

Canada: Jobs (Nov). Numerically ok, qualitative disappointment.

Participation rate plunges, pulling unemployment rate down to 7.6%

A surprise plunge in the unemployment rate from 7.9% to 7.6% was caused by a mass exodus out of the labor force reflected in a drop in the participation rate from 67.2% to 66.9%. The 15.2K net jobs created in November certainly insufficient to keep up with the natural growth in the labor force (around 23K/month). Had the participation rate remained unchanged, the unemployment rate would have leaked higher, hitting 8%.

And there is some qualitative disappointment with the numbers as well. The give up in full time employment -11.5K for part time jobs 26.7K proves particularly unsatisfactory. As for jobs mix, we would note that significant losses in manufacturing -29K and financial services -23K employment are hardly made up for by the 26K jobs created in trade and the 17K jobs generated in the accommodation and food services category.

Implications

The jobs picture in Canada in the second half of the year bears little resemblance to the robust burst of jobs growth seen in the first half with better than 300K jobs created. With one month left to go, job growth in the second half of the year is running at less than 40K jobs.

But like much of the developed world, the Canadian economy by and large appears to be settling into a slow growth mode that will be characterized by incremental change as we head into 2011 and 2012 rather than robust economic recovery. A factor baked into most forecasts for Canada including our own.

The bottom line. Where last month's report disappointed in terms of the number of actual jobs created, it more than made up for it in terms qualitative factors with lower paying jobs traded in for the so called "good" jobs, part time employment traded in for full time work. In November we have very much the opposite taking place.

Disclosure appendix

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