

June 5, 2015

CANADA

Astounding job creation for May

HIGHLIGHTS

- The labour market created 58,900 jobs in May, coming in well above expectations.
- The goods sector was up 10,200 jobs thanks to a rise of 21,500 jobs in manufacturing. Most of the other sectors lost jobs during the month.
- The service sectors added 48,600 jobs. Most sectors saw increases.
- Most of the jobs created in Canada are located in Ontario (+43,000) and British Columbia (+30,600). Note that these two provinces saw major drops in April. Overall, the other provinces lost 15,800 jobs in May.
- Although employment has jumped, the unemployment rate for all of Canada stayed at 6.8% due to a slight uptick in the participation rate.

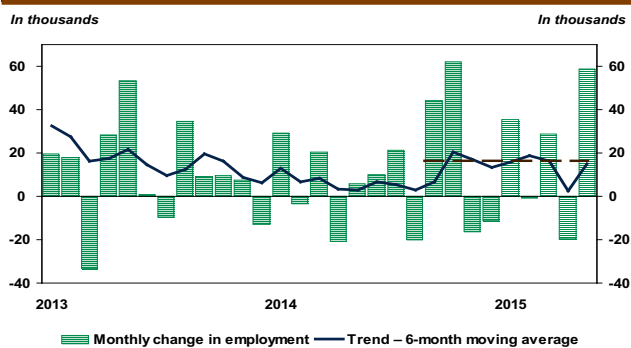
COMMENTS

Once again, the results of the labour force survey caused some surprise, well outstripping the range of forecasts from the analysts consulted by Bloomberg. With the 58,900 jobs added in May, the 6-month moving average (which provides a better view of the trend) went from +2,600 to +15,200 jobs. Given the 0.6% real GDP contraction recorded in the first quarter, employment's 6-month moving average seems to have bounced a little too high. Under the circumstances, we are likely to see weaker performance from employment over the next few months.

There is also room to wonder about how seasonal fluctuations helped boost May's employment results. As we know, last winter was especially harsh and April was also quite chilly. This no doubt helped inflate seasonal job creation in May when warmer weather came along.

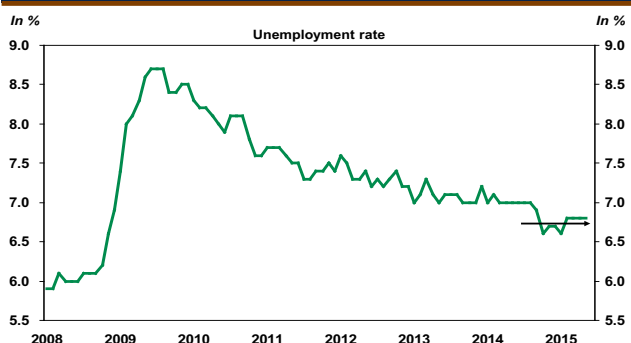
Implications: Although better than anticipated, the results for employment do not really alter the picture of Canada's economic conditions. These figures are quite volatile and we are likely to see weaker employment growth in the months to come. Also, May's job creation was very geographically

The trend for employment has risen to its level of the last few months



Sources: Statistics Canada and Desjardins, Economic Studies

The unemployment rate has been relatively stable for several months



Sources: Statistics Canada and Desjardins, Economic Studies

concentrated (in Ontario and British Columbia), so it does not paint a positive picture of the entire Canadian labour market.

Benoit P. Durocher
Senior Economist

François Dupuis
Vice-President and Chief Economist

Hélène Bégin
Senior Economist

Benoit P. Durocher
Senior Economist

Francis Généreux
Senior Economist

514-281-2336 or 1 866 866-7000, ext. 2336
E-mail: desjardins.economics@desjardins.com