

ECONOMIC NEWS

Employment Surged in Canada in June, Especially in Québec and Ontario

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HIGHLIGHTS

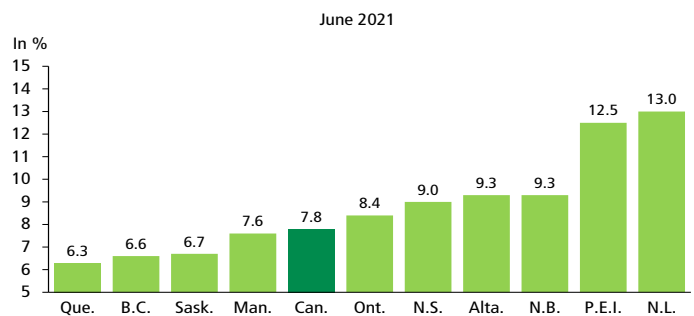
- ▶ Employment levels bounced back in June, with a country-wide gain of 231,000 jobs. That partially offsets the April and May losses, which accounted for 275,000 jobs.
- ▶ Canada's unemployment rate dipped to 7.8% in June, compared to 8.2% the month before.
- ▶ As the restrictions eased in June, employment rose in the accommodation and restaurant sectors, as well as retail trade.
- ▶ All of the employment gains came in part-time work, as young people between 15 and 24 re-entered the labour market.
- ▶ Employment was up in four provinces in June: British Columbia, Nova Scotia, Ontario (+117,000) and Québec (+72,000), which had all experienced significant losses in previous months.
- ▶ Québec's unemployment rate edged down from 6.6% in May to 6.3% in June, the lowest level among all provinces.
- ▶ Ontario's unemployment rate fell to 8.4% in June, compared to 9.3% the month before.

COMMENTS

It came as no surprise that the gradual deconfinement in most provinces, including Québec and Ontario, pushed employment up in June. Slightly more jobs were created in Canada than expected, but the 7.8% unemployment rate was close to the target. The labour market survey was conducted between June 13 and 19, so it only reflects part of the comeback for that month; the other part will be recorded in July. We had expected jobs to pick up in the services sector, which had been so hard hit by the pandemic, but the loss of workers in goods industries like

GRAPH

Québec's unemployment rate is now the lowest in the country



Sources: Statistics Canada and Desjardins, Economic Studies

construction and manufacturing is surprising. Nevertheless, the fact that new service jobs are being created is excellent news.

IMPLICATIONS

The labour market is quickly recovering from the restrictive measures imposed by the provinces during the third wave. With even more deconfinement in most provinces in July and many fewer COVID-19 cases, Canada looks set for a good summer. We also expect real GDP to bounce back after the negative postings in March and April. That should put renewed growth back in the economy and employment after a difficult spring. The Bank of Canada will likely see those figures as a positive sign as it prepares to release its decision on monetary policy next Wednesday. It should reduce its weekly asset purchases to \$2B per week.