

CANADA

The employment trend reaches a relatively weak level

HIGHLIGHTS

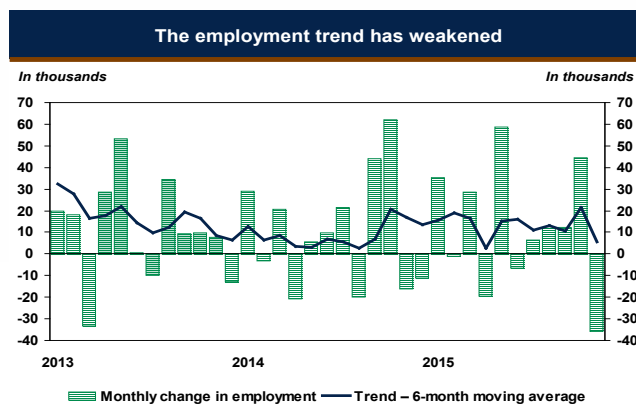
- The labour market lost 35,700 jobs in November.
- The public administrations sector shed 32,500 jobs due to a return to normal conditions after the hiring blitz of temporary workers in October for the federal elections.
- The services sector overall showed a loss of 82,000 jobs, the largest drop ever recorded since this data started to be collected in 1976.
- The 6-month moving average reached only 5,500 jobs, vs. 21,300 jobs in October.
- The unemployment rate edged up, from 7.0% to 7.1%.

COMMENTS

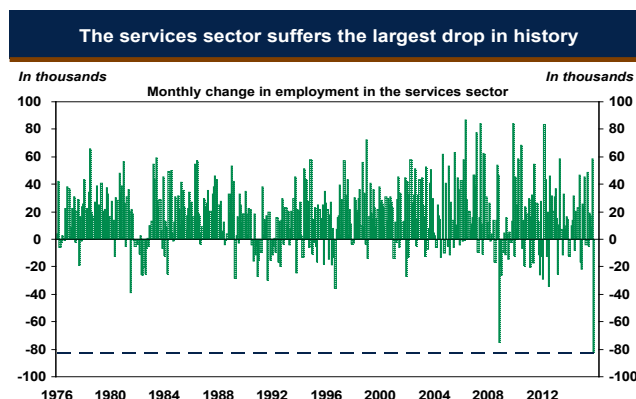
The decline in employment in November is somewhat steeper than expected. The drop recorded in the public administrations sector was expected, considering the temporary effect associated with the federal elections. However, other sectors also had difficulties and the labour market, excluding public administrations, contracted by 3,200 jobs. This weakness is reflected in the employment trend (stemming from a 6-month moving average), which fell to 5,500 jobs in November—a very weak level from a historical standpoint. If the trend remains this weak in the coming months, questions will be raised about the strength of Canada's economy in early 2016. Given the substantial volatility of the employment data, the situation is not too much of a concern at the moment.

That said, the labour market in Alberta seems to be suffering increasingly from the problems in the energy sector. The province lost 14,900 jobs in November, after shedding 10,800 jobs in October. Since the start of the year, the province has posted a total of 10,700 jobs losses, vs. the 146,000 new jobs created in the other provinces.

Implications: The weak employment trend seen in the past few months does not paint a very favourable portrait of Canada's economy. We must, of course, remain prudent



Sources: Statistics Canada and Desjardins, Economic Studies



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when analyzing the job data, but the most recent results undoubtedly fuel concerns about the outlooks for the Canadian economy and the likelihood of a potential rate cut. That said, our base scenario continues to call for the status quo to be extended until 2017.

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