



CANADA

Employment enjoys surprising rally in March

HIGHLIGHTS

- The labour market gained 40,600 new jobs in March.
- The service sector saw a gain of 74,700 jobs thanks to fairly generalized growth. The health and social services sector stands out, with the creation of 24,900 jobs.
- The goods sector lost 34,100 jobs due to a decline of 31,800 jobs in manufacturing. This erases practically all the gains achieved in that sector over the past 10 months.
- Surprisingly, Alberta stands out with the creation of 18,900 jobs. This is the strongest monthly increase in that province since February 2014.
- The unemployment rate across Canada dipped from 7.3% to 7.1%.

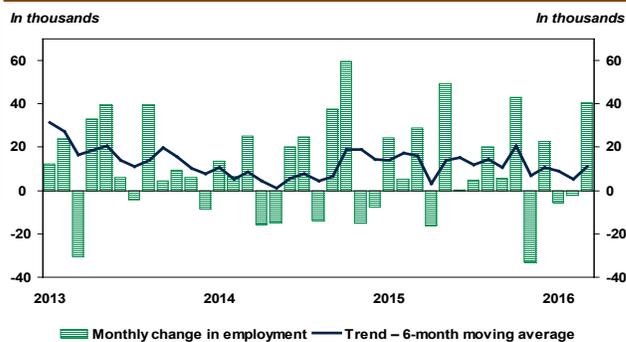
COMMENTS

Once again, the findings of the Labour Force Survey confounded the predictions: job creation far surpassed the most optimistic expectations of the forecasters consulted by Bloomberg. Some rebound was indeed anticipated after two consecutive months of pullback in employment, but nothing of this scope. Should we break out the champagne? Caution is the order of the day, considering the short-term volatility of this indicator. Moreover, the sharp increase in Alberta appears to be unsustainable, given the serious economic troubles plaguing that province.

The 6-month trend of the monthly change in employment has soared with this March gain. The new data raise it from a mere 5,100 jobs per month, to 10,900 jobs per month. However, we should not perceive this as a turning point in the employment trend; it will lose ground in April unless around 43,000 jobs are created during that month. Such a large gain for a second straight month would seem unlikely, given the troubles that are still affecting the Canadian economy.

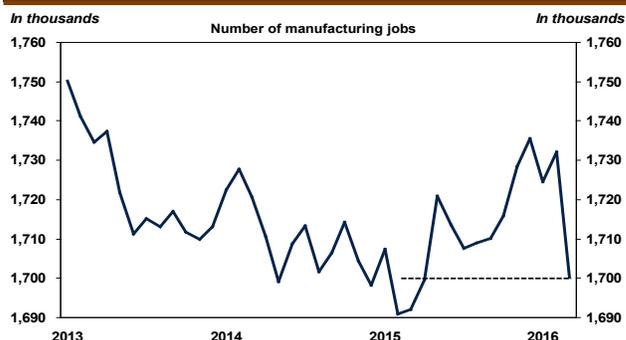
Implications: The sharp increase in jobs that occurred in March does not really change our perception of the Canadian economy. Even though certain indicators have

The employment trend is still relatively sluggish despite the surge in March



Sources: Statistics Canada and Desjardins, Economic Studies

The drop in manufacturing jobs in March erased the gains of recent months



Sources: Statistics Canada and Desjardins, Economic Studies

been more favourable recently, the Canadian economy is still making adjustments, and many challenges remain. For example, exports pulled back in February. All of this still argues in favour of continuing the status quo for key interest rates.

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