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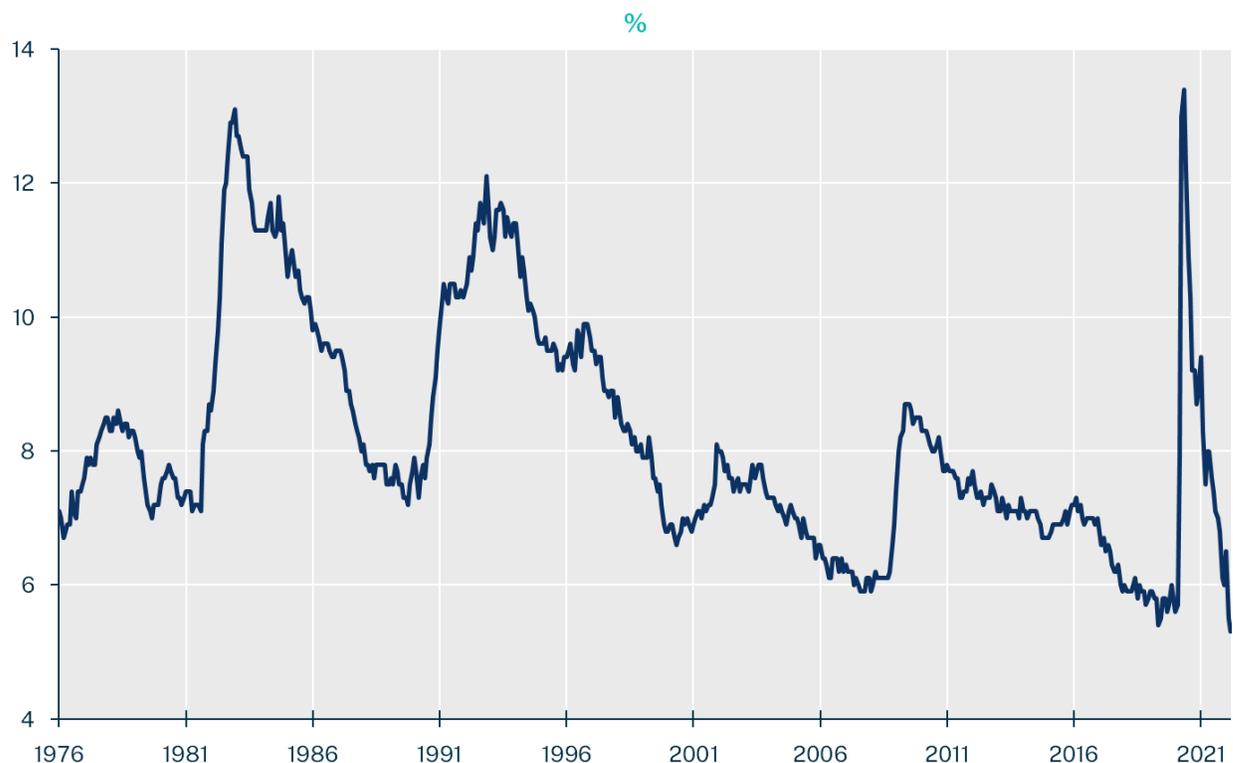
Labour Force Survey for March 2022: Canada's unemployment rate hits a record low



Stephen Tapp, Chief Economist

April 7, 2022

Canadian unemployment rate



Source: Statistics Canada

@Stephen_Tapp

“After a blow-out 337,000 employment rebound in February, employment grew by another 73,000 in March, essentially inline with market expectations. The unemployment rate hit a new low of 5.3%, and with strong labour demand will likely drop below 5% in 2022. Wage pressures keep building to catch up with elevated inflation. After another strong jobs report, the Bank of Canada has support for a 50 basis point interest rate hike next week.”



KEY TAKEAWAYS

- After a massive rebound of 337,000 jobs in February, employment was up by a **respectable 73,000 in March — inline with market expectations**. Full-time positions led the way (+93k), while part-time jobs fell by 20,000.
- Job gains in March were spread across **service sectors** (+42k, led by **accommodation and food service** (+15k), **other services** +14k, and **public admin** +12k). **Goods** employment provided a smaller boost (+31k, led once again by **construction** +14k). Employment gains were spread across the **private sector jobs** (+39k) and self-employment (+31k, which has suffered significant declines during the pandemic). Public sector employment was essentially unchanged. Job gains by **gender** were led by men (55k), while female employment rose by a smaller amount (+18k).
- **Total hours worked** across the economy was up a 1.3% on the month, and is now 3.0% above its pre-pandemic level. For the first quarter, hours worked grew at an annualized rate of 4.4%. This is much better than originally expected when forecasters revised down their outlooks due to the severity of the Omicron wave, and it suggests a robust real GDP reading when Q1 numbers are released at the end of May.
- The biggest story of the month is that the **unemployment rate** dropped to 5.3%, its lowest level since 1974 when the LFS was conducted using a different methodology! With 831,000 unfilled job vacancies, employers are desperately looking to hire. I expect Canada's unemployment rate will drop below 5% before the end of 2022.
- **Labour market tightness** remains quite elevated, but finally turned a corner in recent data. Nonetheless, wage pressure —which tends to lag— continues to build, as companies struggle to hire. Average hourly **wages** were up 3.4% year-on-year. Shorter-term measures (at the three- and six-month range) have accelerated to catch up to consumer inflation (5.7%), a dynamic that will likely continue, especially for high-tech jobs.
- **Provincial employment** was led by the most populous provinces of Ontario (+35k) and Quebec (+27k).



SUMMARY TABLES

	Latest		Changes		
	Feb	Mar	Last month, level	Last month, %	Feb 2020, %
Employment, Thousands	19,513	19,585	73	0.4	2.3
Full Time	15,836	15,929	93	0.6	2.4
Part Time	3,677	3,656	-20	-0.6	1.8
Men	10,244	10,299	55	0.5	2.5
Women	9,269	9,286	18	0.2	2.1
Hours Worked, Millions	640	648	8	1.3	3.0
Employment Rate, %	61.8	61.9		0.1 ppt	0 ppts
Participation Rate, %	65.4	65.4		0 ppts	-0.2 ppts
Unemployment Rate, %	5.5	5.3		-0.2 ppt	-0.4 ppts

Sources: Statistics Canada; Canadian Chamber of Commerce Business Data Lab



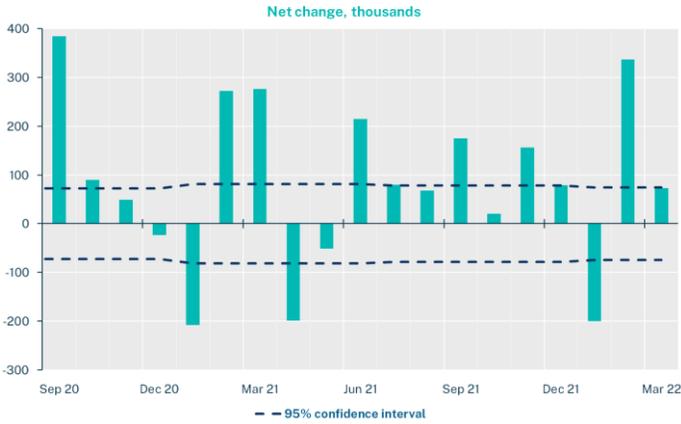
Employment by Industry	Monthly change, thousands	Change vs pre-Covid, thousands	Change vs pre-Covid, %
Total	73	442	2.3
Goods	31	42	1.1
Services	42	400	2.6
Accom. & food services	15	-195	-15.9
Other services	14	-87	-10.8
Construction	14	48	3.2
Public admin	12	100	10.0
Retail & wholesale trade	10	100	3.5
Natural resources	9	27	8.6
Business services	9	-52	-6.9
Agriculture	6	-51	-17.2
Finance & insurance	5	104	8.4
Culture & recreation	4	36	4.6
Manufacturing	3	14	0.8
Utilities	-1	5	3.3
Education	-2	93	6.7
Health	-5	105	4.2
Transportation	-10	-19	-1.9
Professional services	-11	215	14.0

Employment by Province	Monthly change, thousands	Change vs pre-Covid, thousands	Change vs pre-Covid, %
Ontario	35	228	3.0
Quebec	27	48	1.1
British Columbia	11	95	3.6
Alberta	7	49	2.1
New Brunswick	4	1	0.4
Prince Edward Island	1	3	3.5
Nova Scotia	-1	9	2.0
Newfoundland and Labrador	-3	2	0.9
Manitoba	-4	3	0.5



MORE LABOUR CHARTS!

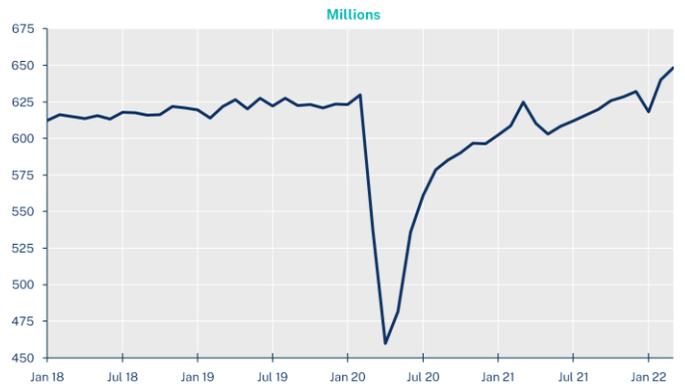
Canadian monthly employment changes



Source: Statistics Canada

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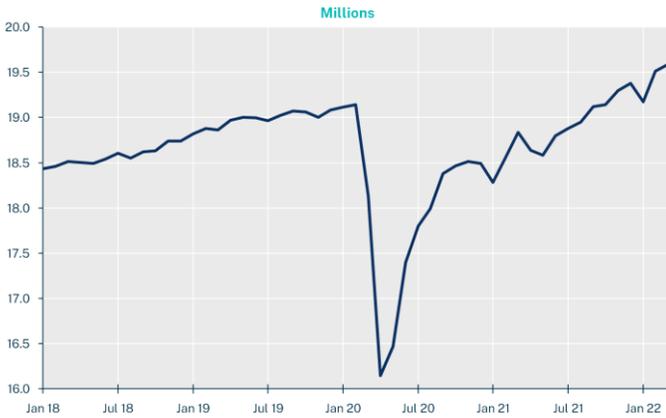
Canadian hours worked



Source: Statistics Canada

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Canadian employment



Source: Statistics Canada, LFS

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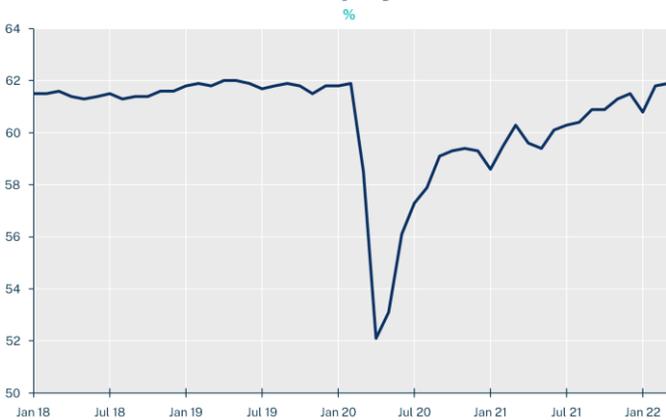
Canadian unemployment rate



Source: Statistics Canada

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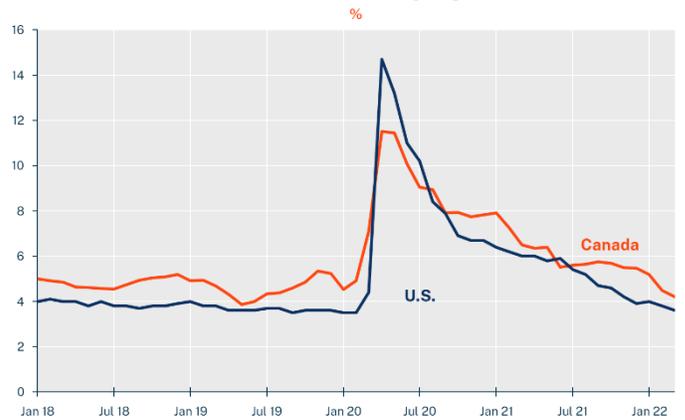
Canadian employment rate



Source: Statistics Canada

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U.S. and Canadian unemployment rates

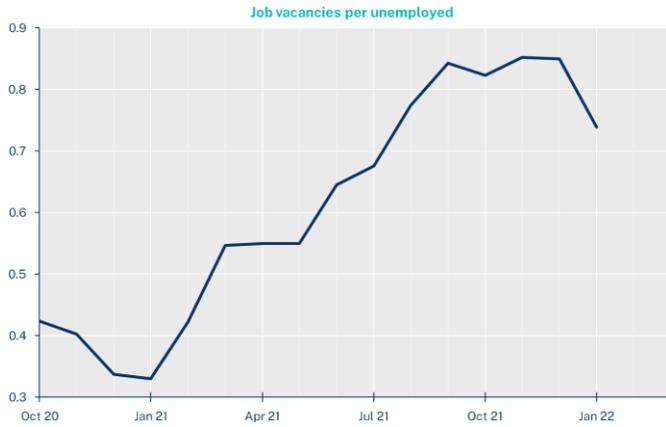


Sources: Statistics Canada ("R3" using U.S. definition); Bureau of Labour Statistics

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Canadian labour market tightness



Source: Statistics Canada

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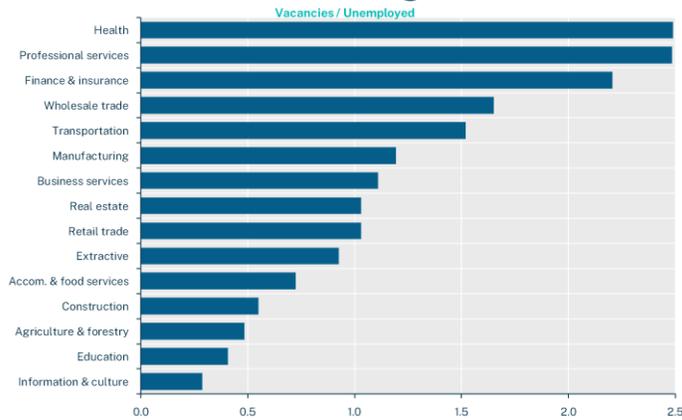
Provincial labour market tightness



Source: Statistics Canada

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Labour market tightness



Source: Statistics Canada

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