

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 August 2014 Labour Force Survey for the Calgary Economic Region (CER) showed that:

- Employment decreased by 1,100 people from July 2014. It has, however, increased by 24,600 people from August 2013.
- The unemployment rate worsened to 5.5 per cent from 5.2 per cent last month.

Other Highlights from this month's focus on Canada's big cities

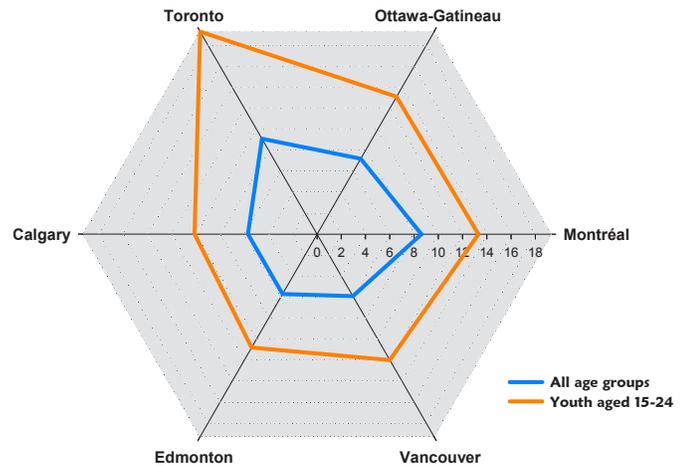
The emphasis for this month's review is on Canada's six large Census Metropolitan Areas (CMAs). Over the last 12 months, the labour market in the Calgary CMA has outperformed other large Canadian cities and is expected to continue to do so for the rest of 2014.

The unemployment rate is lower in Canada's western cities for all demographic groups compared with the large eastern cities. The August 2014 CER unemployment rate was estimated at 5.5 per cent, up from the 5.2 per cent rate in July 2014 and the 5.1 per cent rate recorded in August 2013. CMA level data for Canada's 6 largest cities shows that the Calgary CMA has outperformed the others (Chart 1). The Calgary CMA unemployment rate was 5.2 per cent in August 2013 increasing to 5.7 per cent in August 2014. The August 2014 unemployment rate in the other two large cities in western Canada is very similar at 5.7 per cent for Edmonton and 5.9 per cent for Vancouver. The unemployment rate in Vancouver improved substantially from 7.0 per cent in August 2013. The plight of job seekers in the large cities in eastern Canada has been more challenging. In the last 12 months, the unemployment rate has worsened for Montréal and Toronto to 8.6 per cent and 9.1 per cent respectively in August 2014. These rates are above the national average of 7.2 per cent. The Ottawa-Gatineau unemployment rate has remained just about the national average coming in at a reading of 7.2 per cent in August 2014. For these 6 CMAs, the unemployment rates are lower in the 3 western CMAs compared with the 3 eastern CMAs for all age groups.

Services-producing sector job seekers continue to have a boon, while goods-producing sector job seekers are having trouble getting jobs. The number of unemployed persons in the CER has increased from 45,400 in August 2013 to 50,000 in August 2014 driven by migration induced rapid population growth. Similarly, the number of unemployed persons in Calgary CMA increased from 43,200 to 48,900. In the last 12 months, most of the job losses for Canada's 6 largest CMAs were in three industries – construction (22,000); wholesale and retail trade (21,400) and business, building and other support services (15,500). On the other hand, most of the job growth has been in health care and social assistance (28,700); professional, scientific and technical services (20,200); and information, culture and recreation (19,800). These 6 CMAs have more than half of the total number of job seekers in Canada.

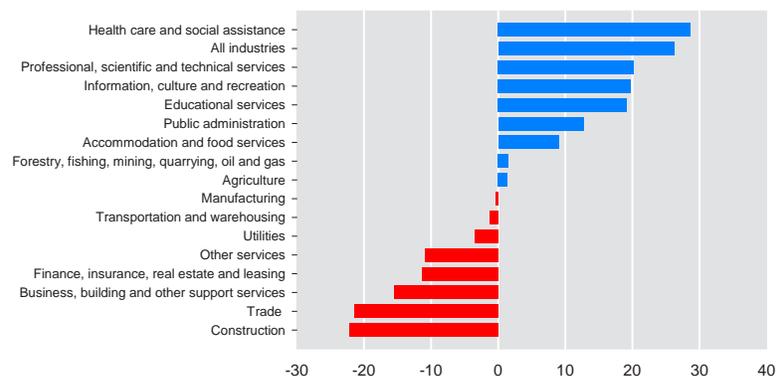
The estimated annual job growth of 26,200 in these large cities is low indicating that substantial slack in the use of labour resources remains with the number of unemployed persons increasing from 719,300 in August 2013 to 740,500 in August 2014 (Chart 2). The labour market slack and the resulting excess supply of labour resources in eastern Canada has suppressed and will continue to suppress wage growth below wage growth in western Canada in 2014. The 12 month moving average weekly wage rate for full-time employees in Calgary CMA has increased 1.2 per cent from \$1,219.52 in August 2013 to \$1,234.54 in August 2014. In contrast, the 12 month moving average weekly wage rate for part-time employees fell by 1.2 per cent from \$361.53 in August 2013 to \$357.28 in August 2014.

Chart 1. Better Job Search Success in large Western Canada cities
(August 2014 Unemployment Rate, per cent)



Sources: Statistics Canada, Corporate Economics, September 2014

Chart 2. Goods-producing sector job seekers find it tough getting jobs
(Job growth in the last 12 months, thousands of persons)



Sources: Statistics Canada, Corporate Economics, September 2014

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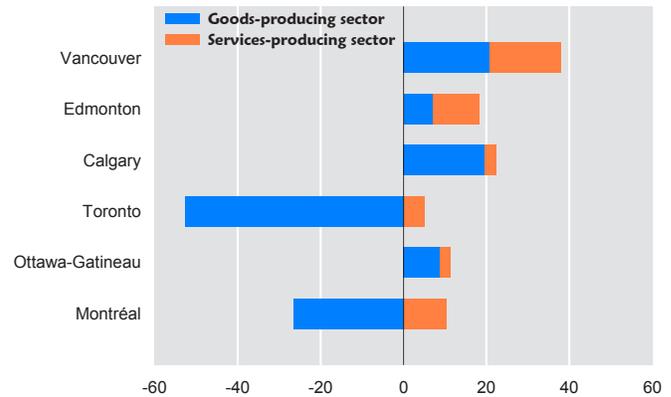
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The jobs slump for the goods-producing sector is concentrated in Montréal and Toronto and encourages job seekers in the sector to migrate westwards. Total employment in the CER was estimated at 866,900 in August 2014 down from 868,000 in July 2014 but up from 842,300 in August 2013. For Calgary CMA, total employment increased from 783,500 in August 2013 to 805,800 in August 2014. In the last 12 months, goods-producing sector (19,600) and services-producing sector (2,700) job creation in Calgary CMA have both been strong led by employment gains in the goods sector. The only other large city with more goods-producing sector employment growth than services-producing sector employment growth has been Vancouver (Chart 3). The loss of 79,200 goods-producing sector jobs in Toronto and Montréal in the last 12 months has encouraged some job seekers in the sector to migrate westwards or leave the job market temporarily. Calgary CMA's booming construction industry has been driving goods-sector job creation. The Calgary CMA annual pace of job creation (2.8 per cent) is barely keeping up with the faster annual growth of the working age population (4.1 per cent) because of migrants from Canada's east. The Calgary CMA working age population was estimated at 1,144,600 in August 2014, up from 1,140,400 in July 2014 and 1,099,600 in August 2013. Consequently, the employment rate has fallen from 71.3 per cent in August 2013 to 70.4 per cent in August 2014. Until the goods-producing sector in Montréal and Toronto recovers, the Calgary CMA can expect high levels of net-provincial migration from Canada's east. This will put downward pressure on the employment rate.

A huge loss in full-time goods-producing sector jobs has been offset by part-time services-producing sector job gains. Between August 2013 and August 2014, the CER labour force increased from 887,600 to 916,900 while the Calgary CMA labour force increased from 826,700 to 854,700. These are annual growth rates of 3.3 per cent and 3.4 per cent respectively, which are lower than the growth rate of the working age population. Consequently, the Calgary CMA labour force participation rate has fallen from 75.2 per cent in August 2013 to 74.7 per cent in August 2014. Apart from a 74.5 per cent labour force participation rate for the Edmonton CMA, the labour force participation rates for the other large Canadian CMAs are at or below 71 per cent. Labour market strength in these cities is far from robust as reflected in little or no growth in full-time positions and rapid growth in part-time positions (Chart 4). In the last 12 months, these 6 CMAs have lost 40,100 full-time positions and gained 66,400 part-time positions. There has been a prevalence of goods-sector full-time job losses offset by part-time services-producing sector job gains. It will take some time for robust growth in full-time goods-producing sector jobs to re-emerge as current Canadian business investment plans are expected to be tied primarily to upgrading or replacing existing machinery and equipment rather than on expansions over the next three quarters.

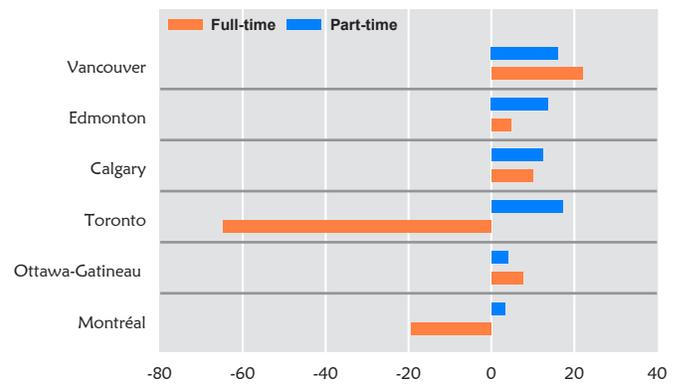
Next update: October 10, 2014

Chart 3. Montréal and Toronto endure a goods-producing sector slump
(Job growth in the last 12 months, thousands of persons)



Sources: Statistics Canada, Corporate Economics, September 2014

Chart 4. Part-time jobs have held up the labour market in the last year
(Job growth in the last 12 months, thousands of persons)



Sources: Statistics Canada, Corporate Economics, September 2014

Labour Force Statistics

(Seasonally unadjusted 3-month-moving-average)

	Description	Aug-14	Jul-14	Aug-13	Annual Change
CALGARY ECONOMIC REGION	Working Age Population ('000)	1,229.0	1,224.6	1,182.2	46.8
	Labour Force ('000)	916.9	915.4	887.6	29.3
	Labour Force Participation Rate (%)	74.6	74.8	75.1	(0.5)
	Employment ('000)	866.9	868.0	842.3	24.6
	Employment Rate (%)	70.5	70.9	71.2	(0.7)
	Unemployment	50.0	47.5	45.4	4.6
	Unemployment Rate (%)	5.5	5.2	5.1	0.4
Calgary CMA	Working Age Population ('000)	1,144.6	1,140.4	1,099.6	45.0
	Labour Force ('000)	854.7	852.5	826.7	28.0
	Labour Force Participation Rate (%)	74.7	74.8	75.2	(0.5)
	Employment ('000)	805.8	806.7	783.5	22.3
	Employment Rate (%)	70.4	70.7	71.3	(0.9)
	Unemployment	48.9	45.8	43.2	5.7
	Unemployment Rate (%)	5.7	5.4	5.2	0.5

Source: Statistics Canada, Corporate Economics, September 2014