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Dear clients,

I do not have a lot to report over the last month that you have not seen in the media. Like most economic news the latest jobs report from Statistics Canada is something of a double-edged sword.

The report shows the Canadian economy added, an unexpected, 83,000 jobs in June and the unemployment rate dropped a notch to 6.9% from 7.0% in May. Most of the new positions were part-time in the private sector. The numbers have been greeted as good news especially in light of the trade and tariff uncertainty emanating from the United States.

However, for those waiting for further interest rate relief the news may be disappointing. The report is buttressing expectations that the Bank of Canada will remain "on hold" when it announces its next interest rate decision at the end of this month. Expectations of a rate cut on July 30 fell to 19% following the release of the jobs data. That is down from 26% following the May report.

A significant factor that the BoC will be mindful of is the notoriously volatile nature of Canada's employment reports. Any single, monthly reading cannot be taken as a trend. The Bank will be looking at the longer-term analysis. It shows there were still 1.6 million people unemployed last month and it is taking those people longer to find work. One in five job hunters spent at least 27 weeks seeking employment – a four percentage-point increase over last year.

The underlying weakness in the job market and this week's inflation report will be two of the key factors in the Bank's next rate decision.

As always, I am here ANYTIME and ANYWHERE to answer any questions.

