

ECONOMIC NEWS

Canada: An Unprecedented Loss of over 1 Million Jobs

HIGHLIGHTS

- ▶ According to the Labour Force Survey, March ended with a loss of 1,010,700 jobs. That equates to a monthly decrease of 5.3% in the number of jobs.
- ▶ The largest drops were seen in accommodation and food services (-23.9%), IT, culture and recreation (-13.3%), educational services (-9.1%) and wholesale and retail trade (-7.2%).
- ▶ The unemployment rate rose from 5.6% to 7.8%.
- ▶ The participation rate to the labour force fell significantly, going from 65.5% to 63.5%. This lessened the harmful impact of the job losses on the unemployment rate. The lower participation rate was due to the fact that many people who lost their jobs are excluded from the labour force, as isolation measures related to COVID-19 have prevented them from actively seeking employment.

COMMENTS

As expected, the numerous closures imposed by the governments to curb the spread of COVID-19 in Canada have had a historic impact on the labour market. This was the largest monthly decrease in jobs and the highest monthly increase in the unemployment rate since data on the labour force was first released in 1976. What's more, March's job losses exceeded the total number of jobs lost in the last three recessions. That's how unprecedented the current crisis is.

Furthermore, the overall snapshot of the labour market is worse than the job losses indicate. If we take into account the 2.1 million people who had jobs but were absent from work for part or all of the reference week, the total number of Canadians affected by a job loss or a reduction in work hours comes to 3.1 million. In addition, some 56% of employees who were absent from work were not paid for the reference week. According to Statistics Canada, this could indicate future job

GRAPH

A historic deterioration of the labour market



Sources: Statistics Canada and Desjardins, Economic Studies

losses, particularly in April. Under these circumstances, we should expect another colossal number of job losses in April.

IMPLICATIONS

The total number of hours worked in the Canadian economy plunged 15.1% in March, also the largest drop since 1976. Given the close relationship between changes in hours worked and production, this leads us to believe that there will be a drastic decrease in real GDP for March. This finding corroborates our most recent scenario released yesterday.

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