

## CANADA

### Take 2: In the end, the month of July sees strong job creation

#### HIGHLIGHTS

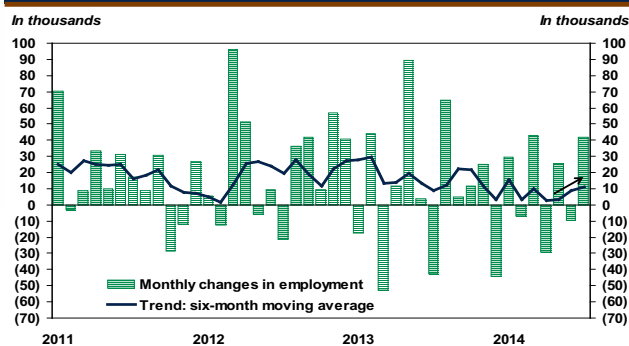
- A mistake in compiling the Labour Force Survey data has forced Statistics Canada to re-issue the July employment figures and unemployment rate.
- Instead of the creation of a mere 200 jobs, as was announced last week, the new version of the July data reports a gain of 41,700 jobs.
- The correction is apparently due to the omission of a certain program, with the result that some full-time jobs not otherwise listed were not taken into account in the original figure.
- Almost all activity sectors are affected by the correction. The greatest changes are in the fields of education (+46,100 instead of +32,100) and trade (+13,700 instead of +400).
- The update does not affect the unemployment rate; it still stands at 7.0% for July, versus 7.1% in June.
- In Quebec, instead of a loss of 13,400 jobs, the new July numbers show the creation of 1,900 jobs. The unemployment rate remains at 8.1%.
- In Ontario, the figure of 15,100 new jobs originally announced for July is now raised to 39,500. The unemployment rate is still 7.5%.
- Alberta, Nova Scotia and New Brunswick saw job losses in July. Conversely, Newfoundland and Labrador, Prince Edward Island, Manitoba and Saskatchewan enjoyed job growth during the month. Employment in British Columbia remained unchanged.

#### COMMENTS

In the end, the numbers released last week were far removed from reality. With a revised gain of 41,700 jobs, the July data are no longer disappointing, but surprising: the scope of job growth now greatly exceeds expectations.

As always, employment data must be put into perspective, due to their great volatility. July's gain is actually a rebound after the unexpected loss of 9,400 jobs in June. The six-month moving average, which provides a better picture of the labour market trend, nevertheless rose to 10,900 in July.

#### The employment trend improves slightly



Sources: Statistics Canada and Desjardins, Economic Studies

Thus, it has been improving gradually in the past few months, since it stood at just 2,900 in April.

The upward movement in the employment trend is fairly consistent with the recent upturn in economic conditions. After growing by a mere 1.2% in the first quarter, Canada's real GDP should show growth of around 2.5% in the second quarter, thanks in particular to a significant contribution from exports.

**Implications:** Despite some encouraging signs in recent months, many uncertainties persist and the labour market is no exception, given that many activity sectors have not yet seen any real improvement. In these circumstances, the Bank of Canada will remain cautious and continue its accommodative monetary policy for several more quarters. We still believe that the first hike in Canadian key interest rates will not occur before the fall of 2015.

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