up Canadian Jobs?

- Job growth was disappointing, but marginally positive
- Despite soaring mobility and falling stringency, sickness might have held back jobs
- So might the Easter Bunny effect have done so
- Wages and hours worked tumbled
- The BoC is likely to remain fixated upon inflation

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

Actual: 15.3 / 5.2
 Scotia: 125 / 4.9
 Consensus: 40 / 5.2
 Prior: 72.5 / 5.3

I think it's possible but hard to prove that Canada's job market may have been stronger than it appeared last month notwithstanding minor progress (charts 1, 2). Statistics Canada says that only 15,300 jobs were created in April and the underlying details were quite soft as reviewed below. We'll need next month's readings to offer a clearer picture of whether job growth is slowing in Canada than just one month alone.

It's possible that seasonal adjustment factors did not adequately compensate for the Good Friday holiday that landed in the Labour Force Survey reference week this time. The Good Friday/Easter holiday bounces around from year to year and commonly outside of the reference week for April.

Chart 3 shows seasonal adjustment factors for months of April over the years. This year's did not change compared to last April's or the April before that despite the fact those prior Aprils did not have Good Friday in their reference weeks.

Now on the one hand we know that the Labour Force Survey's questionnaire ([here](#)) asks whether "last week" you

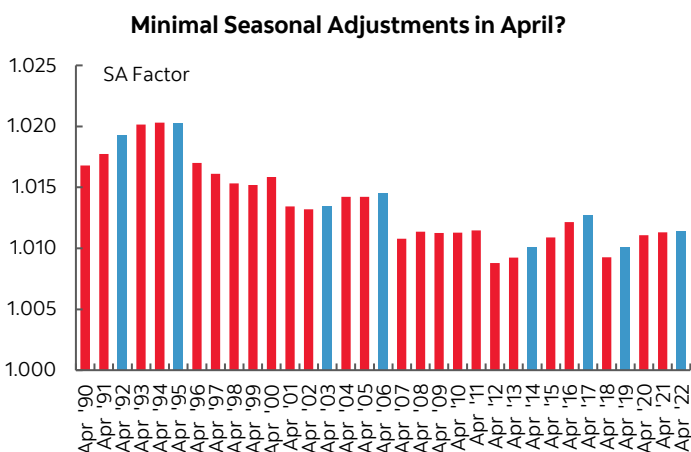
were employed and how many hours were worked which would imply that during the survey reference week people are being asked—only by telephone—about their labour force status for the prior week. That would imply that Good Friday should not have impacted things this time and hence not merited a changed seasonal adjustment factor.

Then again, how people actually answer the survey could well be another matter. It's also possible that reference week distortions are introduced by greater difficulty by Statcan's callers to reach people on the holiday Friday into the Saturday. So we turn to data.

Chart 4 shows that Aprils when Good Friday lands in the April reference week that April tends to post weaker jobs reports than other months of April.

Chart 5 does the same thing for Statcan's measure of seasonally adjusted hours worked. Aprils with Good Friday in the reference week tend to be weaker compared to other Aprils.

Chart 3



We also know that average hours worked during the reference week are massively volatile over history during months when there is a long weekend that occurs around the reference week which is an unusual data anomaly.

Chart 6 does the same thing for Statcan's measure of seasonally adjusted wage growth in m/m seasonally adjusted and annualized terms. Again, Aprils with Good Friday in the reference week are noticeably weaker.

This could all be mixed and spurious, or it might not be. At a very minimum I would caution against reading too much into the figures, look to the trend and wait for further data on the status of the labour market. That's especially so if sickness held back job growth and hiring behaviour despite plunging stringency measures and strong mobility readings that failed us this time in forecasting strong job growth. In short, a hacking, sneezing, headachy Easter bunny might have stomped all over this one.

SOFT DETAILS

The breadth of employment gains was soft as shown in chart 7 that breaks down the change in employment by sector.

Full-time jobs fell by 31,600 and part-time jobs were up 47.1k which is a weak detail.

The participation rate ticked lower to 65.3% (65.4 prior) in chart 8 and so the fact that mild job growth occurred was enough to edge the unemployment rate down to 5.2% (5.3% prior).

Wage growth was awful (chart 9). Seasonally adjusted wages fell 3.1% m/m at a seasonally adjusted and annualized rate (SAAR) in April. That follows a drop of 1% in March and 4.1% in February. Three months of weakness follows a string of seven strong monthly gains in the 6–9% range.

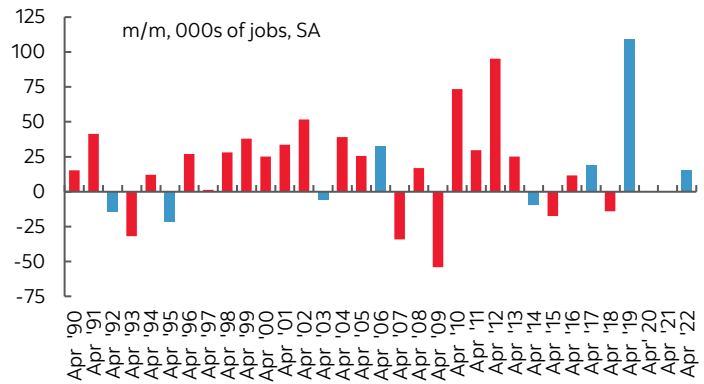
Hours worked fell by 20.7% m/m SAAR. After rising 4.4% q/q SAAR in Q1 they are tracking no growth so far in Q2 (+0.2% q/q SAAR) based solely upon April, the Q1 average and assuming May and June land flat in order to focus the effects upon what we know so far (chart 10).

BANK OF CANADA

In my opinion, the BoC won't alter its course in any way on the basis of one soft jobs report, albeit a still positive one. The BoC's nearly

Chart 4

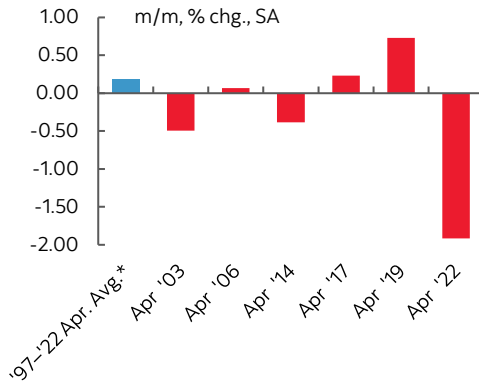
April Historical Jobs



*Apr. 2020 and 2021 removed for visual purposes. Sources: Scotiabank Economics, Statistics Canada.

Chart 5

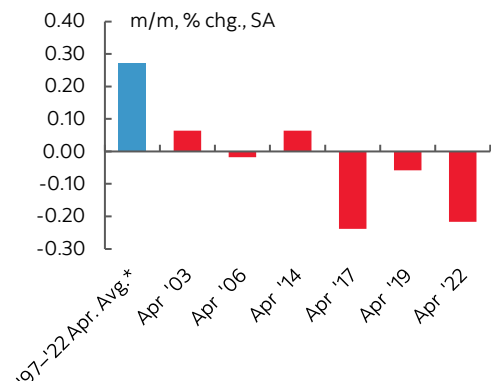
April Historical Hours Worked



*Excl. 2020 and 2021 and Aprils where Good Friday lands on the LFS reference week. Sources: Scotiabank Economics, Statistics

Chart 6

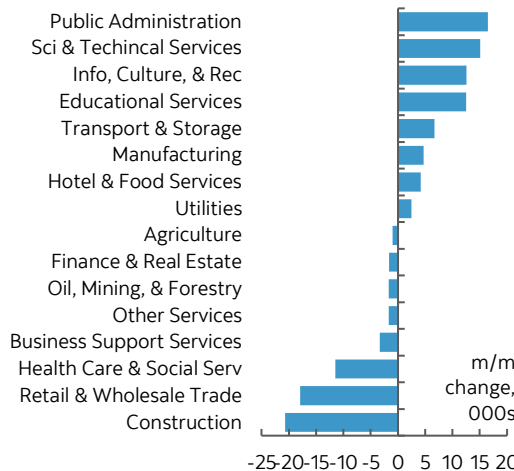
April Historical Wages



*Excl. 2020 and 2021 and Aprils where Good Friday lands on the LFS reference week. Sources: Scotiabank Economics, Statistics

Chart 7

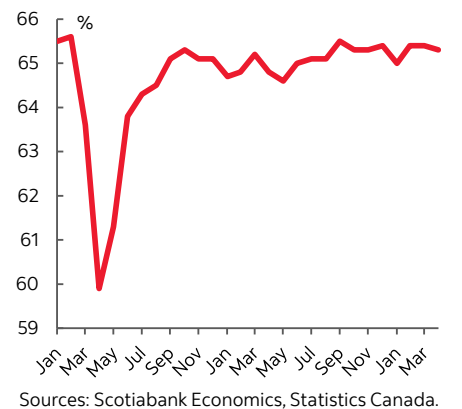
April Changes in Canadian Employment Levels by Sector



Sources: Scotiabank Economics, Statistics Canada.

Chart 8

Canada's Labour Force Participation Rate

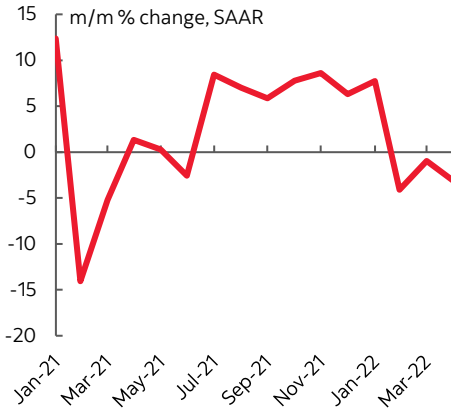


Sources: Scotiabank Economics, Statistics Canada.

singular focus is now upon inflation. That’s probably why the two-year yield is essentially unchanged on the day as the rise into the report was subsequently reversed. The Canadian dollar depreciated to the US in part on USD strength given their jobs numbers.

Chart 9

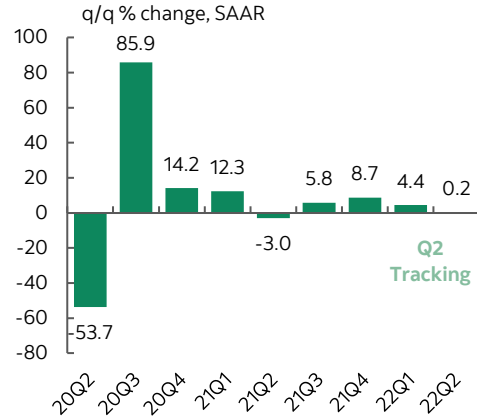
Canadian Hourly Wages



Sources: Scotiabank Economics, Statistics Canada.

Chart 10

Total Hours Worked



Sources: Scotiabank Economics, Statistics Canada.

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