

Labour Market Review

Oyin Shyllon, Corporate Economist | Estella Scruggs, Corporate Research Analyst

November 7, 2014

Key Highlight

Today's publication of the seasonally unadjusted 3 month moving average data from Statistics Canada's October 2014 Labour Force Survey for the Calgary Economic Region (CER) showed that:

- Employment fell by 5,900 people from September 2014.
- The unemployment rate decreased from 4.6 per cent in September 2014 to 4.5 per cent in October 2014 because the labour force declined by 7,700 people.
- Using 12 month moving averages, employment has increased by 27,100 people or 3.3 per cent in the last year.

Other Highlights from this month's review

This month's review used 12 month moving averages of seasonally unadjusted data to assess CER labour market improvements over the last year. The main findings are:

The unemployment rate for those approaching retirement has improved, while that for young entrants has worsened. In October 2014, the 12 month moving average unemployment rate was 4.9 per cent. This is the same as the 4.9 per cent rate in September 2014, and up from the 4.8 per cent rate recorded in October 2013. Last month's unemployment rate was between 3.0 per cent and 5.6 per cent for most age groups. The exception was a 16.8 per cent unemployment rate for those aged between 15 and 19 years (Chart 1). The labour force participation rate was also lowest for those aged 15-19 years because a large proportion of those in this age group were enrolled in educational institutions. This is confirmed by a very high October 2014 labour force participation rate (89.5 per cent) for Albertans in this age group that are not enrolled in educational institutions. Unlike the huge difference in labour force participation rates, the unemployment rate for those in- and out-of-school in this age group is very similar. Two major changes in age-specific unemployment rates have occurred over the last year. The unemployment rate for those approaching retirement (60-64 years) has improved from 7.7 per cent to 4.2 per cent, while the unemployment rate for young entrants (15-19 years) has worsened by 3.4 percentage points from 13.4 per cent in October 2013.

There are three industries with back-to-back annual increases in the demand for additional full-time labour resources. The three industries are:

- ▶ Professional, scientific, and technical services;
- ▶ Business, building and other support services; and
- ▶ Agriculture

The 12 month moving average number of employed persons in the CER was 851,500 in October 2014. This is up 3.3 per cent from 824,400 at the same time in 2013 – higher than 0.8 per cent for Canada and 3.2 per cent for Alberta. The comparable estimate of the working age population was 1,214,300 in October 2014. This is up 4.0 per cent from 1,168,000 in October 2013. Due to faster population growth than employment growth, the employment rate has fallen from 70.6 per cent in October 2013 to 70.1 per cent in October 2014. The average number of full-time employed over

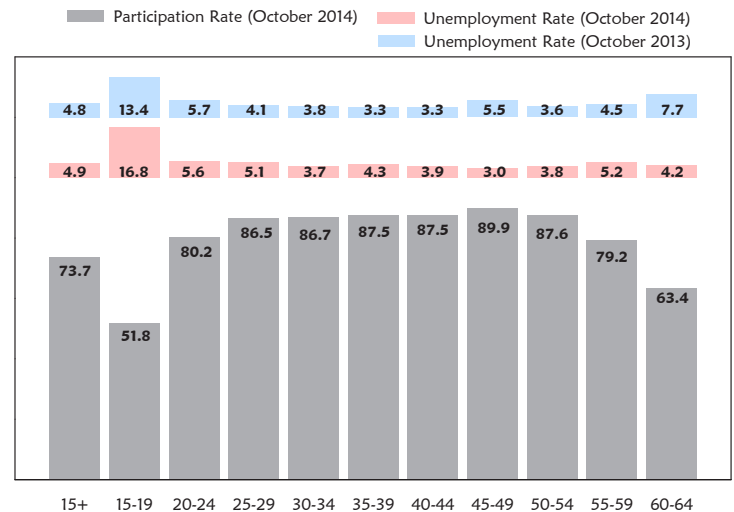
the last 12 months was 710,800, while the part-time employed averaged 140,800. Average full-time and part-time employment increased 15,100 and 12,000 year-over-year, respectively. Recent growth in full-time positions is from a different set of industries, compared with the preceding 12 month period (Chart 2). For October 2014, the two industries that have led full-time job creation all suffered full-time job losses in the 12 month period through to October 2013:

- ▶ Construction (13,200); and Trade (4,000).

Similarly, the three industries with strong full-time job growth in the 12 month period to October 2013 have had the most full-time job losses in the last 12 months:

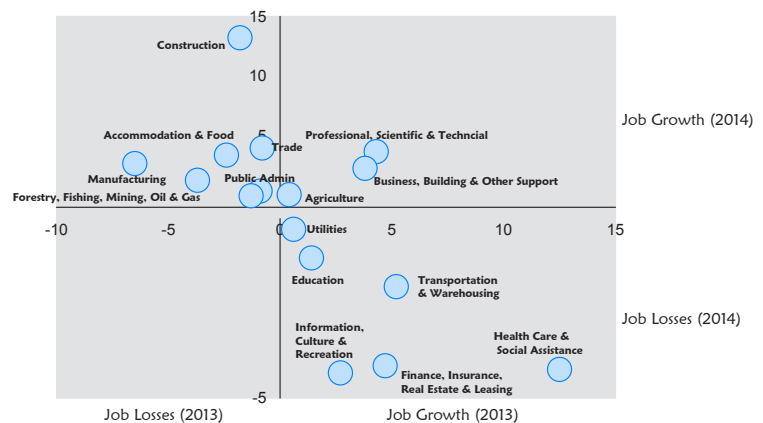
- ▶ Health care and social assistance (-4,800);
- ▶ Finance, insurance, real estate and leasing (-4,100); and
- ▶ Transportation and warehousing (-1,900).

Chart 1: Unemployment down for those soon to exit but up for young entrants
(12 month moving average, per cent)



Sources: Statistics Canada, Corporate Economics, November 2014

Chart 2: Three industries with consecutive annual growth in full-time jobs
(change in 12 month moving average, thousands of persons)



Sources: Statistics Canada, Corporate Economics, November 2014

Continued on next page →



Labour Market Review

Oyin Shyllon, Corporate Economist | Estella Scruggs, Corporate Research Analyst

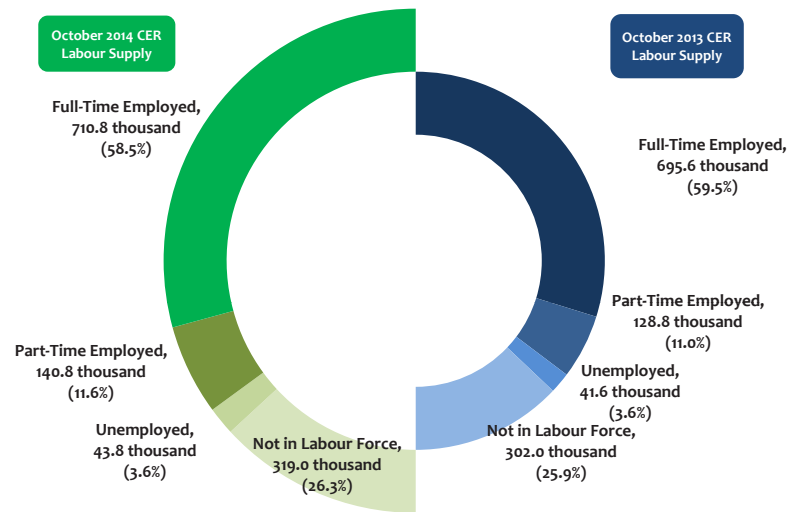
November 7, 2014

The growth of full-time jobs has not kept pace with the supply of labour, which has led to larger shares of part-time employed, unemployed and individuals outside the labour force. The CER labour force size measured in 12 month moving average terms was 895,300 in October 2014, which is up 3.4 per cent from 866,000 in October 2013. This is slower than the growth of the working age population and has resulted in a decline in the labour force participation rate. The average labour force participation rate has fallen from 74.1 per cent in October 2013 to 73.7 per cent in October 2014. When the population aged 65 years and over is excluded from the working age population, the average labour force participation rate declined from 81.7 per cent to 81.4 per cent. Given the large increase in the working age population in the last year, it is useful to consider changes in labour market outcomes. The working age population can be split into four categories – full-time employed, part-time employed, unemployed job seekers, and those outside the labour force. Full-time employment is considered the highest quality labour market outcome because of steady hours and employment benefits. In the last year, the average share of full-time employed in the Calgary CER has fallen from 59.5 per cent to 58.5 per cent (Chart 3). On the other hand, the share of part-time employed has increased from 11.0 per cent to 11.6 per cent. The remainder of the 1.0 percentage point drop in the share of full-time employed is attributable to more individuals outside the labour force (0.4 percentage points).

Wage rates for full-time workers are higher in most industries lifting wage income, which bodes well for growth in consumer spending. The average weekly wage rate for full-time workers in the Calgary CMA estimated as a 12 month moving average was \$1,238.71 in October 2014, compared with an average of \$1,225.80 at the same time in 2013. This represents a 1.1 per cent growth rate. Over the same period, Alberta's average weekly wage rate for full-time workers has increased 2.7 per cent from \$1,182.63 to \$1,214.33. When this is combined with the 2.2 per cent increase in full-time positions in Alberta, total weekly wages received by full-time workers have increased 4.9 per cent from \$2,189 million in October 2013 to \$2,297 million in October 2014. This has been a boon for consumer spending because growth of the average full-time wage rate has outstripped growth in average consumer prices (about 2.3 per cent) in the last year. The growth in the full-time wage rate is widespread, benefitting workers in 13 of 16 industries (Chart 4). The 3 industries with full-time wage rate declines are utilities (-0.7 per cent); transportation and warehousing (-1.1 per cent); and professional, scientific and technical services (-1.2 per cent). The growth in the full-time wage rate in most industries was in the 0 to 4 per cent range, which is close to Alberta's rate of inflation. The industry outliers with faster paced full-time wage rate growth were agriculture (11.8 per cent); business, building and other support services (4.4 per cent); and other services (4.6 per cent).

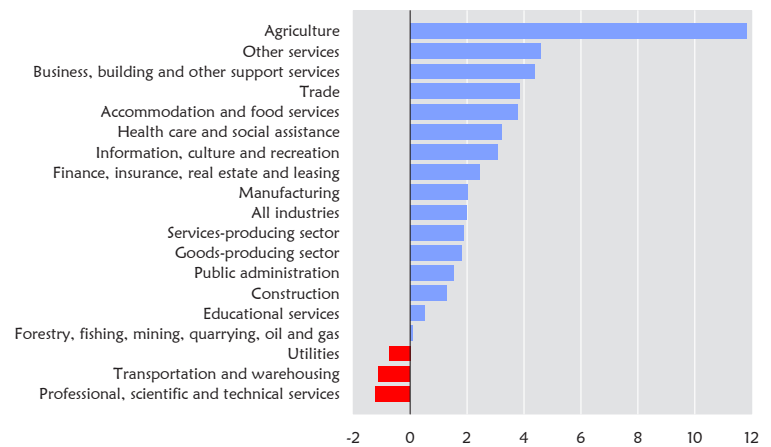
Next update: December 5, 2014

Chart 3. Labour Outcomes for Working Age Population (12 month moving average)



Sources: Statistics Canada, Corporate Economics, November 2014

Chart 4. Change in Full-Time Weekly Wage Rate for Albertans (12 month moving average, per cent)



Sources: Statistics Canada, Corporate Economics, November 2014

Labour Force Statistics

(Seasonally unadjusted 3 month moving average)

	Description	Oct-14	Sep-14	Oct-13	Annual Change
CALGARY ECONOMIC REGION	Working Age Population ('000)	1,235.3	1,232.5	1,190.6	44.7
	Labour Force ('000)	899.2	906.9	888.1	11.1
	Labour Force Participation Rate (%)	72.8	73.6	74.6	(1.8)
	Employment ('000)	859.0	864.9	846.7	12.3
	Employment Rate (%)	69.5	70.2	71.1	(1.6)
	Unemployment	40.2	42.0	41.4	(1.2)
	Unemployment Rate (%)	4.5	4.6	4.7	(0.2)

Sources: Statistics Canada, Corporate Economics, November 2014