Canada: Number of Jobs Dips Slightly in April

HIGHLIGHTS
- The labour market saw a decrease of 1,100 jobs in April after recording 32,200 new hires in March.
- In terms of the sectors concerned, construction lost 18,900 jobs while retail shed 22,100. Meanwhile, professional services gained 21,300 new jobs and accommodation and food services picked up an additional 16,900.
- The unemployment rate for Canada as a whole held steady at 5.8%.
- The annual change for the average hourly wage climbed from 3.3% to 3.6%.

COMMENTS
Given the significant volatility in monthly data on job creation in Canada, the loss of 1,100 jobs in April is not a major cause for concern. Nevertheless, it is disappointing when the consensus expected to see 20,000 new jobs created. The six-month moving average for the monthly change in employment rose to 17,400 jobs in April. This is its lowest level since August 2016 and is only half the recent cyclical peak it reached in December.

Although job creation appears to have slowed down, wage growth continues to accelerate. The last time we saw a higher annual change in the average hourly wage was in August 2012. This quickening trend for wages is clearly due to the labour market’s recent robust performance and the minimum wage increases passed in some provinces.

IMPLICATIONS
Overall, this morning’s data should not have a significant impact on the Bank of Canada’s future decisions, as the slight dip in employment is offset by accelerating wage growth. Key interest rates should therefore remain unchanged in May and the next hike will likely occur in July.

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