

Economic News

Canada: Labour Market Wobbles as Tariff Pressures Mount

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Highlights

- The Canadian labour market showed early signs of softening in March amid trade turmoil, with 33k jobs lost in the month, falling short of expectations of a 10k rebound. A continued decline in labour participation kept the unemployment rate relatively stable, inching up from 6.6% to 6.7% in March, albeit remaining below the peak of 6.9% in November 2024.
- Total hours worked rose 0.4% month-over-month in March following a notable drop of 1.3% in February, causing quarter-over-quarter growth to advance by 2.0% annualized. Average hourly wage growth slowed to 3.6% y/y, still above the 3.5% in January but otherwise the slowest pace since May 2022. Table 1 summarizes the key data points.
- Our Q1 2025 real Canadian GDP growth forecast is tracking at 2.0% q/q annualized following the March employment data, in line with the forecast in the Bank of Canada's (BoC) most recent Monetary Policy Report (MPR).

TABLE 1**Labour Force Survey, March 2025**

M/M CHANGE UNLESS OTHERWISE NOTED	FEB. 2025	MAR. 2025	YTD*
Total Jobs, 000s	1.1	-32.6	44.5
Unemployment Rate, %	6.6	6.7	6.6
Participation Rate, %	65.3	65.2	65.3
Source Population, y/y % change	3.0	2.9	3.0
Hours Worked, y/y % change	0.5	1.2	1.3
Avg. Hourly Earnings, y/y % change	3.8	3.2	3.6
<u>Jobs by Industry, 000s</u>			
Agriculture	-1.2	-9.3	-0.4
Forestry, Fishing, Mining, Oil & Gas	-0.7	4.4	-1.9
Utilities	-7.8	4.2	-6.9
Construction	-5.0	-3.8	10.5
Manufacturing	-4.8	-7.1	21.2
Wholesale & Retail Trade	50.8	-28.5	24.0
Transportation & Warehousing	-23.0	10.1	0.3
Finance, Insurance, Real Estate	15.6	6.3	16.7
Prof., Sci., & Technical	-32.9	9.6	-1.6
Information & Culture	3.2	-20.3	-19.7
Accommodation & Food	4.2	-1.8	17.3
Education	2.3	-3.5	-9.1
Healthcare	2.2	-0.6	5.9
Public Administration	4.4	6.3	14.6
Other	-6.2	1.5	-26.3
<u>By Province, 000s</u>			
Newfoundland and Labrador	-0.4	1.6	1.1
Prince Edward Island	-0.5	0.1	-0.7
Nova Scotia	-4.3	2.0	-2.8
New Brunswick	-1.5	0.2	1.6
Quebec	-3.4	-4.9	7.4
Ontario	16.9	-27.5	28.4
Manitoba	0.9	-1.1	1.8
Saskatchewan	0.5	6.6	5.3
Alberta	-2.2	-15.4	-21.9
British Columbia	-4.9	5.7	24.3
<u>By Employment Type, 000s</u>			
Full-Time	-19.7	-62.0	-46.5
Part-Time	20.8	29.5	91.2
Public Sector	7.6	-2.8	-3.6
Private Sector	10.2	-47.8	19.6
Self-Employed	-16.8	18.0	28.6

* Jan. to Mar. 2025 average for participation and unemployment rates, y/y growth rates

Statistics Canada and Desjardins Economic Studies

Implications

The Canadian job market came under pressure in March, marking the first monthly contraction since January 2022. Job losses were driven by a drop in full-time (-62k) and private sector (-48k) positions. Despite the March decline, the labour market has added 44.5k jobs since the beginning of the year, entirely in part-time positions (+91.2k).

March job losses were concentrated primarily in wholesale and retail trade (-29k), and information, culture and recreation (-20k). The end of the federal government's GST/HST holiday in March may have played a roll in the drop in retail and wholesale hiring. A few sectors observed slight gains in employment, likely returning to normal after last month's largely weather-induced declines. Across provinces, job losses were concentrated in Ontario (-27.5k), and to a lesser extent, Alberta (-15.4k) and Quebec (-4.9k).

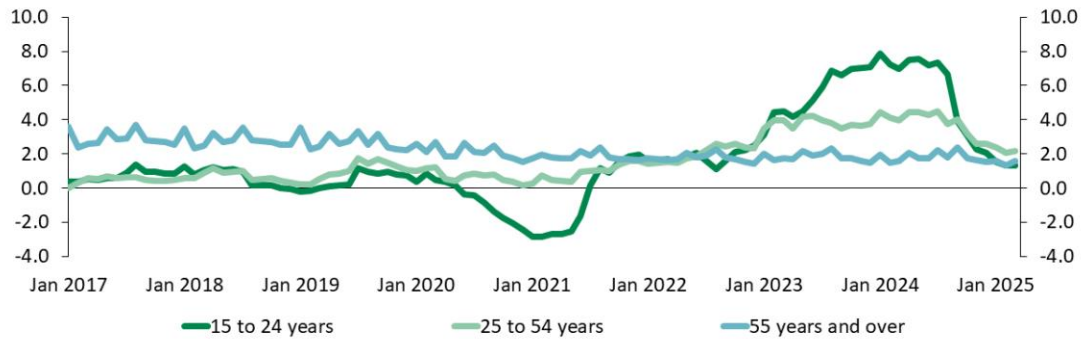
Employment fell across the age spectrum, but the unemployment rate managed to hold steady (at 5.7%) for the economically important prime-aged workers (25 to 54 years) as well as for Canadians aged 55 years and over. While other age groups have experienced some month-over-month volatility, the overall trend in unemployment has remained stable since late last year.

Working-age population growth continued to decelerate, with younger demographics experiencing the most pronounced slowdown (graph 1). Despite this, the overall population grew by an annualized rate of 1.9% q/q in Q1 2025, marking the slowest advance since Q2 2022, yet still well above the pace needed to meet the federal government's [aggressive target External link.](#)

Graph 1 Population Growth Continues to Slow in Canada

Population growth by age

Month-over-month % change, annualized



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Reduced hiring in March may be an early indicator of stress in the Canadian labour market from the risks posed by President Trump's tariffs. Economic uncertainty will likely dampen economic growth in the coming quarters and lead to continued job losses (see our latest [Economic and Financial Outlook External link.](#)). Given the ongoing trade policy uncertainty south of the border, the Bank of Canada is likely to adopt a wait-and-see approach at its upcoming meeting on April 16, unless the current market selloff persists.