Canada: The Unemployment Rate Returns to Its Historic Low

HIGHLIGHTS

- The labour market saw 11,200 jobs created in October.
- The goods sectors recorded a loss of 12,000 jobs, while the services sectors gained 23,300.
- The ranks of the self-employed increased by 21,800, while the number of public and private sector employees fell by 10,600.
- The unemployment rate decreased from 5.9% to 5.8%, thus returning to its historic low (since 1976).
- The annual change for the average hourly wage continued to fall, declining from 2.4% to 2.2%.

COMMENTS

The rise in employment in October was slower than we expected, as several sectors ran into difficulties during the month. As a result, the trend set by a 6-month moving average is now 16,900, a level that is still too low compared with the economic growth recorded over the last few quarters. Is the labour shortage in certain regions and sectors increasingly curbing job growth? This will have to be monitored over the next few months. The fact that the participation rate dropped in October to its lowest level (65.2%) in 20 years is highly symptomatic of the impact on the labour market of the working-age population growing older.

IMPLICATIONS

While this isn’t bad in and of itself, especially as the unemployment rate has returned to its historic low, the results of the labour force survey are not terribly impressive. In addition, despite the shortages and low unemployment rate, the rise in the average hourly wage continues to slow. This should reassure the monetary authorities and give them the breathing room to wait until early 2019 before raising key rates once again.

Benoit P. Durocher, Senior Economist

François Dupuis, Vice-President and Chief Economist • Mathieu D’Anjou, Deputy Chief Economist
Hélène Bégin, Senior Economist • Benoit P. Durocher, Senior Economist • Francis Généreux, Senior Economist
Desjardins, Economic Studies: 514-281-2336 or 1 866-866-7000, ext. 5552336 • desjardins.economics@desjardins.com • desjardins.com/economics

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