CANADA

Employment posts moderate advance

HIGHLIGHTS

- The labour market got a boost, with 11,900 new jobs created in September.
- For the 6-month period, the average gain is 23,100 new jobs per month, an improvement vs. the monthly average of 12,100 new jobs for the previous period.
- A total of 23,400 new full-time jobs were added whereas part-time jobs lost 11,500 positions.
- The goods sector lost 10,300 jobs due to steep declines in construction (-14,100) and manufacturing (-26,000). The services sector was boosted by 22,200 jobs, owing to significant increases in trade (+13,100) as well as finance, insurance and real estate (+33,200).
- The unemployment rate fell from 7.1% to 6.9%.

COMMENTS

Job advances are in line with our forecasts and the moderate pace of growth recorded in Canada in the past few quarters. The drop in the unemployment rate is a little more surprising. The 11,900 new jobs did not make the difference; instead, the decline in the participation rate—from 66.6% to 66.4%—is what tipped the scales. This affects mostly young persons aged 15 to 24, even if participation rate also pulled back slightly for those 25 years of age and over.

This is not necessarily good news, since it may indicate that workers are getting discouraged and leaving the labour market due to the somewhat less favourable conditions that have settled in recent months. It remains to be seen if this behaviour will continue in the months ahead. Nothing could be less certain. We have seen upheavals in the participation rates before and, in most cases, the situation returns to normal quite quickly. As a result, our forecast scenario is calling for the participation rate to start climbing as of next month, which could push the unemployment rate back up to 7.1% before long.

Implications: The overall picture of the labour market is essentially the same. The results published today will thus have little impact on Canada’s economic outlooks and expectations concerning changes in the monetary policy.

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