

Labour Market Review

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April 10, 2015

Key Highlight

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

- Employment decreased by 1,900 people from February 2015.
- The unemployment rate deteriorated to 5.5 per cent from 4.9 per cent last month.

Other Highlights from this month's review

The Alberta labour market has taken a turn for the worse. The focus of this month's review is on the extent to which the CER has been more or less severely affected when compared with other Alberta economic regions. As well, this review considers the CER occupations that have been adversely affected. The main findings are:

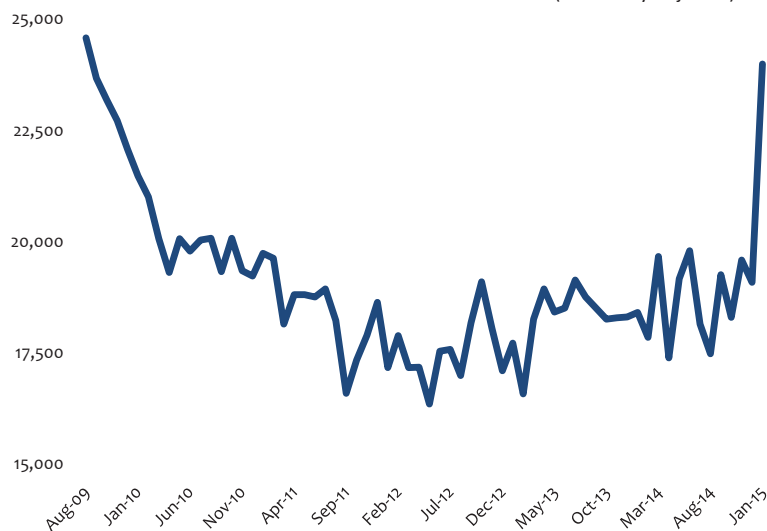
The number of initial and renewal employment insurance (EI) claimants in Alberta is at a level last recorded in the summer of 2009. Employment insurance is an entitlement that requires prior and not too distant employment. Estimates of the number of EI applications are based on a census of actual administrative data and are published two months after the reference period. Consequently, they are not subject to sampling variability but are less timely. The seasonally adjusted number of initial and renewal employment insurance claims received in Alberta during the month of January 2015 was 23,990. This is a large increase from the 19,080 claimants recorded a month earlier, as well as the 18,400 claimants recorded in January 2014. The last time employment insurance claims received were this high was in September 2009, when the number of claims received was 23,670. This is strong evidence in support of an unusually large number of workers losing their jobs at the same time and making first time EI claims (Chart 1). This is corroborated by today's release of the labour force survey. The survey indicates that the number of unemployed job seekers in Alberta continues to climb. The twelve month moving average number of unemployed persons in Alberta has increased by 7,300 people or 6.8 per cent in the last year. Similarly, the average for the CER has increased by 2,600 people or 6.2 per cent. The average for the Edmonton Economic Region also increased by 3,700 people or 9.7 per cent.

The deterioration in the unemployment rate, compared with a year ago, is milder in the CER than it is elsewhere in Alberta. The March 2015 CER unemployment rate was estimated at 5.5 per cent. This is worse than the 4.9 per cent rate recorded a month earlier. Over a longer twelve month period, the unemployment rate has worsened from the 5.3 per cent rate recorded in March 2014. The CER is the Alberta economic region with the least deterioration in the March 2015 unemployment rate, compared with a year earlier (Chart 2). The current low oil price regime has not translated into a major labour market slump. It is not a surprise that the Wood Buffalo – Cold Lake region has been the most severely affected region. The region has the highest share (14.4 per cent in 2014) of its workforce in the mining, quarrying, oil and gas industry. Frontline workers involved in oil sands projects

in the region were the first to take a hit, as oil prices dropped rapidly in the second half of last year. The unemployment rate in the region has increased 3.1 percentage points in a short period because of a dearth of jobs. The CER labour market slump is expected to be less aggressive. The CER has a comparatively more diversified economic base and smaller job declines are expected in other industries. The Alberta average unemployment rate has worsened by 0.8 percentage points. Besides Calgary, the other labour markets along the Calgary-Edmonton corridor have fared better than or about the same as the provincial average. The future path of the provincial average unemployment rate will be determined by labour market conditions along the Calgary-Edmonton corridor.

Chart 1: A sharp increase in employment insurance applications

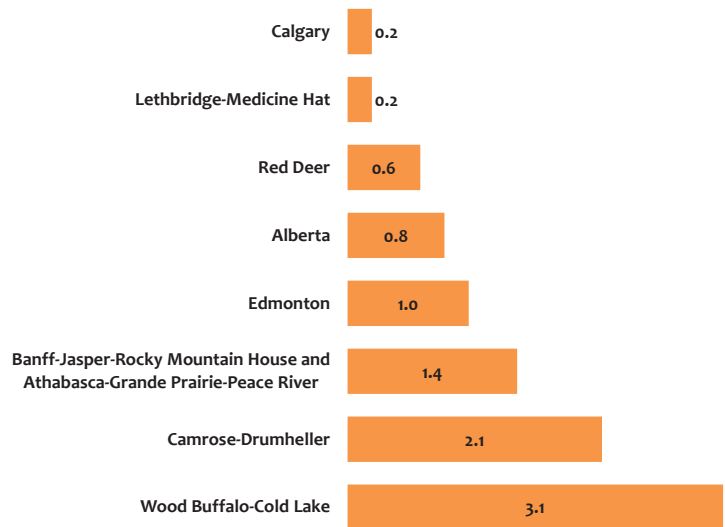
Number of Initial and Renewal EI Claims Received in Alberta (Seasonally Adjusted)



Sources: Statistics Canada, Corporate Economics, April 2015

Chart 2: Unemployment rate has deteriorated even more elsewhere in Alberta

Increase in Unemployment Rate (compared with 12 months earlier, percentage points)



Sources: Statistics Canada, Corporate Economics, April 2015

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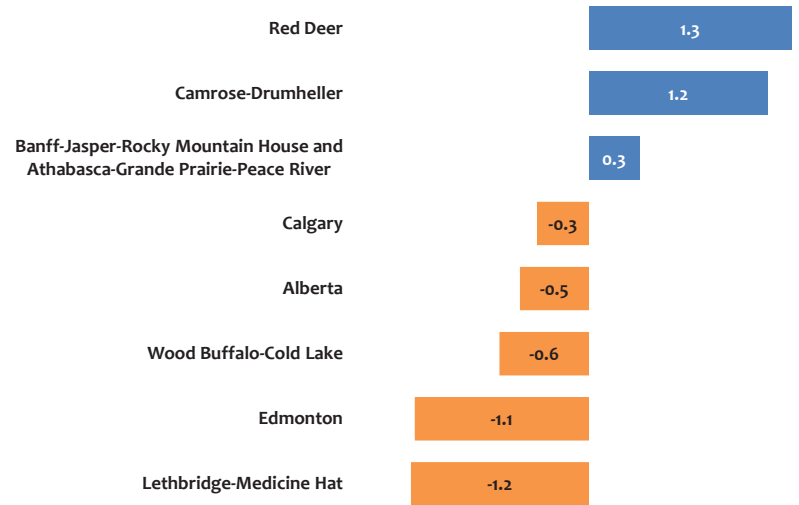
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There is a reduction in the share of CER jobs in full-time positions, but the reduction is less severe than in most other Alberta economic regions. The number of employed people in the CER during the month of March 2015 was estimated at 869,500. This is 1,900 people less than recorded a month earlier. In addition, the share of full-time positions (based on a twelve month moving average) has also fallen from 84.0 per cent in March 2014 to 83.5 per cent in March 2015. This decline is less than most other economic regions have experienced (Chart 3). The share is also at risk of further decline. This is because the number and share of Albertans that are working part-time for economic reasons has started to climb. The economic reasons for working part time are business slack or unfavorable conditions that prompt employers to cut back hours, or the inability of a worker to find full-time employment. The share of the part-time employed (twelve month moving average) for economic reasons relative to total part-time employment has increased from 16.7 per cent in March 2014 to 18.4 per cent in March 2015. The increase in the number and share of people working part-time for economic reasons indicates that the economy is not using its full labour potential.

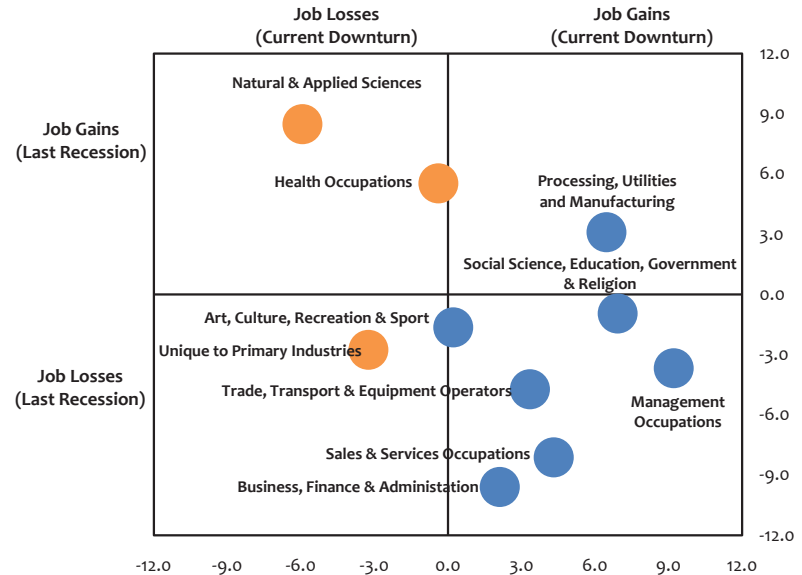
CER occupations in the natural and applied sciences and those unique to primary industries (including mining, quarrying, oil and gas) have already taken a hit and have suffered a substantial drop in employment. A common feature of economic downturns is that it leads to a different pattern of allocating labour (and capital) resources in local economies. This would show up in the labour market as a sharp decline in the number of employed in some occupations and mild increases in a resilient few. The occupations that are adversely affected in a downturn often record job growth during the next downturn. During the last recession, occupations related to the natural and applied sciences were the most resilient in the CER. The twelve month moving average number of job positions in this occupation group increased consistently on a month-to-month basis from September 2008 to March 2010. This is in sharp contrast with the current labour market downturn. The number of individuals working in natural and applied science occupations has suffered a large drop in the last twelve months. This is a very different outcome compared with the twelve month period between March 2009 and March 2010 (Chart 4). Seven other occupation groups have had different outcomes (negative or positive) for this downturn, compared with the previous downturn. The sole occupation group that has proven resilient to both downturns has been careers in processing, manufacturing and utilities. So far, the only occupation group that has been adversely affected during both downturns has been careers unique to primary industries (including mining, quarrying, oil and gas).

Chart 3: The share of full-time jobs is declining for the CER
Improvement relative to 12 month moving average in March 2014 (percentage points)



Sources: Statistics Canada, Corporate Economics, April 2015

Chart 4: CER occupation groups experience different fortunes
Change in number of jobs over a 12 month period (thousands)



Sources: Statistics Canada, Corporate Economics, April 2015

Labour Force Statistics (Seasonally unadjusted 3 month moving average)

	Description	Mar-15	Feb-15	Mar-14	Annual Change
CALGARY ECONOMIC REGION	Working Age Population ('000)	1,254.0	1,251.4	1,214.7	39.3
	Labour Force ('000)	920.3	916.6	883.4	36.9
	Labour Force Participation Rate (%)	73.4	73.2	72.7	0.7
	Employment ('000)	869.5	871.4	836.8	32.7
	Employment Rate (%)	69.3	69.6	68.9	0.4
	Unemployment ('000)	50.8	45.2	46.6	4.2
	Unemployment Rate (%)	5.5	4.9	5.3	0.2

Sources: Statistics Canada, Corporate Economics, April 2015

Next update: May 8, 2015