

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 January 2015 Labour Force Survey for the Calgary Economic Region (CER) showed that:

- Employment increased by 6,500 people from December 2014. A 4,700 increase in full-time positions was supported by a 1,700 increase in part-time positions.
- The unemployment rate remains unchanged from 4.4 per cent recorded last month.

Other Highlights from this month's review

Starting with this month's survey data release, CER labour market estimates from 2001 have been rebased using the 2011 Census population count. This has led to updated estimates for labour market indicators. The overriding messages on the CER labour market remain the same:

Increased labour market slack has turned up in four industries that account for one in every three jobs in the CER. Total employment in the CER was estimated at 871,100 in January 2015 up from 864,600 in December 2014 and 846,200 in January 2014. This 2.9 per cent annual pace of job growth is expected to decelerate going forward. The working age population was estimated at 1,248,600 in January 2015, up from revised population estimates of 1,245,800 in December 2014 and 1,208,100 in January 2014. This is a very high 3.4 per cent annual growth pace for the working age population. Thus, there has been downward pressure on the employment rate, which fell from 70.0 per cent in January 2014 to 69.8 per cent in January 2015. This is because job growth has been unable to keep up with population growth. In the last month, most of the job market weakness was in four industries (Chart 1):

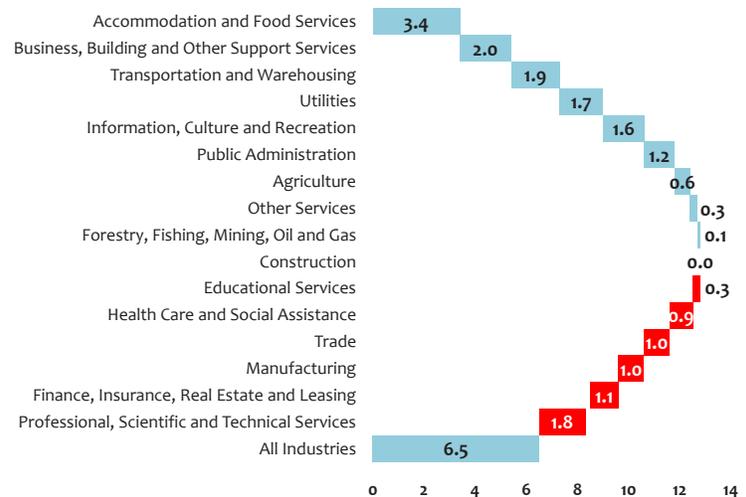
- ▶ Professional, scientific & technical services;
- ▶ Manufacturing;
- ▶ Finance, Insurance, Real estate and Leasing; and
- ▶ Trade.

Together these four industries that are hardest hit by the pull back in commodity prices are responsible for one out of every three jobs in the CER. For the moment, job losses in these industries have been more than offset by job gains in a wide variety of industries. The strain induced by low oil process has not been transmitted to other industries thereby limiting the amount of slack in the local labour market.

For each addition of two people to the working age population, one of them has opted to stay outside the labour market. The January 2015 CER unemployment rate was estimated at 4.4 per cent, which is unchanged from December 2014. In the last year, the 12 month moving average CER unemployment rate has remained steady at between 4.8 per cent and 5.0 percent. Ordinarily, a low and steady unemployment rate is a feature of a strong and healthy labour market. However, the CER unemployment rate has been supported by unusually large numbers of people choosing to stay outside the labour force. Using 12 month moving average data, the CER working age population has increased by more than 40,000

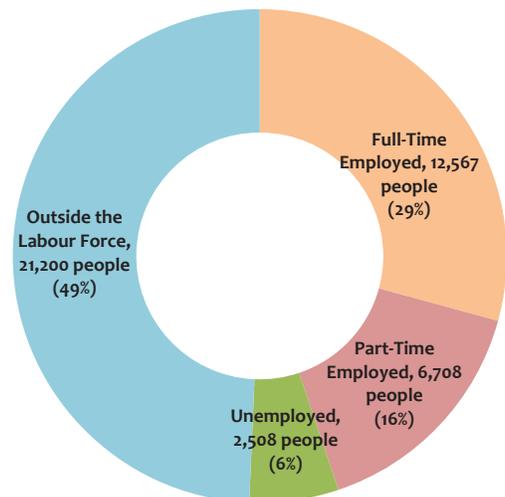
persons in the last year. For the addition of every two people to the working age population, there has been an additional Calgarian opting to stay outside the labour market (Chart 2). This is a concern because it is an outcome that is typically symptomatic of declining opportunities in the local job market. The CER and Alberta unemployment rates are equivalent at 4.4 per cent, which is markedly lower than the national average unemployment rate of 6.5 per cent. The labour market is much weaker outside Alberta so that those currently outside the labour market as well as the unemployed have no incentive to migrate to other provinces in search of job opportunities. Thus, large numbers of working age people outside the labour force is likely to be a feature of the CER labour market for some time.

Chart 1: Positive job growth in most CER Industries
Contributions to CER Job Growth in the Last Month (thousands of people)



Sources: Statistics Canada, Corporate Economics, February 2015

Chart 2: Large Increases to number of people outside the labour force
Labour outcomes for the Addition to the CER Working Age Population



Sources: Statistics Canada, Corporate Economics, February 2015

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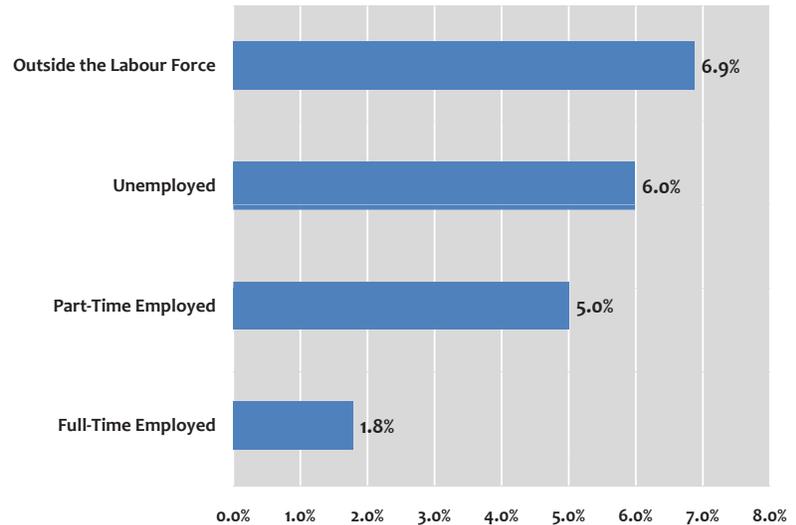
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The huge inter-provincial migration pull is set to abate this year with weak growth in full-time jobs. The CER labour force was estimated at 910,800 in January 2015. This is an increase of 24,800 persons compared with the estimate of 886,000 in January 2014. Using 12 month moving average data, the CER labour force growth over the last year has increased at a much slower pace of 2.3 per cent compared with the growth rate of the working age population (3.6 per cent). The 12 month moving average labour force participation rate has fallen from 74.0 per cent to 73.2 per cent in the last year. The huge interprovincial net migration pull to Calgary is expected to abate this year. This is because of a weaker CER labour market. Over the last year, the 12 month moving average number of individuals outside the labour force and the number of unemployed have increased at very rapid rates of 6.9 per cent and 6.0 per cent respectively. Overall job growth has increased at a decent pace of 2.3 per cent. This is because the part-time job growth rate of 5.0 per cent has provided support for the 1.8 per cent growth in full-time positions (Chart 3). Part-time employment has increased from 134,000 in January 2014 to 140,400 in December 2014 and even further to 140,700 in January 2015. Full-time employment was estimated at 704,100 in January 2014 compared with 714,900 in December 2014 and 716,700 in January 2015.

Declining job growth elsewhere in Alberta is yet to be transmitted to Calgary. In the last month, total employment in Alberta declined by 2,600 people. Similarly, non-farm payroll employment estimates for Alberta obtained from Statistics Canada's Survey of Employment, Payroll and Hours (SEPH) indicate that there have been job losses in Alberta beginning in September 2014. Unlike the household survey method adopted by the Labour Force Survey, the SEPH is based on a survey of employers. Survey results have indicated consecutive monthly job declines in Alberta for the first time since the last recession (Chart 4). These Alberta-wide job losses have not been transmitted to Calgary. Continued wage growth in Calgary is a sign of labour market resiliency. The 12 month moving average weekly wage rate for full-time employees in Calgary CMA has increased 1.2 per cent from \$1,224.17 in January 2014 to \$1,238.46 in January 2015. In contrast, the 12 month moving average weekly wage rate for part-time employees also increased by 0.7 per cent from \$355.03 in January 2014 to \$357.68 in January 2015. A larger number of working people and higher earnings for them relegate concerns about negative real output growth risk for the CER economy.

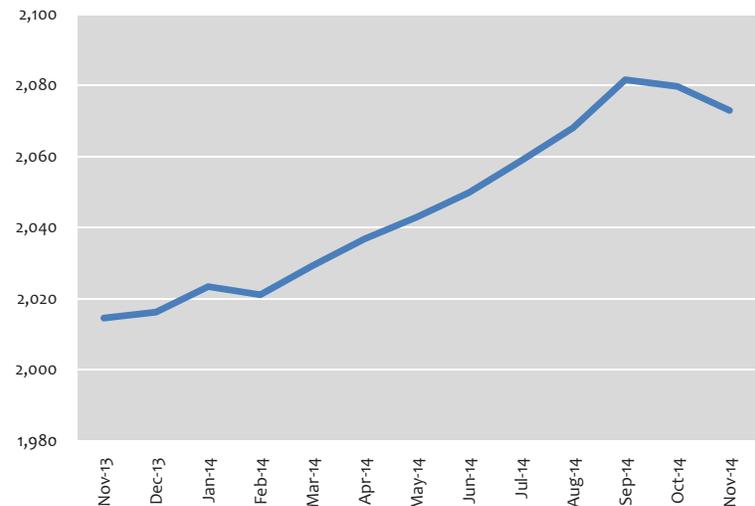
Next update: March 13, 2015

Chart 3: Growth of full-time jobs is not keeping up with job market entrants
Annual change in Different Categories of Job market Outcomes (per cent)



Sources: Statistics Canada, Corporate Economics, February 2015

Chart 4: Job losses have emerged elsewhere in Alberta
Alberta's Non-Farm Payroll Employment (thousands of people)



Sources: Statistics Canada, Corporate Economics, February 2015

Labour Force Statistics
(Seasonally unadjusted 3 month moving average)

	Description	Jan-15	Dec-14	Jan-14	Annual Change
CALGARY ECONOMIC REGION	Working Age Population ('000)	1,248.6	1,245.8	1,208.1	40.5
	Labour Force ('000)	910.8	904.4	886.0	24.8
	Labour Force Participation Rate (%)	72.9	72.6	73.3	(0.4)
	Employment ('000)	871.1	864.6	846.2	24.9
	Employment Rate (%)	69.8	69.4	70.0	(0.2)
	Unemployment ('000)	39.7	39.8	39.7	0.0
	Unemployment Rate (%)	4.4	4.4	4.5	(0.1)

Sources: Statistics Canada, Corporate Economics, February 2015