

ENVIRONNEMENTAL SCAN

QUÉBEC



Fall 2013

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Acronyms

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| LMAD | Labour Market Analysis Directorate, Service Canada, Québec Region |
| LFS | Labour Force Survey |
| IMF | International Monetary Fund |
| GDP | Gross Domestic Product |
| CMA | Census Metropolitan Area |
| AAGR | Average Annual Growth Rate |

About the E-Scan

Twice a year, the **Labour Market Analysis Directorate of Service Canada, Québec region**, analyzes business conditions in Québec to increase its knowledge of demographic, economic, and labour market issues that affect both the province and its economic regions. The analysis focuses on current conditions and short-term and medium-term trends.

The main goal of this *Economic/Environmental Scan (E-Scan)* document is to identify the elements that may impact Service Canada's activities in the Québec region. The analysis is an integral part of planning Service Canada's activities.

The E-Scan document also helps Service Canada economists to determine sectoral and occupational outlooks. To that end, this analysis will also be of interest to people, companies, and groups that wish to become informed about the forecasting stream of the economy and labour market.

The information presented in this document was completed based on information available on November 25, 2013.

Key Points

- Global economic growth forecasts have been revised downwards for 2013, but growth is expected to pick up in 2014.
- Emerging economies will record high growth rates in the coming years, but this growth will be slower than previously experienced.
- The U.S. economy should significantly contribute to global growth in 2014, while Europe will continue to face weak growth of both the GDP and employment.
- Both Canadian and Québec growth remain dependent on the American dynamic.
- Québec's growth potential depends on an improvement in foreign trade.
- Over the coming years, demographics will increasingly slow down employment growth given that labour markets (in Québec and in its regions) are already affected by the weak growth (non-existent) of the labour force.

Section 1: General Overview / Economic Context

The World

The global economy has undergone a slowdown for a second consecutive year in 2012, while weak growth from developed countries – including the United States (U.S.) – has continued to make its presence felt. In the beginning of 2013, it is generally with great optimism that conditions are anticipated to improve during the second half of the year, but it is now expected that the recovery will occur at a later date in 2014. In October 2013, the International Monetary Fund (IMF) has revised downwards its global economic growth objective for 2013 to 2.9%, leading to a third consecutive year of weaker global growth. This revision is partially explained by a downward revision of emerging economies' growth outlooks.

In October 2013, the International Monetary Fund (IMF) revised downwards its global economic growth forecast for 2013 to 2.9%, leading to a third consecutive year of global growth slowdown.

The United States, which make up the biggest economy in the world, generated more than 18% of the global gross domestic product (GDP) in 2012. However, according to the last forecasts of the International Monetary Fund (IMF), first place could belong to China by 2016. It comes as no surprise that China is feeling the effects of a growth slowdown for in many of its major exportation markets, including that of the U.S., given that the two countries are intricately interrelated. In fact, China's growth rate has decreased and has settled at approximately 7.5% per year. Although this rate seems astronomical compared to the rates of western countries, it remains inferior to the average of the last decade.

Following two years of relatively weak growth, the American economy has gone through a 2.2% progression in 2012, the highest rate among the G-7 countries. The growth of the U.S. economy has slowed down during the first half of 2013, and the IMF now expects that the country will post a total growth rate of 1.6% per year. Nevertheless, it seems more and more likely that the U.S. will generate a good share of the global growth in 2014. The growth could begin and accelerate mid-2014 and continue in 2015 and in 2016. IMF supports this positive outlook, which expects that the U.S.' GDP will increase by 2.6% in 2014.

During that time, several European Union (EU) Member States continued to dig themselves out of the recession. The EU's economy declined by 0.4% in 2012 and the IMF expects that it will decline furthermore by 0.4% in 2013. The effects of the sovereign debt crisis varied for the UE as a whole, and the most affected member states continue to be subjected to permanent restraint measures. That being said, business confidence indicators (inflation, interest rate, foreign investment, etc.) suggest that economic activity is about to stabilize in some of the EU's member states. However, the unemployment rate remains high in Europe. It reached 12.1% in October 2013 in the euro zone and exceeded 25% in the third quarter of 2013 in Spain and Greece.

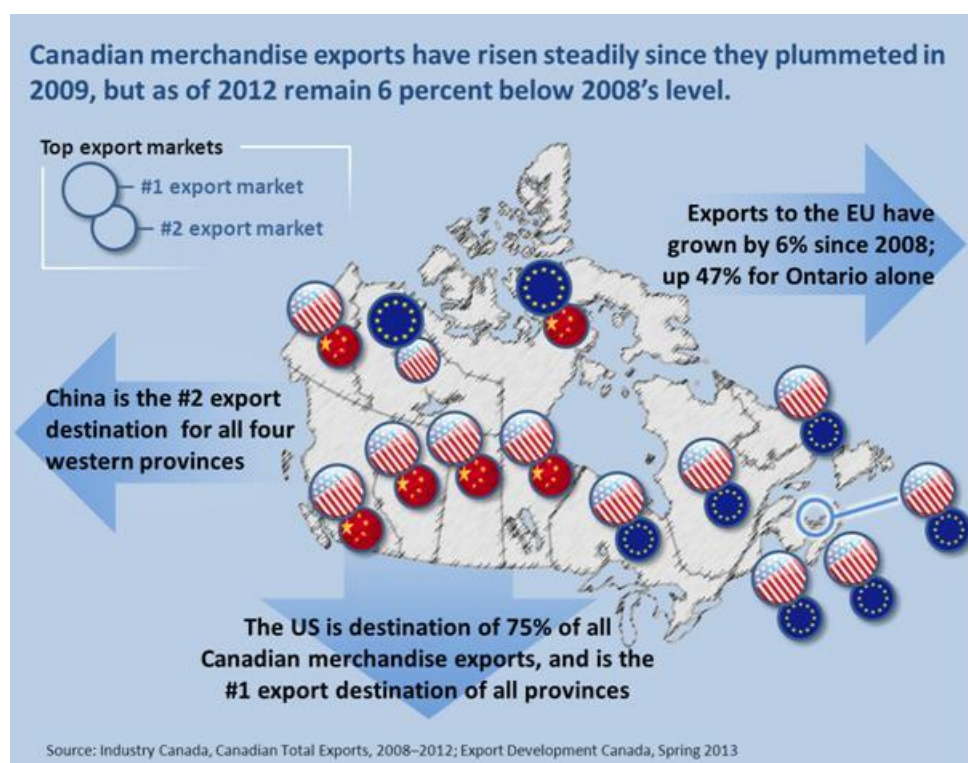
Canada

In 2012, the Canadian economy showed a superior performance to that of most other developed countries; indeed, the country recorded a real GDP growth rate of 1.8% for the year, which is still lower than the growth of its potential GDP. In the long term, Canada needs to post a GDP growth rate between 2% and 2.5% to allow its population to maintain its standard of living.

Similar to the global economy, the Canadian economic activity was widely expected to resume during the second half of 2013. Forecasters have since dampened their outlook for Canada, mainly due to developments taking place in the U.S. Since October 2013, the Bank of Canada has been expecting the economy to grow by 1.6% in 2013, 2.3% in 2014 and 2.6% in 2015 and for Alberta, Saskatchewan and Newfoundland and Labrador, provinces that depend more on commodities, to play a key role in the country's economic growth.

The Bank of Canada expects the economy to grow by 1.6% in 2013, 2.3% in 2014, and 2.6% in 2015.

The relatively modest growth of Canada until now in 2013 is partly due to weaker than expected exports. The central bank expected exports to increase during the third quarter, but collapsing demand across the globe and disruptions related to budget negotiations in the U.S. have delayed this recovery. An increase of the economic growth in the U.S. and the depreciating Canadian dollar predicted for next year will increase export gains.



Due to rather moderate economic growth and low inflation, the Bank of Canada will probably maintain interest rates at 1% in 2015. This measure will continue to stimulate consumption, although the latter can negatively affect the relatively high household debt.

Québec

Québec's economy has gone through a difficult period last spring and statistics at the beginning of summer were far from reassuring. Luckily, the situation has somewhat improved. The effects of the construction strike in June have dissipated, and then, the return to real GDP growth and the recovery of employment in September and October have somewhat boosted the economy.

Despite a relatively modest increase of production since early 2013, the labour market has recorded an average employment gain of 1.3% for the first ten months of 2013, compared to the ten first months of 2012. However, the employment level of October 2013 was slightly more than that of December 2012 according to LFS data.

The most recent statistics help maintain the average economic growth forecast (consensus) at 1.2% for 2013.

However, for 2014, little hope is turned towards consumer spending as a driver of growth. In fact, relatively high debt levels will continue to promote cautious household spending.

The growth potential of Québec's economy, the GDP and jobs always lies in foreign trade improvements.

Furthermore, residential construction will no longer act as a medium-term source of growth as it has in the last decade. Recovery will strike in 2015, when the condominium market will be ready to resume.

Let us also note that company investments should be relatively modest in 2014. Some signals (a decline in confidence of small and medium-sized enterprises (SMEs) and a decline in corporate earnings) seem to indicate that the environment is less favorable for new projects.

Also, the achievement of a balanced budget has been delayed by two years by the government of Québec. Meanwhile, the growth of public spending will be weak, which will limit the public sector's contribution to GDP growth.

Given that imports are slowed down by subdued domestic demand, trade balance (exports – less) should be less negative. The recovery of exports to the United States and the end of falling shipments to Europe will also contribute to this improvement.

In the end, real GDP growth expected in 2014 now stands at 1.8%. It is only in 2015 that Québec's economy is expected to return to a fully operational rhythm just above 2.0%.

However, there is an inescapable issue, namely population aging. It will quickly translate into a weaker growth of the labour force in the coming years, with possibly lower participation and employment rates.

Section 2: Occupational Outlooks for Québec and its regions

Québec Region

Due to the negative impact of the strong Canadian dollar, increased competition from low-wage countries in manufacturing and the very uncertain global economic situation, the expected level of employment growth will be slightly lower than what has been seen over the last dozen years. However, a much higher number of people vacating positions due to retirement will help create even more opportunities for job seekers, who are less numerous, due to a decrease in unemployment and population aging. Consequently, more and more employers will experience recruitment difficulties and occupational outlooks will be better for job seekers than in the past.

Taking into account our forecasts for employment and retirement increases, the unemployment observed during 2012 and various other factors for each occupation (the labour market situation of those graduating from programs that lead to specific occupations, turnover, the presence of immigrants and temporary foreign workers, etc.), we expect that the following occupational groups will present the best outlooks:

- health;
- social science, education, government service and religion;
- natural and applied sciences;
- business, finance and administration;
- management.

Conversely, the groups with less favorable outlooks are the following:

- primary sector;
- sales and services;
- trades, transport and equipment.

Taking into account the same factors, we forecast that outlooks will directly vary based on the skill level: the higher the required skills, the better the outlooks. That being said, although trends clearly favour occupations that require highest skill levels, Québécois will continue to have a wide range of employment opportunities.

Resource-related regions

Abitibi-Témiscamingue

Despite the negative impact of the strong Canadian dollar, the slow recovery in the forest industry, the decrease in the price of gold on international markets, and the very uncertain economic situation in Europe, the expected average employment growth (for the period 2013-2015) of 0.7% will be lower than the one observed in recent years. However, retirements will offer several opportunities for job seekers who will be less numerous, due to a decrease in unemployment and the aging population structure. Consequently, more and more employers will have difficulty recruiting and retaining workers. Outlooks are better for job seekers than in the past, especially for skilled occupations (which require a vocational diploma, a collegial studies diploma or a bachelor's degree).

In the last few years, the economic situation has somewhat deteriorated, notably for mineral exploration expenditures and by the termination of some major construction sites. Moreover, several production services, which directly benefitted from this growth, have had catalyzing effects in businesses and local services. Despite this slowdown, there are many developing mining projects, and mining activity is ongoing. However, exploratory work is plagued by funding difficulties and remains heavily dependent on metal prices on foreign markets.

By taking into account all of these factors, the following major occupational categories should present the best outlooks in Abitibi-Témiscamingue:

- health;
- primary sector;
- arts, culture, recreation and sport;
- natural and applied sciences;
- trades, transport and equipment.

The major occupational groups in the Abitibi-Témiscamingue labour market, that present the best outlooks, include 34 occupational groups with good outlooks, as well as 59 occupational groups with fair outlooks. However, outlooks would still be limited for 14 groups, notably those that require fewer skills.

Conversely, the following major occupational groups are expected to post less than favorable outlooks:

- sales and services;
- social sciences, education, public administration and religion;
- management;
- business, finance and administration;
- processing, manufacturing and utilities.

However, a poorer outlook in no way means that all the related occupations offer limited outlooks. Generally speaking, these major occupational categories have a higher-than-average number of Employment Insurance recipients, with lower-than-average overall growth and lower-than-average replacement needs. In major occupational groups with the dimmest outlooks, there are 28 occupational groups with good outlooks, 82 occupational groups with fair outlooks and 23 groups with limited outlooks.

Bas-Saint-Laurent

The Bas-Saint-Laurent economy is continuing its growth, which was significant for manufacturing industries. The services sector continues to experience weak growth: trade businesses and those from professional, scientific and technical services have had a particularly good performance. Elements that affect Québec's economy and hinder its growth will also impact the Bas-Saint-Laurent region. This strongly undermines some of the Bas-Saint-Laurent industrial sectors, namely agriculture, logging and forestry, wood processing, and pulp and paper manufacturing. Nevertheless, by 2015, in the Bas-Saint-Laurent region, the average annual employment growth rate is expected to be about 0.5%, while it will be 0.9% for the same period in Québec. For, Nearly 1,500 new jobs will be created over the next three years.

While the number of new jobs will be small, the aging of the labour force will create many openings in the labour market to replace workers who retire or die (attrition). For the Bas-Saint-Laurent region, population aging will be an important phenomenon to consider with respect to future labour needs. In fact, approximately 5,500 jobs will become available following the departure of retirees. In the next few years, some employers could have difficulty recruiting workers.

The following major occupational categories will have the best outlooks in Bas-Saint-Laurent:

- health;
- arts, culture, recreation and sport;
- business, finance and administration;
- management.

Conversely, the following major occupational categories are expected to present less than favorable outlooks:

- sales and services;
- trades, transport and equipment;
- the primary sector.

However, a less stellar outlook does not mean that all the occupations in a given group will have limited outlooks. Generally-speaking, these major occupational categories have a higher-than-average unemployment rate, with lower-than-average overall growth and higher-than-average replacement needs.

Côte-Nord and Nord-du-Québec

Despite the negative impact of the strong Canadian dollar, the slow recovery in the forest industry, the decrease in the price of gold on international markets, and the very uncertain economic situation in Europe, the expected employment growth level of 0.7% will be lower than the one observed in recent years. However, retirements will offer several opportunities job seekers, who will be less numerous due to

a decrease in unemployment and an aging population structure. Consequently, more and more employers will experience recruitment and retainment difficulties. Outlooks are better for job seekers than in the past, especially for skilled occupations (which require a vocational diploma, a collegial studies diploma or a bachelor's degree).

In the last few years, the economic situation has somewhat deteriorated, notably for mineral exploration expenditures and by the termination of some major construction sites. Moreover, several production services, which indirectly benefitted from this growth, have had catalyzing effects in businesses and local services. Despite this slowdown, there are many developing mining projects, and mining activity is ongoing, but strongly remains dependent of metal prices on foreign markets.

By taking into account all of these factors, the following major occupational categories should present the best outlooks in the Côte-Nord–Nord-du-Québec region:

- health;
- arts, culture, recreation and sport;
- trades, transport and equipment;
- natural and applied sciences;
- the primary sector;
- social sciences, education, public administration and religion.

The major occupational groups in the Côte-Nord /Nord-du-Québec labour market, presenting the best outlooks, include 21 occupational groups with good outlooks, and 75 occupational groups with fair outlooks. However, outlooks would still be limited to 12 groups, notably those that require fewer skills.

Conversely, the following major categories should present less favourable outlooks:

- sales and services;
- management;
- business, finance and administration;
- processing, manufacturing and utilities.

However, a poorer outlook in no way means that all the related occupations offer limited outlooks. Generally speaking, these major occupational categories have a higher-than-average number of Employment Insurance recipients, with lower-than-average overall growth and lower-than-average replacement needs. In major occupational groups with the dimmest outlooks, there are 15 occupational groups with good outlooks, 59 occupational groups with fair outlooks and 21 groups with limited outlooks.

Gaspésie–Les-Îles-de-la-Madeleine

Over the years, the performance of the regional economy has always been below the level of Québec. The region is affected by the same economic phenomena as Québec as a whole: a strong Canadian dollar, the global economic context, etc. Its economy is less diversified and some industrial sectors operate seasonally. Since the mid-2000s, the region's economy has benefitted from a remarkable performance of Québec's economy and the development of wind energy. It has also obtained superior results to the historical average. Despite expected growth of Québec's economy being inferior to that of the last few years and a slowdown of activities in wind energy, the region will know a growth that is comparable to that of previous years. By 2015, employment will increase by 0.5% per year, compared to 0.9% for the province as a whole. The regional labour market will have filled some 2,940 positions, or nearly 980 jobs per year.

Growth in the wind energy sector has ended, but other manufacturing industries and service enterprises are expanding, and we anticipate that they will take over growth. Regional exporting businesses will be affected by the global economic context, which means that, in general, employment outlooks in these industries are fair or limited. Service industries should fare better, as they will be less affected by

economic factors. Employment in these businesses is also benefitting from the influx of baby-boomers and young couples to the region, growth in income and the rising number and size of young families. Occupations in health and social services will benefit from the existence of this pool of users, as well as from government investment in health care and social services resulting from population aging, medical advances and increasing concern with health.

The wind energy industry has been present in the region for a few years now. The work carried out by firms in this field is creating demand for engineers, technicians, surveyors, project managers, tradespersons and transport and equipment and machine operators to work in wind turbine parts manufacturing plants and firms in the construction and professional, scientific and technical services sectors. Since the end of 2012, operational growth linked to this field has effectively ended and very few jobs will stem from it.

Some of the most striking effects of population aging are starting to be felt in the region: there is a rise in the number of workers leaving the labour force and a drop in the number of people in the 25-54 age group. This has manifested itself notably in recruitment difficulties that are heightened by the small size of the regional labour market and by its remoteness to major worker pools. In addition, the limited number of post-secondary graduates in the region is causing hiring problems for businesses seeking candidates for professional, technical or specialized positions. The region has succeeded in lessening these consequences by deploying significant efforts to attract a relatively important number of workers.

The following occupational groups present the best outlooks:

- management;
- health;
- social sciences, education, public administration and religion
- processing, manufacturing and utilities.

Conversely, the following occupational groups should present less favorable outlooks:

- sales and services;
- the primary sector.

Saguenay–Lac-Saint-Jean

The regional economy is expected to perform well over the 2013-2015 period, with an average annual growth of 0.9%, similar to Québec's rate as a whole. Expansion will accelerate somewhat over the coming years, going from 0.8% in 2013 to more than 1% in 2015. The recovery in the wood processing sector, first transformation of metals sector, and mining sector will influence an upswing. Some sectors will also benefit, such as consumer services, while household income will increase. The health and social services industries are still leading the staff growth. Spinoff will be felt in a number of occupations related to these sectors.

Nearly 1,200 new jobs are expected to be created in the region by 2015. It is estimated that nearly 2,200 additional openings will be created annually owing to retirements and deaths (attrition). Hence, nearly two thirds of labour needs will result from attrition and a little more than one third from employment increase. The total annual requirement will be about 3,400 jobs.

With regards to employment growth, the best outlooks are in health, with an annual growth rate of 2.8%. In total, about 800 additional jobs should be added by 2015 in this occupational group. The outlook is also positive for occupations in processing, manufacturing and utilities, with an average annual increase of 2.4% and the creation of more than 400 positions in three years.

In terms of total employment needs, the trades, transport and equipment occupational group, as well as that of sales and services, will be in first place, with each one garnering approximately 700 positions to fill annually by 2015. The business, finance and administration group will follow, with more than 400 opportunities per year. These three groups alone represent more than half (54%) of total needs in the region.

Occupational outlooks are closely related to the number of opportunities, but also depend on the number of people qualified to work in a given occupation, namely the labour supply: workers, experienced unemployed workers, graduates, skilled immigrants, etc. Yet, with the population aging, labour supply tends to increase less quickly than employers' demand. Thus, there may recruitment problems in some occupational groups, particularly sales and service occupations, where young people hold a large share of employment. Similarly, high labour demand fuelled by major investments in processing and infrastructure will affect some specialised occupations.

Capital Regions

Outaouais

Among factors that have an influence on the evolution of the Outaouais labour market, a series of measures announced by the federal government to restore a balanced budget, namely a reduction in the size of the public service, will not be the least. In spite of this uncertain context, the number of employed people is expected to grow by an annual average of 0.6% over the 2013-2015 period.

Given that the services sector holds 87.1% of the regional workforce, this strong representation is reflected in the occupational distribution of employed persons. Thus, two thirds are concentrated in five major occupational groups: business, finance and administration; health; social sciences, education, public administration and religion; arts, culture, recreation and sport; and sales and services.

Over the forecast period, the strongest employment growth should take place in such major occupational groups as health (+2.9%), social science, education, public administration and religion (+1.4%), the primary sector (+1.1%), art, culture, recreation and sport (+0.8%), sales and services (+0.8%) and processing, manufacturing and utilities (+0.8%). Conversely, job growth will be below the average for occupations in natural and applied sciences (+0.5%), management (0.0%) and business, finance and administration (-0.2%).

Worker retirements and deaths will also create replacement needs that will account for nearly 75% of job openings in the region. These will be particularly high in business, finance and administration; sales and services; trades, transport and equipment; social science, education, public administration, and religion; and management.

Capitale-Nationale

The Capitale-Nationale region remains in an enviable economic position, but the years of strong growth seem to be behind it, at least in the short term. As Québec, more moderate economic growth is expected for the region in the coming years. This situation will stem from a decline in domestic demand generated, on the one hand, by a weaker growth of disposable income, and on the other, by a slowdown in private and public investments, as well as fiscal consolidation. Furthermore, the foreign market will remain difficult for local exporters due to a weak global economy, the strong Canadian dollar and the slow recovery in the United States. In addition to this, regional manufacturing shipments are mainly geared towards other regions in Québec and towards Ontario, two provinces that will show little economic strength in the near future. On the employment front, a growth slowdown, which began in 2012, is expected to be ongoing. Despite this, economic growth should generate multiple new jobs, with the grand majority being in the services sector.

In the coming years, employment growth should be mainly concentrated in the following occupational categories: sales and services; health; social sciences education, public administration and religion, as well as natural and applied sciences. Due to population aging, labour needs will also arise from the need to replace retiring or deceased workers. The number of jobs to be filled owing to attrition will be substantial and will represent the majority of regional labour needs. Replacement needs will be especially high in occupations related to business, finance and administration, sales and services, and trades, transport and equipment operation, as well as in social science, education, public administration and religion.

Changes in demographic characteristics influence labour availability and determine the labour force's ability to respond to labour market needs. In the coming years, the labour supply will be an increasingly crucial dimension of occupational imbalances on the labour market. In purely quantitative terms, we know that population aging will soon result in the decline of the labour force, which means that the number of people who will leave the labour market will be greater than that the number of people entering it. Businesses will have difficulty replacing older workers, who are many in several occupational groups. On the other hand, social trends, the feminization of the labour market, the aging workforce and higher educational levels are shaping the evolution of labour pools, which could exacerbate the mismatching of labour needs, qualifications and workers' interests. Furthermore, the pool of skilled talents is shrinking and there are recruiting difficulties because the qualifications are incomplete or out of step with the needs of the labour market. In the general context of a growing labour force demand and decreased supply, employment opportunities will continue to improve in the region, which will benefit job seekers.

Manufacturing regions

Centre-du-Québec

Between 2013 and 2015, expected employment growth in Québec will be inferior to levels observed over the last dozen years. This situation will also prevail in the Centre-du-Québec region. Moreover, its population is growing slightly slower than that of Québec as a whole. From a demographic point of view, it is already obvious that the number of people of pre-retirement age is greater than the number of people old enough to work. Also, if estimated employment growth is below 1%, replacement needs will increase.

More and more people are forecast to vacate positions due to retirement, leading to the creation of more opportunities for job seekers. The latter will be fewer due to a decrease in unemployment and population aging. This leads us to conclude that more employers will have difficulty recruiting and that occupational outlooks are better than in the past for job seekers.

Taking into account our forecasts for employment and retirement increases, as well as the unemployment observed during 2012 and various other factors for each occupation (the labour market situation of those graduating from programs that lead to specific occupations, turnover, the presence of immigrants and temporary foreign workers, etc.), we expect that the following occupational groups and sub-groups will present the best outlooks:

- health;
- childcare and home support;
- skilled manufacturing;
- technical occupations related to natural and applied sciences;
- business, finance and administration.

Conversely, the following groups should present less favorable outlooks:

- elemental sales and food service
- the primary sector;
- manufacturing;
- trades, transport and equipment.

Taking into consideration the same factors, our forecasts are better for occupations that require the highest skills. The regional labour market structure is comprised of a strong presence in manufacturing and agriculture. For this reason, there will be a strong demand for technicians and specialized tradespersons, namely in manufacturing. Still, the regional labour market also has a need for many unskilled workers who are many in the services industry, among others. Because of the large number of jobs in this type of occupation, working conditions that are not always good and high turnover, opportunities are not to be underestimated. Therefore, this means that even if trends foster occupations that require a high skill level, the Centre-du-Québec labour market will always offer a wide variety of job opportunities.

Chaudière-Appalaches

Chaudière-Appalaches is characterized by a concentration of jobs in the primary and manufacturing industries, but which has declined over the last decade, by a construction sector that has experienced exceptional growth, and by a range of services to individuals and businesses, less dominant than elsewhere, that has generated the majority of new jobs. These industrial transformations are also reflected in the evolution of the regional occupational structure.

Globally, our prognoses indicate a regional labour market situation that is currently more favourable for job seekers compared to nearly a dozen years ago, due mostly to many needs stemming from the replacement of retiring baby-boomers, as well as a reduction of the available and qualified labour pool. Hence, the total number of positions that will need to be filled in the region during the 2013-2015 period is estimated to no more than 18,600, or 5.3% of all replacement needs in Québec. Given an average attrition rate estimated at 2%, a large majority (71%) of regional needs will come from retirements and deaths, compared to a little less than 30% for the creation of new jobs.

Thanks in great part to an above-average labour force combined with a low availability of qualified candidates, the following occupations will present the best outlooks:

- health;
- natural and applied sciences;
- management;
- social sciences, education, public administration and religion.

Some occupations could even face labour force shortages (ex. health).

Other categories will present less favourable opportunities, notably:

- the primary sector;
- arts, culture, recreation and sport;
- processing, manufacturing and utilities.

But this does not mean that all occupations that are linked to these categories offer less than favourable job opportunities. If anything, in most cases, they have obtained an “acceptable” rating and sometimes even a “good” one. These occupations are often characterized by a more significant unemployment rate than the average, weaker employment growth, as well as by high replacement needs due to attrition and labour force turnover or by a low employment level.

Estrie

Employment in Estrie should grow by 0.8% annually during the 2013-2015 period. Following a period marked by strong employment instability, the expected growth rate for the 2013-2015 period will be more favourable overall than the last three years.

This employment growth will translate into the creation of some 1,200 jobs annually. In addition to these opportunities, it is estimated that more than 3,200 openings will be created annually owing to retirements and deaths, which is known as attrition. Thus, 70% of labour needs will stem from attrition and 30% will be due to employment growth.

Occupational outlooks are closely related to the number of opportunities, but also depend on the number of people qualified to work in a given occupation: unemployed workers with experience in an occupation, training program graduates, immigrants and others with the required interests and abilities, workers looking to improve their situations, etc.

Taking all these factors into account, the following occupational categories have the best outlook:

- health;
- social sciences, education, public administration and religion;
- natural and applied sciences;
- business, finance and administration.

In regards to trades, transport and equipment occupations, although outlooks have improved, close to three occupations out of ten still have limited outlooks.

Moreover, outlooks vary based on skill levels. In general, the higher the required skill level, the better the outlook.

Mauricie

The evolution of several indicators highlights the weak economic growth of the Mauricie region. It has impacted the labour market, which remains fragile in the region. Employment growth is much slower in the region than in Québec, and year after year, region's unemployment rate is ranked among the highest in Québec regions. Its strong manufacturing base, which is proportionately more important than that of Québec, has been affected by the decline in this sector, especially the paper and primary metal (aluminum) sectors. The manufacturing sector, dependant on foreign economic conditions, will continue to face difficulties in the short term, notably with the closure of Rio Tinto Alcan in the fall of 2013. Efforts have been made to revitalize the economy and will continue, notably by increased investments and the further diversification of the industrial structure. Despite these measures, economic growth in Mauricie will remain weaker than that of Québec as a whole. This will influence regional labour market outlooks that will also remain lower than that of the province.

Despite expectations of anaemic employment growth in the region, our forecast scenario shows a more favourable situation overall for job seekers than nearly a dozen years ago, due mostly to many replacement needs generated by retiring baby-boomers, as well as a reduction of the available and qualified labour pool. Thus, the total number of positions to fill in the region for the 2013-2015 period is estimated at more than 8,500, or 2.4% of overall needs in Québec. Given an average attrition rate estimated at 2% and an employment growth projected to be half of that for Québec overall (+0.4% vs. +0.9%), more than four opportunities out of five will stem from retirements and deaths, compared to less than 20% arising from the creation of new jobs.

The following occupational categories will present, in our opinion, the best outlooks in the next three years in the Mauricie region: health; business, finance and administration; management; social sciences, education, public administration and religion; and natural and applied sciences. The majority of occupations in in these categories require high skill levels and, in some cases, employers could experience recruitment difficulties, which could even include labour shortages.

Conversely, opportunities will be more limited in the primary sector, processing, manufacturing and utilities, as well as in trades, transport and equipment. These categories often have above-average

unemployment levels, weaker employment growth, as well as by replacement needs due to attrition and labour turnover or even weak employment levels.

The Greater Montréal regions

Montréal Census Metropolitan Area (CMA)

Uncertainties related to global outlooks, coupled with a moderate recovery of the U.S. economy and the relatively strong Canadian dollar, will result in moderate hiring until 2015. Average annual employment growth should be around 1.2% in the Montreal Census Metropolitan Area (CMA) (0.9% in Québec), bolstered by the services and construction sectors. This growth forecast will be slightly lower than the annual average growth average observed in the region during the last three years, at 1.3%.

Demographic changes linked to aging, retirements and to a slowing growth of the working-age population are starting to create some recruiting issues for employers who require highly skilled workers, notably in health and engineering. With the population aging, demand for healthcare will increase considerably, and consequently, a need for health professionals will also increase. The contribution of immigrants should represent a significant source of potential workers to ensure replacement. On the other hand, the increasingly important presence of people with better training on the labour market adds to the difficulties of finding employment for less educated workers, who are already affected by the decline of the manufacturing sector and the disappearance of jobs requiring less training.

In total, more than 63,227 jobs will need to be filled annually in the CMA from 2013 to 2015. Of these, approximately 23,899 will come from the creation of new jobs and nearly 39,328 from retirements and deaths. Given the aging labour force, needs that result from retirements and deaths will represent approximately 62% of opportunities, while only 38% of labour needs will result from the creation of new jobs. The vast majority of new jobs, i.e. nine out of ten, will be generated by the service sector.

Overall, when we consider both employment growth and opportunities related to retirements and deaths, the following occupational groups present the best outlooks:

- business, finance and administration;
- sales and services;
- social sciences, education and public administration;
- trades, transport and equipment;
- health;
- natural and applied sciences.

Conversely, the following groups should present less favourable outlooks in:

- the primary sector;
- processing, manufacturing and utilities.

Moreover, even if occupations requiring higher educational levels present the best outlooks, Montreal's CMA labour market will offer very diverse job opportunities as a whole.

Lanaudière

At the time of the last census (2011), the total population of Lanaudière was 471,748. The region recorded a population growth of 10.0% between the Census of 2006 and that of 2011, while this rate was 4.7% in Québec as a whole. The region benefits from one of strongest demographic growths in Québec, along with the neighbouring Laurentides region. For the 2013-2015 period, we have forecasted an annual employment growth of 1.2% compared to 0.9% for Québec. Close to 39% of Lanaudière's labour needs will come from anticipated growth. Despite superior employment growth to that of Québec, some business sectors will still be facing difficulties with creating employment. Among them, let us note the

manufacturing sector, which will continue to suffer from the negative impact of a strong Canadian dollar, increased competition from low-wage countries and a very uncertain global economic situation. It will all translate into zero growth for the manufacturing sector in the Lanaudière region for the 2013-2015 period.

The occupational groups in the processing, manufacturing, and utilities industries, as well as in the primary sector should present the least favourable employment outlooks, especially for appliance manufacturing supervisors, installers and controllers in the manufacturing of materials, devices and electrical equipment, industrial sewing machine operators, bookbinding and finishing machine operators, and other service labourers in processing and utilities, who have limited occupational outlooks during the 2013-2015 period.

During the forecast period, a major company in the electrical equipment, appliances and components industry, will close in the regional county municipality (RCM) of l'Assomption, leading to the loss of nearly 1,200 jobs. It explains, in great part, the zero growth of the manufacturing sector in the 2013-2015 period and the limited outlooks for some of the occupations in this industry.

Population growth will foster the development of direct services to residents, which will generally lead to good and fair occupational outlooks for workers in the business, construction and health sectors.

Laurentides

Occupational outlooks are better for the residents of the Laurentides region in the next three years. Bolstered by demographic growth that is among the strongest in the province and an upturn in private and public investments, average annual employment growth will remain relatively strong during this period, compared to that of the province as a whole. An uncertain global economic climate, a strong dollar, as well as the rise of low-wage countries have created unfavorable conditions for Québec's manufacturing sector. The region is not immune to these conditions; however, it is benefiting from the spinoffs of many investments, including those to come from the transportation equipment industry. On the other hand, attrition, namely needs generated by retirements or deaths, will account for more than half of labour requirements in the Laurentides region, although in a less significant proportion than the rest of the province. When new jobs are factored in, this means that over 30,600 positions will need to be filled from a more limited pool of available workers due to a decrease in unemployment and population aging.

In order to rate occupational outlooks, the labour supply and demand need to be identified. The outlooks are therefore based on the number of vacant positions (newly created or vacated through turnover or attrition) and the number of people able to hold jobs in a given occupation (experienced unemployed workers, graduates, immigrants, etc.). To this end, we forecast that the following occupational groups present the best outlooks during the 2013-2015 period:

- health;
- natural and applied sciences;
- processing, manufacturing and utilities;
- business, finance and administration;
- arts, culture and recreation.

Conversely, occupations in such occupational groups as the primary sector, the trades, transport and equipment industry, as well as those in sales and services, have the least favourable employment outlooks. Companies who employ this labour force are more vulnerable to the strength of the Canadian dollar, the weak recovery among our main economic partners, and to the high household debt.

In this context, the outlook for 301 out of the 314 selected and analyzed occupations is good or fair in the Laurentides region for the 2013-2015 period.

Montréal

Montréal is the second region in Québec in terms of population. Montréal's demographic advantage is reflected in labour market indicators; it is ranked second in the province for the size of its employed population. Due to its proximity to Montréal, the Montréal region's job growth depends both on local businesses and on the vast metropolitan labour market. Consequently, the regional labour market is highly diversified and the working age population's employment rate is fairly high, while the unemployment rate sits below the provincial rate.

In the last few years, employment has fluctuated in the region. In 2012, employment grew by 3.4%, but figures for 2013 should be less favorable, in part due to continued weak growth of the global economy, fiscal consolidation and high household debt. For the 2013-2015 forecast, we expect moderate employment growth, at 1.1% annually.

Estimates of labour needs are based on the creation of new jobs stemming from economic growth and on replacement needs due to vacant positions resulting mostly from retirements. The accelerated aging of labour force on the labour market will accentuate labour needs, despite anticipated weak employment growth. Over the next three years, we estimate that over 24,000 jobs per year will need to be staffed in Montréal. Close to 15,600 openings will come from retirements, representing 65% of labour needs, while nearly 8,500 openings will be the result of job creation driven by economic growth. The scope and source of labour needs vary considerably from one occupational category to the next.

Three occupational categories will record the most significant labour needs, despite an expected employment growth that is below the occupational average: broad business, finance and administration, as well as sales and services industries, and also the trades, transport and equipment occupational category, which together will generate more than half of labour needs.

Other categories will record strong growth of their labour force, above the average of all occupations. Occupational groups in health, natural and applied sciences, arts, culture, recreation and sports, as well as social sciences, education, public administration and religion will account for close to one third of labour needs.

Lastly, the main source of opportunities for occupations in management, processing, manufacturing and utilities and in the primary sector will come chiefly from replacement needs generated by retirements.

Conclusion

Growth in Québec still relies, in great part, on a continuous improvement of foreign trade. For this to happen, growth must continue in the United States. Recent indicators point towards an improvement in the state of the U.S. economy, both in terms of GDP growth and net job creation. Furthermore, forecasts for growth seem better across Canada in 2014 than they were in 2013, which should benefit Québec companies who export elsewhere in Canada.

However, due to demography, growth of Québec's labour force will slow down considerably in the coming years, which will constrain the growth capacity of employment and of potential economic output. In fact, it may become increasingly more difficult to meet needs stemming from labour replacement and from economic growth, in several regions.

Note: Note: In preparing this document, the authors have taken care to provide clients with labour market information that is timely and accurate at the time of publication. Since labour market conditions are dynamic, some of the information presented here may have changed since this document was published. Users are encouraged to also refer to other sources for additional information on the local economy and labour market. Information contained in this document does not necessarily reflect official policies of Employment and Social Development Canada.

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