

## ECONOMIC NEWS

# Canada: Lowest Unemployment Rate Since 1976

### HIGHLIGHTS

- ▶ Canada's labour market continues to gain strength. After a record 106,500 new jobs were created in April, May wrapped up with a total of 27,700 new hires.
- ▶ The job gains in May were mostly recorded in the services sectors (+22,800), while the goods sectors saw a more tepid increase (+4,900). Furthermore, construction suffered another pullback in May. The rebound in April in this industry was thus short-lived.
- ▶ The unemployment rate fell to 5.4%, the lowest level since the labour force survey was introduced in 1976.

### COMMENTS

It might be surprising that April's record increase was not followed by a poor performance in May. But honestly, we stopped being surprised by the very upbeat results of the labour force survey a while ago. Since the start of 2017, labour has advanced at an average pace of +29,800 jobs a month. This is an exceptional trend, which has obviously contributed to bringing the unemployment rate to a historic low.

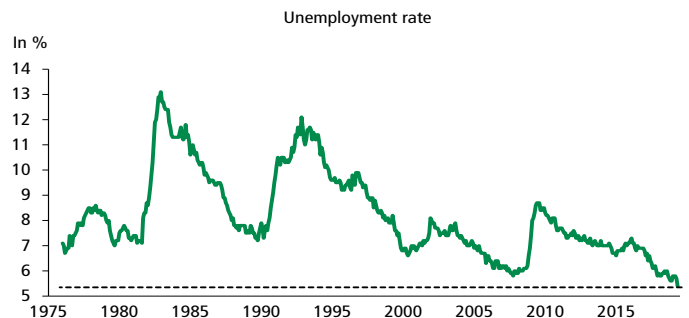
These gains are being made in the midst of a labour shortage, which is undoubtedly pushing some businesses to keep hiring despite the production slowdown seen in recent quarters. That said, the number of job vacancies seems to have declined a bit recently, which could eventually lead to slower job growth.

### IMPLICATIONS

The very positive employment trend, combined with the rebound in domestic demand in the first quarter of 2019, is reassuring for the Bank of Canada. However, the monetary authorities cannot ignore the many uncertainties facing the world economy, particularly due to trade tensions. The status quo on key interest rates will continue for several more months.

### GRAPH 1

#### The unemployment rate reaches a new all-time low



Sources: Statistics Canada and Desjardins, Economic Studies

### GRAPH 2

#### Job vacancies have edged down in recent months



Sources: Statistics Canada and Desjardins, Economic Studies

**Benoit P. Durocher**, Senior Economist

François Dupuis, Vice-President and Chief Economist • Mathieu D'Anjou, Deputy Chief Economist  
Hélène Bégin, Senior Economist • Benoit P. Durocher, Senior Economist • Francis Généreux, Senior Economist

Desjardins, Economic Studies: 514-281-2336 or 1 866-866-7000, ext. 5552336 • [desjardins.economics@desjardins.com](mailto:desjardins.economics@desjardins.com) • [desjardins.com/economics](http://desjardins.com/economics)

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, notably 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 © 2019, Desjardins Group. All rights reserved.