

## ECONOMIC NEWS

# Canada: Disappointing Labour Market Performance

### HIGHLIGHTS

- ▶ According to labour force survey data, the labour market dropped 71,200 jobs in November, a much more negative result than anticipated. This decline in employment is the biggest since January 2009.
- ▶ November's reduction follows an October loss of 1,800 jobs, taking the total losses for the last two months to 73,000.
- ▶ The manufacturing sector has been especially hard hit. October saw 23,100 jobs lost, while November ended with a reduction of 27,500.
- ▶ Although the participation rate edged down from 65.7% to 65.6%, November's big decrease in the number of jobs triggered a substantial increase in the unemployment rate. The unemployment rate rose to 5.9% from 5.5% in October.

### COMMENTS

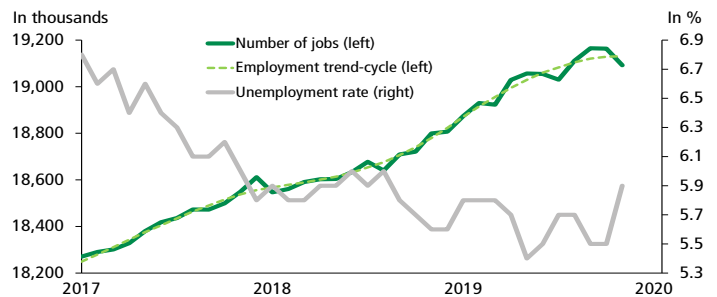
The magnitude of November's decline in employment is disappointing, of course. That being said, it is not really surprising, considering how volatile the monthly employment results are. Given the very big increases recorded in recent months, it was only a matter of time before the pendulum swung back.

It is still clear that the trend for employment has been weaker in recent months. This slowdown is very consistent with the more subdued economic growth recorded in the last few quarters. At the current pace of output growth, we think the labour market should continue to show an average increase of around 15,000 jobs per month.

### IMPLICATIONS

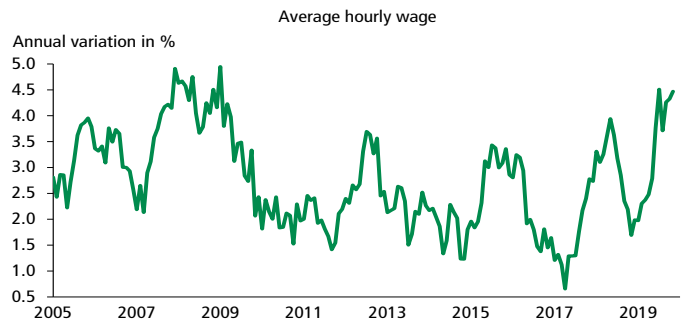
For now, the labour market's movement is not a concern. November's poor results should therefore not be enough to get the Bank of Canada to change its stance, particularly as the concerns associated with wage acceleration persist.

**GRAPH 1**  
Trend in employment is less robust



Sources: Statistics Canada and Desjardins, Economic Studies

**GRAPH 2**  
Wage increases remain high



Sources: Statistics Canada and Desjardins, Economic Studies

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