Canada: Year Ends on an Exceptional Note for the Labour Market

HIGHLIGHTS

- Canada’s labour market capitalized on 78,600 new jobs in December, after November’s 79,500 new hires.
- A total of 422,500 new positions were created in Canada in 2017—an exceptional result.
- Canada’s unemployment rate fell from 5.9% in November to 5.7% in December, a new historic low since the inception of this survey in 1976.
- Quebec’s labour market boosted its ranks by 26,900 new workers in December, driving down the unemployment rate to 4.9% in December, a new historic low.
- Quebec created a total of 86,700 new jobs in 2017.
- In Ontario, only 1,900 jobs were created in December. A total of 176,300 new positions were created in 2017. The unemployment rate remained at 5.5% in December.

COMMENTS

While several forecasters expected a lull after November’s strong job numbers, the job data in December beat expectations with another significant surge by employment. This marks 13 consecutive months of job gains. The unemployment rate thus declined from 6.9% in December 2016 to a historic low of 5.7% in December 2017.

This major labour market improvement will see wage growth accelerate, though the annual change in average hourly wages reached almost 3% recently. The same could be said for average weekly earnings, according to the business survey.

IMPLICATIONS

With the unemployment rates at historic lows in Canada and Quebec, it will be increasingly difficult for the Bank of Canada (BoC) to refer to the presence of excess capacity in the labour market. Even among the 15–24 age group, the BoC’s main source of concern, job growth reached 1.4% in the last year, a result in line with the 25 to 54-year old cohort which is up by 1.6%. These excellent results will fuel discussions on the timing of the next key rate increase in Canada. The probability of an increase in January instead of March has just gone up a notch.

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