

Labour Market Review

June 2024

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The unemployment rate in the Calgary Economy Region (CER) hovers at 8.1 per cent

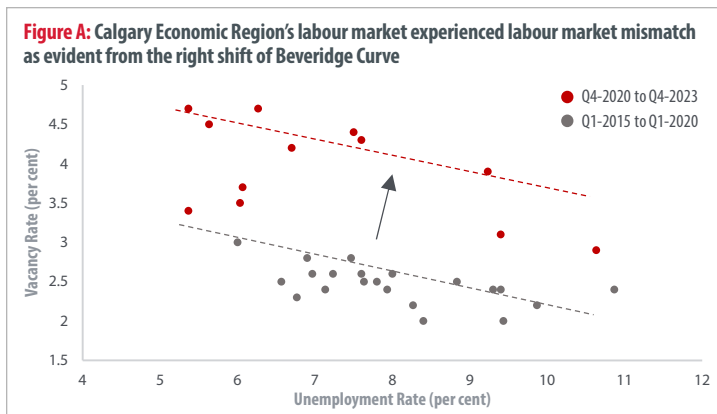
The Calgary Economic Region's (CER) 3-month-moving-average unemployment rate¹ trumps the nation hovering at 8.1 per cent for June 2024, indicating an excess supply. Nonetheless, the labour force² in the CER has shown remarkable resilience, demonstrating a stable growth of 5.8 per cent in June 2024 year-over-year (y-o-y), while employment increased at a much slower rate (3.2 per cent). The participation rate, which measures the percentage of working-age people in the labour force, rose by 0.3 percentage points y-o-y to 72.0 per cent in June 2024. Compared to the June 2023, employment in Accommodation and Food Services saw the biggest rise in employment (13.3 per cent) while the labour market for Agriculture is contracting (-13.4 per cent).

Calgary Economic Region (CER) experienced a period of skills mismatch between 2020 and 2023

William Beveridge, a British economist, argued that most fluctuations in unemployment are driven by changes in the demand for workers and that job vacancy rate is a useful measure of this demand³. Beveridge's insight implies a negative relationship between job vacancy rate and unemployment rate (also known as the Beveridge Curve) and is therefore useful at analyzing labour market mismatch—a phenomenon where job seekers couldn't find jobs and employers couldn't find the right person to hire.

In the U.S., the Beveridge Curve has been relatively stable and predictable from the 1960s to 2020⁴. Yet, in the post-pandemic era, researchers have found an anomaly in the Beveridge Curve in Advanced Economies like Canada, where the Beveridge Curve shifts right from its historical trend⁴. This means that firms are heavily hiring, and job seekers are actively looking for the next opportunity, but the job openings do not match the skills of the unemployed.

Figure A shows the Beveridge Curve for CER, where we observed a similar right shift:



Shifting Reason 1: Rapid recovery and rehiring after a huge, unprecedented period of layoffs

In the onset of the pandemic, the Calgary Economic Region experienced an inconceivable level of unemployment rate at 14.9 per cent. As the pandemic related restriction wanes, firms started to hire and had noted the difficulty in finding the right talent.

Shifting Reason 2: Rise in job quits and switching of employers

Albertans are quitting their jobs due to personal or family reasons and dissatisfaction as the pandemic has allowed additional time for reflection and reassessment of life priorities, and therefore, workers are leaving bad jobs for better ones or choose to participate in the gig economy instead. This unique situation is coined by Dr. Arindrajit Dube as "The Great Reshuffling"⁴, and hence partly explains a higher job vacancy rate at any given level of unemployment rate.

What drives The Great Reshuffling? Narrowing into Albertans' job quits for the 15 to 24 age groups, we observe that throughout the last 3 years, 71.34 per

Highlights

June 2024

Total Employment

Calgary Economic Region
(Seasonally unadjusted 3-month-moving-average)



June 2024

997,000

from May 2024

▲6,200

from June 2023

▲31,000

Unemployment Rates

Seasonally adjusted
Seasonally unadjusted

	June 2024	June 2023
Canada	6.4%	5.4%
Alberta	7.1%	5.8%
Calgary Census Metropolitan Area*	8.5%	6.2%
Calgary Economic Region*	8.1%	5.8%

*3-month-moving-average

Average Wage Rates

Calgary Census Metropolitan Area
June 2024, year-over-year change



Hourly ▲8.1% Weekly ▲7.3%

Employment Insurance

Calgary Census Metropolitan Area

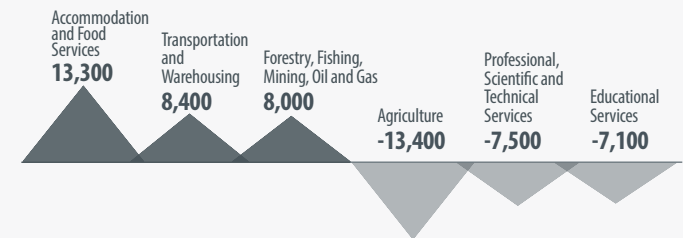
April 2024

16,100
recipients



Most Job Gains and Job Losses by Industry

June 2024, year-over-year change



cent of respondents left the workforce because of education⁵. The share of Albertans aged 25 to 54 years old who decided to leave their jobs and cited the reason for leaving as "dissatisfied" has grown by 3 multiples (201.79 per cent)⁵, suggesting that workers are more demanding of working terms and conditions.

Shifting Reason 3: Labour force participation rate among millennials have not returned to pre-pandemic levels amid influx of immigrants

The labour force participation rate among millennials (aged 20-49) has fallen by about 2 per cent from pre-pandemic levels. Yet, the millennial working population has grown by 12.1 per cent over the last 5 years in Calgary Economic Region. This means that individuals in their prime working age who immigrated to Calgary is not participating in the labour force as much. Part of the reason can be attributed to the attractiveness of Calgary's higher educational institutions who saw a rise in enrolment post-pandemic.

We observe that labour force participation rates for millennials are cyclical and seasonal—during spring and summer months (April-August), the labour force participation rate is higher. It is primarily driven by the 15-24 age group where labour force participation rate for those months increases by 10 percentage points. Yet, in the last two summer months, the labour participation rate for this age group is about 7 percentage points lower than pre-pandemic levels in the same period. This explains why among sectors with the highest job vacancies in Canada (Accommodation and Food Services – 5.2 per cent and Construction – 3.9 per cent) have a difficult time finding workers, as they are seasonal in nature and those minimum wage jobs are often filled by students.

Starting 2024, we observe that the Beveridge curve is slowly converging back to its historical trend, a sign that employers could fill their job vacancies and employees could find work.

¹ All statistics referenced are seasonally unadjusted unless stated otherwise.

² All growth or changes referenced are year-over-year (y-o-y) unless stated otherwise.

³ Smithies, Arthur. "Full Employment in a Free Society." *The American Economic Review* 35, no. 3 (1945): 355-67. <http://www.jstor.org/stable/1811446>.

⁴ Krugman, Paul. "What Ever Happened to the Great Resignation?" *The New York Times*, April 5, 2022. <https://www.nytimes.com/2022/04/05/opinion/great-resignation-employment.html>.

⁵ Statistics Canada. Table 14-10-0126-01 Reason for leaving job during previous year, annual (x 1,000)

Chart 1: CER Aggregate Labour Market Summary
Year-Over-Year Comparisons (000's)

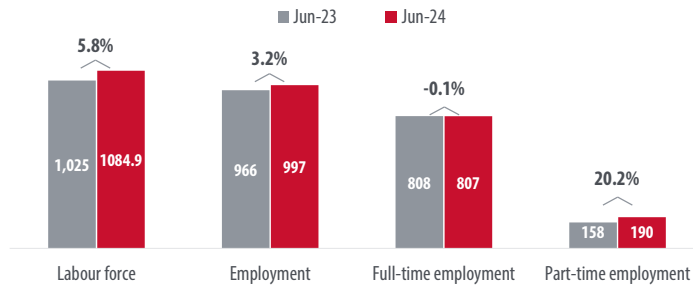


Chart 6: Calgary CMA Wages are seeing some improvements

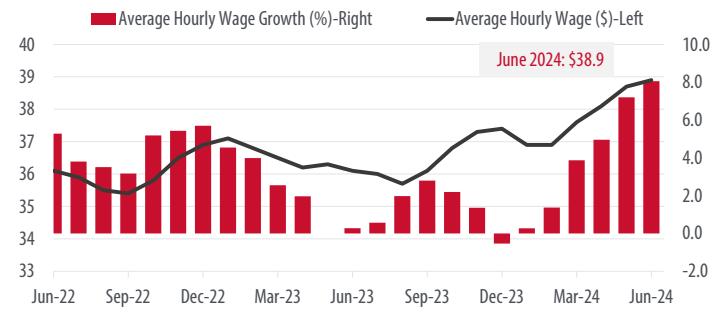


Chart 2: Calgary currently has the highest unemployment rate among major Canadian cities

Seasonally-Adjusted Unemployment Rate Comparison Between Major CMAs in Canada (%)

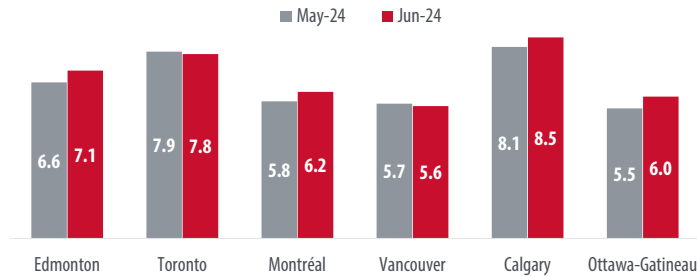


Chart 7: Calgary's wage growth has outpaced living cost growth

Inflation and Average Hourly Wage Y-o-Y Growth for the Calgary CMA (%)

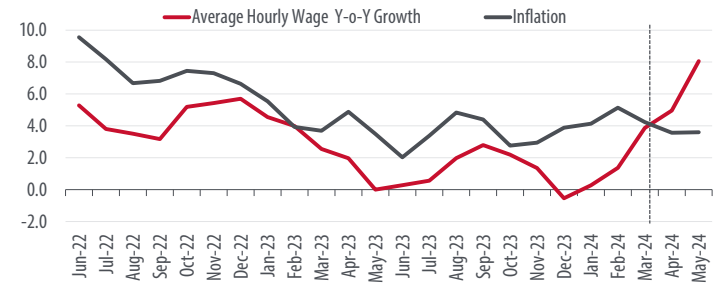


Chart 3: The CER's goods sector remains a stable source of growth

CER Employment indexed to June 2023

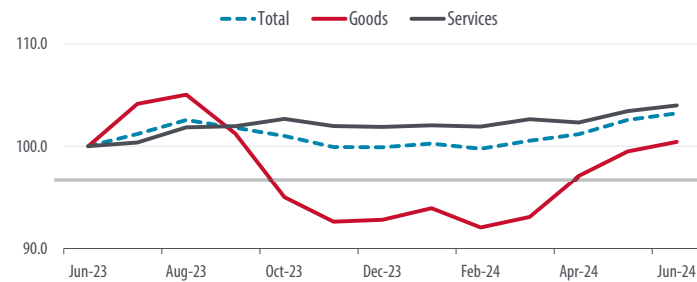


Chart 8: Youth employment is up compared to last year

CER Employment by Age Cohort Indexed to June 2023

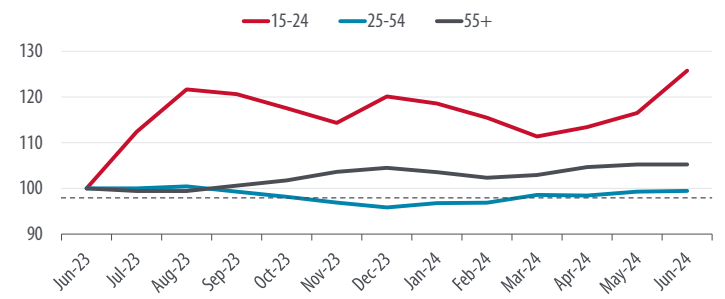


Chart 4: Employment in Accommodation and Food Services Increased

Year-Over-Year Changes in CER Employment by Industry June 2024 (000's)

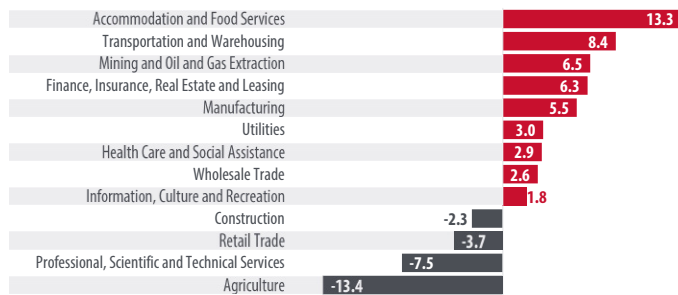


Chart 9: Indicators of "Hidden Unemployment" and Layoff Trends (000's)

CER Employment by Age Cohort Indexed to June 2023

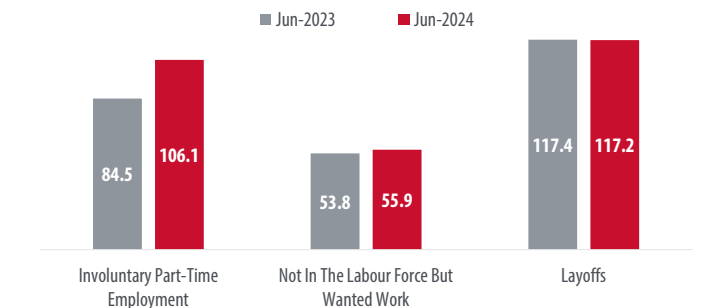


Chart 5: Wage growth in Calgary is starting to accelerate relative to other Canadian cities

Average Hourly Wages by Census Metropolitan Area (CMA) Indexed to June 2023

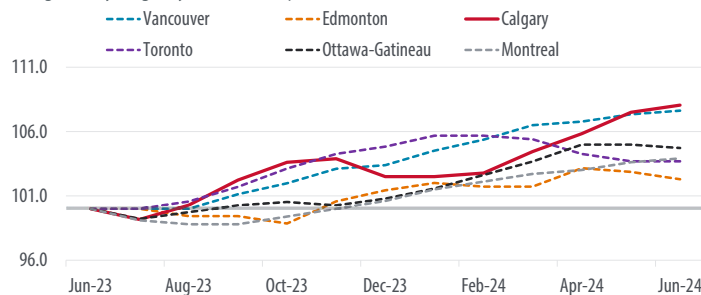


Chart 10: Participation in Calgary's labour market is returning to pre-pandemic levels

Calgary Economic Region - Labour Force Participation Rate (%)



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

CALGARY ECONOMIC REGION	Description	Jun-24	May-24	Jun-23	Annual Change
	Working Age Population ('000)	1,508.5	1,501.9	1,434.9	73.6
Labour Force ('000)	1,084.9	1,077.4	1,025.3	59.6	
Labour Force Participation Rate (%)	71.9	71.7	71.5	0.4	
Employment ('000)	997.0	990.8	966.0	31.0	
Employment Rate (%)	66.1	66.0	67.3	(1.2)	
Unemployment ('000)	87.9	86.6	59.3	28.6	
Unemployment Rate (%)	8.1	8.0	5.8	2.3	

ALBERTA	Description	Jun-24	May-24	Jun-23	Annual Change
	Working Age Population ('000)	3,908.9	3,893.0	3,732.5	176.4
Labour Force ('000)	2,737.1	2,717.2	2,616.7	120.4	
Labour Force Participation Rate (%)	70.0	69.8	70.1	(0.1)	
Employment ('000)	2,542.7	2,524.3	2,465.9	76.8	
Employment Rate (%)	65.0	64.8	66.1	(1.1)	
Unemployment ('000)	194.4	192.8	150.7	43.7	
Unemployment Rate (%)	7.1	7.1	5.8	1.3	

Sources: Statistics Canada, Corporate Economics, July 5, 2024

Table 2. Calgary CMA Wage by Industry

Industry	Total employees*** ('000 people)			Average weekly earning (\$)			Total weekly wage bill (\$million)			Total hours worked (hours)		
	Jun-24	Jun-23	Change (y/y)	Jun-24	Jun-23	Change (y/y)	Jun-24	Jun-23	Change (y/y)	Jun-24	Jun-23	Change (y/y)
Mining, Quarrying, and Oil and Gas Extraction	44.8	39.8	5.0	2,759.1	2,473.8	285.3	123.6	98.5	25.2	42.6	42.1	0.5
Utilities	8.4	5.6	2.8	2,117.2	2,006.4	110.8	17.8	11.2	6.5	36.4	39.4	(3.0)
Construction	66.0	71.1	(5.1)	1,662.8	1,531.5	131.3	109.7	108.9	0.9	40.9	42.1	(1.2)
Manufacturing	49.3	41.0	8.3	1,382.3	1,422.5	(40.2)	68.1	58.3	9.8	39.8	38.7	1.2
Wholesale Trade	26.5	22.0	4.5	1,584.9	1,398.8	186.1	42.0	30.8	11.2	41.2	40.8	0.4
Retail Trade	80.5	79.3	1.2	714.6	877.8	(163.2)	57.5	69.6	(12.1)	31.8	34.6	(2.8)
Transportation and Warehousing	53.3	51.9	1.4	1,436.7	1,346.3	90.4	76.6	69.9	6.7	37.3	36.1	1.2
Information and Cultural Industries	11.3	14.5	(3.2)	1,335.4	1,306.6	28.8	15.1	18.9	(3.9)	37.4	37.5	(0.1)
Finance and Insurance	33.4	32.6	0.8	1,998.9	1,627.2	371.7	66.8	53.0	13.7	38.2	38.1	0.1
Real Estate Rental and Leasing	17.9	17.7	0.2	1,963.9	1,301.6	662.3	35.2	23.0	12.1	39.0	39.4	(0.5)
Professional Scientific and Technical Services	97.5	101.4	(3.9)	2,013.2	1,726.5	286.7	196.3	175.1	21.2	39.3	38.7	0.6
Administrative and Support	26.5	26.7	(0.2)	1,133.8	1,047.2	86.6	30.0	28.0	2.1	37.7	37.5	0.1
Educational Services	49.1	52.1	(3.0)	1,372.6	1,410.6	(38.0)	67.4	73.5	(6.1)	33.8	36.4	(2.6)
Health Care and Social Assistance	100.3	94.6	5.7	1,321.7	1,089.0	232.7	132.6	103.0	29.5	35.0	34.4	0.6
Arts Entertainment and Recreation	22.9	17.0	5.9	638.2	828.1	(189.9)	14.6	14.1	0.5	26.8	31.7	(4.9)
Accommodation and Food Services	57.9	43.9	14.0	581.8	596.0	(14.2)	33.7	26.2	7.5	27.6	30.4	(2.8)
Other Services (except Public Admin)	26.9	25.8	1.1	1,097.4	1,233.4	(136.0)	29.5	31.8	(2.3)	36.8	36.2	0.7
Public Administration	31.2	30.9	0.3	1,774.4	1,635.7	138.7	55.4	50.5	4.8	37.0	38.3	(1.3)
All Industries	806.8	773.3	33.5	1,455.1	1,355.5	99.6	1,174.0	1,048.2	125.8	37.4	37.7	(0.2)

*** Excluding self-employed Note: lack of data for Agriculture
Sources: Statistics Canada, Corporate Economics, July 5, 2024

Next update: August 9, 2024

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