

ECONOMIC NEWS

Canada: The Trend for Employment Slows

HIGHLIGHTS

- ▶ The labour market created 3,200 jobs in April, a result that is relatively consistent with expectations.
- ▶ Job growth would have been higher if not for the loss of 18,700 jobs in business services, services to buildings and dwellings, and other support services, and the 12,300 jobs lost in accommodation and food services.
- ▶ The unemployment rate went from 6.7% to 6.5% as 45,500 people left the labour force.

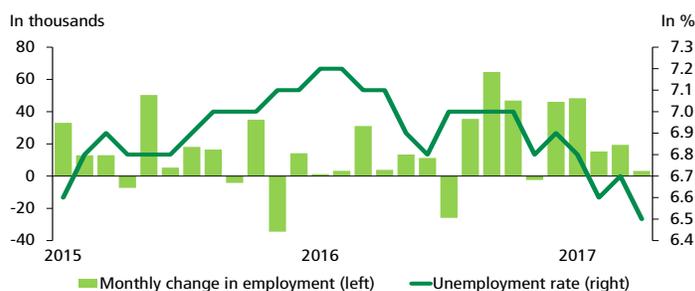
COMMENTS

The employment growth seen since August 2016 has solidly outstripped the expectations based on movement by economic growth. Employment was therefore expected to slow somewhat to get the trend back to a level that was more consistent with output. April's lacklustre employment growth, combined with the weaker growth recorded in February and March, helped slow the trend substantially. The trend-cycle measurement compiled by Statistics Canada is therefore showing a gain of just 10,600 jobs in April, compared with 38,100 jobs last November. The lull should allow employment growth to continue on a stronger foundation in the coming months. Note that, overall, economic conditions remain very favourable.

IMPLICATIONS

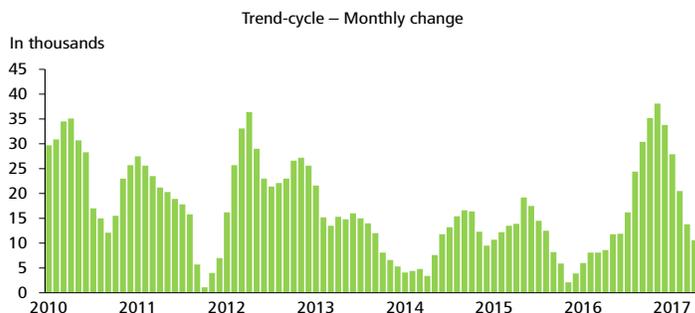
In and of themselves, April's results for the *Labour Force Survey* do not change our perception of Canada's economy. Nonetheless, they spotlight a risk that is looming over most of the economic indicators for April. The drop in employment in business services, services to buildings and dwellings, and other support services, as well as in accommodation and food services is no doubt partly due to the fact that some seasonal activities are lagging behind as a result of the poor weather in central Canada that month. This is an indicator of the volatility we could see in the results of some economic indicators this spring.

GRAPH 1
The unemployment rate fell in April despite the weak job creation



Sources: Statistics Canada and Desjardins, Economic Studies

GRAPH 2
The trend for employment has dropped to a more sustainable level



Sources: Statistics Canada and Desjardins, Economic Studies

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