

ECONOMIC NEWS

Canada: Employment Back in Positive Territory at the End of 2019

HIGHLIGHTS

- ▶ After retreating for two months, the labour market recovered in December, adding 35,200 jobs.
- ▶ The unemployment rate dropped from 5.9% to 5.6%.

COMMENTS

December's rebound in employment seems to indicate that the problems in October and November were only a weak spell after several months of strong growth. December's increase puts employment back at the level of its trend-cycle.

However, trend-cycle movement is less robust than it was in early 2019. Following several months of lively, astonishing growth, employment seems to be returning to a more moderate pace, which is more consistent with the subdued economic growth seen in recent months. With the unemployment rate at 5.6%, the labour market's general situation remains quite satisfactory, however.

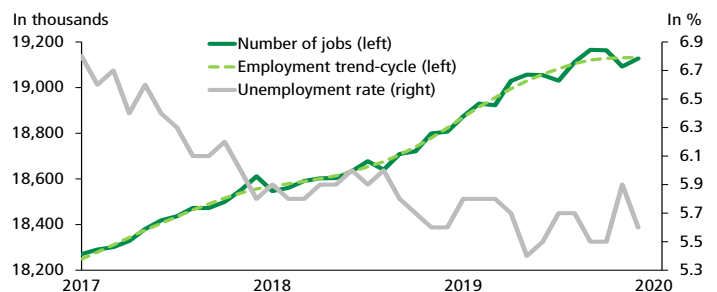
Slower employment growth could also start having an impact on wages. The annual increase in the average hourly wage eased in December, sliding to 3.6% from November's 4.5%. This level remains high, and the situation merits close attention in the coming months.

IMPLICATIONS

Overall, December's labour force survey results are reassuring. For one thing, the end of the slump seen in October and November is good news. For another, the more subdued increase in the employment trend and slightly more moderate wage growth are helping ease the concern over a potential acceleration in inflation.

GRAPH 1

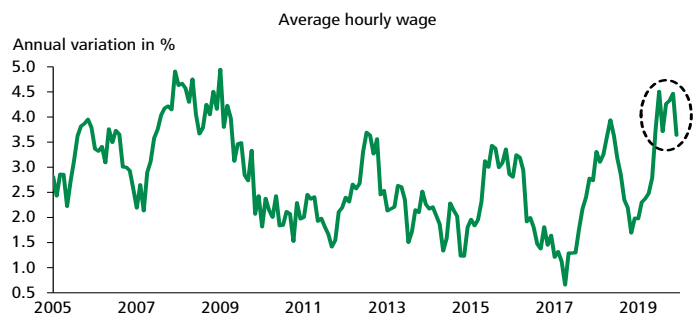
Employment is back on trend and the unemployment rate is similar to where it has been in recent months



Sources: Statistics Canada and Desjardins, Economic Studies

GRAPH 2

The acceleration in wage growth seems to be cooling



Sources: Statistics Canada and Desjardins, Economic Studies

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

NOTE TO READERS: The letters k, M and B are used in texts and tables to refer to thousands, millions and billions respectively.

IMPORTANT: This document is based on public information and may under no circumstances be used or construed as a commitment by Desjardins Group. While the information provided has been determined on the basis of data obtained from sources that are deemed to be reliable, Desjardins Group in no way warrants that the information is accurate or complete. The document is provided solely for information purposes and does not constitute an offer or solicitation for purchase or sale. Desjardins Group takes no responsibility for the consequences of any decision whatsoever made on the basis of the data contained herein and does not hereby undertake to provide any advice, notably in the area of investment services. The data on prices or margins are provided for information purposes and may be modified at any time, based on such factors as market conditions. The past performances and projections expressed herein are no guarantee of future performance. The opinions and forecasts contained herein are, unless otherwise indicated, those of the document's authors and do not represent the opinions of any other person or the official position of Desjardins Group. Copyright © 2020, Desjardins Group. All rights reserved.