

ECONOMIC NEWS

Canada: The Labour Market Demonstrates Its Resilience

HIGHLIGHTS

- ▶ Job creation continued in October, with the labour market adding 83,600 jobs.
- ▶ Employment was up in 11 of the 16 main industries. Trade (+45,300) and professional, scientific and technical services (+41,800) were especially strong.
- ▶ Aside from Quebec (-12,900), Manitoba (-1,800) and Saskatchewan (-1,600), the provinces saw employment jump in October.
- ▶ Canada's unemployment rate dipped from 9.0% to 8.9%.

COMMENTS

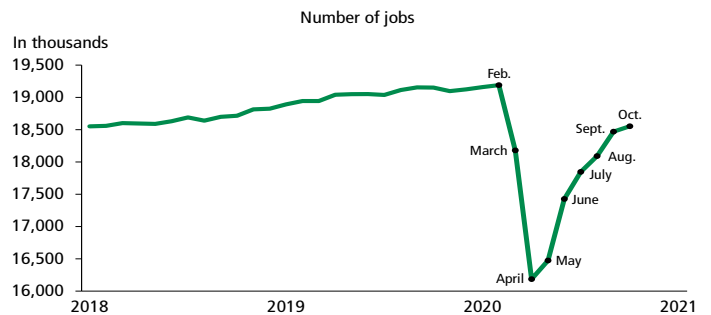
As expected, the introduction of new health measures aimed at specific sectors and regions in Quebec and Ontario adversely affected the labour market, causing growth to slow in October. That said, the worst was avoided, even though some forecasters, ourselves included, were expecting October to end with jobs lost. Instead, the labour market has clearly shown that it's resilient.

Nonetheless, there's still a long way to go before the ground lost during the Great Lockdown last spring is regained. It's unclear as to what will happen in the next few months as the pandemic continues to spread in several regions throughout the country. Still, the Ontario government's recent announcement to allow restaurants and gyms to reopen in areas affected by the second wave is encouraging.

Today's results also indicate that the total number of actual hours worked in the Canadian economy rose 0.8% in October. This is certainly lower than that of the previous months, but the fact that the monthly variation in hours worked was positive is encouraging. In the end, real GDP by industry may not slip back into negative territory in October, which is what we initially feared.

GRAPH

Employment growth slowed in October



Sources: Statistics Canada and Desjardins, Economic Studies

IMPLICATIONS

Despite the recovery underway, COVID-19's impact on the labour market remains huge, with the jobless rate still extremely high. October also saw the number of long-term unemployed workers increase by 151,000 after jumping by 79,000 in September. This increase reflects the workers who lost their jobs in March and April and remain unemployed. As a result, the total number of long-term unemployed workers in October rose to 448,000, which represents nearly 25% of all unemployed workers. Clearly, the labour market's precarious conditions are expected to slow down the Canadian economy's recovery for the next few quarters.

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