

ECONOMIC NEWS

Unemployment Hits a Record Low of 3.8% in Quebec and Falls to 5.5% in Ontario

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HIGHLIGHTS

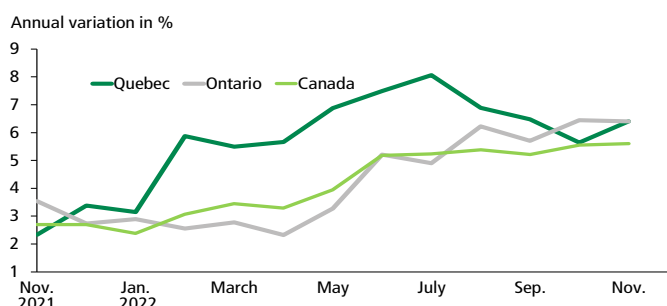
- ▶ Quebec's unemployment rate fell from 4.1% to 3.8% in November, breaking the previous record of 3.9% set in April.
- ▶ Job growth (+28,100) outpaced labour force growth (+16,500) over the month.
- ▶ That means increases in both the labour force participation rate (from 64.0% in October to 64.2% in November) and the employment rate (61.4% to 61.7%).
- ▶ In Ontario, the unemployment rate shed 0.4 percentage points to stand at 5.5%, still above June's record low of 5.1%.
- ▶ The province's job numbers are up for the second month in a row (+22,600) while the labour force shrank slightly (-3,800). It marks two months of job gains in the past six months.
- ▶ The labour force participation rate dipped to 64.8 % (-0.1) and the employment rate inched up to 61.2% (+0.1).

COMMENTS

This morning's Statistics Canada release came as a bombshell, with economic indicators for Quebec pointing to a sharp slowdown since summer. Still, the employment figures are the first ones published for November. They could indicate a fourth-quarter rebound for the Quebec economy. They could also be a sign of tightness in the labour market, particularly in terms of wages. November's gains were in information, culture and recreation (+17,400) and accommodation and food services (+10,400), sectors that could still be playing catch-up.

GRAPH

Increases in average hourly wages have plateaued in Canada and Ontario but were up in Quebec in November



Sources: Statistics Canada and Desjardins Economic Studies

In Ontario, accommodation and food services topped the list of November's gains (+10,700). Some 65,300 jobs have been created over the past two months. Combined with a labour force that only added 51,200 workers, the unemployment rate is back down near June's low.

IMPLICATIONS

This morning's release makes it hard to predict where employment numbers are going to go. The looming economic cooldown would typically signal a labour market contraction. An aging workforce also means a smaller pool for employers to recruit from. It makes for palpable stress in the labour market, as November's figures make clear. In all likelihood, we can expect an uneven next few months for the labour market.