

DATA COMMENTARY · MAY LFS

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Blowout Canada jobs report shows 88k gain

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THE TAKE

“Today’s jobs data showed strength all across the board, making up most of the employment shortfall from the start of the year. This should dispel much of the recession talk we’ve heard since last week’s GDP release.”

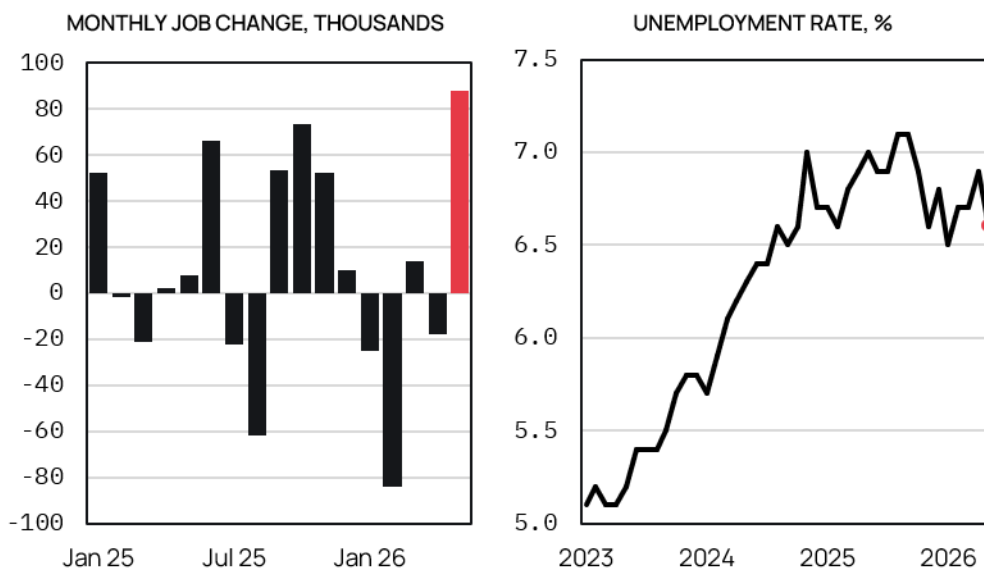
— JAY ZHAO-MURRAY · CHIEF ECONOMIST · SIBLEY CREEK

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Canada adds 87.8k jobs in May as unemployment falls

Employment rose by 87.8k jobs in May, blowing past expectations for a mild 10k increase. That was the fastest monthly increase in a year and a half, making up most of the employment shortfall that began to form since the start of 2026. The total number of jobs is back to 21.1 million, about 25k short of the all-time high. With labour force participation holding steady at 65%, the unemployment rate fell by three tenths to 6.6%.

A blowout job gain dropped unemployment to 6.6%.



Source: Statistics Canada. Seasonally adjusted.

The details of the report are strong, with full-time employment posting a robust gain of 154,000. Strength was apparent across industries, with 11 of 16 showing increases in employment on the month. Gains were led by the construction industry (+26.8k) and the media and entertainment sector (+19.3k). Of the industries that lost jobs, wholesale and retail trade (-35k) was the only one where the size of the loss was statistically significant.

All in all, this is welcome news for the Canadian economy and should help to dispel the idea that the country is in recession. Employment does not tend to grow when an economy is contracting. While there are obviously signs of weakness in other data, today's jobs report is evidence that the economy still has some legs, and should allow the Bank of Canada to remain on hold next week.

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