

 **CANADA**

## The decline in job vacancies means less opportunity for workers, both employed and unemployed

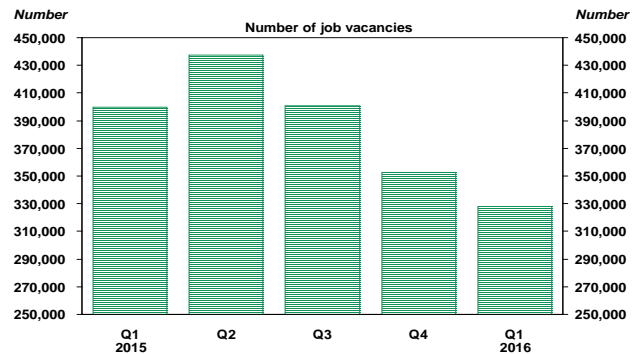
According to data released today by Statistics Canada, the number of unfilled jobs in Canada in the first quarter of 2016 was 328,000. This constitutes a decline of 72,000 jobs compared to the same period last year. The job vacancy rate, which is the share of jobs that are unfilled out of all jobs, stood at 2.1% in the first quarter of 2016, down 0.5 percentage points compared with the beginning of 2015.

The majority of the main activity sectors saw a drop in the number of job vacancies during the period, with two exceptions: healthcare (+1,220 unfilled jobs) and management (+865 unfilled jobs). Moreover, all the provinces are showing a decline in the number of unfilled jobs since 2015.

At first glance, these results appear to be good news for businesses, since they reflect a smaller labour shortage in most activity sectors. But for workers and for the Canadian economy in general, the drop in job vacancies is more worrisome. It means there is less opportunity for finding a new job; meanwhile, the labour market has been experiencing a significant slowdown in recent months, as may be seen from the recent downturn in the employment trend-cycle<sup>1</sup>. Another study by Statistics Canada shows that the number of unemployed workers in relation to the number of job vacancies is very high, with 7.1 unemployed workers for every vacant job. In comparison, that ratio stood at just 5.1 at the beginning of 2015.

**Implications:** The various data relating to employment are highly volatile and it can be difficult to make sense of it all. However, more and more evidence of deterioration in the labour market is starting to build up. Is this a temporary rough patch due to the problems in the energy sector and the repercussions thereof on other activity sectors, or is this

**Job vacancies at Canadian firms are in decline**



Sources: Statistics Canada and Desjardins, Economic Studies

**Unemployed workers are facing fewer job opportunities**



Sources: Statistics Canada and Desjardins, Economic Studies

a more widespread and lasting softness? For the time being, private-sector forecasters and those at the Bank of Canada are still anticipating a significant rally by the Canadian economy in the summer, but the risk of disappointment has intensified.

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<sup>1</sup> For more details on the employment trend-cycle in Canada, see: Desjardins, Economic Studies, *Economic News*, "Astonishing plunge by employment in July", August 5, 2016, [www.desjardins.com/ressources/pdf/n160805a-e.pdf?resVer=1470410986000](http://www.desjardins.com/ressources/pdf/n160805a-e.pdf?resVer=1470410986000).

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