

Labour Market Review

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May 6, 2016

Highlights: The April 2016 Labour Force Survey data¹ for the Calgary Economic Region (CER) shows the following:

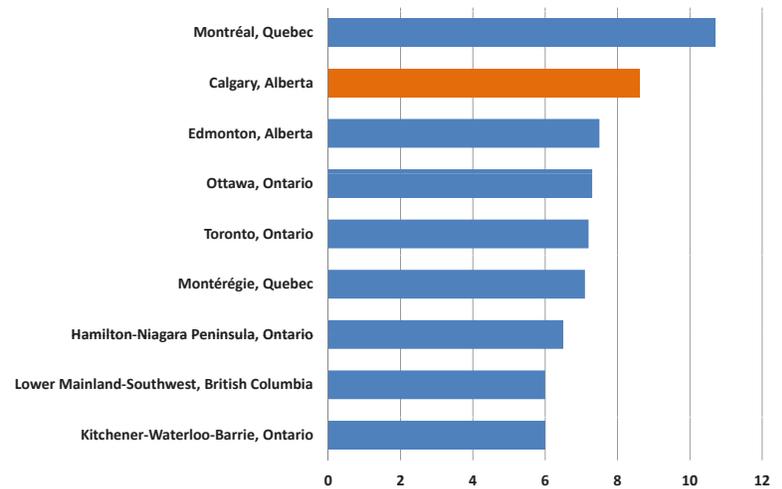
- From March to April 2016, total employment was virtually unchanged (+1,200), as gains in full-time (+4,600) were offset by losses in part-time (-3,400).
- Calgary's unemployment rate was 8.6 per cent in April, second highest among major economic regions (Chart 1). Calgarians receiving EI benefits in February increased by 90.9 per cent to 21,610, from 11,320 a year ago.
- Average hourly wage inflation² was 3.8 per cent in April, down from 4.7 per cent the same time last year. While total employment dropped in several industries, average weekly earnings also declined in those affected sectors. In April, the total weekly wage bill edged down by \$9.2 million, indicating a weakening in purchasing power in Calgary CMA (Table 2).

Over the past fifteen years, Calgary and Edmonton together added 541,000 more jobs, accounting for 17 per cent of the total new jobs in Canada, or 25 per cent of those in the nine largest economic regions. Since the current economic downturn, the debate about diversifying Alberta's economy has heated up, as if the province is the only place in Canada suffering from low oil prices. However, an examination of the available data from Statistics Canada shows that, over the past fifteen years, concentrated investments in energy producing provinces have not only benefited those regional economies, but also Canada as a whole.

In fact, the number of total employment in Canada has had a strong positive correlation³ with the number of jobs in the Forestry, Fishing, Mining, Oil and Gas (FFMOG) (the correlation coefficient $r = 0.93$) sector. The same holds true for the correlation between employment in the Construction sector and employment in FFMOG ($r=0.92$). In large part, Canada's economic growth is driven by the investments in its Mining, Oil and Gas Extraction sector, linked through supply chains across the country and across industries. This is why oil producing provinces such as Alberta experienced rapid economic and population growth and grew in relative importance as places to live and work in Canada. Small regions in Canada benefited more from the investments in the oil and gas sector when compared to investments in other sectors.

As a result, diversification⁴ either through new industries, new markets, new product lines or more local upgrading of commodities should be considered as a national growth strategy. If low energy prices are a long-term reality, Canada along with Alberta needs to find its next growth engine (see *Special Report 2: Economic Growth and Diversification*).

Chart 1: Unemployment Rate by Economic Region
(April 2016, per cent)



Sources: Statistics Canada, Corporate Economics, May 2016

Table 1. Labour Force Statistics
(Seasonally unadjusted 3-month-moving-average)

Economic Region	Description	Apr-16	Mar-16	Apr-15	Annual Change
CALGARY ECONOMIC REGION	Working Age Population ('000)	1,285.0	1,283.1	1,256.6	28.4
	Labour Force ('000)	928.5	929.6	930.2	(1.7)
	Labour Force Participation Rate (%)	72.3	72.4	74.0	(1.7)
	Employment ('000)	849.0	847.8	877.0	(28.0)
	Employment Rate (%)	66.1	66.1	69.8	(3.7)
	Unemployment ('000)	79.4	81.8	53.2	26.2
	Unemployment Rate (%)	8.6	8.8	5.7	2.9
EDMONTON ECONOMIC REGION	Working Age Population ('000)	1,144.8	1,143.2	1,122.7	22.1
	Labour Force ('000)	853.8	851.6	809.9	43.9
	Labour Force Participation Rate (%)	74.6	74.5	72.1	2.5
	Employment ('000)	790.0	790.5	758.2	31.8
	Employment Rate (%)	69.0	69.1	67.5	1.5
	Unemployment ('000)	63.8	61.2	51.7	12.1
	Unemployment Rate (%)	7.5	7.2	6.4	1.1
Alberta	Working Age Population ('000)	3,389.2	3,385.6	3,333.0	56.2
	Labour Force ('000)	2,449.8	2,448.6	2,419.2	30.6
	Labour Force Participation Rate (%)	72.3	72.3	72.6	(0.3)
	Employment ('000)	2,251.8	2,253.7	2,274.2	(22.4)
	Employment Rate (%)	66.4	66.6	68.2	(1.8)
	Unemployment ('000)	198.0	194.9	145.0	53.0
	Unemployment Rate (%)	8.1	8.0	6.0	2.1

Sources: Statistics Canada, Corporate Economics, May 2016

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Table 2. Calgary CMA Wage by Industry

Industry	Total employment ('000 persons)			Average weekly earning (\$)			Total weekly bills (\$million)		
	Apr-2015	Apr-2016	change	Apr-2015	Apr-2016	change	Apr-2015	Apr-2016	change
Mining, quarrying, and oil and gas extraction	55.1	48.5	(6.6)	1,819	1,963	145	100.2	95.2	(5.0)
Utilities	6.6	8.1	1.5	1,609	1,828	218	10.6	14.8	4.2
Construction	58.7	56.1	(2.6)	1,195	1,332	137	70.1	74.7	4.6
Manufacturing	46.1	37.7	(8.4)	1,229	1,232	2	56.7	46.4	(10.2)
Wholesale Trade	28.7	24.1	(4.6)	1,288	1,388	100	37.0	33.5	(3.5)
Retail Trade	71.9	79.6	7.7	689	653	(36)	49.6	52.0	2.4
Transportation and Warehousing	54.6	37.5	(17.1)	1,151	1,094	(57)	62.8	41.0	(21.8)
Information and Cultural Industries	12.6	10.8	(1.8)	1,136	1,422	286	14.3	15.4	1.0
Finance and Insurance	22.2	31.4	9.2	1,145	1,261	116	25.4	39.6	14.2
Real Estate Rental and Leasing	8.2	7.7	(0.5)	1,113	1,218	105	9.1	9.4	0.3
Professional Scientific and Technical Services	58.9	65.8	6.9	1,566	1,508	(58)	92.2	99.2	7.0
Administrative and Support	19.5	22.3	2.8	844	884	40	16.5	19.7	3.3
Educational Services	42.2	46.1	3.9	1,255	1,119	(136)	53.0	51.6	(1.4)
Health Care and Social Assistance	83.0	78.8	(4.2)	991	1,085	94	82.3	85.5	3.2
Arts Entertainment and Recreation	15.6	18.8	3.2	719	716	(3)	11.2	13.5	2.2
Accommodation and Food Services	54.6	47.1	(7.5)	460	483	23	25.1	22.8	(2.4)
Other Services(except Public Admin)	30.6	24.6	(6.0)	879	843	(36)	26.9	20.7	(6.2)
Public Administration	27.3	26.8	(0.5)	1,490	1,477	(13)	40.7	39.6	(1.1)
Total	696.4	671.8	(24.6)	NA	NA	NA	783.7	774.6	(9.2)

Sources: Statistics Canada, Corporate Economics, May2016

Note: lack of data for Agriculture

Next update: June 10, 2016

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1 Seasonally unadjusted 3-month-moving-average

2 Wage rate data is for the Calgary Metropolitan Area (CMA). Wage inflation is per cent change year-over-year.

3. Correlation is defined as the linear relationship between two variables. It is measured by coefficient of correlation (r), ranging from -1 to 1. In general, r >0 indicates positive relationship (two variables move in the same direction), r < 0 indicates negative relationship, while r=0 indicates no relationship. The closer r to -1 or 1, the greater is the strength of linear relationship between the variables.

4. Ted Morton and Meredith McDonald, "The Siren Song of Economic Diversification: Alberta's Legacy of Loss", The School of Public Policy (SPP) Research Papers, Volume 8, Issue 13, March 2015, page 19

Sources: Statistics Canada, Corporate Economics.

