Canada: Wages Continue to Climb Despite Job Losses

**HIGHLIGHTS**
- The labour market shed 7,500 jobs in May, well below expectations.
- Construction (-13,000 jobs) and manufacturing (-18,300 jobs) were particularly hard hit by the difficulties in May.
- British Columbia stands out, with a loss of 12,400 jobs over the month.
- The unemployment rate in Canada stayed at 5.8% due to a slight dip in the participation rate.
- The annual change in the average hourly wage continued to climb, reaching 3.9%.

**COMMENTS**
The job losses recorded in May are in addition to the 1,100 jobs lost in April. These disappointing results confirm that employment advances have slowed considerably since the beginning of the year. This could be attributed in part to the volatile nature of employment results. In light of the current economic growth, the labour market should resume slightly more robust growth over the next few months.

That said, it’s the sustained low unemployment rate and wage growth that are making headlines. The annual change in the average hourly wage soared to 3.9% in May. This marks its highest level since April 2009. The labour shortages seen in some industries and regions continue to have an impact.

**IMPLICATIONS**
With wage growth and its potential effect on inflation, the monetary authorities should stay the course and order another key rate increase in July, as expected.

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