

## Canada's jobless rate dips in June as fewer seek work

By David Parkinson

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Canada's unemployment rate dipped slightly in June, despite a sharp drop in full-time jobs and other evidence of a weak month for hiring, as the number of people actively participating in the labour force declined.

Statistics Canada's monthly Labour Force Survey showed that the unemployment rate fell to 6.8 per cent in June from 6.9 per cent in May, even though employment actually slipped a thin 700 jobs in the month – an essentially flat reading in a survey that has a statistical margin of error of plus or minus 29,500 each month. The lower unemployment rate was the result of a dip in the participation rate – the percentage of the working-age population that is either working or actively seeking work – to 65.5 per cent from 65.7 per cent, marking a 16-year low.

The employment number was slightly weaker than the modest 5,000-job gain that economists had expected, and represented a pullback from the nearly 14,000 jobs the economy added in May.

More worrisome was a 40,100-job decline in full-time employment, a sharp about-face after the big 60,500 gain reported in May. Those losses were offset by a 39,400-job gain in part-time work. The trade-off between full- and part-time work meant that actual hours worked fell 0.4 per cent in the month.

Meanwhile, jobs on public-sector payrolls fell 27,900, and private-sector payrolls were down 10,500. Self-employment rose 37,700.

“It is typically considered a good thing when a country's unemployment rate falls, but that is not the case for Canada in June,” said Toronto-Dominion Bank economist Brian DePratto in a report.

“The details of the report are not particularly impressive,” said National Bank of Canada

senior economist Matthieu Arseneau in a research note. “Much of the previous month gains in full-time employment were erased, while private-sector jobs posted a second consecutive decline.”

“In our view, such a moderation was in the cards as the three previous months' performance was outsized, given current economic environment,” Mr. Arseneau said. “We also note that the Bank of Canada's business outlook survey published earlier this week was showing a weak outlook for employment, so we don't expect a hiring spree in the coming months.”

For the second month in a row, the survey excluded the northern Alberta region of Wood Buffalo, which encompasses Fort McMurray and surrounding hit by wildfires in May, as the mass evacuations that continued into June made the gathering of data impractical. But Statscan noted that Wood Buffalo accounts for just 2 per cent of Alberta's population, so “the impact of this interruption in data collection is minimal on provincial estimates and negligible on national estimates.”

Despite the generally weak June numbers, Royal Bank of Canada deputy chief economist Dawn Desjardins said the survey results probably won't have a big impact on the Bank of Canada's deliberations for next week's interest-rate decision and economic outlook update. The markets widely expect the central bank to maintain its key interest rate at 0.5 per cent, despite recent economic weakness and the sharp but largely temporary losses in energy-related output from the Alberta wildfires.

“The non-oil producing provinces have continued to produce jobs over the past year,” she noted in a report.