



CANADA

Late spring is impacting the labour market

HIGHLIGHTS

- The labour market was hit with a loss of 28,900 jobs in April.
- The goods sectors saw 16,200 jobs vanish while 12,600 jobs disappeared from the services sectors.
- Employment contracted in seven provinces, including Quebec. As a percentage, the losses were particularly sharp in the Atlantic Provinces.
- The unemployment rate for Canada, as a whole, held steady at 6.9%.
- The 66.1% participation rate is the weakest it's been since November 2001.

COMMENTS

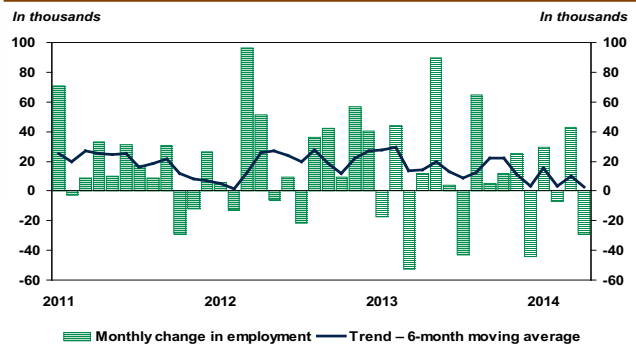
This morning's result are disappointing since we were expecting more job creation in April to further narrow the gap between production growth and job growth. That said, the labour market's underperformance is not really surprising, given the high volatility of employment data.

In addition, all signs point to April's disappointing weather playing a role in job troubles, as seasonal work had to be delayed in many cases. The loss of 32,200 jobs in the accommodation and food services sector is a good example.

In this context, we remain convinced that employment will recover in the coming months, likely in May. That said, the labour market seems to be flagging, with job creation trending at a clearly weaker pace since the end of 2013. There was also a notable drop in the participation rate in recent months, demonstrating discouragement among some workers. As we explained earlier this week, the number of employees who involuntarily work part time is fairly high, especially in Ontario.¹

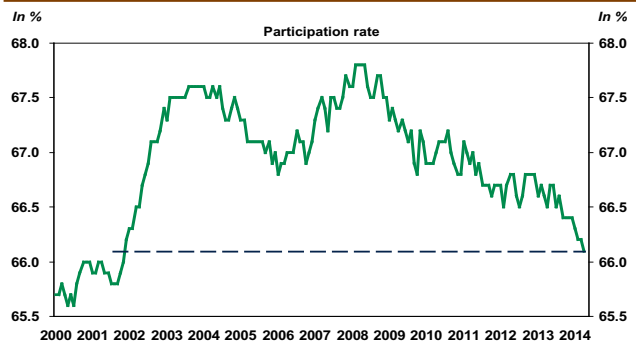
¹ Desjardins, Economic Studies, *Economic News*, "Canada: Quality of job creation matters too", May 7, 2014, www.desjardins.com/ressources/pdf/nf140507-e.pdf?resVer=1399484389000.

Employment trend weaker in recent months



Sources: Statistics Canada and Desjardins, Economic Studies

The participation rate drops again



Sources: Statistics Canada and Desjardins, Economic Studies

Implications: Considering the blips caused by Mother Nature, there is no need to be overly worried about labour market troubles in April. That said, the weaker trend in employment is symptomatic of an economy in transition, while the benefits of accelerating foreign demand are slow to materialize.

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