

# Labour Pains

June 3, 2022  
Canadian Economics Association,  
Ottawa, ON

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# Labour market context

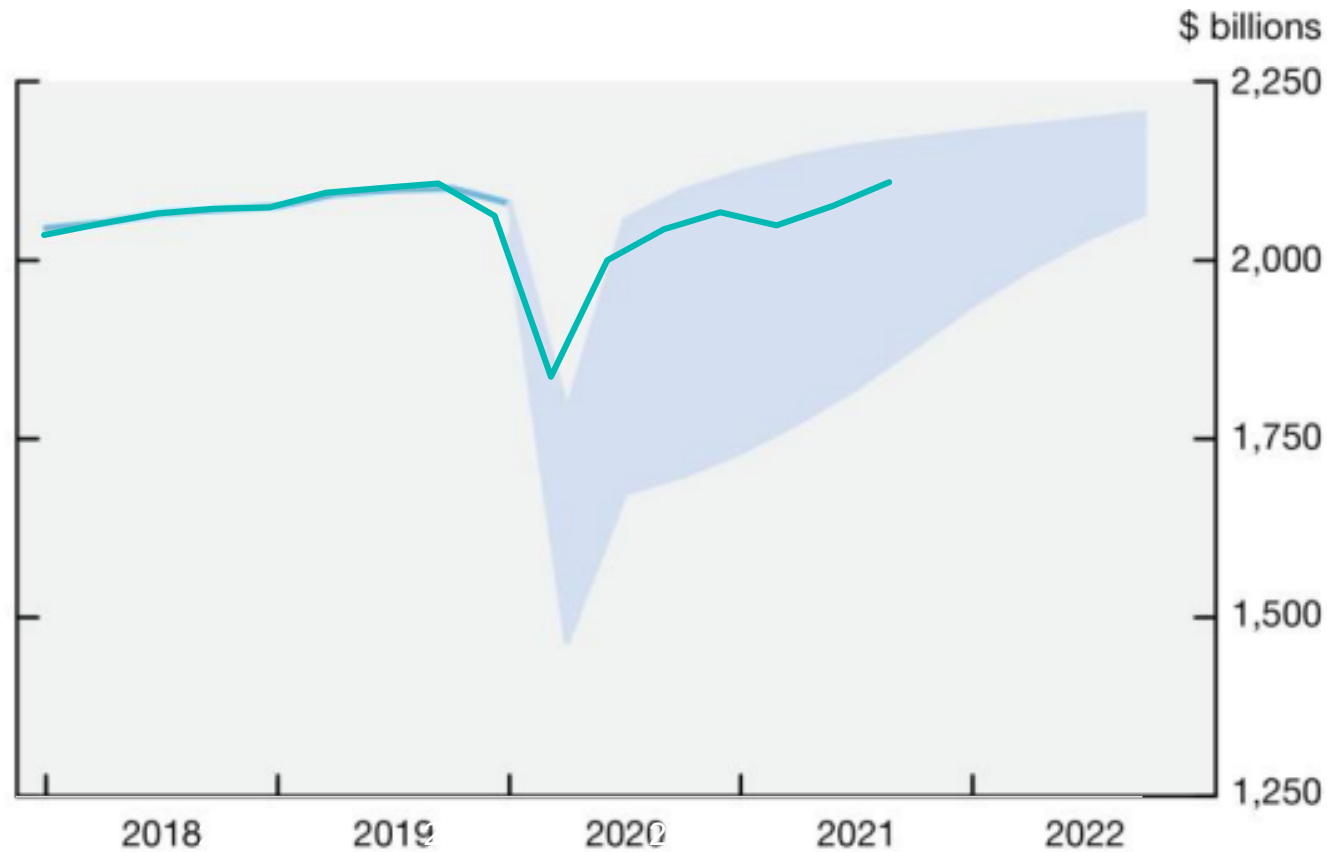




# Canada's economy has done better than initially feared

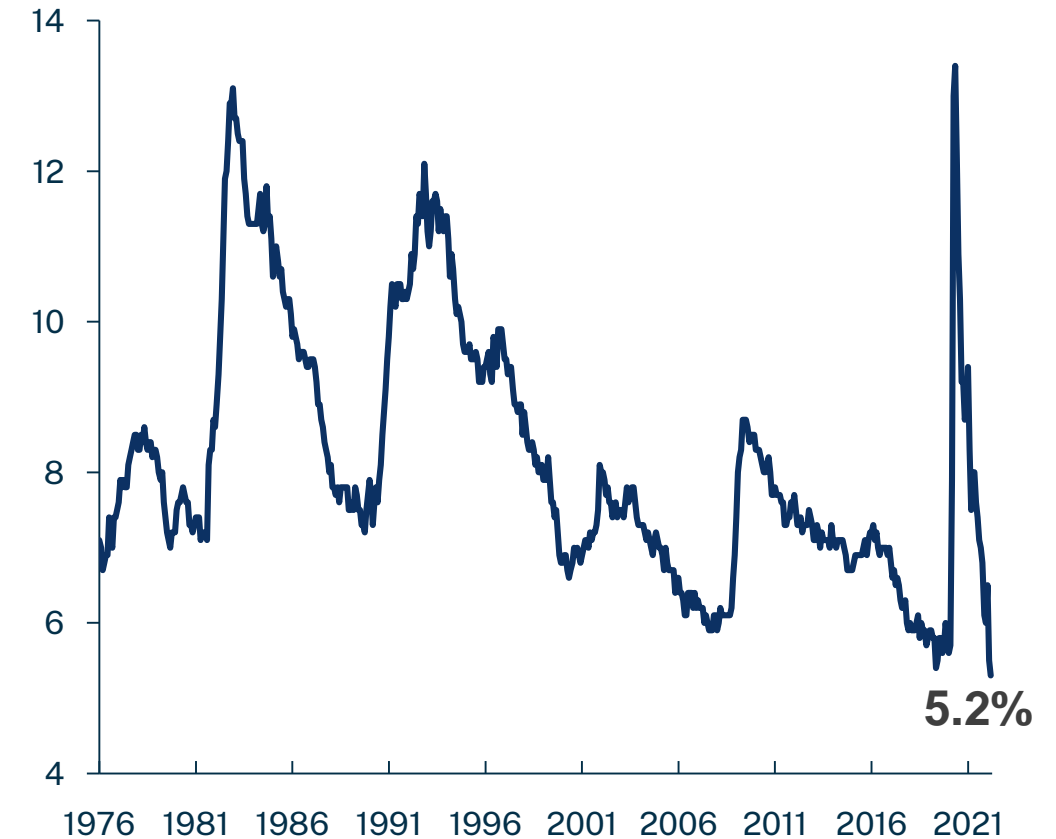
## Bank of Canada initial forecast scenarios shaded

Real GDP, quarterly data, chained 2012 dollars



## Unemployment rate

%

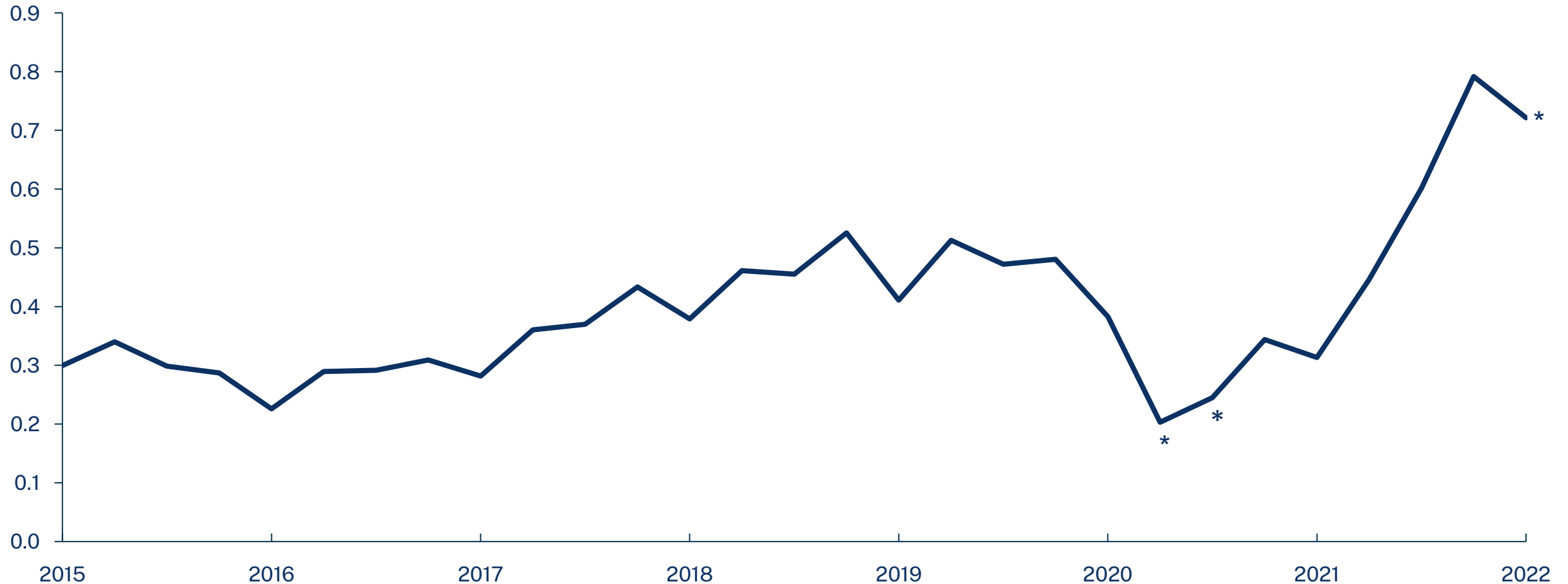




# Labour markets are tight...

## Canada's labour market tightness

Vacancies per unemployed, quarterly data, nsa



Source: Chamber of Commerce Business Data Lab calculations using Statistics Canada JWWS, SEPH, LFS

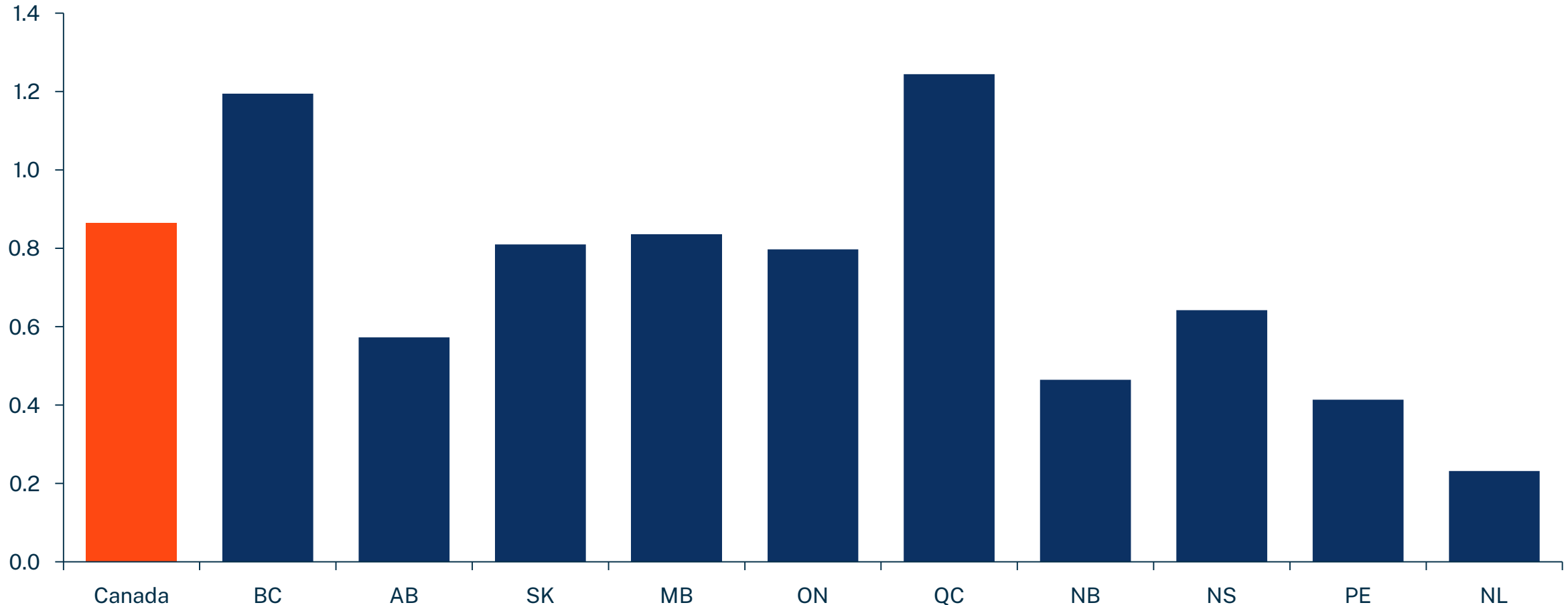
\* imputed data points



# ...especially in Quebec and BC.

## Provincial labour market tightness

Vacancies per unemployed, March 2022



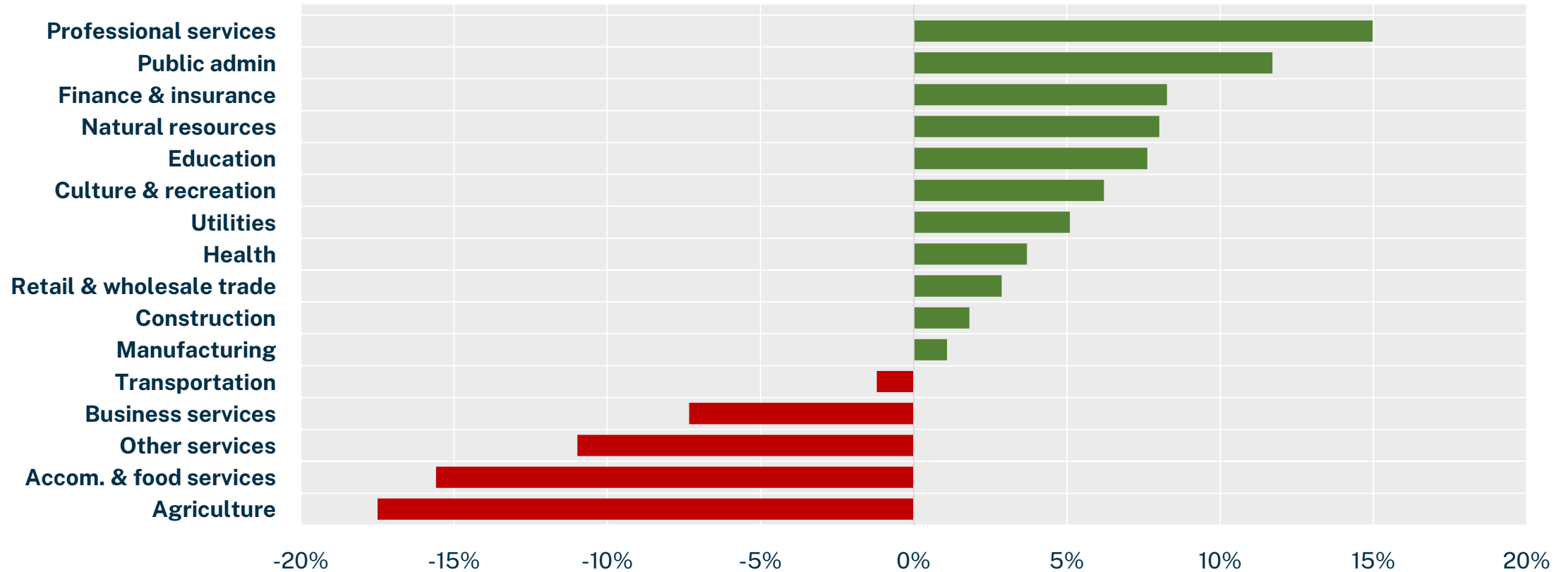
Source: Chamber of Commerce Business Data Lab calculations using Statistics Canada JWWS, LFS.



# Uneven pandemic job impacts across sectors

## Employment by industry

% change Apr 2022 vs. Feb 2020

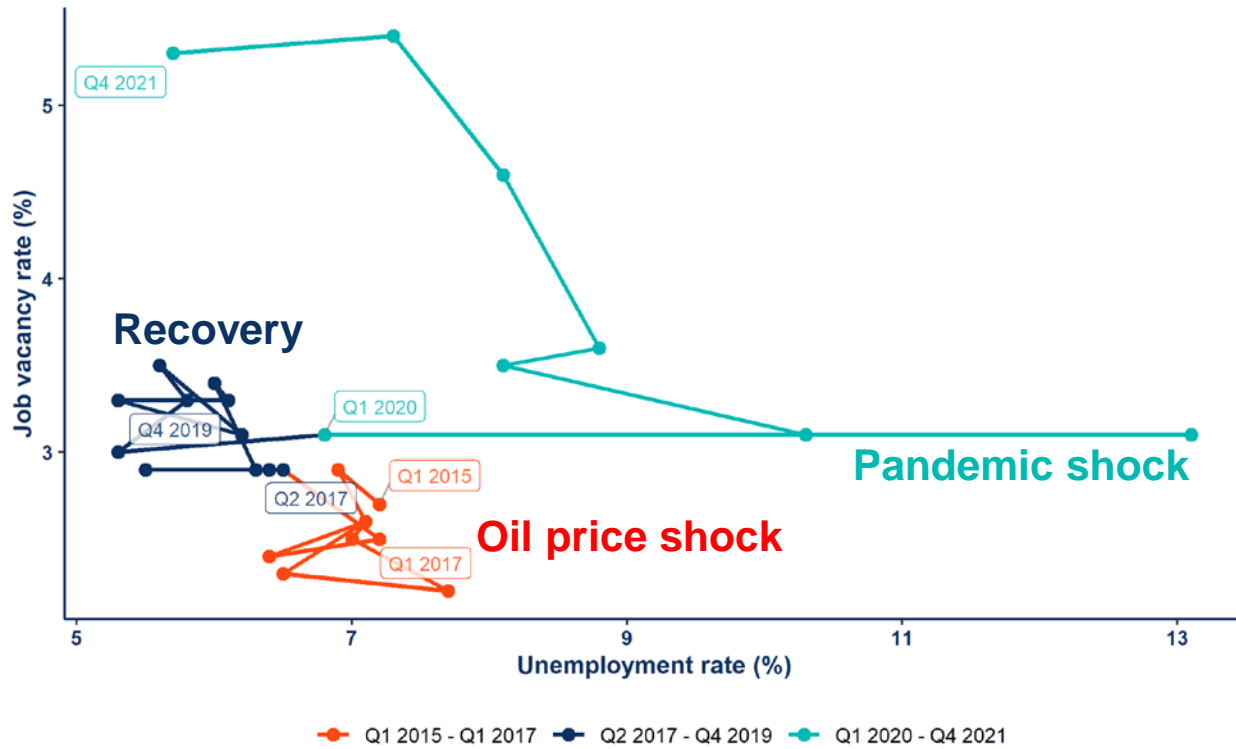




# Pandemic shifted out Beveridge curves

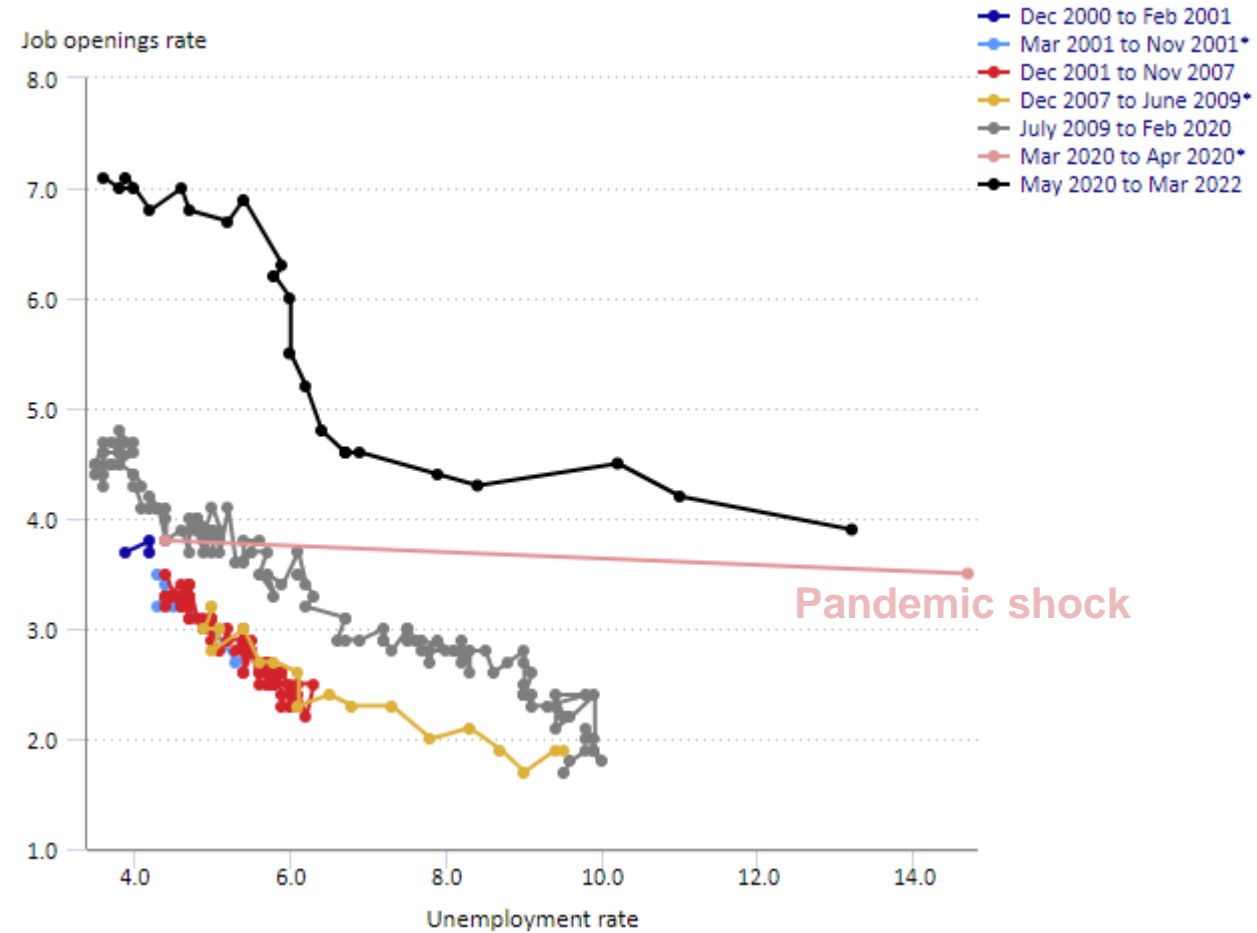
## Canada

Vacancy and unemployment rates, % nsa



## U.S.

%, sa

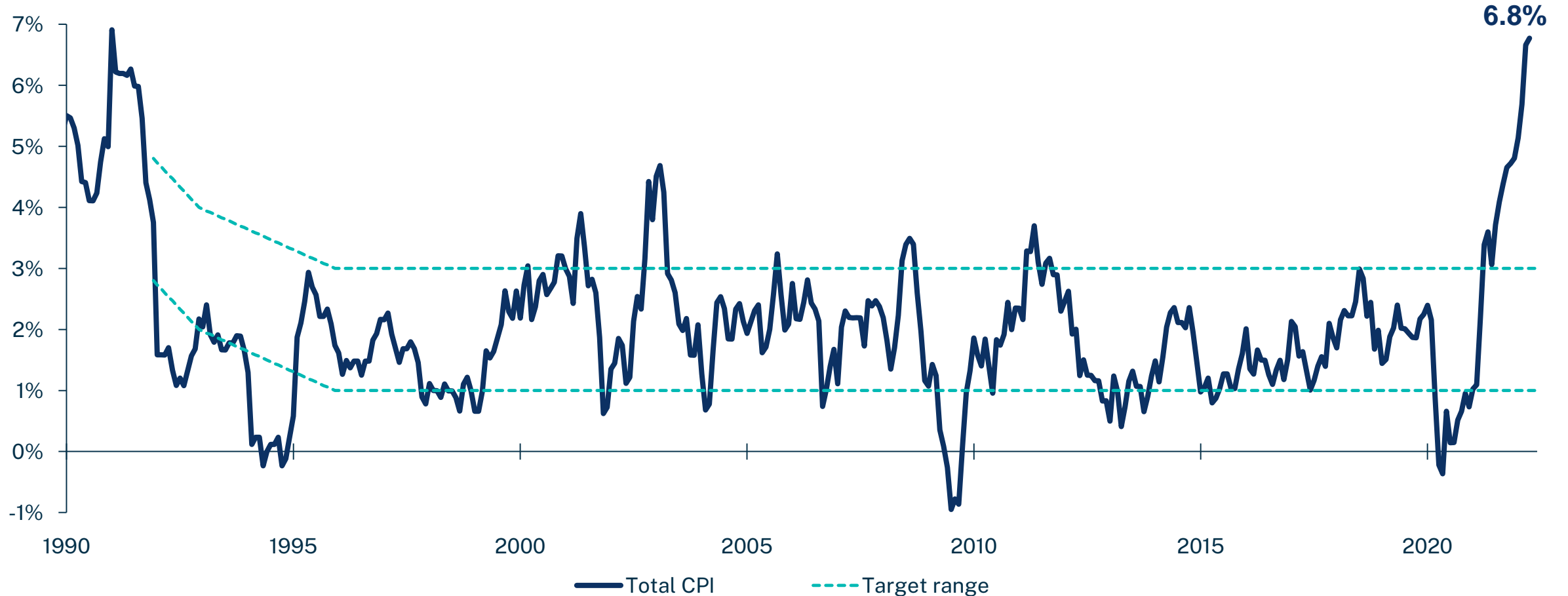




# Inflation at a 31-year high...

## CPI inflation

Year-over-year, % change



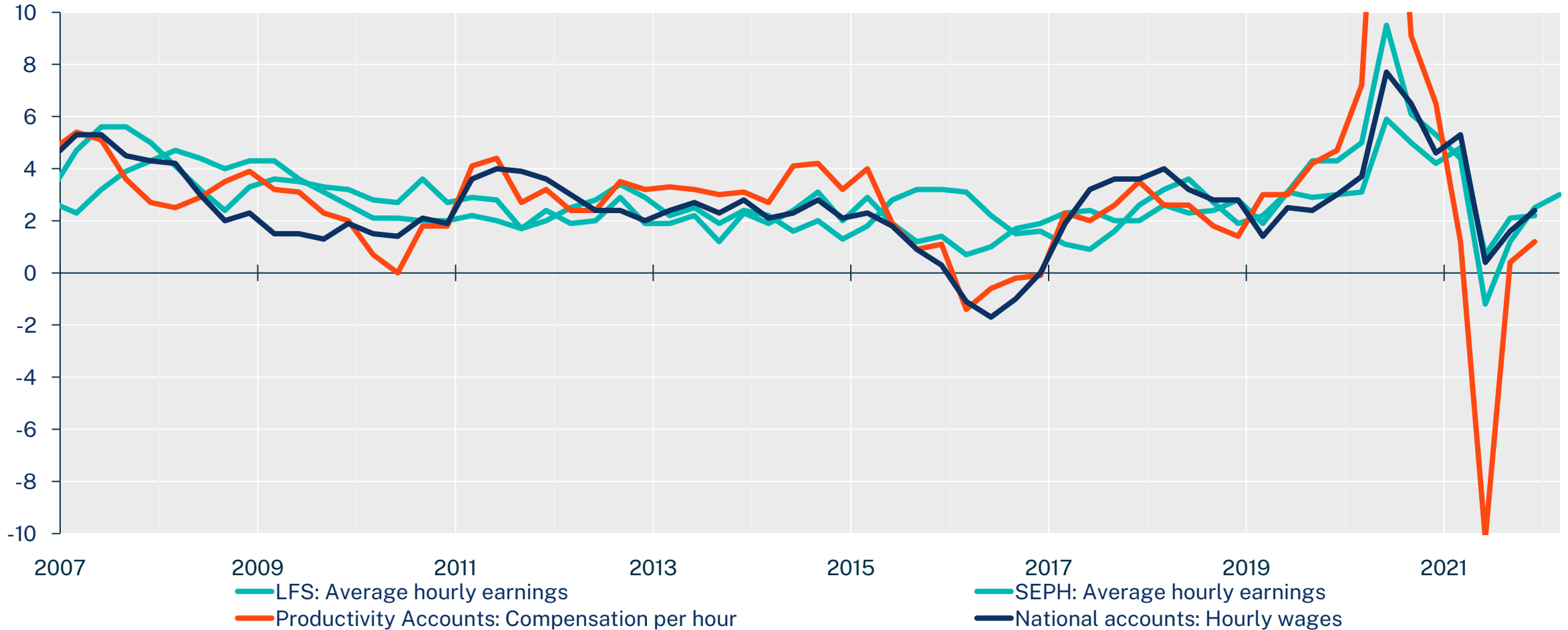




# ...but wage pressures surprisingly muted (so far).

## Bank of Canada, wage-common components

Year-over-year, % change



Sources: Bank of Canada; Statistics Canada



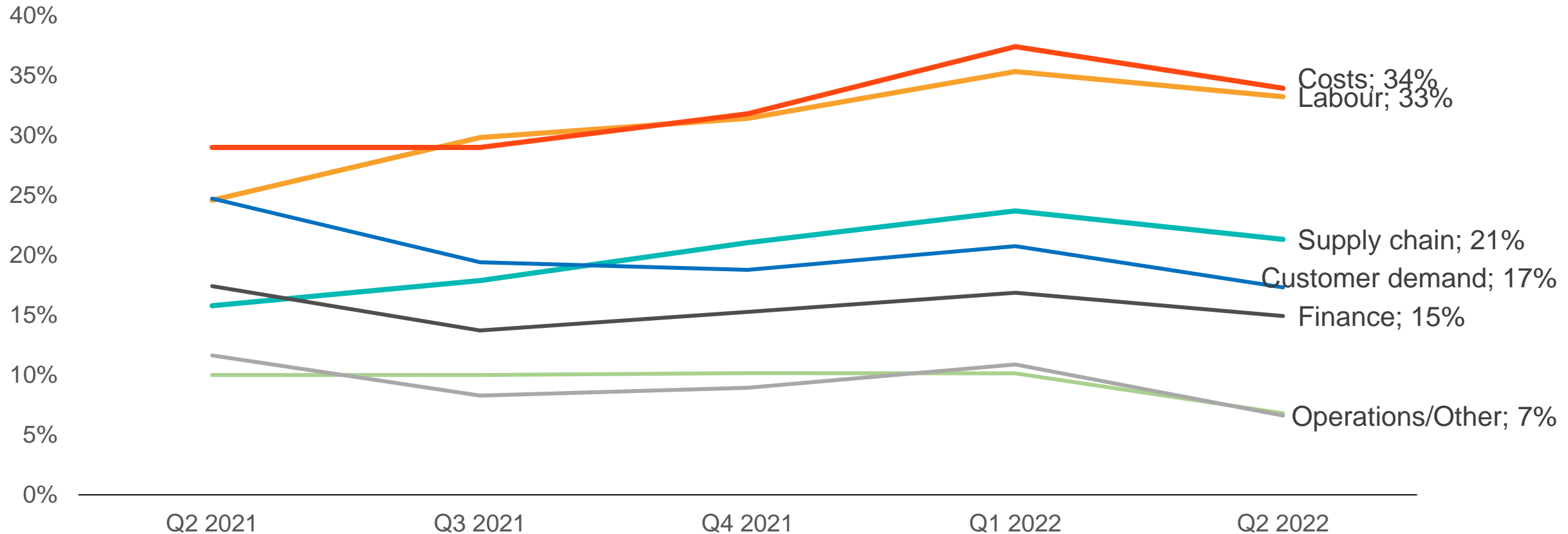
# Businesses surveys



# Labour is a top business challenge (alongside costs)

## Business obstacles expected, next three months

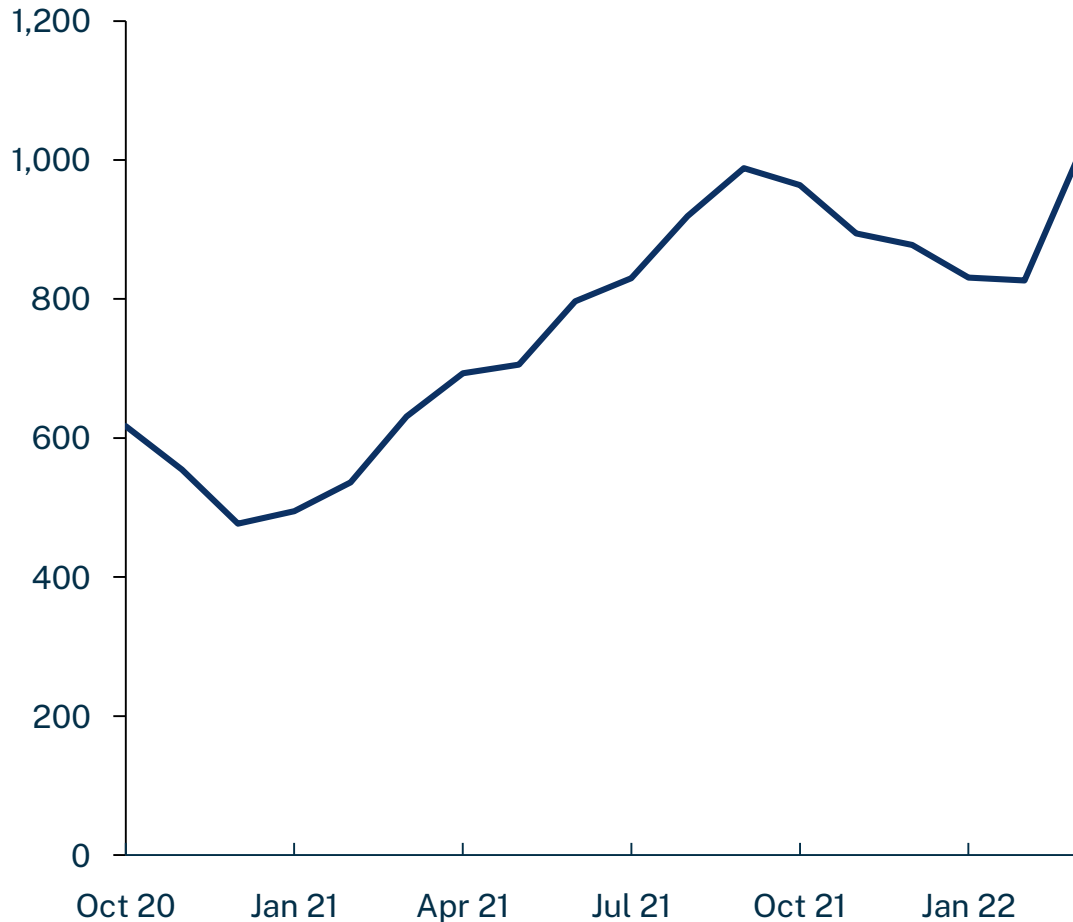
% of respondents, grouped by categories



# Firms want to hire, but are having trouble

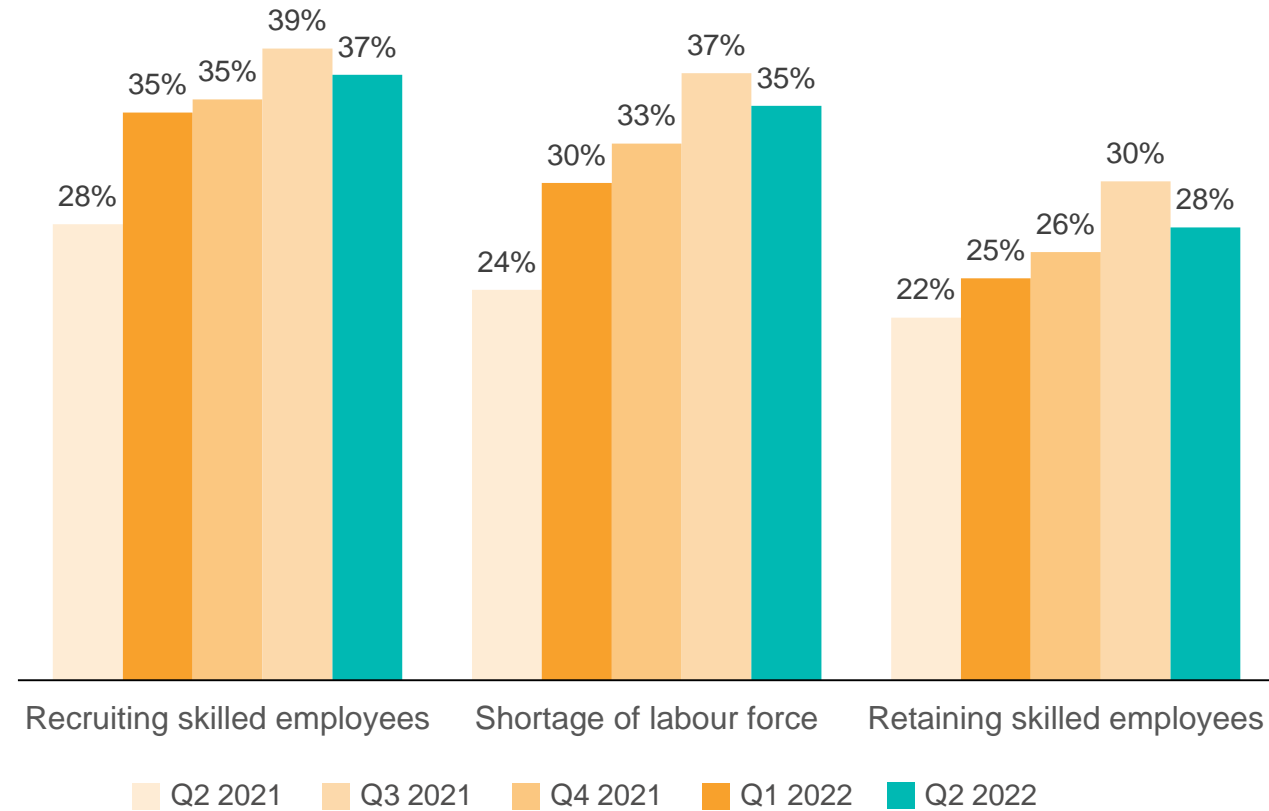
## Canada job vacancies

Thousands, monthly



## Business obstacles expected, next three months

% of respondents, by labour obstacle





# Widespread labour challenges, but restaurants, travel, construction, manufacturing and retail, large firms most impacted

% of respondents	Shortage of labour force	Recruiting skilled employees	Retaining skilled employees
<b>All industries</b>	35	37	28
Accommodation and food services	64	46	42
Construction	45	50	32
Manufacturing	44	47	32
Retail trade	43	39	32
Arts, entertainment, recreation	40	41	31
Health care, social assistance	35	41	34
Administrative and support services	43	37	28
Other services (except public admin.)	30	37	28
Information and cultural industries	27	32	28
Wholesale trade	31	32	21
Agriculture, forestry, fishing	32	28	22
Transportation, warehousing	32	28	21
Mining, quarrying, oil and gas	27	30	25
Finance, insurance	20	28	25
Professional services	19	29	17
Real estate and rental and leasing	16	19	16
<b>Employment sizes</b>	35	37	28
100 or more employees	63	63	57
20 to 99 employees	63	65	48
5 to 19 employees	48	52	37
1 to 4 employees	21	22	17

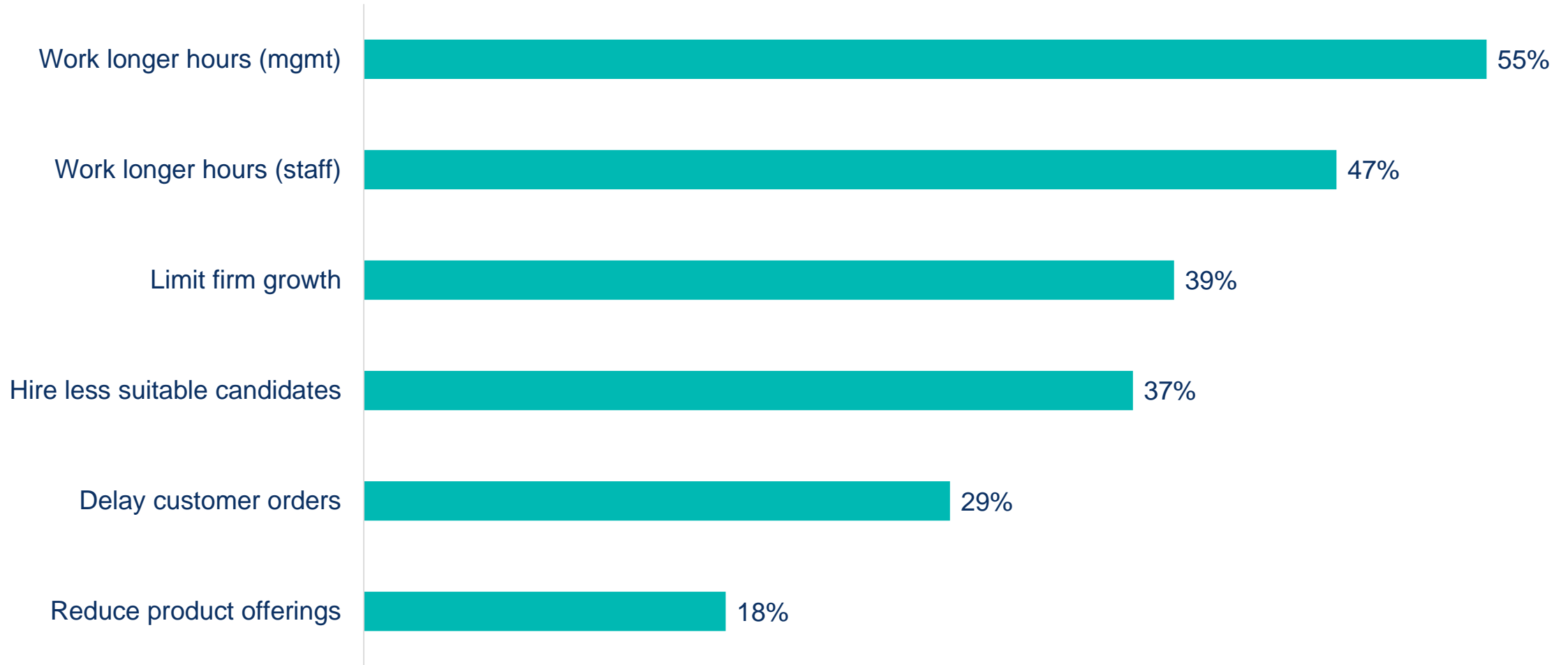




# Work longer, grow slower, hire worse, delay orders, reduce offerings

## Impacts of labour-related obstacles expected, next three months

% of respondents

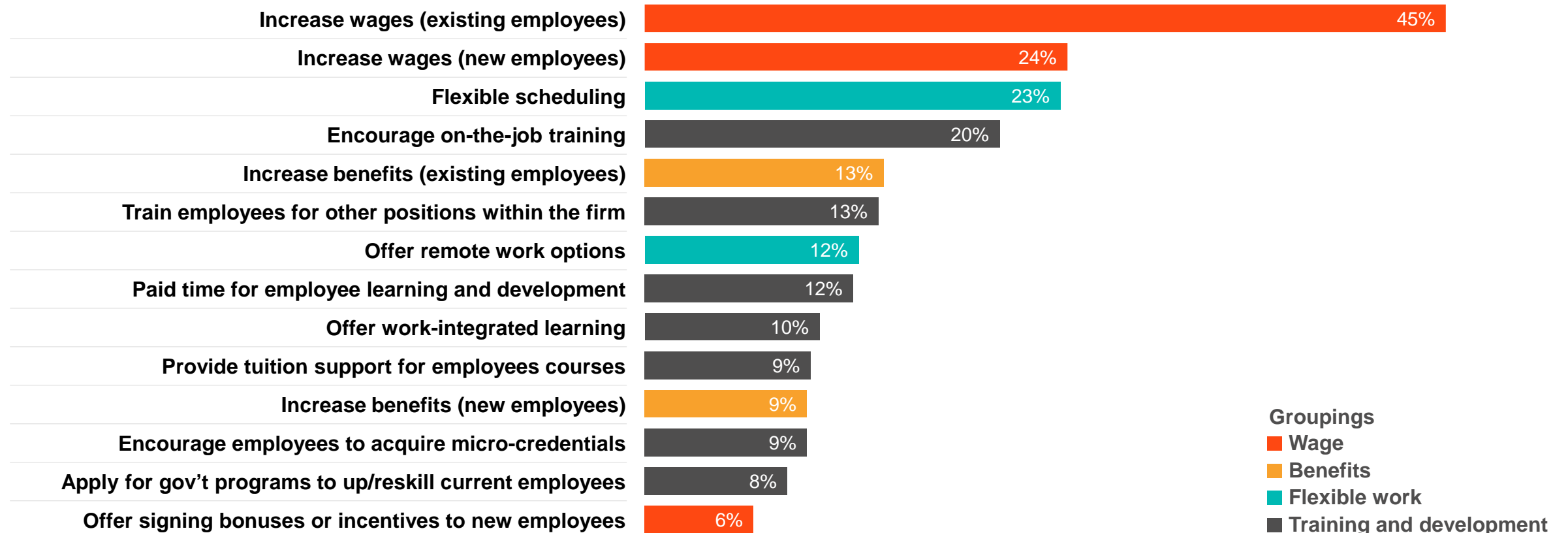




# Companies plan to pay higher wages and offer more flexibility

## Business plans over the next 12 months

% of respondents





# Conclusions

- Big adjustment underway from huge pandemic shock.
- Labour markets are tight. Seller's market. Businesses struggling to finding labour.
- Given record-low unemployment, record-high vacancies and inflation, expect faster wage growth and more flexible work arrangements as business compete to attract and retain workers.







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# We are hiring!

*An economist  
this summer*





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