WEEKLY COMMENTARY

Look Before You Leap (to Conclusions): Quebec's Labour Market May Not Be as Weak as the LFS Suggests

By Sonny Scarfone, Principal Economist

Quebec's labour market stabilized in October. Employment rose by 7,500 following sharp declines in August and September, while the unemployment rate fell back to 5.7% from 6.0%. However, the increase was almost entirely concentrated in part-time employment. As we explain in our analysis published this morning, the overall picture therefore remains mixed. More importantly, the latest data do not fundamentally change the picture that has emerged in recent months or the question we explore here: Why is the Labour Force Survey (LFS) painting a much weaker picture of Quebec's labour market than several other indicators?

October's mixed results are only the latest chapter in what has been an unusually difficult year to read for Quebec's labour market. According to the LFS, Quebec lost 54,100 jobs between August 2025 and August 2026, putting it dead last among the provinces (table). But the Survey of Employment, Payrolls and Hours (SEPH) tells an entirely different story, with payroll employment increasing by 5,900 over the same period.

Table

54,000 Jobs Lost… or 6,000 Gained?

Change in employment from August 2025 to August 2026, thousands, ranked by LFS

	REG ON	LFS AUGUST 2025 TO AUGUST 2026 ↓	SEPH AUGUST 2025 TO AUGUST 2026
	Canada	+216.5	+57.2
1	Ontario	+116.2	-31.9
2	Alberta	+92.4	+36.8
3	Manitoba	+19.5	+11.2
4	Nova Scotia	+16.6	+5.2
5	British Columbia	+13.8	+9.7
6	New Brunswick	+6.5	+4.8
7	Newfoundland and Labrador	+2.7	+3.9
8	Saskatchewan	+1.5	+7.8
9	Prince Edward Island	+1.4	+0.7
10	Quebec	-54.1	+5.9

LFS: Labour Force Survey; SEPH: Survey of Employment, Payrolls and Hours
Statistics Canada and Desjardins Economic Studies

Of course, analysts are going to analyze, politicians are going to politicize and journalists are going to chase a good headline. Who can blame them? We're also regularly contacted by the media for our take on the LFS results. The survey has a lot to offer. It gives us the most up-to-date snapshot of the labour market and allows for detailed analysis across a range of sociodemographic characteristics. But there's a trade-off for the speed with which it delivers this information. Its estimates come with some uncertainty, and month-to-month changes can be volatile. And as we saw in September with education employment in Quebec, shifts at the national level can largely be driven by the change in one sector in one province. So it's worth taking a second look before drawing conclusions.

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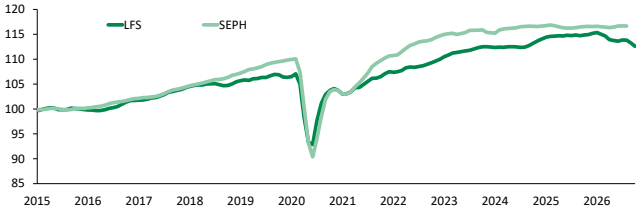
This caution is especially warranted in times of significant demographic change. In its technical note published this summer, Statistics Canada reminded us that the LFS accounts for changes in the number of non-permanent residents (NPRs) using 12-month moving averages. This method keeps estimates more stable but means that rapid demographic changes are reflected with a lag, which can contribute to temporary divergences between the LFS and SEPH. Statistics Canada also recommends looking at trends over several months, instead of reading too much into any single release.

Like all sample surveys, the LFS needs to keep pace with major changes in the population to remain representative.[1] Its rotating sample must therefore continually adjust. When the signal it gives is surprising, it's wise to see what other indicators are saying. The SEPH provides a useful point of comparison here. Because it relies largely on administrative payroll records, it's much less prone to sampling error than the LFS.

Two Surveys, Two Stories

The fact that these two surveys produce different results isn't in itself a problem. They don't measure exactly the same thing. The SEPH looks at payroll employment, while the LFS includes self-employment. Some divergence is inevitable. Even so, the two surveys have essentially told the same story in Quebec for years, even through the extreme shifts caused by the pandemic. What's striking today is how widely the two diverge (graph 1). That said, this gap may narrow somewhat as the latest data are revised, so we should remain cautious. Furthermore, the two surveys don't always diverge in the same fashion. In Ontario, for example, the LFS shows much stronger employment growth than the SEPH. This was also the case for Quebec in 2018 and 2019. When two weather apps disagree, we always have the option of looking out the window. Let's do the same here and look for clues elsewhere.

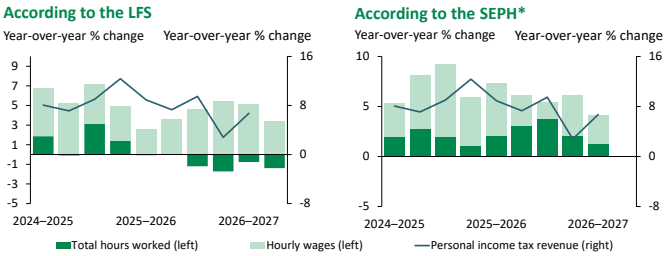
Graph 1
The Two Measurements of Quebec's Employment Have Begun to Diverge
Employment according to the two main Statistics Canada surveys
Index, 2015 = 100 (3-month moving average)



LFS: Labour Force Survey; SEPH: Survey of Employment, Payrolls and Hours
Statistics Canada and Desjardins Economic Studies

One of the first places we can turn to for corroborating evidence is public finances. Tax revenue is obviously not a direct measure of labour market conditions, since it is also influenced by income levels and the tax system. Still, it can provide a useful cross-check. Over the last 12 months, tax revenue has been more resilient than we'd expect given the drop in hours worked reported by the LFS (graph 2, left). The evolution of hours worked and hourly wages also aligns more closely with the relatively stronger picture painted by the SEPH than with a sharp deterioration in the labour market.

Graph 2
Tax Data Paint a Less Gloomy Picture than the LFS

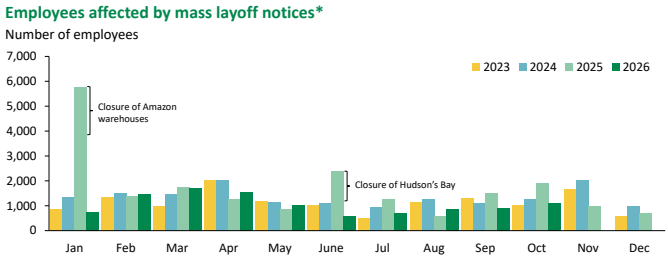


LFS: Labour Force Survey; SEPH: Survey of Employment, Payrolls and Hours
* Incomplete data for Q3 2026.
Ministère des Finances du Québec, Statistics Canada and Desjardins Economic Studies

Such pronounced weakness in the labour market should also have left a clearer mark on businesses. But mass layoff notices don't signal a widespread deterioration in 2026 (graph 3 on page 3). Levels so far this year are broadly comparable to those in 2023 and 2024, while the spikes in 2025 were largely driven by a few exceptional events, including the closure of Amazon warehouses and the liquidation of Hudson's Bay.

[1] The challenge of ensuring representativeness is not unique to economic statistics. Election pollsters, for example, have had to adapt their methods in response to non-response bias. Nate Cohn of the *New York Times*, in particular, has shown how weighting decisions can lead to multiple interpretations of the same race. And indeed, the results of the 2026 midterm elections suggest that some of these methods may have overcorrected in the other direction. More time is needed before we can issue a final verdict.

Graph 3
Mass Layoff Notices Don't Signal Deterioration in 2026



* Employees affected by mass layoff notices received during the month. These notices cover layoffs of 10 or more employees.
Ministère du Travail, de l'Emploi et de la Solidarité sociale and Desjardins Economic Studies

These notices obviously do not cover all types of job loss and reflect intended layoffs rather than layoffs actually carried out. When combined with the SEPH and tax figures, though, they point in the same direction. Quebec's labour market has indeed slowed, but it's not weakening as sharply as the LFS would suggest.

No Need to Throw the LFS Out with the Bathwater

The Labour Force Survey is still essential. It provides timely data and captures dimensions that other surveys do not, including duration of unemployment and involuntary part-time work. It also allows the data to be broken down by a wide range of sociodemographic characteristics, including age and immigrant status in Canada. The LFS release also moves financial markets, sometimes more than the underlying data seem to justify. Markets react quickly to the headline number, but the movement behind it can sometimes be heavily concentrated in one province, one sector or one group of workers. This is one of the drawbacks of a statistic that is released so quickly and followed so closely.

Because the LFS carries so much weight, it is all the more important to take a step back when monthly movements appear inconsistent with the rest of the available data. No single indicator allows us to conclude that the LFS is "wrong." Together, though, they suggest we should not take the LFS's particularly weak signal at face value.

The same caution applies when the numbers are good. One strong month isn't enough to conclude that a sustained recovery is underway. When a national result can be shifted by fluctuations in a single sector within one province, analysts, politicians, journalists and investors would be well advised to look beyond the headline figure and cross-check other sources before drawing conclusions.

The same goes for monetary policy. For the Bank of Canada, one striking LFS print matters less than what the data collectively say about the degree of excess capacity in the economy. A labour market that is actually contracting tells a very different story than one that is simply growing slowly amid demographic stagnation.

What to Watch For

UNITED STATES

TUESDAY November 10 - 8:30

October	m/m
Consensus	0.3%
Desjardins	0.2%
September	**0.6%**

Consumer price index (October) – The consumer price index (CPI) posted its largest monthly increase since March in September on the back of higher gasoline and diesel prices. The index probably rose again in October, but we're anticipating a much more modest gain as energy prices aren't expected to have advanced as much. Prices at the pump actually declined, but since they typically see a larger drop in October, the seasonal adjustment will instead show an increase. We also expect a moderate jump in food prices, similar to the slight gain seen in September. The all items less food and energy index is expected to edge up 0.2% after two consecutive gains of 0.3%. Look for the all items index to have increased 0.2%. Since last year's government shutdown prevented CPI results for October 2025 from being published, no year-over-year change will be released for October 2026.

THURSDAY November 12 - 10:00

October	ann. rate
Consensus	3,850,000
Desjardins	3,800,000
September	**3,990,000**

Existing home sales (October) – After falling for three consecutive months and by a total of 6.2% between June and August, existing home sales gained 1.5% in September. That said, the level of sales remains relatively low and is being held back by rather weak supply. However, based on September's 7.3% drop in pending sales, we're expecting a sharp decline for October. This is also consistent with the spike in mortgage rates, which has led to a decline in mortgage applications. Our forecast of 3,800,000 units sold would be the lowest annualized sales level since August 2010. Preliminary regional data for October are not yet available, but releases in the coming days should allow us to fine-tune our projections.

CANADA

FRIDAY November 13 - 8:30

September	m/m
Consensus	0.1%
Desjardins	0.1%
August	**1.5%**

Manufacturing sales (September) – We anticipate that manufacturing sales rose by 0.1% m/m in September, in line with Statistics Canada's flash estimate. Sales of petroleum, coal and aerospace products probably saw the most gains. In real terms, manufacturing sales appear to have declined, as seasonally adjusted industrial product prices rose by 2.2% in the month.

OVERSEAS

SUNDAY November 8 - 20:30

October	y/y
Consensus	0.8%
September	**0.9%**

China: Consumer price index (October) – Chinese inflation inched up from 0.8% to 0.9% in September despite a 1.7% decline in food prices. This increase was primarily driven by energy, as gasoline prices jumped 16.6% year over year and transportation fuels rose 14.9%. However, core inflation remained stable at 1.0%, indicating that inflationary pressure is not widespread. Sustained high energy costs likely drove inflation up further in October. That said, if the recent easing of oil prices continues, we may see a slowdown in November.

THURSDAY November 12 - 2:00

Q3	q/q
Consensus	0.7%
Q2	**0.5%**

United Kingdom: Real GDP (Q3 – preliminary) – The UK economy continues to deliver upside surprises, with non-annualized second-quarter real GDP growth of 0.5% following a gain of 0.6% in the first quarter. The monthly GDP data released for the beginning of the third quarter are also promising. The increases of 0.4% in July and 0.1% in August suggest carry-over growth of 0.7%. That said, September's print could be less impressive, as retail sales fell 0.4% on a monthly basis. In contrast, UK PMIs have been fairly solid over the last few months. As a result, the UK could see fairly solid real GDP growth over the entire third quarter.

Economic Indicators

Week of November 9 to 13, 2026

Day	Time	Indicator	Period	Consensus	⬡	Previous reading
UNITED STATES						
MONDAY 9	10:00	Wholesale inventories – final (m/m)	Sep.	0.6%	0.6%	0.6%
		Speech by Federal Reserve Bank of Chicago President A. Goolsbee				
	12:15	Speech by Federal Reserve Bank of Richmond President T. Barkin				
TUESDAY 10	4:00	Speech by Federal Reserve Governor C. Waller				
	8:30	Consumer price index				
		Total (m/m)	Oct.	0.3%	0.2%	0.6%
		Excluding food and energy (m/m)	Oct.	0.2%	0.2%	0.3%
		Total (y/y)	Oct.	n/a	n/a	3.7%
		Excluding food and energy (y/y)	Oct.	n/a	n/a	2.6%
	15:30	Speech by Federal Reserve Vice Chair M. Bowman				
	18:30	Speech by Federal Reserve Bank of Philadelphia President A. Paulson				
		Speech by Federal Reserve Vice Chair M. Bowman				
WEDNESDAY 11	---	Markets closed (Veterans Day)				
THURSDAY 12	8:30	Initial unemployment claims	Nov. 2–6	195,000	196,000	189,000
	9:00	Speech by Federal Reserve Bank of Cleveland President B. Hammack				
	10:00	Existing home sales (ann. rate)	Oct.	3,850,000	3,800,000	3,990,000
		Speech by Federal Reserve Vice Chair M. Barr				
	11:30	Speech by Federal Reserve Bank of Chicago President A. Goolsbee				
	13:10	Speech by Federal Reserve Bank of San Francisco President M. Daly				
	14:00	Federal budget (US$B)	Oct.	n/a	n/a	-284.3
	18:30	Speech by Federal Reserve Bank of New York President J. Williams				
FRIDAY 13	8:30	Producer price index				
		Total (m/m)	Oct.	0.4%	0.6%	1.3%
		Excluding food and energy (m/m)	Oct.	0.3%	0.3%	0.7%
	12:00	Speech by Federal Reserve Bank of San Francisco President M. Daly				
	19:00	Speech by Federal Reserve Vice Chair P. Jefferson				
CANADA						
MONDAY 9	---	---				
TUESDAY 10	13:30	Release of the Bank of Canada Summary of Deliberations				
WEDNESDAY 11	---	Markets closed (Remembrance Day)				
THURSDAY 12	8:30	Building permits (m/m)	Sep.	n/a	-4.1%	8.8%
FRIDAY 13	8:30	Wholesale sales (m/m)	Sep.	0.5%	0.5%	-1.6%
	8:30	Manufacturing sales (m/m)	Sep.	0.1%	0.1%	1.5%

Note: Each week, Desjardins Economic Studies takes part in the Bloomberg survey for Canada and the United States. Approximately 15 economists are consulted for the Canadian survey and a hundred or so for the United States. The abbreviations m/m, q/q and y/y correspond to month-over-month, quarter-over-quarter and year-over-year change respectively. Following the quarter, the abbreviations f, s and t correspond to first estimate, second estimate and third estimate respectively. Times shown are Eastern Standard Time (GMT -5 hours). ⬡ Desjardins Economic Studies forecast.

Economic Indicators

Week of November 9 to 13, 2026

Country	Time	Indicator	Period	Consensus m/m (q/q)	Consensus y/y	Previous reading m/m (q/q)	Previous reading y/y
OVERSEAS							
DURING THE WEEK							
China	---	Trade balance (US$B)	Oct.	125.90		133.53	
SUNDAY 8							
China	20:30	Consumer price index	Oct.		0.8%		0.9%
China	20:30	Producer price index	Oct.		5.3%		5.0%
MONDAY 9							
Japan	0:00	Leading index – preliminary	Sep.	116.6		118.0	
Japan	0:00	Coincident index – preliminary	Sep.	119.4		118.8	
Germany	2:00	Trade balance (€B)	Sep.	19.4		19.5	
Japan	18:50	Current account (€B)	Sep.	2,770.3		2,979.4	
TUESDAY 10							
France	1:30	ILO unemployment rate	Q3	8.4%		8.3%	
WEDNESDAY 11							
Germany	2:00	Consumer price index – final	Oct.	-0.2%	2.8%	-0.2%	2.8%
Italy	4:00	Trade balance (€M)	Sep.	n/a		1,773	
Italy	4:00	Industrial production	Sep.	0.7%	-0.8%	-1.3%	0.0%
Japan	18:50	Producer price index	Oct.	0.3%	6.5%	-0.3%	6.8%
THURSDAY 12							
Germany	---	Current account (€B)	Sep.	n/a		10.3	
United Kingdom	2:00	Trade balance (£M)	Sep.	-2,100		-920	
United Kingdom	2:00	Construction	Sep.	0.0%	-2.0%	-0.2%	-1.8%
United Kingdom	2:00	Index of services	Sep.	0.0%		0.0%	
United Kingdom	2:00	Monthly GDP	Sep.	0.0%		0.1%	
United Kingdom	2:00	Real GDP – preliminary	Q3	0.7%	1.9%	0.5%	1.4%
United Kingdom	2:00	Industrial production	Sep.	-0.4%	2.8%	0.8%	1.6%
FRIDAY 13							
France	2:45	Consumer price index – final	Oct.	0.4%	3.4%	0.4%	3.4%
Eurozone	5:00	Trade balance (€B)	Sep.	n/a		-6.8	
Eurozone	5:00	Net change in employment – preliminary	Q3	n/a	n/a	0.1%	0.5%
Eurozone	5:00	Real GDP	Q3s	0.4%	1.3%	0.4%	1.3%

Note: Unlike release times for US and Canadian economic data, release times for overseas economic data are approximate. Publication dates are provided for information only. The abbreviations m/m, q/q and y/y correspond to month-over-month, quarter-over-quarter and year-over-year change respectively. Following the quarter, the abbreviations f, s and t correspond to first estimate, second estimate and third estimate respectively. Times shown are Eastern Standard Time (GMT -5 hours).