

# ECONOMIC NEWS

## Canada: Job Market Keeps Improving

### HIGHLIGHTS

- ▶ The job market continued to recover in August, creating 245,800 jobs, an increase of 1.4%.
- ▶ Employment once again grew faster in the service (1.5%) than goods sector (+0.7%).
- ▶ Service sector employment reached 94.4% of February's pre-COVID-19 level, while the goods sectors have recovered 93.8% of the lost ground.
- ▶ Employment rose in all provinces in August, except for Alberta and New Brunswick.
- ▶ The unemployment rate went from 10.9% to 10.2%.
- ▶ The participation increased to 64.6% in August from July's 64.3%.

### COMMENTS

The job market continues to normalize. In the week of the survey, August 9 to 15, the number of workers affected by COVID-19 stood at 1.8 million. This is a substantial improvement from the peak of 5.5 million recorded in April.

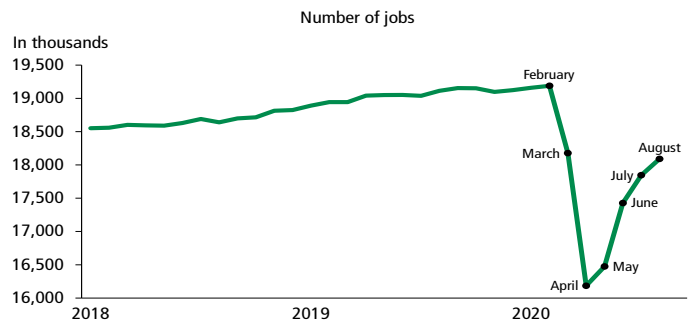
That being said, the pace of employment growth is slowing. Clearly, the easiest gains to make as activity resumed came during the summer. The job market will therefore enter into a new phase shortly, when the real fallout from the pandemic will be more perceptible. For example, the number of Canadians looking for jobs is rising steadily, hitting a high of 1.8 million in August. We can therefore expect the unemployment rate to remain higher than it was before the pandemic for a few more quarters.

### IMPLICATIONS

For now, the impacts of a higher unemployment rate on Canada's economy are hard to see. Among other things, the

### GRAPH 1

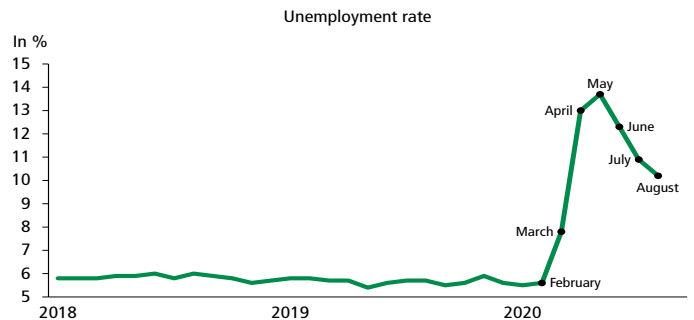
#### Employment continues to come back... but more slowly



Sources: Statistics Canada and Desjardins, Economic Studies

### GRAPH 2

#### The unemployment rate is still quite high



Sources: Statistics Canada and Desjardins, Economic Studies

housing market is lively and retail sales rebounded quickly. Some of these good results, however, are due to the pent up demand that accumulated during the lockdown. The adverse impacts of a higher unemployment rate could become clearer once this pent up demand is fully satisfied. Keep an eye on it.

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