

ECONOMIC NEWS

Canada: Sharp Decrease in Employment in January

HIGHLIGHTS

- ▶ As we had forecast, January ended with substantial job losses: a decline of 212,800 positions. We recall that 52,700 jobs had also been lost in December.
- ▶ A major portion of the jobs lost in January were in trade (-167,600 positions) and accommodation and food services (-75,000 positions).
- ▶ Part-time employment is prevalent in these sectors, and the number of such positions was down by 225,400 in January. There was an increase of 12,600 full-time positions during the month.
- ▶ The job losses took place in Ontario, Quebec, and Newfoundland and Labrador. All other provinces saw employment gains in January.
- ▶ For Canada as a whole, unemployment rose from 8.8% to 9.4%.

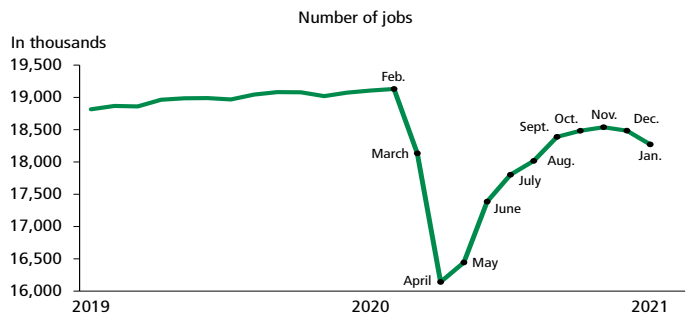
COMMENTS

As expected, the introduction of health measures to stop the spread of the second wave of COVID-19 had a major impact on the job market. We recall that the December survey had been carried out very early in the month, from December 6 to 12. This meant that many of the negative effects of the restrictions ordered in the second half of December were not taken into account in the December results. These job losses were nevertheless accounted for in the January survey, as were the job losses added at the beginning of January, when new health measures were put in place.

Changes in the labour market in the coming months will depend largely on how the pandemic progresses. The past few days have been encouraging in this respect, as the trend in the number of new cases is down across the country. As a result, we should see a gradual relaxation in restrictions starting in February. The job market should therefore bounce back in the near future

GRAPH

The downtrend in employment steepened in January



Sources: Statistics Canada and Desjardins, Economic Studies

and continue its recovery. In February, the survey will take place during the week of February 14 to 20, which could enable it to capture the recovery of some of the jobs lost in December and January.

IMPLICATIONS

Aside from the ups and downs in employment and the unemployment rate in response to the health measures, the job market presents a fairly encouraging picture. Employment has continued rising in a number of sectors despite the difficulties posed by the second wave. Moreover, the total number of hours worked in the Canadian economy was up 0.9% in January. Under these conditions, the sharp decline in production that we anticipated for January may not be as great as anticipated.

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