



Canada Down 68,000 More Jobs: Is the Economy Still Recovering?

Description

This morning, Canada Statistics released its most recent unemployment numbers. And, as expected, the unemployment rate rose once again.

But only *slightly*. According to the report, Canada lost 68,000 jobs in May, which brought unemployment to 8.2%. This isn't much different than the unemployment rate in April, which was set at 8.1%.

With the loss of 68,000 jobs, however, Canada is now down about 571,000 jobs, or 3% below pre-pandemic levels.

Is the economy still on its way to recovery?

Canada may have lost jobs. But a few pieces of data point to a recovery in the economy.

The most important is the GDP expansion of 5.6%, which Canada Statistics reported a few days ago. This is slightly below the 6.8% median forecast that economists predicted at the beginning of the year. Nonetheless, it's still a sign the Canadian economy could be shaking off its COVID woes.

Of course, most of that growth is in the housing sector. House spending alone grew at an annualized 43%, which brought residential investments to 8.6% — the highest they've been since 1961.

The new mortgage stress test, put into effect a few weeks ago, may have a slight effect on this growth. But, stress test or not, one thing is clear: demand for housing has helped push the economy through its former COVID-induced stagnation.

Outside of housing and GDP, other pieces of data suggest we may be in the beginning stages of a recovery. The household savings rate is up 13.1% from 11.9% at the end of 2020, and 30% fewer Canadians are missing credit card payments. Though these numbers probably indicate Canadians are shying away from discretionary spending, they could also mean Canadians are building demand. Once lockdowns end and more Canadians are vaccinated, constrained demand could unleash in a fury of

spending, which will grow GDP even more.

But Canada still has a long way to go. Though the GDP has seen some growth, most economists have pointed out that businesses and households are still relying heavily on governmental funding and subsidies.

We're also experiencing the highest inflationary period since May 2011, which, without a subsequent increase in wages, has made it far more difficult to buy certain goods. Couple that with the rising prices in gas and groceries and you can see why many Canadians are still living paycheck to paycheck.

Finally, for the economy to fully recover, we need jobs. Period. While I'm hopeful that lifting pandemic restrictions will open up more jobs, the numbers we received today tell us we still have work to do.

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