

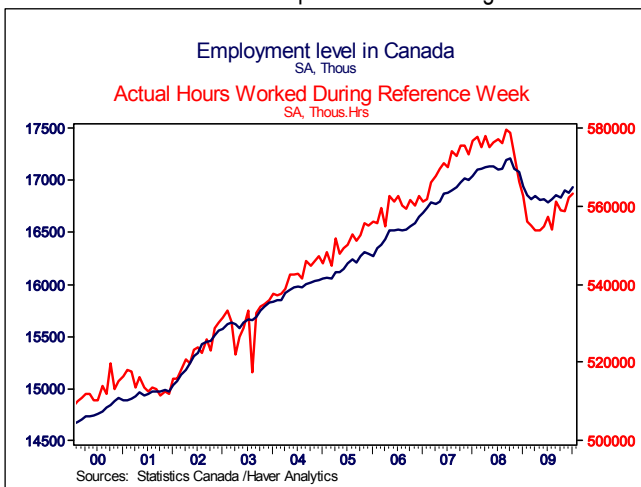


February 5, 2010

A good start for Canada's job market in 2010

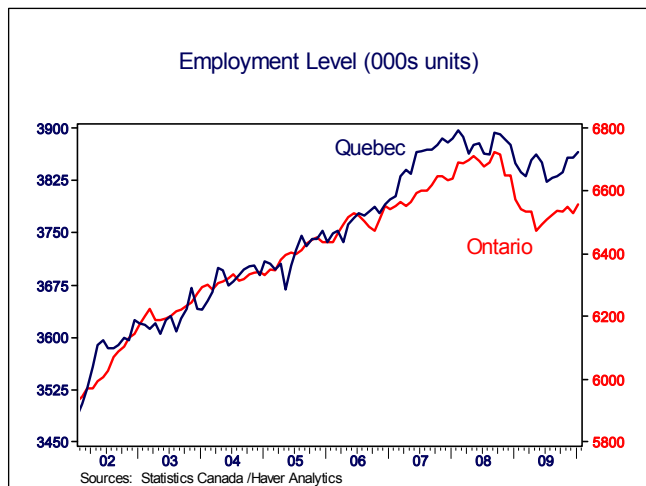
The Canadian economy created 43,000 jobs during January, and the unemployment rate fell slightly to 8.3%.

Services sector businesses in particular hired a significant amount of part-time workers. Several statistics are of note:



- The private sector created 53,700 jobs during the month. Furthermore, the trend looks good: job creation averaged 18,400 new posts during the past six months.
- The services sector, which added 66,100 new jobs during January, was once again the key growth driver (commerce, administrative and business support services, lodging and renovation).
- The number of part time jobs in the economy increased by 41,500 posts, while full time employment remained relatively stable (+1,400 posts). The percentage of part time workers in the economy right now (20.2%) is quite high. LBS Economic Research estimates that about 10.0% of those would prefer to have full time work. In a speech yesterday Bank of Canada governor Mark Carney commented on the underemployment problem, which we regard as a form of disguised unemployment.

A quick look at regional data shows that much of last month's hiring wave took place in the country's three largest provinces; Ontario, Quebec and British Columbia. Job conditions in Ontario in particular, improved markedly (+30,300 posts) during January. The active labor force also increased; a sign that more Ontarians view their job prospects favorably. These two trends are quite encouraging for a province, which had been piling up bad news on the jobs front during 2009.



Here in Quebec, the job market has been doing well for several months now, notably in the services sector. In fact, Quebec is the only province that created jobs in all of the past six months (+6,200 in January, +41,400 since August). However the drop in the province's unemployment rate (from 8.4% to 8.0% in January) bears a damper. Many Quebecers unexpectedly gave up looking for work (12,400) during January, despite the fact that the economic recovery appears to be quite well entrenched.

In short, the improvement in job market conditions since the end of the summer of 2009, continued through the first part of this year. The Canadian economy has created on average 23,000 new posts per month since August. That said, there remains room for improvement, particularly on the salary and number of hours worked fronts. As governor Carney noted, the number of hours worked fell much more than employment did during the recession: "Employment held up relatively well, while the number of hours worked fell sharply. [...] This suggests that employment may grow relatively slowly."

Marie-Claude Guillothe, Economist