



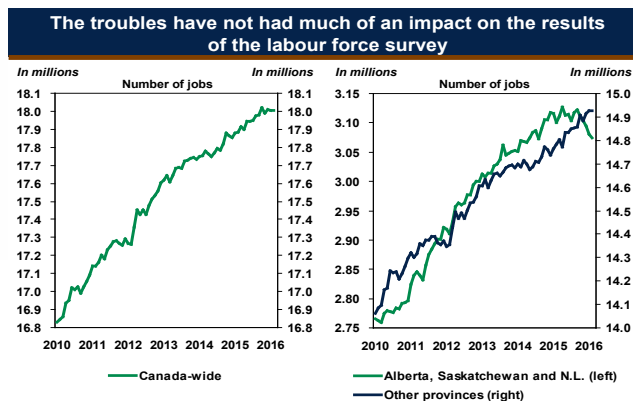
## CANADA

### Major labour market issues in some regions

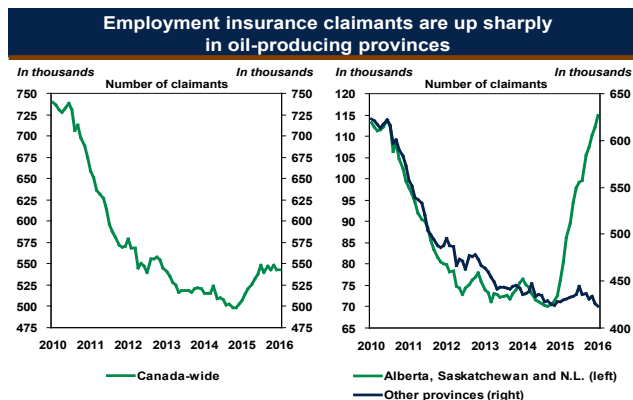
Although movement by employment is often seen as a lagged indicator of economic growth, it is amazing to note how little job market growth has been affected to date by the Canadian economy's issues in 2015. According to the labour force survey, employment has crested in Canada since last autumn, with limited fallout. The issues are primarily concentrated in oil-producing provinces (Alberta, Saskatchewan and Newfoundland and Labrador), where employment crested throughout 2015, then started to decline as of the end of last year.

As we know, however, labour force survey data is volatile in the near term, causing some doubt in analyzing the results over the last few months. Other labour market indicators are painting a gloomier picture of the situation. For one thing, the unemployment rate is up 0.5 percentage points across Canada since July 2015, with substantial increases in most provinces. For another, the labour market problems seem to be worse in oil-producing provinces, according to the establishment survey. The number of employees started to shrink as of the start of 2015 in these provinces and is down by a total of -3.2%, compared with a gain of 1.7% in the other provinces. Lastly, the problems in the oil-producing provinces are much more obvious in terms of the number of employment insurance claimants, up 63.6% since September 2014. In comparison, the number of claimants fell 1.3% in the other provinces during the same period.

**Implications:** When we consider several indicators, it is clear that Canada's labour market is facing some major difficulties. In fact, there are significant regional disparities, which attest to the adjustments underway within Canada's economy. The Bank of Canada must, of course, factor this into its monetary policy conduct. Despite solid real GDP growth by industry in the last few months, patience is in order and Canadian key interest rates will likely stay where they are until 2017.



Sources: Statistics Canada and Desjardins, Economic Studies



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