

CANADA

The labour market makes further gains

HIGHLIGHTS

- The labour market added 12,000 jobs in August, with workers 55 and older benefiting from the bulk of the gains.
- Quebec lost 2,000 jobs in August.
- Ontario's labour market dropped 3,900 positions.
- The 6-month moving average, which gives the best indication for the employment trend, stands at 13,300 jobs per month for Canada as a whole.
- The unemployment rate still ticked up from 6.8% to 7.0% due to an increase in the number of Canadians in the labour market (participation rate).

COMMENTS

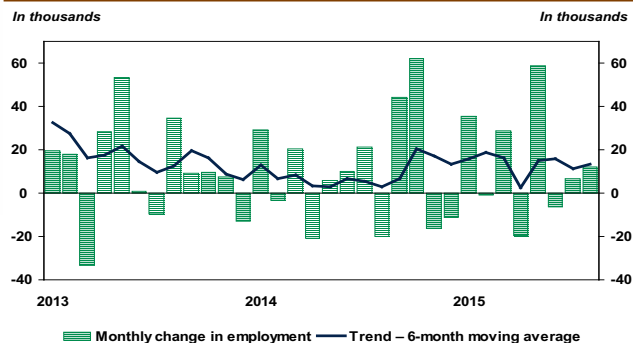
Most forecasters were expecting employment to pull back slightly in August. In this context, August's 12,000-job gain is good news. That being said, caution is in order given how very volatile the employment results are, especially as the figures for August include a share of "oddities." In this economic context, it is, in fact, hard to explain the increase in employment in the oil-producing provinces (Alberta, Saskatchewan, and Newfoundland and Labrador), while decreases were seen in Ontario and Quebec.

This once again proves how important it is to study the results for employment alongside trends of several months. Here, the 6-month moving average for the monthly change in employment remains fairly high in Canada. Yet, Canada's economy was in a technical recession in the first half of 2015. Logically, the employment trend should therefore slow over the next few months.

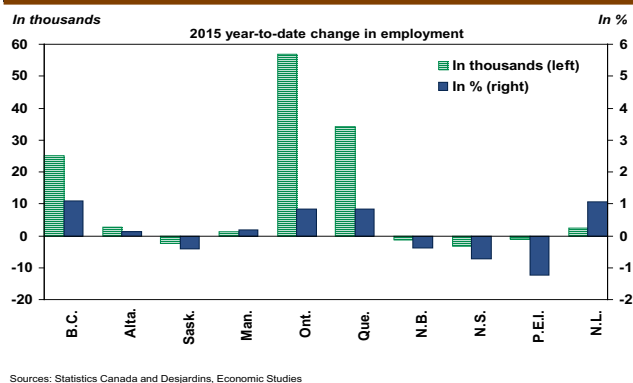
As for the provinces, despite August's disappointing performance, employment growth in Quebec and Ontario is among the strongest since the start of the year. These provinces are less affected by the problems in the energy sector.

Implications: August's stronger-than-forecast job creation and increase in the unemployment rate paint a picture of the

The employment trend remains fairly good



Employment growth has been more favourable in Quebec and Ontario since the year began



labour market that is marked by contrasts. That being said, we do not see anything in these results that could substantially impact next week's Bank of Canada decision. A status quo is therefore likely, given the promising performance by some other economic indicators, particularly exports.

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