

## ECONOMIC NEWS

# Canada: The Labour Market Begins Its Slow Recovery

### HIGHLIGHTS

- ▶ As we had forecast, employment returned to positive territory in May, following two months of historic declines.
- ▶ However, the 289,600 jobs created in May barely made a dent in compensating for the 3,004,500 jobs lost in March and April. Clearly, the labour market's recovery will be slow and gradual.
- ▶ The number of individuals who worked less than half of their usual hours fell 8.6% in May, another sign that labour market conditions are improving.
- ▶ Despite this job growth, the unemployment rate continued to climb in May, reaching 13.7%, its highest level since data began to be published in 1976.
- ▶ This was due to a higher participation rate as a number of workers returned to the labour market.

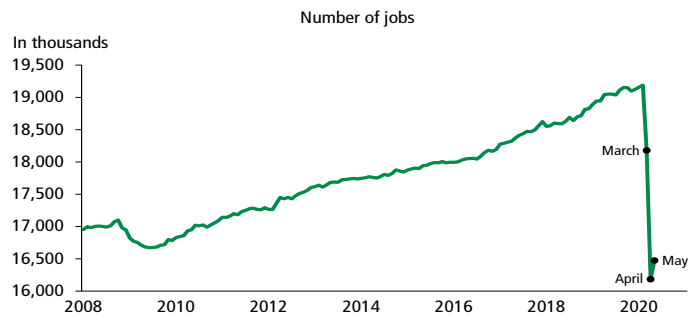
### COMMENTS

The gradual lifting of lockdown measures in certain sectors and regions enabled the labour market to begin its slow recovery in May. In this regard, Quebec got a head start by reopening the construction and manufacturing sectors. As a result, nearly 80% of the jobs created in May were in Quebec. That said, employment has also seen slight gains in eight other provinces. Ontario was an exception, posting another drop in employment for the month.

The continued gradual lifting of restrictions in most regions suggests that employment will continue to rebound in the coming months. However, there will be numerous obstacles due to the lingering harmful effects of COVID-19. The transition period once government income support measures taper off could also cause some jolts for the labour market.

### GRAPH

#### Employment's full recovery will be slow and gradual



Sources: Statistics Canada and Desjardins, Economic Studies

### IMPLICATIONS

Today's figures are clearly good news for the Canadian economy. They suggest that the worst is behind us and that the gradual recovery began in May. What's more, the total number of actual hours worked rose 6.3% in May, a sign that real GDP by industry will return to positive territory during the month. However, it will be a tough climb, and the recovery is sure to take several months, as May's increase in hours worked is a drop in the bucket compared to the cumulative decrease of 27.7% from February to April.

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