

CANADA

The employment trend is still sluggish, despite the creation of 25,800 jobs in May

HIGHLIGHTS

- The labour market gained 25,800 new jobs in May, in line with expectations.
- The public sector recorded an advance of 41,500 jobs, while the private sector saw an increase of 24,700 jobs. The number of self-employed workers fell by 40,400.
- The Atlantic provinces (-0.51%) and Quebec (-0.02%) suffered job losses in May, while gains were recorded in Ontario (+0.21%) and in the Prairie provinces (+0.55%). British Columbia also saw a slight dip in employment (-0.08%).
- The unemployment rate across Canada edged up from 6.9% to 7.0%.

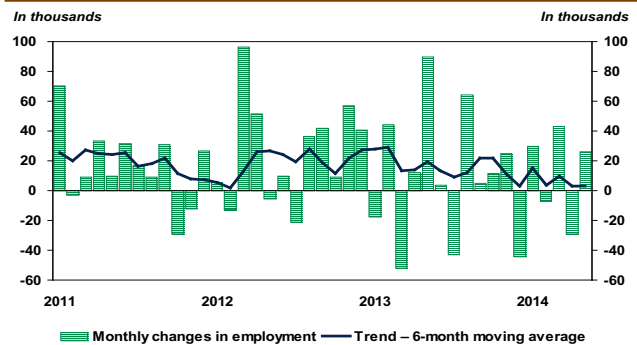
COMMENTS

May's gain is not enough to completely offset April's loss of 28,900 jobs. Indeed, the labour market trend, if we look at the six-month moving average of monthly changes in employment, is still quite sluggish: 3,000 jobs, versus 2,900 jobs in April. These low numbers clearly illustrate the challenges that have beset the labour market since the end of 2013.

That said, the labour market's recent trend is quite consistent with the rather limp economic growth that has been recorded in the country in recent months. According to other data, also released today by Statistics Canada, the total number of hours worked rose by 0.4% in the first quarter of 2014, while real business output ticked up by a mere 0.3%. This tells us that labour productivity dipped slightly, by 0.1%. Nevertheless, the unit labour cost of Canadian businesses, expressed in U.S. dollars, fell by 4.4% in the first quarter (the largest decline in over five years) thanks to the depreciation of the loonie. Obviously, this is good news for the competitiveness of Canadian businesses.

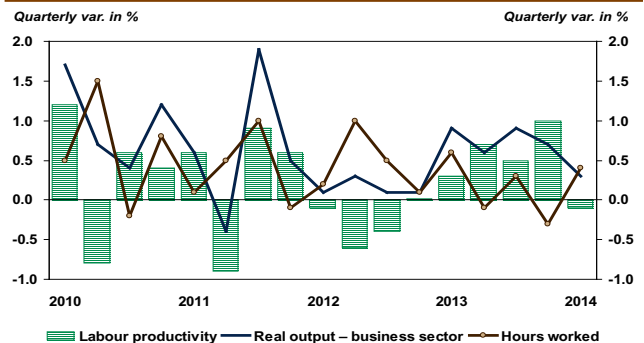
Implications: The overall picture of the labour market has remained basically unchanged over the past few months.

The employment trend has been quite sluggish since the end of 2013



Sources: Statistics Canada and Desjardins, Economic Studies

Productivity declined slightly last winter



Sources: Statistics Canada and Desjardins, Economic Studies

Therefore, today's numbers should not have much impact on the financial markets, or on expectations regarding future developments in key interest rates.

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