

Contributors

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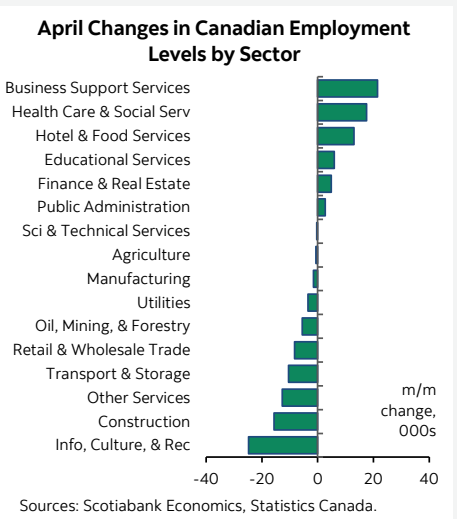
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Chart 1

Canadian Jobs Break Down	
Province	m/m
Quebec	-43.3k
Newfoundland & Labrador	-5.2k
British Columbia	-4.3k
Saskatchewan	-4.0k
New Brunswick	-2.7k
Manitoba	-1.6k
Prince Edward Island	-0.5k
Nova Scotia	+0.7k
Alberta	+1.0k
Ontario	+42.4k
Employment Type	
Employment Type	m/m
Full Time	-46.7k
Part Time	+29.0k
Public Sector	-9.5k
Private Sector	-2.6k
Self Employed	-5.7k

Sources: Scotiabank Economics, Statistics Canada.

Chart 2



Canadian Jobs—Ontario vs. Quebec and the Weather

- Canada lost 18k jobs and the unemployment rate edged higher
- Quebec and probably weather drove it
- Canadian immigration policy is driving parallel declines in jobs and the labour force
- Why the BoC is unlikely to bat an eye at the figures

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

Actual: -17.7 / 6.9

Scotia: 0.0 / 6.7

Consensus: 10 / 6.7

Prior: 14.1 / 6.7

Last month was a cage match between Canada’s two largest job markets. In one corner, Quebec’s job market is clearly challenged. It was the culprit behind Canada losing about 18k jobs last month. Take Quebec out and the rest of the country gained jobs on net and was strongly led by Ontario. My estimate was the closest in the street’s consensus.

Quebec Vs Ontario

Chart 1 offers a few summary stats. Ontario’s 42,400 job gain was almost exactly neutralized by Quebec’s 43,300 job loss. The rest of the provinces largely treaded water.

Sectors and Weather

On a sector basis, chart 2 shows a mixed variety of gainers and losers. I’m a bit suspicious toward the concentrated outlier losses in the leisure (info/culture/rec) and construction sectors as they are most likely to be affected by weather.

Speaking of which, weather and sickies wrought havoc upon the numbers again. Charts 3 and 4 show that yet again, there was an abnormal number of hours worked that were lost to both weather and illness in April. That might help to explain softness in hours worked that I’ll come back to, but the ties to jobs are harder to make. Most folks don’t lose employment because of temporary weather or sickness factors, but it’s conceivable that both factors interfered with the job search, offer and acceptance process and resulted in layoffs for flexible employment in the most affected sectors.

One illustration of weather’s effect is that Quebec recorded double the normal (94mm) of precipitation in April with about 182mm.

Chart 3

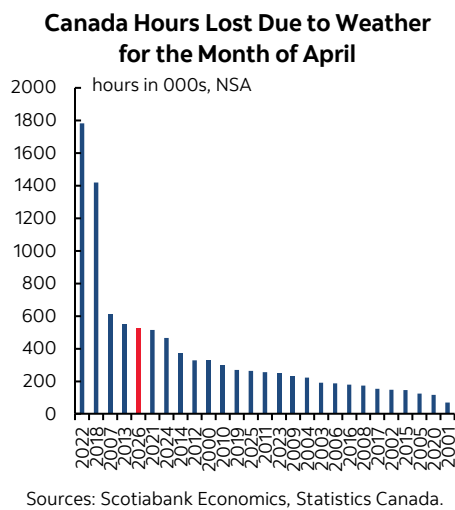
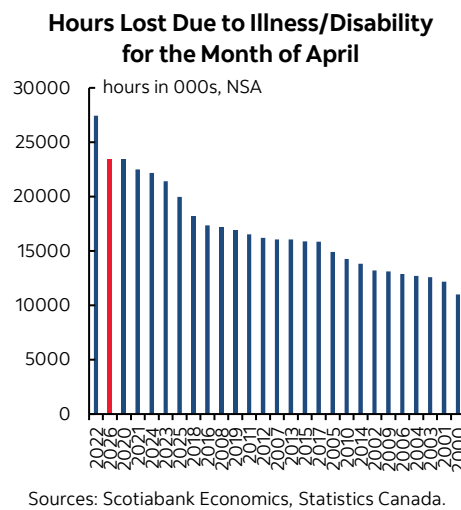


Chart 4



Fade the UR's Rise

Fade the two-tenths jump in the unemployment rate because it's a statistical artefact owing itself to the peculiarities of the Labour Force Survey. The survey recorded a 33.5k jump in the size of the labour force and a 9k rise in total population aged 15+. I don't trust those figures because the LFS lags official population statistics that have been showing contraction. The LFS applies a smoothed 12-month moving average to the temporary resident category of immigrants which has been the biggest source of population declines due to tighter immigration policy. LFS will turn south on population and probably the labour force in lagging fashion over coming months. When this may happen isn't clear, but chart 5 shows a roughly two-quarter lag between when the 12-month moving average of the temps population category begins to drive shrinkage in the LFS definition of population. This is why we have the Canadian unemployment rate falling to around 6% later this year as the labour force shrinks alongside population.

Immigration Policy's Effects

Losing 112k jobs year-to-date—half of which is youths—isn't great. Yet the labour force has contracted by almost as much over this period (-98k). This is why the unemployment rate has been little changed; it ended 2025 at 6.8% and is currently 6.9%. The prior argument about a negative employment breakeven rate and lagging LFS reactions to immigration changes suggest future downward pressure on the unemployment rate. Shame on newswires flashing just the jobs component of the story!

Wage Growth Ebbd After Two Explosive Months

Wage growth ebbd but after two explosive months (chart 6). Wages of permanent employees—typically the BoC's preferred measure in this report—were up 1.3% m/m SAAR in April after 11.2% in March and 16.4% in February.

Hours Worked Not Great for GDP

Hours worked were flat (-0.05% m/m SA). After -0.4% q/q SAAR, hours are tracking -1% q/q SAAR in Q2 but very tentatively based on just Q1 and April with a lot of data still ahead of us (chart 7). The Q2 tracking may mean that GDP would need a productivity lift to stay in the black in that quarter.

What Does it Mean for the BoC?

Nothing. Or at least it shouldn't. The Canadian jobs breakeven is zero to negative. That is the estimated monthly change in employment needed to keep the unemployment rate reasonably stable over time. It's unclear whether -18k jobs and +34k for the size of the labour force is a trend departure from this argument especially given the aforementioned quirks to the LFS survey.

For instance, if the LFS catches up to shrinking population and tightens the labour force only for the unemployment rate to decline toward our year-end 6% mark, then it would be foolish for the BoC to have reacted.

Then layer on umpteen other arguments I won't repeat here but that include the dominant inflation mandate.

Lastly, chart 8 comes back to the point about the provincial distribution of changes in employment. Central Canada—particularly Quebec—has been the source of the dominant swing factors from month to month this year.

Chart 5

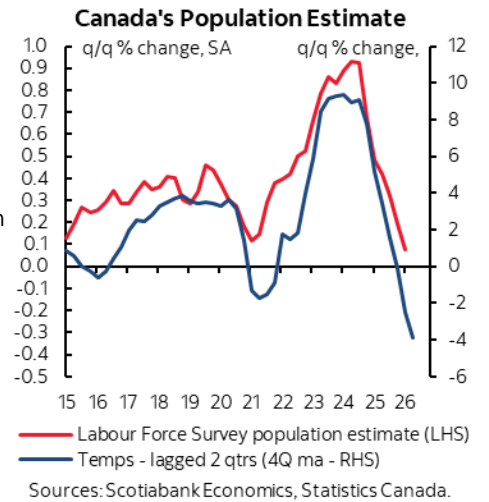


Chart 6

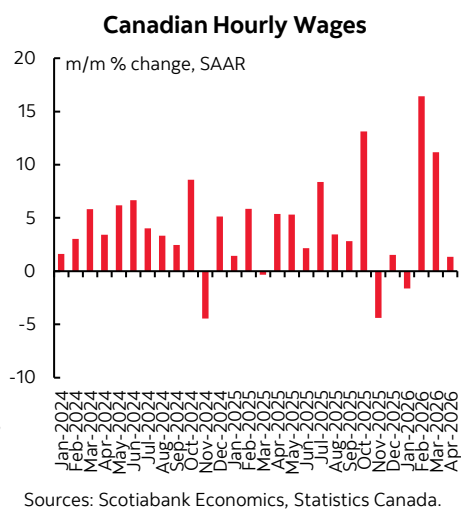


Chart 7

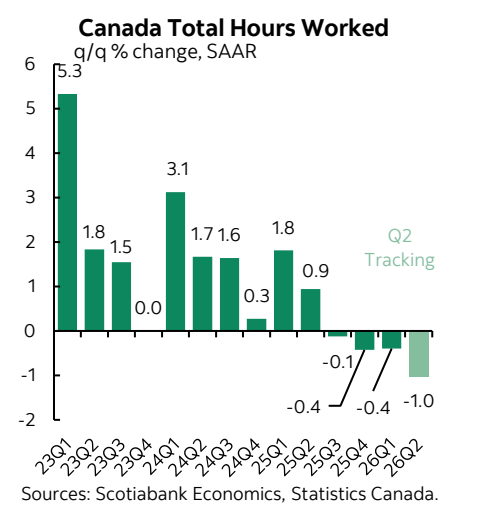
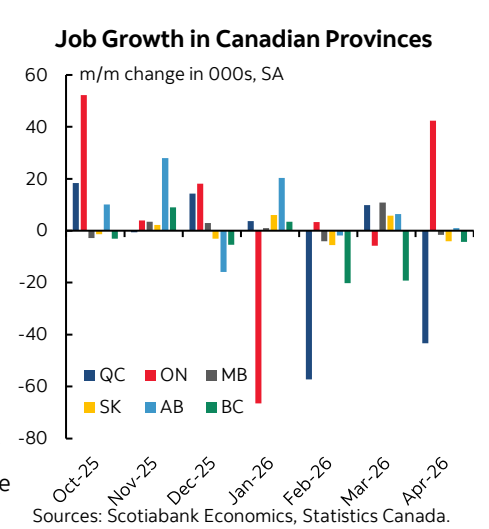


Chart 8



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