

ECONOMIC NEWS



Canada: Another Nice Surprise for Job Creation

HIGHLIGHTS

- ▶ The Canadian labour market saw 54,500 jobs created in May. This sharply exceeded forecasters' expectations.
- ▶ The goods sectors added 23,300 jobs, mainly due to a 25,300-increase in manufacturing jobs.
- ▶ The services sectors created 31,300 jobs stemming from a significant upswing in trade, transportation and warehousing, professional, scientific and technical services, as well as in healthcare.
- ▶ The unemployment rate nevertheless went from 6.5% to 6.6% due to a large increase in the workforce, pushing the participation rate to 65.8% from the previous month's 65.6%.
- ▶ The higher participation rate is especially seen among workers aged 15 to 24 and, to a lesser extent, those over 54 years of age.

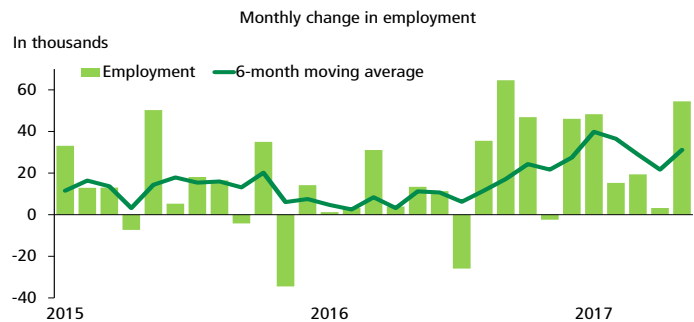
COMMENTS

The labour market continues to amaze, showing surprising vitality in recent months. In May, the 6-month moving average for the monthly change in employment was up to around 30,000 jobs. Since the beginning of the year, Canada has seen a little over 140,000 new jobs, representing an excellent start from a historical perspective.

Good performance by employment signals that the positive momentum in Canada's economic growth observed since summer 2016 is continuing. In addition, we can take comfort in the fact that the difficult weather conditions in April and May seem to have had no major negative impact on the labour market.

GRAPH

Trend in employment is very strong



IMPLICATIONS

Good news about the Canadian economy just keeps coming. However, we must not conclude that the Bank of Canada (BoC) will rush to start raising its key rates. For one, there is still much concern, particularly with the rise of U.S. protectionism. For another, the BoC has some flexibility in managing its monetary policy, since the Canadian economy still has excess capacity. May's unemployment rate increase is a good example of this.

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