

## CANADA

### Employment has stagnated in the past few months... but productivity is improving

#### HIGHLIGHTS

- The labour market lost 7,000 jobs in February.
- Public-sector employment declined by 50,700 jobs, while 35,200 jobs were created in the private sector.
- The participation rate was down again, from 66.3% to 66.2%, its lowest level in 12 years.
- The unemployment rate was flat, at 7.0%.
- Statistics Canada also revealed this morning that labour productivity had increased by 1.0% in the fourth quarter of 2013.

#### COMMENTS

Employment growth has been quite disappointing in the past few months, with an average of just 3,400 jobs created per month since September 2013, evidence of some stagnation in the labour market. This weakness is fairly widespread across the country, and Ontario, British Columbia, Saskatchewan and Nova Scotia even show a decline in employment in the past six months. This trend goes hand in hand with a falling labour participation rate: from 66.6% in August 2013 to 66.2% in February 2014. Clearly, the advancing age of the labour force is increasingly making itself felt in this component.

On the bright side, the modest job growth in recent months has had a positive impact on labour productivity. Business output growth was fairly good in the fourth quarter of 2013, with a gain of 0.7%. At the same time, the total number of hours worked dipped by 0.2% during that period, translating into a 1.0% gain in workers' productivity. Combined with the depreciation of the Canadian dollar, this helped boost the competitiveness of Canadian businesses at the end of 2013, a factor that should make things easier for exporters.

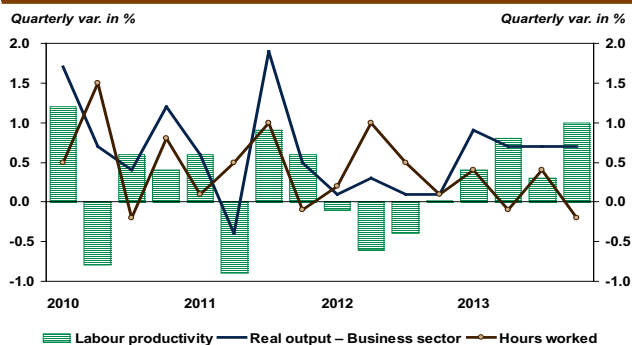
**Implications:** Despite the benefits it can provide to productivity, the employment trend seems to be rather weak compared with the economic growth that has been

#### Employment growth has been close to zero for some months now



Sources: Statistics Canada and Desjardins, Economic Studies

#### Growth in labour productivity accelerated at the end of 2013



Sources: Statistics Canada and Desjardins, Economic Studies

recorded in recent quarters. It is also possible that the particularly tough winter we have had may have affected the employment data since fall 2013. In these conditions, we anticipate some acceleration in employment in the months ahead.

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