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 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.

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

Note to readers: The letters k, M and B are used in texts and tables to refer to thousands, millions and billions respectively.

Important: This document is based on public information and may under no circumstances be used or construed as a commitment by Desjardins Group. While the information provided has been determined on the basis of data obtained from sources that are deemed to be reliable, Desjardins Group in no way warrants that the information is accurate or complete. The document is provided solely for information purposes and does not constitute an offer or solicitation for purchase or sale. Desjardins Group takes no responsibility for the consequences of any decision whatsoever made on the basis of the data contained herein and does not hereby undertake to provide any advice, namely in the area of investment services. The data on prices or margins are provided for information purposes and may be modified at any time, based on such factors as market conditions. The past performances and projections expressed herein are no guarantee of future performance. The opinions and forecasts contained herein are, unless otherwise indicated, those of the document’s authors and do not represent the opinions of any other person or the official position of Desjardins Group. Copyright © 2015, Desjardins Group. All rights reserved.