

# ECONOMIC NEWS

## Canada: Employment Difficulties Continued in May

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### HIGHLIGHTS

- ▶ The labour market lost 68,000 jobs in May, following a loss of 207,100 jobs in April.
- ▶ Significant job losses were observed in May in construction (-15,800 jobs), manufacturing (-35,900 jobs) and trade (-21,200 jobs). The other sectors posted an overall increase of 4,900 jobs.
- ▶ The unemployment rate climbed from 8.1% to 8.2%.

### COMMENTS

As expected, some of the jobs lost as a result of the third wave of the pandemic had not been accounted for in the April survey. However, the May survey, carried out between May 9 and 15, indicates a slightly higher than expected pullback. This is due to significant decreases in construction and manufacturing; two sectors not usually very impacted by the upheavals caused by health measures. It remains to be seen whether other more pernicious problems are also at work in these two sectors, such as a shortage of certain inputs (such as construction materials and computer chips).

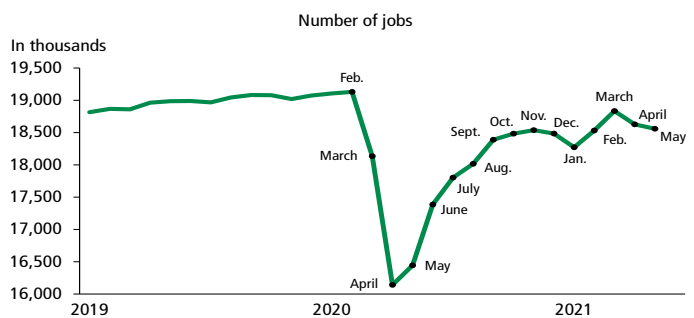
That said, the feeling is that the recent difficulties in the labour market are temporary. The number of new COVID-19 infections is in free-fall throughout the country and lockdowns are gradually being lifted. The reopening of certain sectors of the economy in various regions, such as food services and leisure, should foster a rebound in employment starting in June.

### IMPLICATIONS

Despite the job losses in May, the total number of hours worked in the Canadian economy stabilized during the month. This suggests that the variation in real GDP could creep back into positive territory in May, after a 0.8% drop in April (according to preliminary estimates). For the Bank of Canada, the workforce

### GRAPH 1

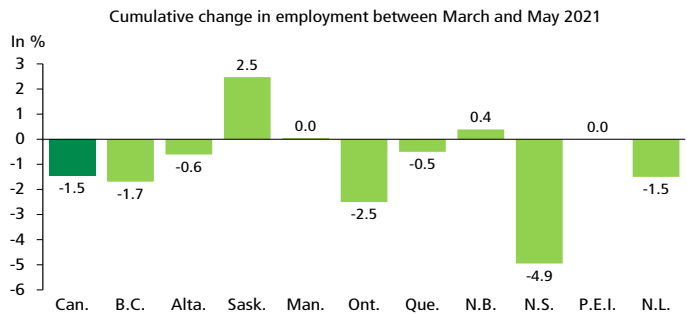
**A last decline in jobs before a rebound in June?**



Sources: Statistics Canada and Desjardins, Economic Studies

### GRAPH 2

**Nova Scotia and Ontario are especially affected by the recent employment difficulties**



Sources: Statistics Canada and Desjardins, Economic Studies

survey's May results do not change much. Attention is increasingly turning to the easing of the lockdown.