

April 4, 2014



CANADA

Employment rebounded in March

HIGHLIGHTS

- The labour market added 42,900 jobs in March.
- The goods sectors posted a loss of 15,600 jobs during the month, while the services sectors created 58,500 jobs.
- The bulk of new jobs created in March are in the public sectors (+39,300).
- Quebec recorded 15,100 new jobs, which represents a 0.4% gain, compared with a national average of 0.2%. Employment in Ontario rose by 13,400 jobs, representing monthly growth of 0.2%.
- For Canada as a whole, the unemployment rate slipped from 7.0% to 6.9%.

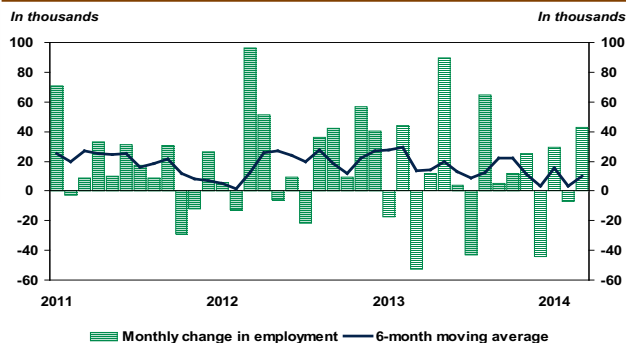
COMMENTS

As forecast, employment rebounded in March after having struggled since the end of 2013. Even if the magnitude of the rebound was slightly more than expected, there is clearly still room for the recovery to continue in the coming months. The 6-month moving average for job creation is now at 9,700 jobs, which is considered too weak in light of the economic growth seen across the country. Under these conditions, job creation could once again surpass 30,000 jobs in April.

That said, the composition of job creation is disappointing. Jobs in manufacturing are still anaemic, once again illustrating the extent of the Canadian economy's struggle with capitalizing on renewed global demand. The private sectors' contribution to job creation has also been weaker in the last six months, while more than half of jobs created have been in public sectors. Note that public sectors represent only 32% of all jobs in the country.

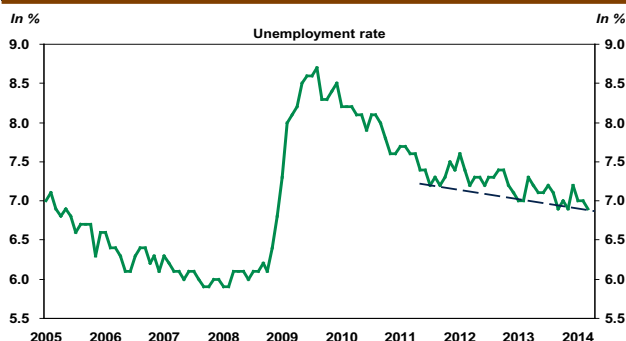
Implications: March's results for the Labour Force Survey have zero impact on the overall picture of the Canadian economy. There is no doubt that some worries persist, as evidenced by weak growth in the moving average trend and the difficulties that exist in some key sectors. As such, we continue to believe that the Bank of Canada will wait until

The moving average is still fairly weak despite the jobs created in March



Sources: Statistics Canada and Desjardins, Economic Studies

The unemployment rate continues its slow descent



Sources: Statistics Canada and Desjardins, Economic Studies

the third quarter of 2015 before proceeding with a first key interest rates increase.

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