



1 Million Jobs Return — But Canada Is Still in Hot Water

Description

The unemployment rate in Canada fell to 12.3% in June 2020 from the record-setting 13.7% in May. According to Statistics Canada, nearly one million jobs, or 952,900 jobs to be exact, were added to the economy. The country is starting to rebuild as more provinces are gradually reopening following the havoc brought by COVID-19.

The resurgence in job numbers equates to about 40% of the 3 million [workforces](#) lost in March and April this year. Moreover, the number of people who work less than 50% of usual hours was down to 26.96% versus 34.3% in the preceding month. Despite the encouraging better-than-expected figures, the labour sector still needs to recover 1.8 million more jobs.

Gloom not cheers

Economists are warning of an arduous recovery. The pandemic effect could be long-lasting such that you might be counting years before things return to the old normal. Canada is facing the [challenge of a lifetime](#). The Trudeau administration is projecting the federal deficit to hit \$343.2 billion in the 2020 fiscal year.

Canada's borrowing activity is extraordinary such that national debt could exceed \$1.2 trillion by the end of the year or \$765 billion more than in the previous 2019 fiscal year. Also, tax revenue will decline by \$71.1 billion, including a \$40.8-billion loss in income taxes.

Suggested investment

According to Brett House, deputy chief economist at **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) or Scotiabank, almost all of the job gains in June were in payroll jobs and the private sector. The services-related sectors, led by retailers and food businesses, contributed the highest increase, with 794,400 jobs.

Canadians with funds and appetite to invest can consider Scotiabank. This blue-chip asset is among

the reliable income-providers regardless of the market environment. The share price of \$56.58 is relatively cheaper today due to the recent market sell-off. However, the dividend yield is a high 6.31%.

Unfailing safety net

Retirees with \$50,000 worth of Scotiabank shares earn a quarterly income of \$788.75. Would-be investors with long-term financial goals will see the same amount of investment grow to \$170,001.35 in 20 years. This bank stock has been paying dividends since 1832.

Scotiabank continues to fortify its presence in the Americas, from the home country to Chile, Colombia, Mexico, Peru, and the U.S. In 2020, Scotiabank was named the Best Bank in Chile and received Latin America's Best Bank Transformation award. Scotiabank is also the sixth-largest stock holding of the Canada Pension Plan on the **TSX**.

Deep hole

Although the employment jump in June is good news, Canada remains in a deep hole. The recovery speed will not be as fast since the road ahead is bumpy. Finance Minister Bill Morneau admits the country was overwhelmed by COVID-19.

However, Morneau believes the current fiscal situation is an opportunity to rebuild and reshape the economy. He said, "We faced an enormous shock to our system. It's hard to know where we will be in a month, two months, or six months." A month-by-month improvement in the situation is possible if Canadians work together.

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