

CANADA

Economic slowdown has yet to affect employment

HIGHLIGHTS

- After creating an amazing 106,900 jobs in September, the Canadian labour market benefited from 9,500 new jobs in October.
- The services industry opened 36,300 positions.
- However, these gains were partially offset by the 26,800 jobs lost in the goods sectors. This decrease was broadbased, with all five goods sectors posting a pullback in employment for October.
- Full-time jobs rose 47,500 while part-time positions fell 38,100 after increasing sharply in September.
- The number of people unemployed climbed by 20,400, nudging the unemployment rate up from 6.1% to 6.2%.

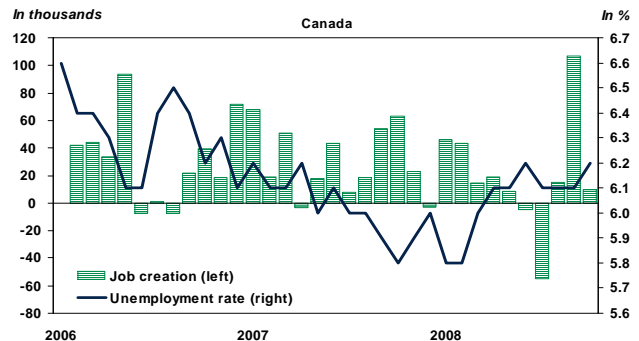
COMMENTS

The Canadian labour market continues to surprise us. After spiking in September, most forecasters were expecting a drop in employment for October. The effects of the economic slowdown are clearly taking a while to filter down to the labour market. However, as the graph shows, it's only a matter of time before the job situation reflects the downturn in economic activity. In fact, there are already signs of trouble within the labour market.

The unemployment rate has been trending upwards since the beginning of the year. Job growth in private businesses and organizations has slowed considerably in the past few months. Had it not been for the 30,100 jobs created by the public sectors in October, mainly because of Canada's federal elections, we would have seen a loss of approximately 20,000 jobs during the month. This one-off hiring will not be there in November to sustain employment. Most of October's gains were in Alberta. The nine other provinces lost a total of 5,200 jobs. Especially hard hit by the recession and residential construction slump in the United States, British Columbia and Ontario lost 8,300 and 2,900 jobs respectively in October.

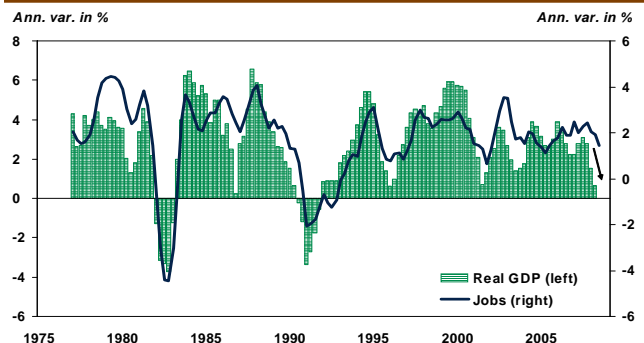
Implications: There's no escaping it: job losses are expected in the months to come, and the unemployment rate should continue rising gradually until 2009. Consequently, expect more rate cuts from the Bank of Canada.

Unemployment rate rises in October despite more job gains



Sources: Statistics Canada and Desjardins, Economic Studies

Economic slowdown will soon be felt on the labour market



Sources: Statistics Canada and Desjardins, Economic Studies

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