Canada: Another Indicator of the Labour Shortage

In its monthly establishment surveys on employment, compensation and hours of work, Statistics Canada also compiles data on the number of vacant positions and the number of unemployed. A position is considered vacant when it has not been filled and the work could start within 30 days. The employer must also be actively searching for a worker outside the organization.

Seasonally adjusted, the number of vacant positions has increased significantly in recent months. It went from 217,700 positions in November 2016 to 299,300 in November 2017, a spike of almost 40%. The high number of jobs created in recent quarters has pushed the unemployment rate down significantly across Canada. It was at a record low (since 1976) at 5.8% last December. In the circumstances, the number of unemployed was also down, going from 1,357,900 in November 2016 to 1,209,100 in November 2017. That is a drop of more than 10%.

The combination of more vacant positions and fewer unemployed people has led to a significant decrease in the unemployment-to-job vacancy ratio. In November 2017 there were only 4 unemployed people for each vacant position in Canada. That is the lowest rate since those statistics started to be collected in 2011. British Columbia, Quebec and Ontario stand out with very low unemployment-to-job vacancy ratios.

IMPLICATIONS

The low number of unemployed people per vacant position is one more indicator of how short the labour supply is in several regions of Canada. That will likely mean a sharp rise in wages in the coming months. Over time that could increase inflationary pressure in Canada and influence the direction of key interest rates.

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