

ECONOMIC NEWS

Canada: Employment Continued to Soar in March

HIGHLIGHTS

- ▶ The labour market added 303,100 new jobs in March, which is far more than expected. Together with February's hike, 562,300 jobs were created.
- ▶ The services sector stands out for the 260,000 new jobs created in March. Furthermore, wholesale and retail trade (+91,800 jobs), educational services (+35,000 jobs), healthcare and social services (+46,800 jobs) and the information, culture and recreation sector (+61,500 jobs) benefited from the sharp rise in employment.
- ▶ The unemployment rate dropped from 8.2% to 7.5%, the lowest it has been since February 2020.
- ▶ The total number of hours worked in the Canadian economy was up 2.0% in March.

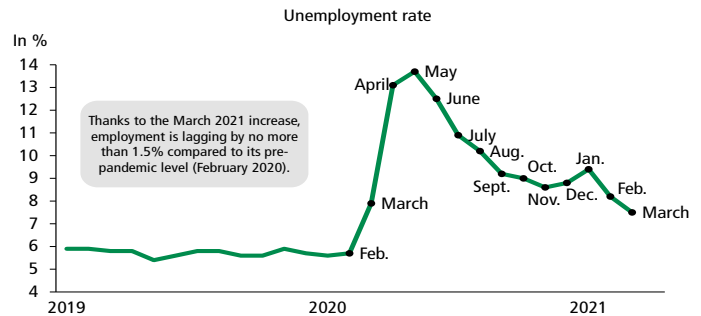
COMMENTS

The labour market is clearly picking up speed. If we exclude the sectors most affected by the restrictions imposed since last fall, i.e., wholesale and retail, accommodation and food services as well as information, culture and recreation, employment has improved significantly, up 0.5% each month on average in the last six months. This again is reflective of the resilience of Canada's economy amidst the pandemic's second wave. As a result, the sharp increase in the number of hours worked in March suggests that real GDP will continue to rise over the month.

This is highly encouraging, as new restrictions have been introduced in several areas of the country to combat the third wave. As was the case in December and January, total employment will no doubt feel the adverse effects of the new restrictions. Still, these challenges should be short-lived, with the trend in most sectors remaining positive.

GRAPH 1

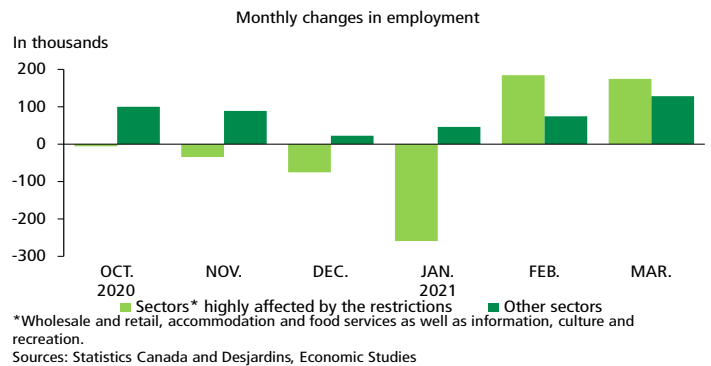
The unemployment rate fell to its lowest level since February 2020



Sources: Statistic Canada and Desjardins, Economic Studies

GRAPH 2

Most sectors are seeing a sustained rise in employment



Sources: Statistics Canada and Desjardins, Economic Studies

IMPLICATIONS

Even if it looks like the labour market has hit a temporary rough patch in April, the overall state of the labour market will remain positive. Without a doubt, the BoC will take this into account in its next Monetary Policy Report.

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