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Observation

August 7, 2009

CANADA'S LABOUR MARKET: OUT WITH THE NEW, IN WITH THE OLD

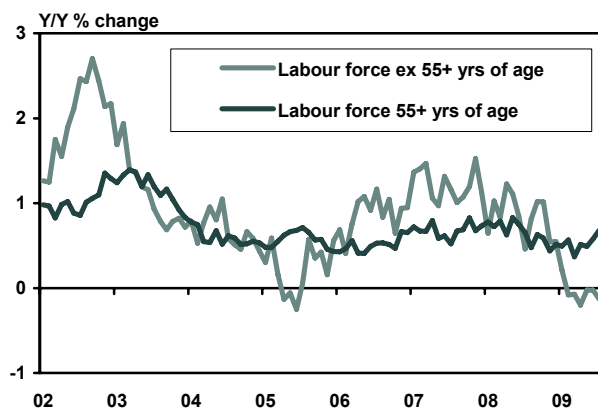
There are some things that never change during recessions, and one of them is the rapid decrease in the labour force that occurs among Canada's youth. The labour force for those aged 15-24 shrunk at a 2% annual rate in July, and has been in negative territory since the start of the year. Broadly paraphrasing from Fats Domino, there's nothing like graduating from school with a B.A, M.A or M.B.A and finding out there's no J.O.B. The youth generally have more alternatives at their disposal to weather through tough labour markets, such as returning to school, moving back with the folks or simply taking some time to travel and 'find' themselves. These options become a little thinner with age, as careers are built, children/family responsibilities are borne and mortgages are adopted. And, the further out you go on the age spectrum, the time line for saving sufficient funds for retirement shrinks. Perhaps this is why amidst Canada's large aging population and deteriorated

HIGHLIGHTS

- Those aged 55 and older are jumping into the labour force and being rewarded
- Employment has shrunk for the prime working age 25-54, but not so for those aged 55+

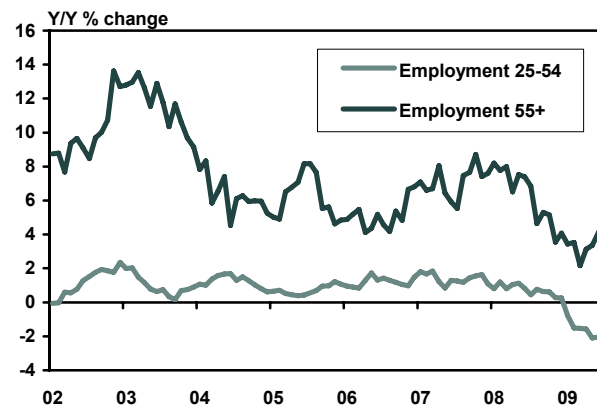
stock portfolios; we are seeing a surge in those aged 55 years or older entering the labour force, beyond anything seen in previous recessions. Since the start of the year, the labour force for this group has been steadily expanding at a faster rate than the labour force for the prime working ages of 25-54. And, while this latter age group has been shedding jobs at an accelerated annual rate over the past seven months, those aged 55 and over have been experiencing a sort of job boom in the midst of the recession, with

CANADIAN LABOUR FORCE



Source: Statistics Canada

CANADIAN EMPLOYMENT



Source: Statistics Canada

nearly 5% employment growth.

Where have these older workers gravitated towards in the job market? The job gains have been occurring broadly in the service sector, which is showing almost 7% annual growth. Specifically, employment in information/culture, education and business have shown renewed vigor during the recession, while after a set-back in 2008, the category of F.I.R.E. (finance, insurance and real estate) is making a nice comeback.

Sifting through the data, my first thought was that perhaps more of these workers are gravitating towards self-employment because of tough economic times, since previous work experience can be capitalized upon. While we don't have specific data readily available on self em-

ployment for this age group, it's probably a safe bet to assume that it has been a big influence. There have been almost 92,000 jobs created for those over the age of 55 since the start of the year. Meanwhile, self-employment has swelled by just over 68,000 during this period, as employee positions within the private and public sector have contracted. So perhaps it's not quite the job boom that the headline employment figures suggest for 55 years and older, because it's not known how many of these people are choosing self employment or are being backed into it out of circumstances. It's probably also a safe bet to assume that during a recession, self-employment may not be a first choice. But, it still supports what my grandma told me for so many years, wisdom and experience is to be revered.

Beata Caranci
Director of Economic Forecasting
416-982-8067

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