

# Labour Market Review

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## Key Highlight

Today's publication of the seasonally unadjusted 3 month moving average data from Statistics Canada's July 2015 Labour Force Survey for the Calgary Economic Region (CER) showed that:

- Employment decreased by 1,300 people from June 2015, but has increased by 20,300 people from July 2014.
- The unemployment rate increased from 6.1 per cent in June 2015 to 6.8 per cent this past July, mostly due to a surge in labour force participation.

## Other Highlights from this month's review

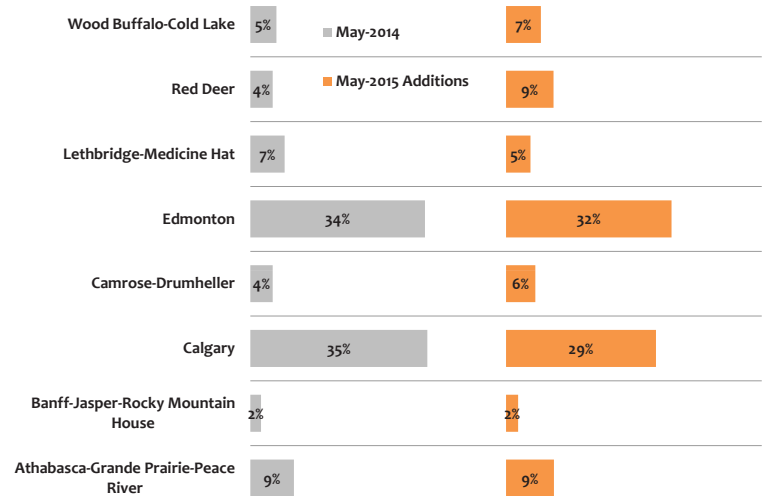
This month's review will focus on the extent to which labour market slack has crept into the CER and other Alberta economic regions, given the current economic downturn. The main findings are:

**Albertans account for most of the annual increase in the number of regular employment insurance beneficiaries in Canada, which is an indicator of labour market slack.** The number of regular employment insurance beneficiaries increased from 28,020 Albertans in May 2014 to 48,280 Albertans in May 2015. This 20,260 increase is close to the 21,700 increase for Canada as a whole over the same period. Regular beneficiaries receive benefits because they have lost their jobs through no fault of their own and are actively looking for work. Special beneficiaries, on the other hand, stop work as a result of sickness, to care for a newborn or adopted child or to provide compassionate care for a gravely ill family member. When all EI beneficiaries are considered, the total number of EI beneficiaries increased by 22,100 Albertans and 22,330 Canadians. Unlike other Canadian provinces and territories, Alberta has experienced a surge in the number of displaced workers in the past year. While all economic regions in Alberta have had large increases in the number of regular beneficiaries, some have fared slightly better than others. The proportion of Alberta EI recipients from the CER and Edmonton Economic Region has declined, despite a large increase in the actual number of beneficiaries from these regions with the two big cities. Lethbridge-Medicine Hat is the only other economic region with a decline in its Alberta share of regular EI beneficiaries. Three regions have had a disproportionately higher increase in the number of regular EI beneficiaries: Wood Buffalo-Cold Lake, Red Deer and Camrose-Drumheller (Chart 1).

**The increase in the CER unemployment rate above 6 per cent is largely due to a surge in labour force participation.** The July 2015 CER unemployment rate was 6.8 per cent. This is worse than the 6.1 per cent rate recorded in June 2015 and almost two full percentage points higher than the 4.9 per cent rate recorded in July 2014. The CER also underperformed relative to the July 2015 Alberta average of 6.1 per cent. The local unemployment rate in Alberta's economic regions had a range between 3.3 and 8.0 per cent. The two regions, Camrose-Drumheller and Lethbridge-Medicine Hat, with much better unemployment rates also had much lower labour force participation rates (Chart 2). Lower labour force participation rates are a feature of labor markets where prolonged periods of slack have resulted in delayed or suspended labour force entry and re-entry decisions. Apart from these two regions, a large part of the Alberta

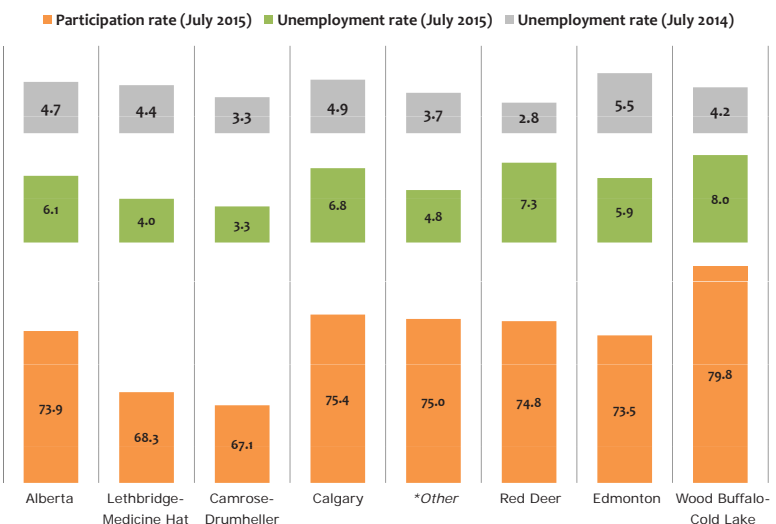
working age population in the other economic regions remains in the labour force. The other five Alberta economic regions were in the top seven Canadian economic regions ranked by order of their July 2015 local labour force participation rates. The CER recorded the third highest labour force participation rate for Canadian economic regions, outperformed by Wood Buffalo-Cold Lake and Northeast British Columbia. The higher labour force participation rate in Wood Buffalo-Cold Lake was accompanied by an extremely high 8.0 per cent unemployment rate. Sustained periods with an above 6 per cent unemployment rate, will put the CER labour force participation rate at risk of decline.

**Chart 1: CER has a smaller share of the annual increase in EI recipients**  
Distribution of Regular EI Beneficiaries across Alberta Economic Regions (Per cent)



Sources: Statistics Canada, Corporate Economics, August 2015

**Chart 2: Strong labour force participation drives up the unemployment rate**  
Unemployment and participation rates in Alberta economic regions (Per cent)



\*Other = Banff-Jasper-Rocky Mountain House and Athabasca-Grande Prairie-Peace River

Sources: Statistics Canada, Corporate Economics, August 2015

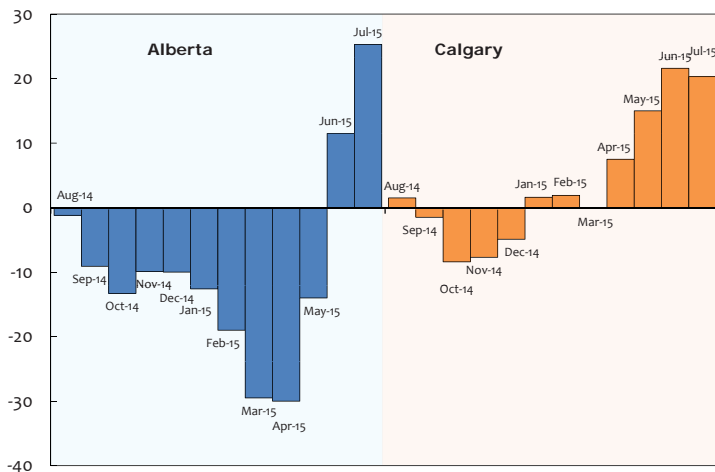
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The CER has achieved robust annual job growth, while most other Alberta regional economies grapple with slow job growth or job declines. The number of jobs in the CER economy has increased 2.3 per cent from 869,500 in July 2014 to 889,800 in July 2015. While 20,300 jobs have been added to the CER, the increases for Alberta and Canada have been 25,300 and 173,900 jobs, respectively. The CER is the fourth ranked economic region in Canada with regard to job growth over the past twelve months. Given sustained job creation in the local economy, it is no surprise that the recent civic census results confirmed continued population growth in Calgary. Apart from the CER, Edmonton (7,500) and Lethbridge-Medicine Hat (10,400) are the other two Alberta economic regions that have created more jobs than have been displaced in the past year. Together, the other economic regions have 13,000 fewer jobs than at the same time last year. The uptick in Alberta job growth is very recent. After a 2014 high of 2,304,300 jobs in July, there was a slump over the next ten months. The Alberta economy did not recover to the 2014 high until June 2015 (Chart 3). The CER played an important part in the recovery. The CER job slump was milder and short-lived. Beginning this spring, strong CER job growth has provided support for Alberta's job growth recovery.

Strong CER full-time job growth has helped to steady the Alberta underemployment rate and limit labour market slack. Lethbridge-Medicine Hat is the only Alberta regional economy to have added both full-time and part-time positions from the level recorded in July 2014 (Chart 4). It is also the only Alberta economic region with a better performing labour market than the CER. The increase in full-time positions in the CER is due to the services-producing sector increasing from 507,000 full-time jobs in July 2014 to 550,200 full-time jobs in July 2015. Full-time goods-producing sector jobs declined from 221,800 to 199,200 over the same period. To the extent that there is slack in the CER labour market, it remains mostly limited to the goods-producing sector.

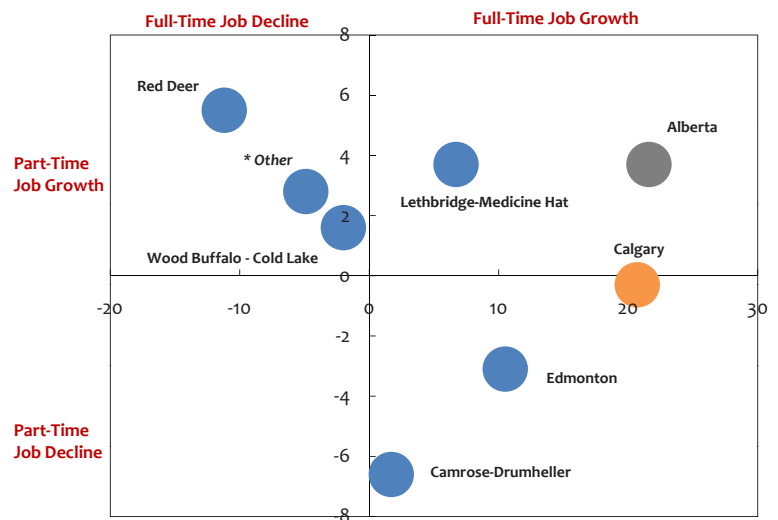
**Chart 3: CER job growth has "powered" Alberta job growth**  
Cumulative monthly job growth or decline since July 2014 (000's of people)



Sources: Statistics Canada, Corporate Economics, August 2015

Not only has annual job growth remained strong in the CER, most of the additional jobs are in full-time positions. From July 2014 to July 2015, 20,700 full-time positions were added to the CER. The number of additional full-time positions in Alberta was 21,600 over the same period. The CER lost 400 part-time positions, compared with a gain of 14,900 for all of Alberta. Most of the increase in the Alberta part-time workforce is voluntary. The underemployment rate – measured as the share of total employment attributable to people working part-time but want a full-time job – is another good indicator of the extent of labour market slack. The Alberta underemployment rate was 1.1 per cent in July 2015, the same rate recorded in July 2014.

**Chart 4: The CER has recorded really strong full-time jobs growth**  
Job growth in Alberta Economic Regions in the past 12 months (000's of people)



Sources: Statistics Canada, Corporate Economics, August 2015

## Labour Force Statistics (Seasonally unadjusted 3 month moving average)

	Description	Jul-15	Jun-15	Jul-14	Annual Change
CALGARY ECONOMIC REGION	Working Age Population ('000)	1,266.0	1,262.7	1,231.0	35.0
	Labour Force ('000)	954.7	948.9	914.5	40.2
	Labour Force Participation Rate (%)	75.4	75.1	74.3	1.1
	Employment ('000)	889.8	891.1	869.5	20.3
	Employment Rate (%)	70.3	70.6	70.6	(0.3)
	Unemployment ('000)	64.8	57.8	45.0	19.8
	Unemployment Rate (%)	6.8	6.1	4.9	1.9
Alberta	Working Age Population ('000)	3,353.3	3,346.0	3,281.6	71.7
	Labour Force ('000)	2,479.6	2,462.1	2,419.0	60.6
	Labour Force Participation Rate (%)	73.9	73.6	73.7	0.2
	Employment ('000)	2,329.5	2,315.7	2,304.2	25.3
	Employment Rate (%)	69.5	69.2	70.2	(0.7)
	Unemployment ('000)	150.1	146.4	114.7	35.4
	Unemployment Rate (%)	6.1	5.9	4.7	1.4

Sources: Statistics Canada, Corporate Economics, August 2015

Next update: September 4, 2015

