

## ECONOMIC NEWS

# Canada: Labour Market Slumps

### HIGHLIGHTS

- ▶ The labour market lost 62,600 jobs in December, a decline that exceeded expectations.
- ▶ With the exception of British Columbia (+3,800 jobs), the provinces saw employment tumble in December.
- ▶ For Canada as a whole, unemployment rose from 8.5% to 8.6%.
- ▶ The labour market participation rate fell slightly from 65.1% to 64.9%.

### COMMENTS

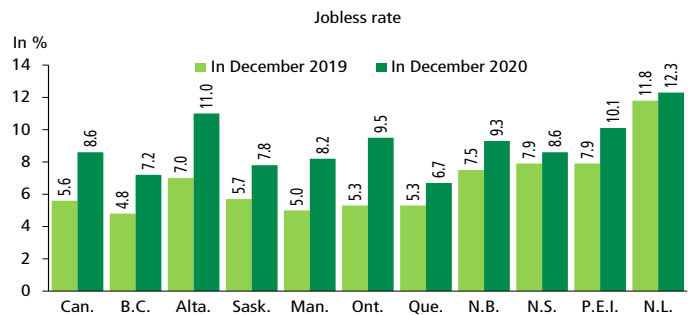
More job losses were expected for December, even if the exact number was difficult to predict given the significant volatility in the results of the workforce survey. This slump in employment is the result of the new restrictions introduced across the country between November's survey and that of December, i.e., between the weeks of November 8–14 and December 6–12.

That said, December's labour market correction is far less serious than the loss of 1,010,700 jobs in March and 1,993,800 jobs in April. Nonetheless, stricter health measures were introduced in the second half of December and early January. Therefore, the labour market slump is not over yet, and new job losses are forecast for January. Still, like the first wave, these new challenges should be temporary, and the labour market should continue to recover as soon as the latest restrictions are lifted.

It is customary to take stock of the year once December's figures are released. The wild swings of 2020 make it difficult to do this and interpret the annual averages. There is no denying that the labour market situation seriously deteriorated during the year, as shown by comparing the levels at the end of 2020 with those at the end of 2019.

### GRAPH

**In 2020, the labour market deteriorated significantly across the country**



Sources: Statistics Canada and Desjardins, Economic Studies

### IMPLICATIONS

Even if the Canada Emergency Response Benefit (CERB) no longer exists, Canadian workers can still count on the federal government to provide significant financial support, especially through the enhanced employment insurance program. As in the last spring, this should help households get through the second wave without their financial situation deteriorating to dangerous levels.

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