

CANADA

Employment rises in spite of the forest fires

HIGHLIGHTS

- The labour market created 13,000 jobs in May.
- The goods sector added 19,000 jobs. The job losses in resources (-15,900) and utilities (-1,300) were offset, among other things, by gains in construction (+18,600) and manufacturing (+12,200).
- The service sector dropped 5,200 jobs. Wholesale and retail trade were especially hard hit (-41,200 jobs). Employment in public administration expanded by 19,400 jobs, mainly due to the holding of the 2016 census.
- Employment increased in most provinces, although it contracted in Alberta (-24,100 jobs), British Columbia (-8,400 jobs), Nova Scotia (-3,600 jobs) and New Brunswick (-900 jobs).
- The Canadian unemployment rate went from 7.1% to 6.9%. The improvement is largely due to a decline in the participation rate.

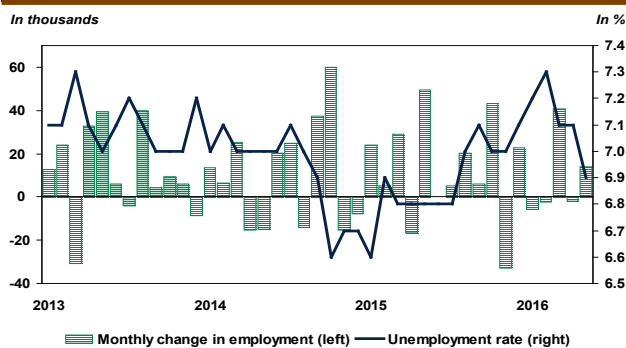
COMMENTS

The forest fires around Fort McMurray, which put many workers associated with the oil industry out of work, did not do too much damage to Canada's labour market, in the end. Alberta lost a lot of jobs, including a decline of 11,500 jobs in the resource sector, but several other provinces came to the rescue. Substantial gains were recorded in Quebec and Ontario, which each added 21,600 jobs.

Statistics Canada's metric for the employment trend-cycle went up 8,100 jobs in May, a result similar to those posted since the start of the year. The metric's annual change fell to 0.63% in May, however, its lowest point since October 2014. This anaemic growth is consistent with the slowdown seen in production in the last few months.

Implications: May's results for the labour force survey are consistent with the ongoing adjustments in Canada's economy. In particular, it is reassuring to see Quebec and Ontario take up the slack from the resource regions. Also good news is the downtrend in the employment rate,

The unemployment rate fell again



Sources: Statistics Canada and Desjardins, Economic Studies

The trend for employment is in line with output growth



Sources: Statistics Canada and Desjardins, Economic Studies

even though some of the decline comes from a drop in the participation rate.

Benoit P. Durocher
Senior Economist

François Dupuis
Vice-President and Chief Economist

Hélène Bégin
Senior Economist

Benoit P. Durocher
Senior Economist

Francis Généreux
Senior Economist

514-281-2336 or 1 866 866-7000, ext. 2336
E-mail: desjardins.economics@desjardins.com