

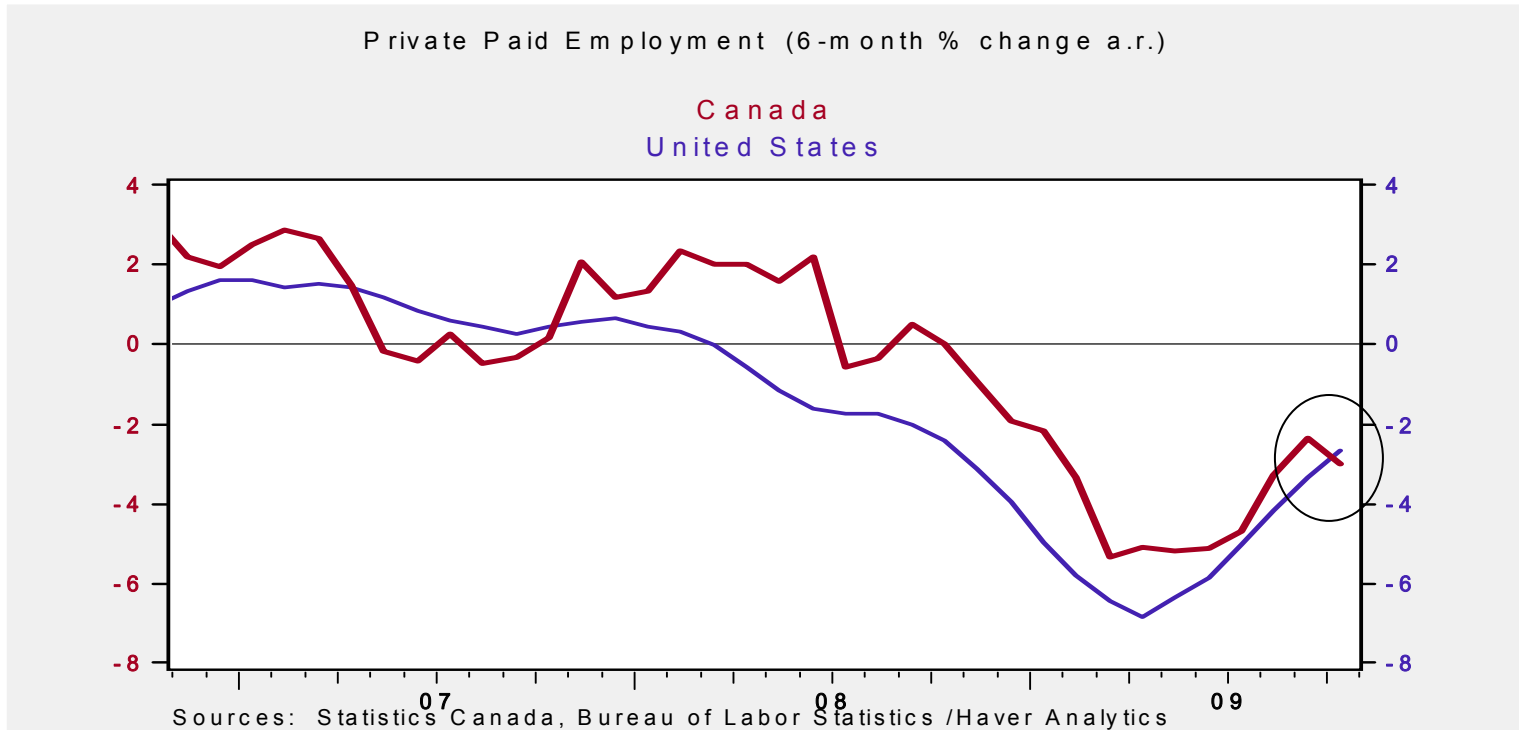


Strong Loonie Working Against Jobs Recovery

Nov. 10, 2009
1-800-613-0205

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By virtually every measure of labour market performance, Canada has handily beaten the U.S. in the past two years. But that's not the case for one critical measure — private paid work — in the past six months. This partly reflects greater weakness in two sectors in Canada — manufacturing and tourism (accommodation/food services) — that have been hit hard by the strong loonie.



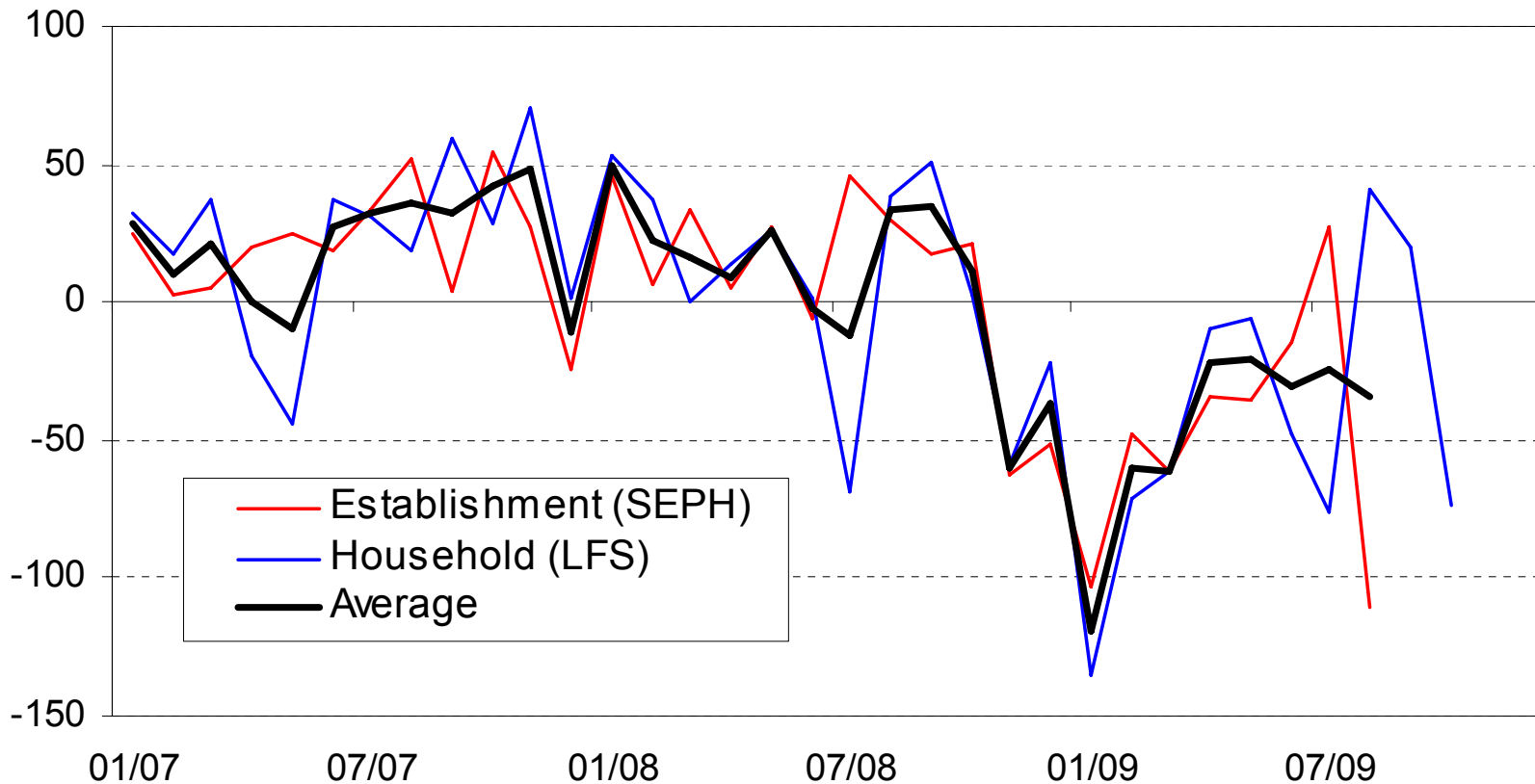
Sal Guatieri, 416-359-5295



A Tale of Two Canadian Surveys

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Change in Non-farm Payrolls ('000)



Friday's report of a 43k drop in October employment was a shock, and was made more shocking by the fact that the non-farm payroll component plummeted 73k (self-employment +28k, farm jobs +2k). However, Canada's other employment survey (based on establishments) showed an ugly 110k non-farm payroll plunge in August (which is, unfortunately, the latest data), presaging Friday's LFS employment plunge. The LFS or household survey is generally considered the better of the two when it comes to broad economic trends. However, given that both surveys stuck close to script during the recession, we should probably keep an equal, albeit belated, eye on the SEPH.

Michael Gregory 416-359-4747

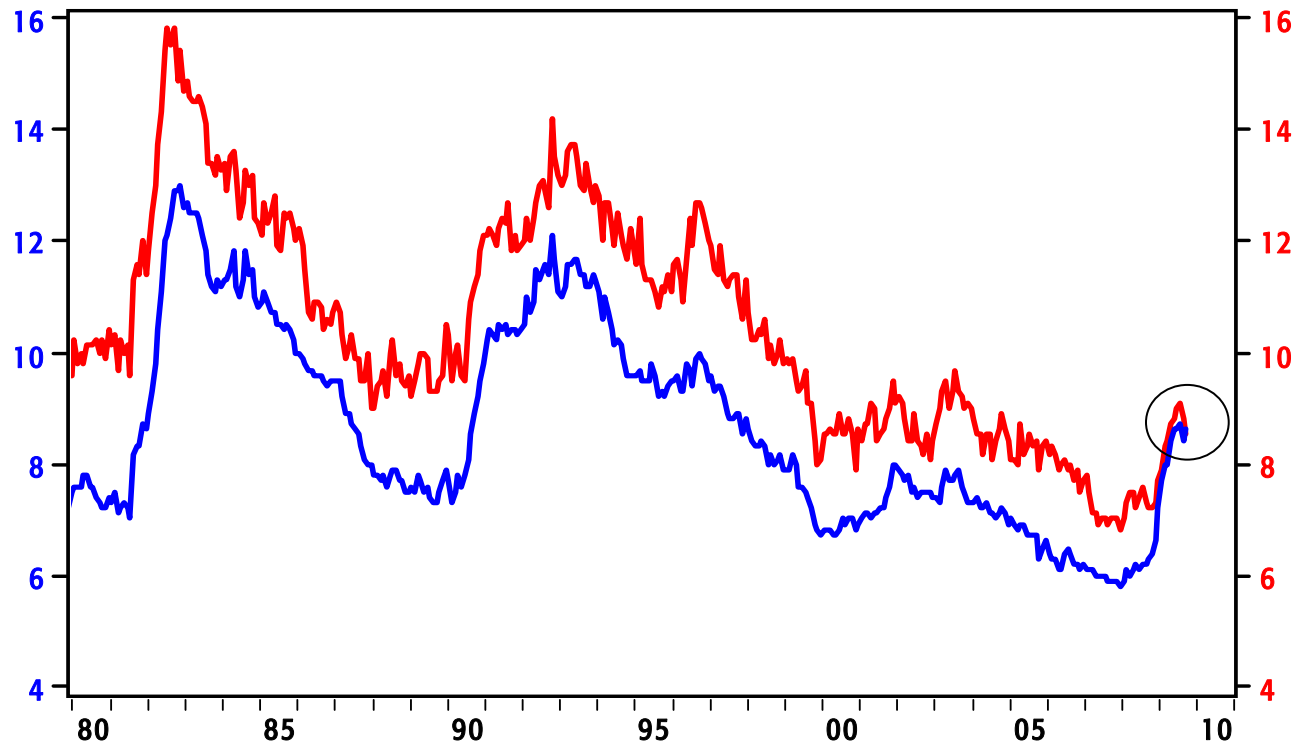


Quebec: Unemployment Rate Milestone

For the first time since at least 1976, Quebec's unemployment rate (8.5% in October) has fallen below the national rate (8.6%). This is the result of less deterioration during the recession—the Quebec unemployment rate has increased 1.7 ppts since the start of 2008 versus 2.8 ppts for all of Canada. Interestingly, both Quebec and Canada have seen the same percentage decline in employment over that period, so the difference is accounted for by labour force growth (ie: there has been none in Quebec).

Canada: Unemployment Rate: Both Sexes, 15 Years and Over
SA, %

Canada: Quebec: Unemployment Rate
SA, %



Sources: Statistics Canada /Haver Analytics

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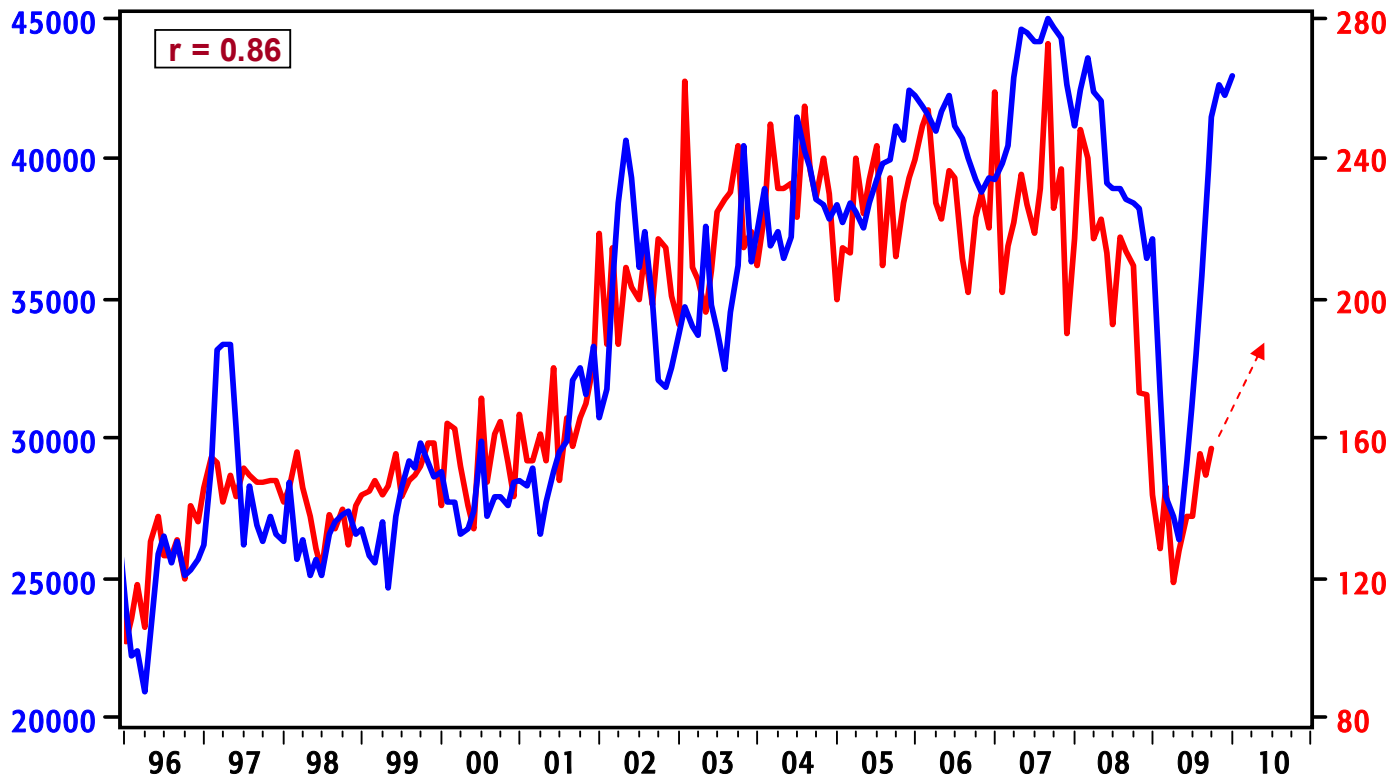
Cdn Housings Starts Looking Up

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Canadian housing starts hit the highest level since the end of 2008 in October, pulled out of the recession morass by a remarkable resurgence in demand. Note that the sharpest rebounds have been in the provinces with the sharpest bounce-backs in sales: B.C., Alberta and Ontario—the same provinces to suffer the worst housing market downturns.

Existing Home Sales, National, SA [MLS100005] [-4]

Canada: Dwelling Starts: All Areas
SAAR, Thous.Units



Sources: Haver Analytics, Canada Mortgage and Housing Corporation

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