

## CANADA

### Jobs lost for the third time in four months

#### HIGHLIGHTS

- The Canadian labour market shed 2,100 jobs in April.
- The goods sector lost 37,100 jobs, with manufacturing dropping 16,500 positions.
- The service sectors created 35,000 jobs on fairly widespread gains.
- The unemployment rate is steady at 7.1%.
- Quebec created 1,800 jobs over the month and the manufacturing job losses were not as steep in the province. The unemployment rate remains 7.5%.
- In Ontario, construction employment posted a particularly big drop. All in all, the province lost a total of 3,300 jobs. The unemployment rate went from 6.8% to 7.0%.

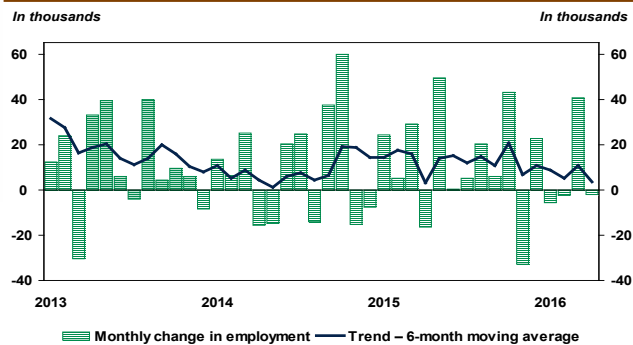
#### COMMENTS

To date, except for the strong 40,600 jobs created in March, every month in 2016 has ended with slight job losses in Canada. The trend derived from the 6-month moving average is therefore down to 3,400 jobs in April. This is disappointing, given that economic growth accelerated in the first quarter. However, it does spotlight the problems that continue to hamper Canada's economy. Moreover, our projections indicate that economic growth could sag again in the second quarter, dropping back below the 1% mark.

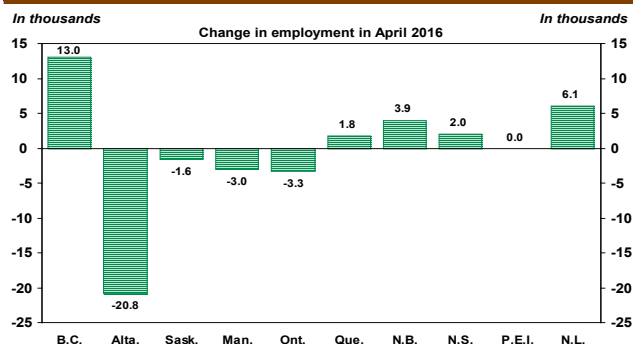
Despite April's uptick, the labour market situation is difficult in Quebec. On average, the last six months have posted zero job creation. In Ontario, even with April's slight loss of jobs, the trend for employment is better, primarily thanks to solid performance by some of the service sectors. Note that Ontario has been standing out for several quarters, posting economic growth that beats the national average.

**Implications:** April's results for the Labour Force Survey do not really change the picture of the Canadian, Quebec or Ontario economies. Under the circumstances, there will be no impact on future monetary policy movement, especially as an extended status quo is anticipated.

#### Canada's employment trend is relatively weak



#### Alberta was especially hard hit by the labour market difficulties in April



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