

Cdn Jobs: A Ghoulish Month

Canadian employment plunged 43,200 in October, versus expectations of a modest 10,000 increase and reversing a large part of the gains in the prior two months. The details of the report were mostly weaker, with the only positive news that the entire drop was in part-time jobs, while full-time positions recorded a decent gain. The headline decline would have been even deeper if not for the 27,500 increase in self-employment. Private sector payrolls tumbled 45,200 and have yet to show any signs of improvement with only one gain in the past 13 months. Meantime, the unemployment rate rose 2 ticks to 8.6%, retracing two-thirds of the prior month's unexpected drop, but is still well below the U.S. rate. Hours worked fell 1.1% on the month, a very poor start to Q4 after September's very encouraging 1.6% jump. While this is only the first indicator for Q4, it introduces some downside risk to the Bank of Canada's call for 3.3% annualized real GDP growth in the quarter.

Trade was the hardest hit sector, along with other services. In fact, the services sector saw a much heftier drop than goods producers, which runs contrary to recent employment and monthly GDP trends. The construction sector continues to be one bright spot as housing recovers, with employment rising three straight months. Six provinces reported job losses, with Alberta, B.C. and Ontario registering the bulk of the declines. Quebec and Eastern Canada were the only provinces in the black for the month.

	(average change)				
(thousands)	Oct	Sep	Aug	3-month	12-month
Total	-43.2	30.6	27.1	4.8	-33.3
(month/month % change)	-0.3	0.2	0.2	0.3 **	-2.3 ***
Full-Time	16.5	91.6	-3.5	34.9	-31.5
Part-Time	-59.7	-61.0	30.6	-30.0	-1.8
Goods Producing	-6.3	46.2	-6.8	11.0	-27.5
Manufacturing	-8.2	26.1	-17.3	0.2	-18.1
Construction	11.2	24.6	12.1	16.0	-6.0
Service Producing	-37.0	-15.6	33.9	-6.2	-5.8
Trade	-30.8	2.0	21.2	-2.5	-3.7
Unemployment Rate (%)	8.6	8.4	8.7	8.6 *	6.3 *
Avg. Hr. Wages (y/y % chng)	3.3	2.5	3.3	3.4 *	4.3 *

* 3 and 12 months ago ** 3-month % change, a.r. *** year/year % change

The Bottom Line: While employment is still higher over the past three months, the big decline in October highlights the sluggish nature of the recovery and reinforces our expectation that the Bank of Canada will hold true to its commitment to hold rates steady until at least June 2010.

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