



Labour Market News

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Ontario Unemployment Rates Unchanged, Employment Rises

This Issue:

- Ontario unemployment remains steady despite more people working full time
- Ontario manufacturing sees job gains
- Hamilton and Kitchener hit by further job losses
- Retirement trends

Labour Market News is published quarterly, providing an economist's view of labour market trends and policy issues.

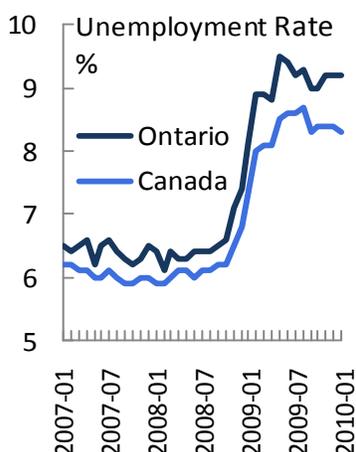
About LCERPA:

The Laurier Centre for Economic Research and Policy Analysis is an international association of academic and professional economists, based at the School of Business and Economics at Wilfrid Laurier University, Waterloo, Ontario, Canada.

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Canada's unemployment rate fell slightly in January to 8.3% as 43,000 jobs were created across the country.

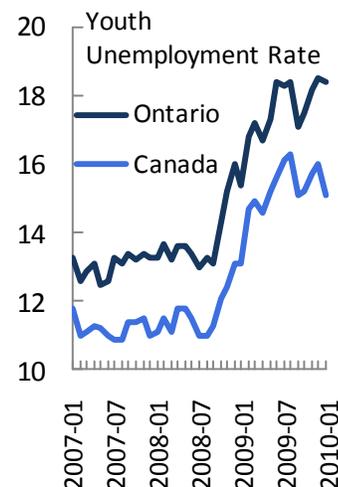
Most of those jobs were created in Ontario. However, as Ontario's



gains in employment were more than matched by the number of people looking for work, Ontario's unemployment rate remained steady at 9.2%.

In Ontario, 30,300 jobs were created and 13,900 of those were full time positions. In contrast, the vast majority of job gains in the rest of Canada were part time positions — 41,500 of the 43,000 jobs created.

In Canada, youth unemployment rates fell to 15.1% as more young people age 15-24 found employment. Ontario

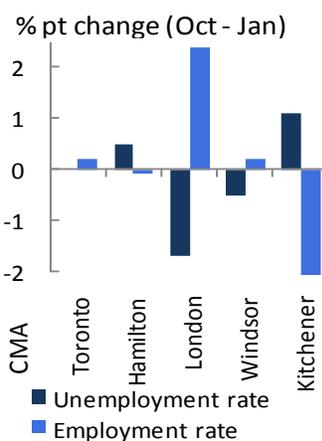


youth saw only a slight decrease in unemployment rates, to 18.4%, as employment gains were matched by increases in the number of people seeking jobs.

Some Ontario Cities Lose Jobs, Yet Manufacturing Gains

Not all Ontario cities have seen job gains. Kitchener's (CMA) unemployment rate increased to 9.9% in January. The unemployment rate in Kitchener has not been this high since 1993. From 2000-2007 the average unemployment rate in Kitchener was 5.6%.

Unlike the rest of Canada, Ontario gained 8,400 manufacturing jobs in January. But it's not clear this indicates recovery for this sector.



Southwestern Ontario's manufacturing employment has been falling since 2004. In 2009 there were 21% fewer manufac-

turing jobs in Kitchener and 33% fewer in Hamilton. In Kitchener, long-term job gains appear most prominently in professional, scientific and technical services—in these sectors jobs have increased by 27%. In London, short and long-term job gains are being made in finance, insurance, and real estate—with employment in these sectors increasing steadily since 2000.

Quarterly Feature

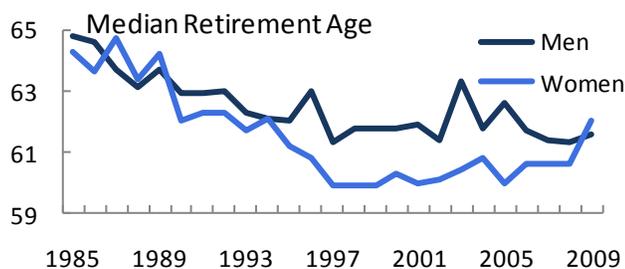
Retirement and the Recession

Stock market woes

There is no doubt that the market value of pension funds and other investments took a nose dive in 2008. From March 2008 to June 2009, the market value of assets held in private sector pension funds fell by 20%. Many private investors were hit harder.

Some analysts expect the stock market crash to drive up retirement ages, as those who planned to retire will delay their plans while their investments recover.

We shouldn't expect the stock market crash to have any widespread effects on immediate retirement plans. Why? Most Canadian retirees do not face much market risk. First, few Canadians actually own stocks or hold other investments. Second, most near-retirees holding investments would have already transferred their assets into lower-risk, fixed income assets. Third, employers offering pensions in Canada typically bear the market risk, not the employees.



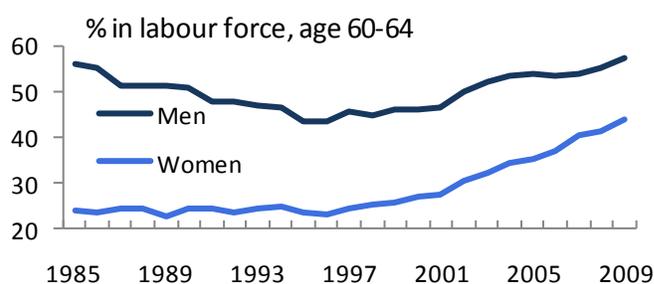
Canada's defined benefit pensions

Just under 40% of all workers in Canada are covered by a registered pension plan with their employer. Of those, only 16% are defined contribution plans (in which case the employees are exposed to stock market risk). Most others are defined benefit plans, which provide retirees with a fixed monthly benefit — regardless of what happens in the stock market. Older workers are more likely to have defined benefit pension plans than their younger counterparts.

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Recent increases in retirement age

In 2009 there was a slight increase in the typical retirement age of Canadian men and women. Men in 2009 typically retire at age 61.6, up from 61.3 in 2008. Women in 2009 are typically retiring at age 62, up from 60.6 in 2008. But there is no clear link to the recent recession.



A new generation of women retirees

Labour force participation among older men and women started increasing in the mid-1990s, long before the any recession began. Women retirees in the 1990s were born in the 1940s—the earliest generation of women to drive large historical increases in women's employment rates. This trend is likely to persist as women have been more and more likely to participate in career employment. Stock market performance is unlikely to change that.

Husbands respond by working more

Older men's participation in the labour force has also trended upward since the mid-1990s. Research by Tammy Schirle has shown that a large part of the trend can be explained as a response to the fact that wives, typically younger, are now working at older ages. The fact that recent generations are more educated also plays a role. The longer, and healthier, life expectancies of today's seniors likely influences the retirement decision as well.