

# ECONOMIC NEWS

## Canada: Employment Growth Eases

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### HIGHLIGHTS

- ▶ Employment growth continued in October, adding 31,200 jobs.
- ▶ Increases in some sectors, particularly in wholesale and retail trade (+80,500 jobs), were partly offset by cuts in several other sectors, including accommodation and food services (-27,000 jobs).
- ▶ The unemployment rate dropped from 6.9% to 6.7%.

### COMMENTS

As expected, with the full recovery in employment completed since September, the labour market's growth took on a more moderate pace in October. In addition, disruptions are clearly holding back progress in certain sectors. On one hand, the labour shortage is slowing down hiring. On the other, the introduction of a vaccine passport may have affected business in some areas, which may explain the second consecutive decline in employment in the accommodation and food services sector.

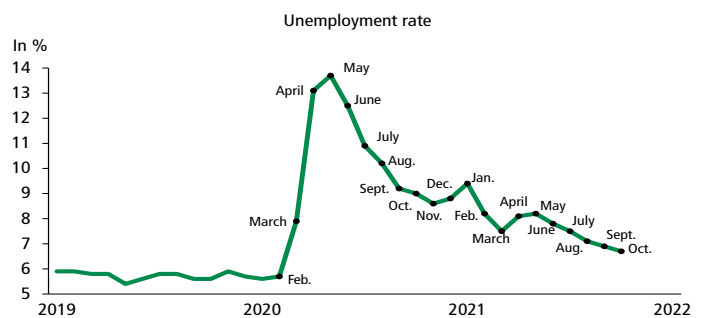
However, the drop in the unemployment rate is welcome news. A single percentage point is missing for a return to pre-pandemic levels. According to Statistics Canada, the adjusted unemployment rate (which also includes people who want a job but have not looked for one) stood at 8.7% in October. This is the lowest level since the outbreak of the pandemic.

### IMPLICATIONS

The job market performance is encouraging. However, a number of obstacles remain, and the recovery remains uneven, with lost ground fully recouped in only 9 of the 16 major sectors.

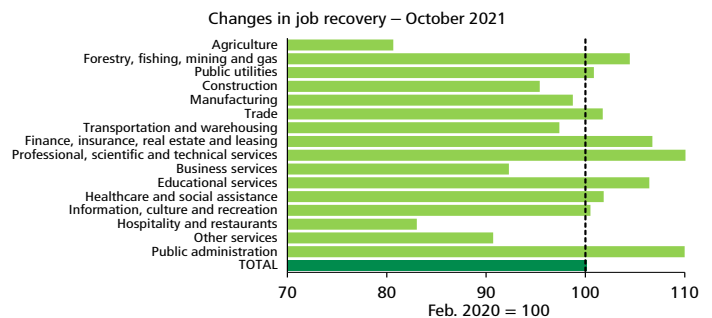
This should prompt the Bank of Canada to wait a few more months before raising its key interest rates, particularly since growth in median hourly wages does not appear to be

**GRAPH 1**  
Unemployment rate continues to fall



Sources: Statistics Canada and Desjardins, Economic Studies

**GRAPH 2**  
Uneven employment recovery across sectors



Sources: Statistics Canada and Desjardins, Economic Studies

accelerating out of control, as evidenced by the 2.1% year-over-year increase.