

ECONOMIC NEWS

Employment Falls in Quebec after Exceptional Gains, but Continues to Rise in Ontario

By Hélène Bégin, Principal Economist

HIGHLIGHTS

- ▶ Quebec shed 15,500 jobs in February, a departure from the strong increases seen in previous months.
- ▶ Employment continued to rise in Ontario, albeit at a slower pace than in previous months, with 15,600 jobs added in February.
- ▶ The unemployment rate rose to 4.1% in Quebec this month, up slightly from January's all-time low of 3.9%. Ontario's unemployment rate edged down from 5.2% to 5.1%.
- ▶ In Ontario, average hourly wage growth accelerated from 3.6% in January to 4.8% in February on a year-over-year basis.
- ▶ In Quebec, it slowed from 6.9% to 6.5%, which is much higher than February's national figure of 5.4%.

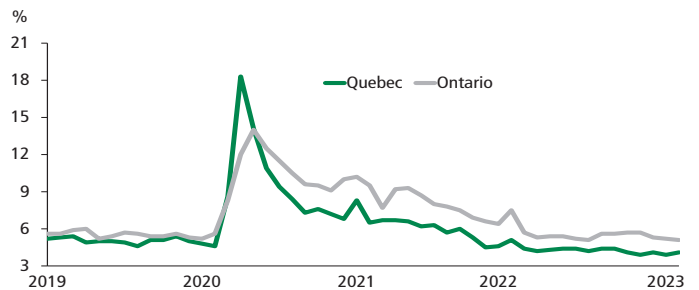
COMMENTS

February's fall in employment in Quebec isn't surprising or worrying, as the gains seen in previous months were unsustainable. Although the unemployment rate edged up to 4.1%, it remains very low and the lowest of all Canadian provinces. Meanwhile, Ontario continued to add jobs and the province's 5.1% unemployment rate is tracking close to the 5.0% national average.

Although wage growth slowed in Quebec, it remains much higher than in Ontario and Canada. With an unemployment rate still close to 4%, Quebec's labour market continues to be somewhat overheated compared to other provinces. For now,

GRAPH

The Unemployment Rate Remains Very Low



Sources: Statistics Canada and Desjardins Economic Studies

February's correction doesn't change our assessment of the job market. However, like elsewhere in the country, job openings—numbers and rate—are falling back from last summer's peak. This is a first sign that some labour market pressures are easing behind the scenes.

IMPLICATIONS

Despite the drop in employment and the slight rise in the unemployment rate in Quebec, the labour market situation remains very favourable. However, alongside continued releases of positive job market and unemployment statistics in Ontario, there's some concern about rising wages. This is driving an acceleration at the national level, which isn't good news for the Bank of Canada's inflation fight. The coming months will be key.