



**Canadian Fluid
Power Association**

**Association canadienne
d'énergie des fluides**

**Canadian Labour Market
Continued to Recover in June,
But Still a Long Way to Go**

HIGHLIGHTS

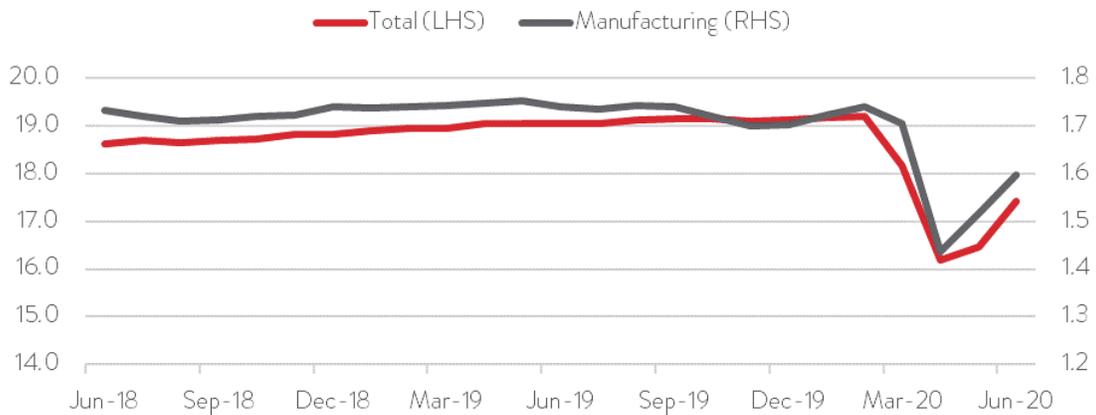
- Employment rose by 953,000 in June, building on the 290,000 jobs added in May.
- With these gains, the Canadian economy has recovered 1.24 million or about 40 per cent of the 3 million jobs lost over March and April.
- Hours worked also continued to recover, increasing by 9.8 per cent in June following a 6.3 per cent gain in May. Hours worked remain 15.6 per cent below their February levels.
- The unemployment rate fell for the first time in five months from a record high of 13.7 per cent in May to 12.3 per cent in June.
- All provinces saw employment rise last month, with Ontario, Quebec, and BC boasting the largest gains.
- The manufacturing sector added 81,300 jobs in June, following a similar increase of 79,100 in May. Ontario and Quebec saw the largest gains.
- Even though we have managed to claw back some 40 per cent of the COVID-19 related job losses in just two months, recovering the remaining 60 per cent will be a much greater challenge. After this initial bounce back, the economy is likely headed for a slower and bumpier climb.

CANADIAN ECONOMY ADDS 953,000 JOBS IN JUNE

The gradual easing of COVID-19 restrictions helped more people return to work in June. Employment rose by 953,000, building on the initial recovery of 290,000 net new jobs in May. This means that the Canadian economy has now recovered 1.24 million or about 40 per cent of the 3 million jobs lost over March and April. In other words, employment in June was 1.76 million or 9.2 per cent lower than in February.

JOB MARKET RECOVERY CONTINUES IN JUNE

Canada (total employment in millions, seasonally adjusted)



The pace of the recovery in manufacturing has been somewhat sharper. After seeing 79,100 job gains in May, the sector added a further 81,300 jobs in June. Accordingly, manufacturing employment in June was 141,200 or 8.1 per cent lower than in February.

All in all, this was a positive report for the Canadian economy. That said, even though we have managed to claw back some 40 per cent of the COVID-19 related job losses in just two months, recovering the remaining 60 per cent will be a much greater challenge. After this initial bounce back, the economy is likely headed for a slower and bumpier climb.

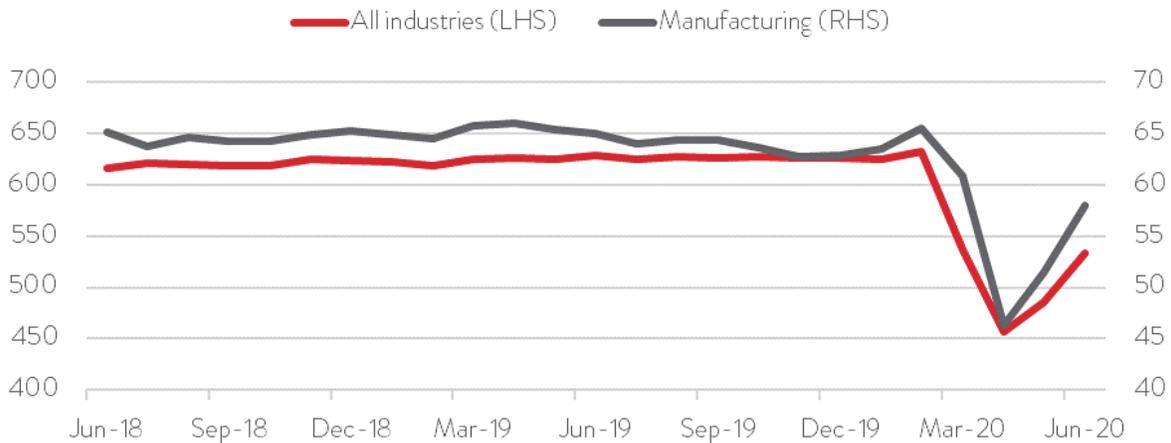
HOURS WORKED CLIMB FOR SECOND STRAIGHT MONTH

Hours worked climbed 9.8 per cent in June, extending the 6.3 per cent increase seen in May. With these gains, hours worked in June were 15.6 per cent below their February levels. For the second quarter, hours worked fell at an eye watering annual rate of 54.1 per cent. This indicator tends to correlate with GDP, so the drop is a clear signal of just how much the Canadian economy contracted in the April to June quarter.

Hours worked in the manufacturing sector rose 12.7 per cent in June following a 10.9 per cent increase in May. As a result, hours worked in manufacturing in June were 11.6 per cent lower than in February. For the second quarter, hours worked in manufacturing decreased at a 54.8 per cent annual rate, closely mirroring the drop in the all-industry average.

HOURS WORKED CLIMB FURTHER

Canada (total actual hours worked, millions, seasonally adjusted)



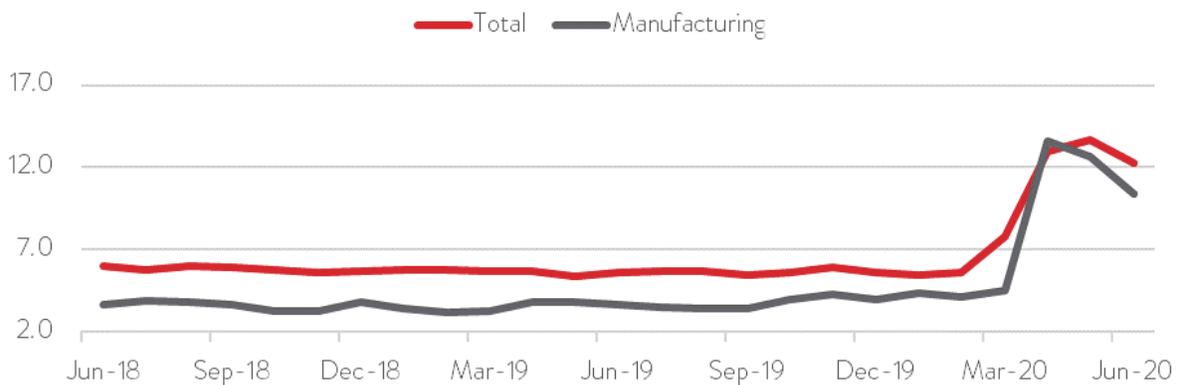
UNEMPLOYMENT RATE FALLS FOR FIRST TIME IN FIVE MONTHS

The unemployment rate fell for the first time in five months from a record high of 13.7 per cent in May to 12.3 per cent in June. While this was the largest decline on record, the jobless rate remains historically elevated. In February, the unemployment rate was 5.6 per cent.

The unemployment rate in the manufacturing industry posted an even steeper fall, decreasing from 12.7 per cent in May to 10.4 per cent in June. However, this is still a far cry from February's pre-pandemic rate of 4.1 per cent.

FIRST FALL FOR UNEMPLOYMENT RATE IN 5 MONTHS

Canada (seasonally adjusted)



EMPLOYMENT CLIMBS IN ALL PROVINCES

Employment rose in every province last month. Ontario posted the largest gain, adding nearly 378,000 workers to payrolls, its first monthly increase since the pandemic hit. Although the province began easing restrictions in May, it came after the survey reference week. Quebec saw employment climb 247,500 in June, building on the 231,000 jobs added in May. This brought the province's employment to 92.2 per cent of its February level. The number of people employed in BC rose by 118,100 in June, following an increase of 43,300 in May. Elsewhere, job gains ranged from 1,700 in PEI to 91,600 in Alberta.

Ontario also recorded the strongest manufacturing employment gains in June. The province added 66,200 manufacturing jobs last month, following an increase of 13,700 in May. With these gains, manufacturing employment in June was 6.9 per cent below its February level. Quebec saw manufacturing employment rise by 23,300 in June, building on the 56,100 jobs added in May. The Atlantic Provinces, along with Manitoba and Saskatchewan, all saw relatively modest gains in manufacturing employment last month.

On a negative note, Canada's two westernmost provinces—Alberta and BC—lost manufacturing jobs in June, more than wiping out the gains recorded in May. Manufacturing employment fell 4,200 and 6,800, respectively, in Alberta and BC.

EMPLOYMENT BY PROVINCE, JUNE 2020

(m/m change in 000s, seasonally adjusted)

