

Labour Market Review

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March 13, 2015

Key Highlight

Today's publication of the seasonally unadjusted 3 month moving average data from Statistics Canada's February 2015 Labour Force Survey for the Calgary Economic Region (CER) showed that:

- Employment is virtually unchanged from January 2015.
- The unemployment rate increased from 4.4 per cent in January 2015 to 4.9 per cent in February 2015. This is due to a surge in labour force participants and a larger number of unemployed people.

Other Highlights from this month's review

Given the deterioration in the unemployment rate, this month's review is focused on the indicators of labour market performance that provide good signals for the future course of the unemployment rate. The main findings are:

Industry level unemployment rate outcomes have deteriorated for goods-producing industries but have been mixed for services-producing industries. The February 2015 unemployment rate was 4.9 per cent. This is higher than the 4.4 per cent rate recorded in January 2015, as well as the 4.7 per cent rate recorded in February 2014. Over the course of the last five months, the unemployment rate outcomes for Calgary industries have worsened (Chart 1). Goods-producing industries have suffered from higher unemployment rates, while services-producing industries have had mixed outcomes. Goods-producing sector unemployment rates tend to be more cyclical – deteriorating more in downturns and improving more quickly during upturns. Analysis at a more granular level is constrained by the limited availability of industry specific unemployment rates. From October 2014, industry-specific unemployment rates are only available for seven of the sixteen industries. For those industries with specific unemployment rate estimates, only three industries have had an improvement in the unemployment rate. These are:

- ▶ Educational services (3.3 percentage points);
- ▶ Transportation and warehousing (0.4 percentage points); and
- ▶ Trade (0.3 percentage points)

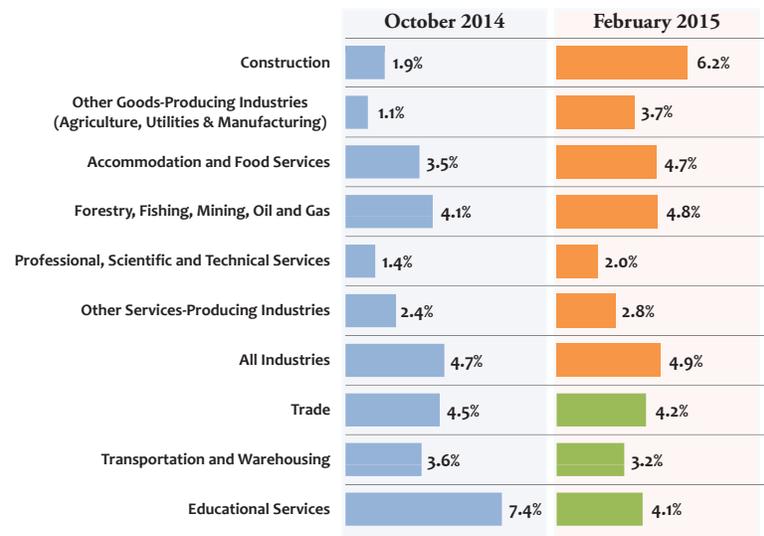
All goods producing industries have experienced worsening unemployment rates. The industries that have deteriorated the most are in order:

- ▶ Construction (4.3 percentage points);
- ▶ Accommodation and Food Services (1.2 percentage points);
- ▶ Forestry, Fishing, Mining, Oil and Gas (0.7 percentage points); and
- ▶ Professional, Scientific and Technical Services (0.6 percentage points)

The annual growth rates of private sector employment, broad-based employment and the working age population are decelerating. The seasonally adjusted annual pace of private sector employment, available at the provincial level, has fallen from 4.2 per cent in October 2014 to 1.3 per cent in February 2015 (Chart 2). It is a good indicator of labour market momentum because it strips out public sector employment and self-employment. This is because public sector payroll employment levels are

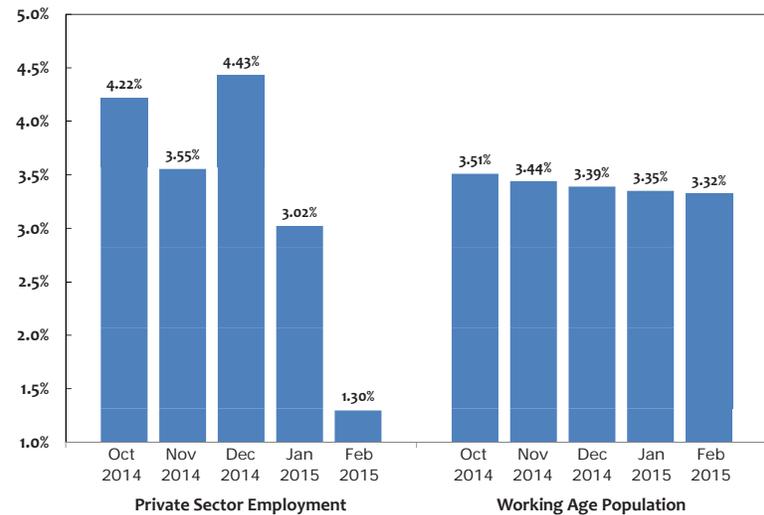
typically stable. As well, a reduced number of payroll-jobs during downturns will typically push a larger number of workers to move from paid-employment to self-employment. The estimated pace of growth of the CER working age population slowed to 3.3 per cent in February 2015, from 3.8 per cent in February 2014. This is attributable to a slower pace of net migration to the region. Similarly, the annual pace of job creation has slowed rapidly. The 12 month moving average number of employed persons in the CER increased at an annual rate of 2.4 per cent in February 2015, compared with 2.9 per cent in February 2014. The employment rate decreased from 69.8 per cent in January 2015 to 69.6 per cent in February 2015. Full-time and part-time employment have increased 4.1 per cent and 1.1 per cent year-over-year, respectively.

Chart 1: Higher unemployment rates in industries sensitive to crude prices
Unemployment rate in per cent (October 2014 and February 2015)



Sources: Statistics Canada, Corporate Economics, March 2015

Chart 2: Employment and population growth have started to weaken
Percentage increase on a year earlier



Sources: Statistics Canada, Corporate Economics, March 2015

Continued on next page →

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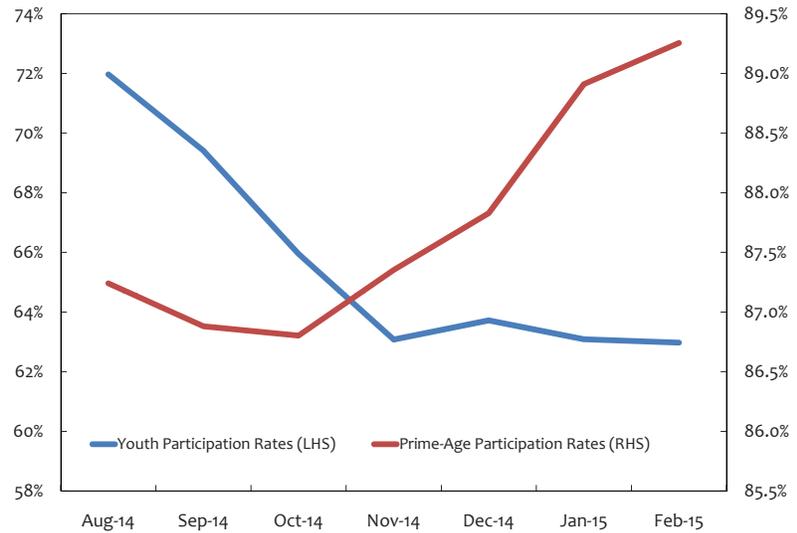
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The participation rate of prime-age workers is improving but the youth labour force participation rate is declining. The prime-age participation rate measures the share of Calgarians aged 25 to 54 that are working or unemployed but actively job searching. It captures the segment of the working age population that is most likely to be active in the labour force. The CER prime-age labour force has increased by about 30,600 in the last year. It has increased from 600,600 in February 2014 to 631,200 in February 2015. This healthy growth rate of 5.1 per cent is faster than the 3.5 per cent growth rate of the prime-age population. The prime-age population increased from 683,600 to 707,200, over the same period. As a result, the participation rate of the prime-age workforce has improved from 87.9 per cent in February 2014 to 89.3 per cent in February 2015. (Chart 3). Nevertheless, the February 2015 labour force participation rate is at one of the lowest levels (72.9 per cent) in the last two decades. This is because the youth (aged 15 to 24 years) labour force participation rate has fallen. Specifically, the youth labour force participation rate declined from 65.6 per cent in February 2014 to 63.0 per cent in February 2015. The labour force participation rate for those above the prime-age group remains stable. This suggests that economic uncertainty, associated with the recent plunge in oil prices, has started to creep into labour market entry and exit decisions. This is because the segment of the labour force between the ages of 15 and 24 typically explores further education opportunities during downturns, resulting in delayed labour market entry or re-entry.

Part-time wages in the Calgary CMA and the number of unemployed suggest that the Calgary labour market is weaker. Labour market weakness is also reflected in a deceleration in part-time wage growth. This is because abundant labour supply puts employers in a better bargaining position. The average weekly wage rate for part-time workers in the Calgary CMA has fallen from \$371.73 in January 2015 to \$357.71 in February 2015. This is a 3.8 per cent drop in a single month. The 12 month moving average estimate of part-time wages does continue to grow but is expected to decelerate with weaker growth rates in recent months. The current estimate of the number of unemployed people suggests that the fall in part-time wage rates may not be a single month phenomenon. The number of unemployed workers has increased 9.2 per cent, from 41,400 in February 2014 to 45,200 in February 2015. The 12 month moving average number of unemployed persons has also increased 6.9 per cent, from 41,800 in February 2014 to 44,700 in February 2015 (Chart 4). The latest employment insurance estimates are from December 2014. They show that the number of Calgarians receiving regular employment insurance (EI) benefits remains steady. The December 2014 estimate of 9,530 recipients is lower than the December 2013 estimate of 10,120 recipients. The 12 month moving average estimate also dropped from 10,045 beneficiaries to 9,942 over the same period.

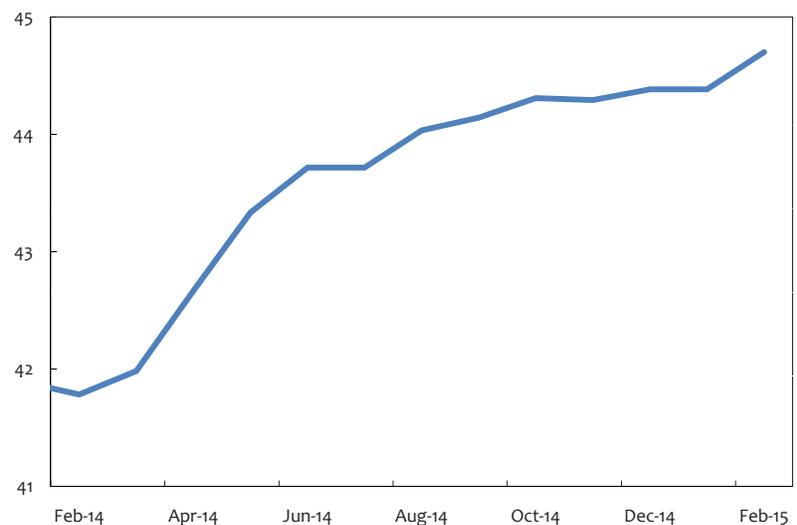
Next update: April 10, 2015

Chart 3: Labour force participation rate for youth is declining
Labour force participation rates for youth and prime age workers, per cent



Sources: Statistics Canada, Corporate Economics, March 2015

Chart 4: The number of job seekers is climbing
Number of unemployed people, thousands of people



Sources: Statistics Canada, Corporate Economics, March 2015

Labour Force Statistics

(Seasonally unadjusted 3 month moving average)

	Description	Feb-15	Jan-15	Feb-14	Annual Change
CALGARY ECONOMIC REGION	Working Age Population ('000)	1,251.4	1,248.6	1,211.2	40.2
	Labour Force ('000)	916.6	910.8	882.2	34.4
	Labour Force Participation Rate (%)	73.2	72.9	72.8	0.4
	Employment ('000)	871.4	871.1	840.8	30.6
	Employment Rate (%)	69.6	69.8	69.4	0.2
	Unemployment ('000)	45.2	39.7	41.4	3.8
	Unemployment Rate (%)	4.9	4.4	4.7	0.2

Sources: Statistics Canada, Corporate Economics, March 2015

