

## ECONOMIC NEWS

# Canada: Third Wave Curbs Labour Market Growth

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### HIGHLIGHTS

- ▶ The labour market lost 207,100 jobs in April, a sharper decline than expected.
- ▶ As anticipated, the introduction of new public health measures led to a loss of jobs in trade (-89,100 jobs), recreation (-26,200 jobs) and accommodation and food services (-59,200 jobs).
- ▶ However, a number of other sectors also struggled, including construction (-12,700 jobs), educational services (-35,800 jobs) and business services (-7,800 jobs).
- ▶ The unemployment rate climbed from 7.5% to 8.1%.
- ▶ The total number of hours worked in the Canadian economy fell 2.7% in April.

### COMMENTS

The adverse effects of the third wave of COVID-19 were worse than expected, particularly in Ontario, where employment declined 2.1% in April, the largest drop in the country.

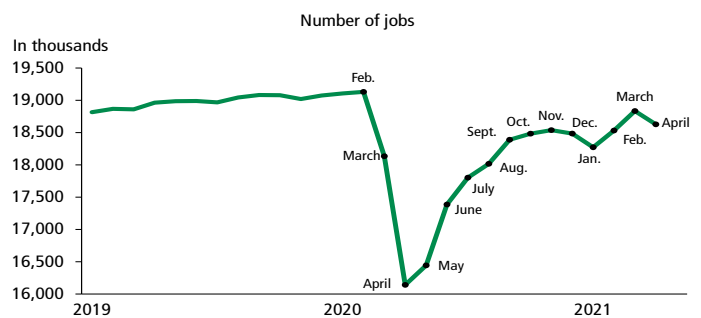
All indicators point to many of the public health measures continuing in May in Ontario. In addition, new restrictions have been implemented in Alberta and other provinces. There will clearly still be many obstacles to labour market growth in May.

That said, the vaccination campaign is going well across the country, and there is reason to be optimistic about the future. As with the first two waves, the labour market's current difficulties should quickly give way to a marked improvement.

### IMPLICATIONS

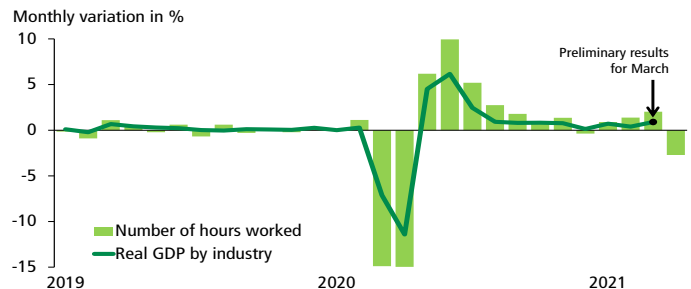
The sharp drop in the total hours worked in April isn't good news for the Canadian economy. It suggests that real GDP by industry could momentarily return to negative territory. However,

**GRAPH 1**  
Employment hits another rough patch



Sources: Statistics Canada and Desjardins, Economic Studies

**GRAPH 2**  
Possible drop in real GDP in April?



Sources: Statistics Canada and Desjardins, Economic Studies

there is still much uncertainty about the scope of economic difficulties in April.