

Labour Force Survey.

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Canada's job market is stalling, and it is the people who can least afford it who feel it first. (May 8, 2026)

Canada lost 18,000 jobs in April, pushing the unemployment rate up to 6.9%: a six-month high. This is the second consecutive month of stagnation, and since January, the economy has shed a net 112,000 jobs. The weakness is concentrated in full-time work: 111,000 full-time positions have disappeared in 2026 so far, replaced in part by part-time gains.

What is driving this?

Trade uncertainty from U.S. tariffs, a war in Iran pushing energy costs higher, and cautious business sentiment are all weighing on hiring.

The labour market is not collapsing, but it is clearly not creating enough jobs to keep pace with people looking for work. Key pressure points:

- **Full-time jobs fell by 47,000 in April alone**, replaced partly by 29,000 part-time gains. When full-time work shrinks and part-time fills the gap, it means fewer benefits, less income stability, and more precarity for workers and their families.
- **Youth unemployment jumped to 14.3%** (up 0.5 pp), well above the pre-pandemic average of 10.8%. For students and new graduates entering the job market this summer, the doors are narrower.

- **Long-term unemployment (27+ weeks) sits at 22.5%**, significantly above the pre-pandemic average of 17.1%. Once someone is out of work that long, it becomes harder to re-enter, and the financial damage compounds.
- **Self-employment fell 2.0% year-over-year nationally**, a signal that small operators and independent workers are finding it harder to sustain their businesses in this environment.
- **What about public sector cuts?**
Both the federal and B.C. governments have announced major workforce reductions. However, today's data shows that public sector employment was essentially unchanged in April, both monthly and year-over-year. So, while the WFA announcements are creating real anxiety for public servants and their families, the weakness showing up in the LFS right now is being driven by private sector and self-employment softness.

Why this matters for households — especially lower- and middle-income families.

Wages are growing, but not equally. Average hourly wages rose 4.5% year-over-year to \$37.77. But here is the gap: **workers in the bottom 25% of the wage distribution saw wages grow just 3.5%** (to \$19.05), while those in **the top quartile saw growth of 4.8%** (to \$66.30). That means **the cost-of-living squeeze is tightest for the people earning the least.**

When full-time jobs are being replaced by part-time work, when youth cannot find a foothold, and when wage gains at the bottom lag behind inflation and the top, that is not just a labour market stat. That is someone choosing between groceries and rent. That is a family delaying a car repair they cannot afford. That is a young person taking on more debt just to wait out a tough market.

Why this matters for small businesses.

A weak labour market might sound like good news for hiring: more candidates available. But the reality is more complicated:

- **Consumers pull back when they feel uncertain about jobs.** Fewer full-time paycheques in circulation means less spending at local shops, restaurants, and service providers.
- **Key sectors are shedding workers.** Construction lost 16,000 jobs nationally in April. Information, culture and recreation lost 25,000. 'Other services', which includes repair, maintenance, and personal services, dropped 13,000. These are industries where small businesses dominate.

- **Self-employment is declining.** Down 55,000 year-over-year nationally. When independent operators close up shop, it signals that the cost of doing business, from borrowing costs to energy prices, is squeezing out the smallest players first.

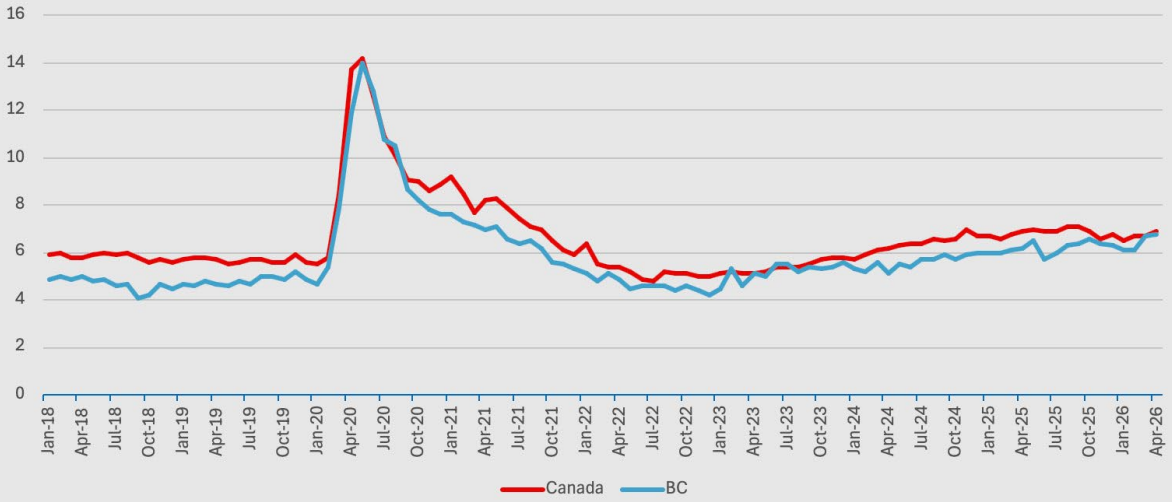
A view from BC.

B.C.'s unemployment rate edged up to 6.8%, below the national average, but the broader picture is sobering. The province has lost 40,200 jobs since January, with over 30,000 of those in full-time positions. **Private sector employment in B.C. is down roughly 60,000 since the start of the year.**

There are bright spots: construction and manufacturing added nearly 12,000 jobs over the past two months, self-employment rose by 10,300 in April, and B.C. leads the country with the highest average hourly wage at \$39.19. Youth unemployment also improved to 14.4%, down from 15.6% in March, the biggest youth employment gain in Canada. But the structural weakness in full-time private sector hiring is a headwind that offsets these gains.

Bottom line: What matters for our Vancity members is this: the headline unemployment rate doesn't tell the full story. While the labour market is facing challenges, especially in full-time roles and for lower-wage worker, there are also signs of resilience. BC's labour market continues to show the highest average wages in the country, and sectors like construction and manufacturing have added jobs even as others contract. As we move forward, supporting those most affected and focusing on quality, stable jobs will be key to building a more inclusive recovery.

Unemployment Rate%



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