



CANADA

Job market ticks down in February

HIGHLIGHTS

- According to the Labour Force Survey, February ended with a loss of 2,300 jobs.
- Employment primarily declined in the public sector (-20,400 jobs). Education (-16,900), health care and social assistance (-19,600) and public administration (-5,200) all lost ground over the month.
- Private sector employment added 15,200 jobs, while the ranks of the self-employed expanded by 3,000.
- The unemployment rate went from 7.2% to 7.3%.

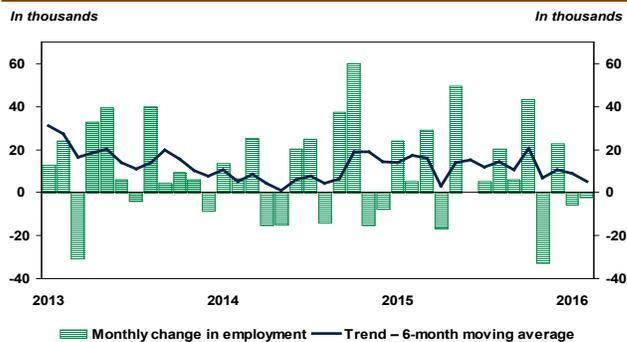
COMMENTS

The weakness in employment is no surprise. Given the economic troubles of recent months, the job market trend has slowed substantially. The 6-month moving average for the change in employment is now 5,100 jobs per month, which is very low historically. The unemployment rate continued to rise, going from 6.6% in January 2015 to 7.3% in February 2016.

There are some major regional disparities in the results, especially for the unemployment rate: it has gone up 3.3 percentage points in Alberta since January 2015, 1.4 percentage points in Saskatchewan, and 2.6 percentage points in Newfoundland and Labrador. Elsewhere in the country, the unemployment rate was somewhat stable in Ontario, Manitoba, Quebec and New Brunswick. The gap between oil-producing provinces and provinces more focused on manufacturing is increasingly apparent.

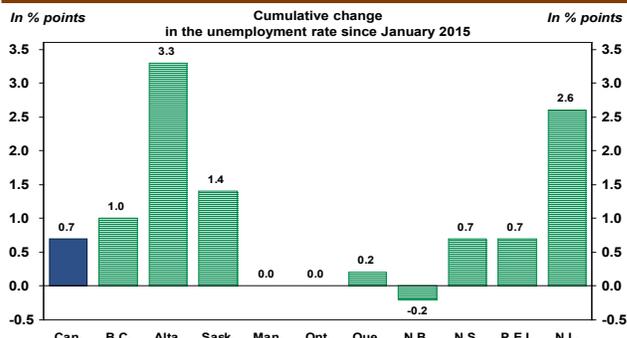
Implications: The job market's slowdown is not worrisome in a context in which the economic outlook should improve in 2016. The recent movements by economic indicators also suggest that real GDP growth could be higher than 2% in the first quarter of 2016. The trend for employment should therefore pick up some speed in the months to come. Under these conditions, job market growth should not be a critical factor in the conduct of monetary policy in the next few months.

The trend for employment slows further



Sources: Statistics Canada and Desjardins, Economic Studies

The rise in the unemployment rate is mainly concentrated in certain provinces



Sources: Statistics Canada and Desjardins, Economic Studies

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