

## ECONOMIC NEWS

# Tough Start to the Year in Quebec and Ontario: Employment Plunges While the Unemployment Rate Goes Up

### HIGHLIGHTS

- ▶ Québec had 97,900 fewer jobs in January than it did in December. The unemployment rate went from 6.8% in December to 8.8% in January.
- ▶ In Ontario, employment fell by 153,500 while the unemployment rate rose to 10.2% from the previous month's 9.6%.
- ▶ In both provinces, the decline in employment was focused in wholesale and retail trade. It primarily affected part-time employment and young people.

### COMMENTS

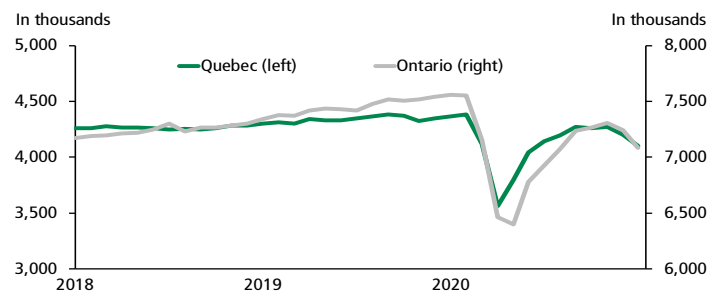
The employment market was expected to deteriorate in both provinces in January; the erosion is in line with our forecasts. Among other things, the intensification of restrictive measures shut down non-essential businesses in Quebec as of December 25. In Ontario, this kind of measure, which was already in force in Southern Ontario, was extended to the entire province the day after Christmas.

Wholesale and retail trade were hit hard, shedding about 80,000 jobs in each province in January. Part-time employment pulled back sharply, hurting youth in particular.

The context remained tough in accommodation and food services, with employment down by 51,600 in Ontario. The deterioration has been more gradual in Québec since October, when closures began for red zone regions. The number increased slowly, with all zones red in January. Employment in sectors affected by the closures therefore started to decline as of October, with less of an impact on January's numbers.

### GRAPH

**The drop in employment in Quebec and Ontario is not nearly as steep as last spring**



Sources: Statistics Canada and Desjardins, Economic Studies

### IMPLICATIONS

The shock to the employment market is much smaller than it was last spring in both provinces, since closures have been less widespread during the second wave. The deterioration in January was substantial, however. It should be temporary, and quickly make way for a rebound in employment. Quebec has already announced that it will lift some restrictions, allowing retailers to reopen in the province as of February 8, as well as some additional easing in orange zones.

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