

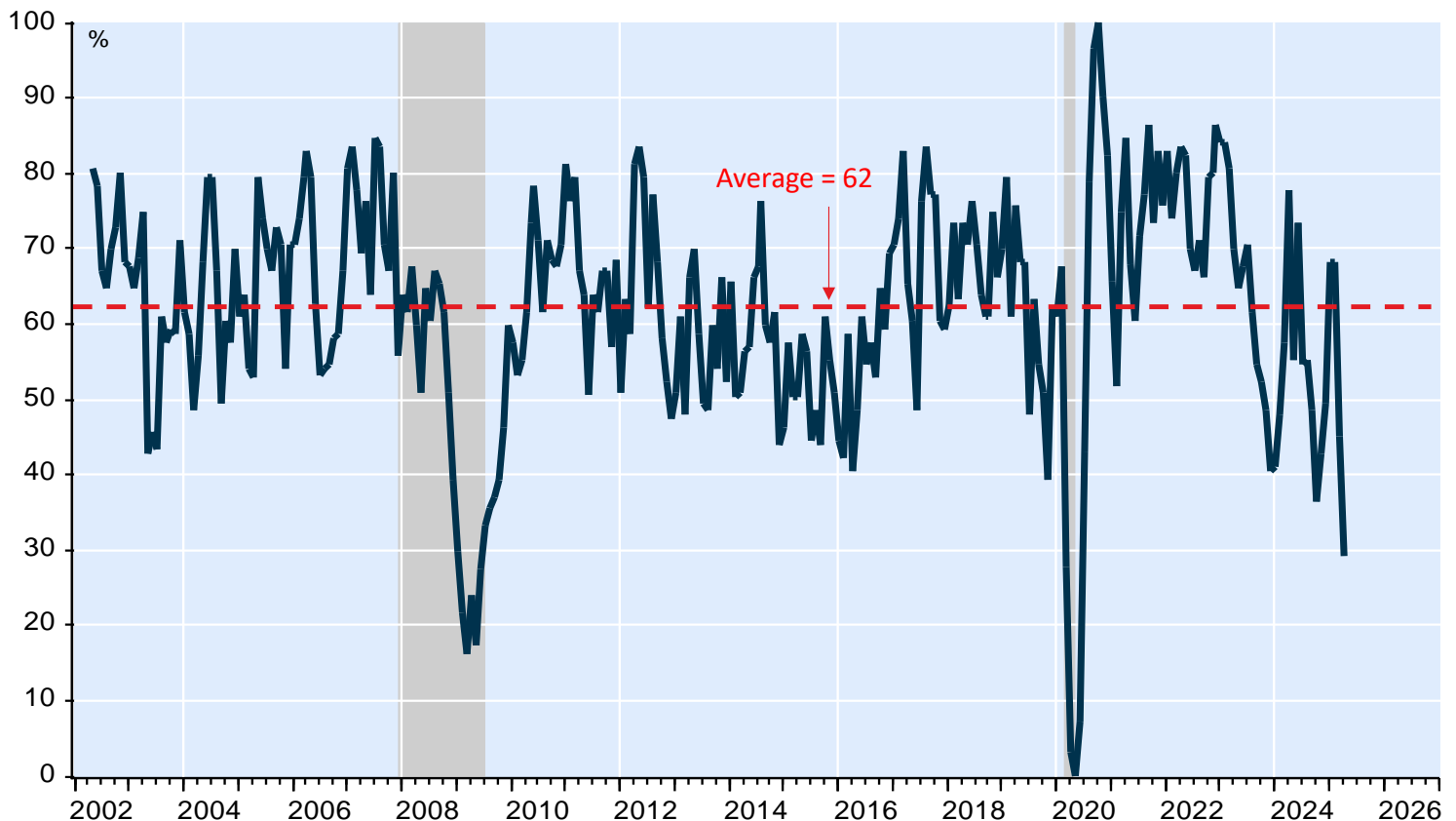
Canada Watch

By Matthieu Arseneau

There are two key surveys from Statistics Canada that monitor the country's labour market: the Labour Force Survey (LFS), which is household-based, and the Survey of Employment, Payrolls and Hours (SEPH), which is business-based. While the LFS is timelier and widely followed, economists often turn to SEPH to validate or challenge emerging labour market trends. Those hoping for reassurance were likely disappointed by this morning's SEPH release, which confirmed the weakness already observed in the LFS. March data revealed a third consecutive monthly decline in private sector employment, with a cumulative net loss of 78K jobs, a magnitude only seen during recessions. Over a similar period—from January to April—the LFS reported a comparable pullback of 70K jobs. Both surveys point to Ontario as the epicentre of layoffs. What stands out most in recent months is the breadth of the downturn: both surveys indicate that 71% of private sectors have contracted over the past three months. As today's Hot Chart illustrates, such a broad-based diffusion of weakness has historically occurred only during recessions.

Canada: Labour market weakness is getting scary

Percentage of private* industries with positive 3-month change in employment (average of LFS and SEPH)



* Private industries exclude public administration, education and healthcare

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