

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

- Employment increased by 7,500 people from March 2015.
- The unemployment rate deteriorated to 5.7 per cent from 5.5 per cent the previous month.

Other Highlights from this month's review

Alberta accounted for about half of the 2014 job gains in Canada. 2015 will be very different. Job separations have been higher than job hiring in Alberta this past month, but the CER has been mostly unaffected. The focus of this month's review is on labour market conditions in the CER and Alberta. The main findings are:

A stall in CER job growth in the first quarter of the year has been surprisingly replaced by job growth, but full-time goods-producing sector jobs have taken a hit. In the first quarter of 2015, the number of employed people in the CER remained steady at around 870,000. Economic weakness has had a relatively mild effect on the CER labour force survey, which is *a survey of households*. The number of employed people in the CER increased to 877,000 in April 2015 from 869,500 in March 2015. In the last twelve months, the number of available jobs in the CER has increased by 39,100 positions from 837,900 in April 2014. Despite this large annual increase, the goods-producing sector has recorded an annual decline in jobs with 6,300 fewer positions than a year ago. This is mostly attributable to a decline by 10,700 jobs in two industries:

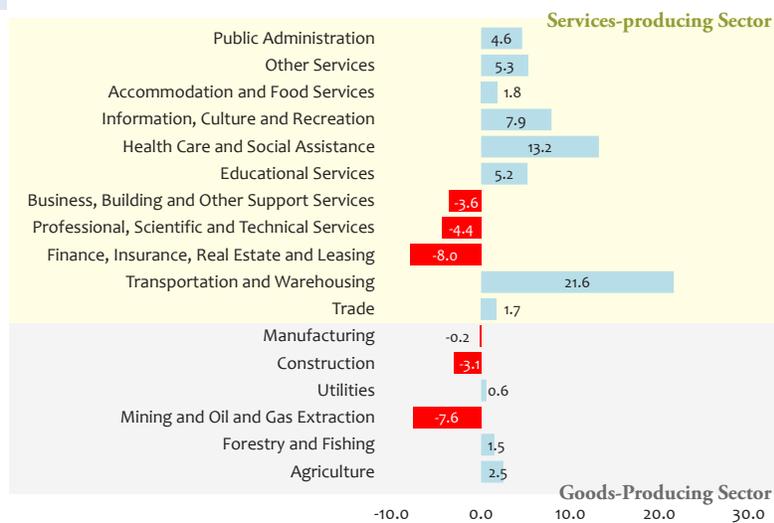
- ▶ Mining and Oil and Gas Extraction (7,600); and
- ▶ Construction (3,100).

These two industries shed more full-time jobs (12,300), but a gain in part-time positions (1,600) has partly offset the losses. 4,400 additional jobs mostly in agriculture, forestry and fishing have helped to limit goods-producing sector job losses (Chart 1). Although three industries in the services-producing sector shed 16,000 more jobs than were added in the past twelve months, there was strong annual job growth by 61,300 positions in the other industries in the services-producing sector. To the extent that services-producing sector job growth was mostly for full-time positions (77 per cent), the labour market for workers in several services-producing industries remains mostly unaffected by economic weakness.

The number of people that have been unemployed for less than three months has increased, pushing up the unemployment rate. The number of unemployed people in the CER increased from 50,100 in April 2014 to 53,200 in April 2015. This is higher than the 50,800 unemployed individuals recorded in March 2015 and is the highest level recorded in almost 5 years. With a larger number of job seekers, the April 2015 CER unemployment rate has increased to 5.7 per cent. The unemployment rate was 5.6 and 5.5 per cent in April 2014 and March 2015, respectively. The number of unemployed people in Alberta has increased at an

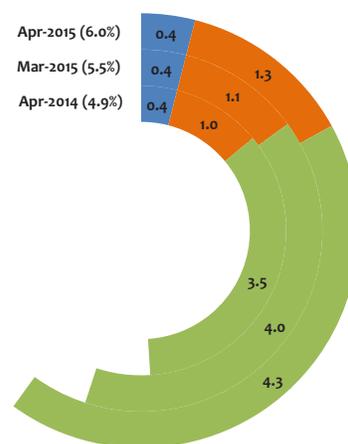
even faster pace from 115,800 in April 2014 to 145,000 in April 2015. This change in the number of unemployed is statistically significant. Two out of every three unemployed individuals lost their jobs within the preceding 3 months. Increases in the short-term unemployed (3 months or less) are a typical early feature of economic downturns. The Alberta unemployment rate increased from 4.9 per cent in April 2014 to 6.0 per cent in April 2015. This can be untangled into the parts explained by short-term, medium-term and long term unemployment (Chart 2). The part of the unemployment rate attributable to short-term unemployment has increased from 3.5 percentage points in April 2014 to 4.3 percentage points in April 2015, thereby explaining virtually all the increase in the unemployment rate.

Chart 1: Job gains in the services sector outweigh losses in the goods-sector
Annual change in employment in the CER (Thousands of people)



Sources: Statistics Canada, Corporate Economics, May 2015

Chart 2: Increase in unemployment rate due to recent job losses
Alberta unemployment rate split by duration of unemployment (Percentage points)
Unemployed [More than 1 year] | Unemployed [3 months to 1 year] | Unemployed [Less than 3 months]



Sources: Statistics Canada, Corporate Economics, May 2015

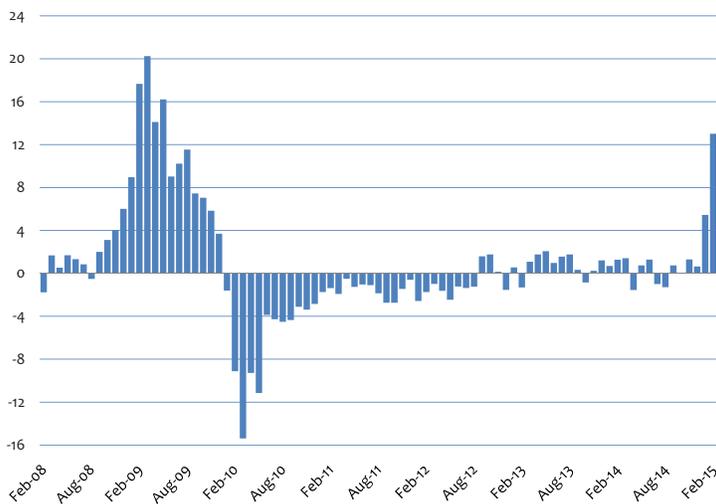
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The number of employment insurance (EI) claim applications from Albertans is accelerating. The latest administrative data on employment insurance claims showed that 30,850 initial and renewal employment insurance claim applications were received from Albertans in February 2015. This is the third highest level on record, surpassed only by the levels in March 2009 and May 2009. There were 7,000 more applicants compared with January 2015 and 13,010 more applicants compared with February 2014. During the last recession, the annual change in claim applications accelerated for seven successive months from September 2008 to March 2009 (Chart 3). In the most recent monetary policy report, the Bank of Canada's best judgment is that the negative effect of lower crude prices will be quick and transitory. If this is accurate, the escalation in the number of applicants will begin to recede. In the meantime, a large number of Albertans are searching for jobs in a weak labour market environment. The Alberta labour force participation rate has increased slightly over the course of the last twelve months. The number of labour force participants increased from 2,350,300 in the April 2014 to 2,419,200 in April 2015, which is a 2.9 per cent increase. The growth in the number of CER labour force participants has been even higher, increasing from 888,000 to 930,200. The 4.8 per cent increase in the CER labour force is higher than the 1.8 per cent increase elsewhere in Alberta.

over 56,000 drop in jobs in the first five months of decline, during the last recession (Chart 4). The survey indicated that the average weekly hours worked for employees paid hourly was 32.3 hours in February 2015. This is lower than the average for any month in 2014. As well, the survey indicated that average weekly earnings for Alberta employees increased 3.3 per cent from February 2014 (\$1,129.87) to February 2015 (\$1,167.20). Labour earnings growth continues in Alberta, but has slowed in recent months. Despite job losses, the annual increase in total labour income remains positive. Further reductions in the number of working people, fewer working hours and slower earnings growth pose a risk to labour incomes and consumer spending activity in Alberta.

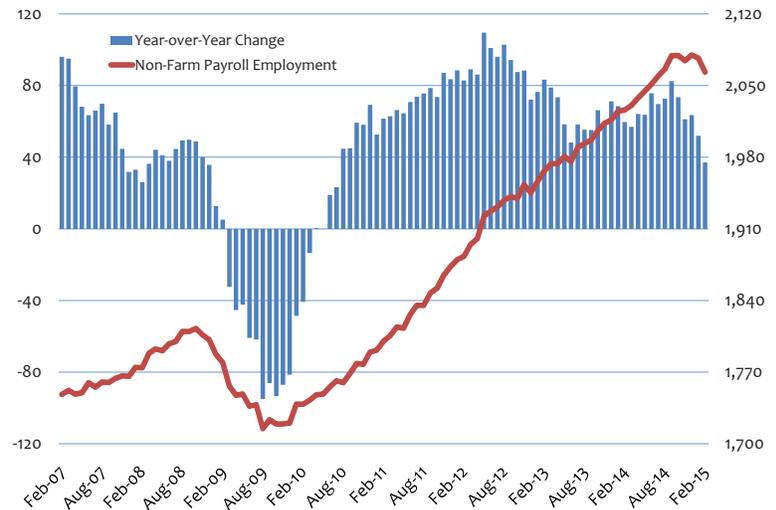
Chart 3: Recent large increase in employment insurance applications
Annual change in number of employment insurance applicants ('000s of people)



Sources: Statistics Canada, Corporate Economics, May 2015

The decline in Alberta non-farm payroll jobs is milder than the last downturn, but there is still a risk of decline in total labour income. Non-farm payroll employment estimates for Alberta obtained from a survey of non-farm employers/ establishments indicate a decline in February 2015 by 16,123 job positions from a high in September 2014. There was a drop by 2,251 positions (14 per cent) in the public sector and 13,872 positions (86 per cent) in the private sector. The reduction in the number of job positions is similar to the increase in the number of EI applications, over the same period, picked up by the administrative database. The reduction in the number of non-farm jobs is less than the

Chart 4: Job decline in Alberta is less aggressive for this downturn
Alberta's non-farm payroll employment ('000s of people)



Sources: Statistics Canada, Corporate Economics, May 2015

Labour Force Statistics

(Seasonally unadjusted 3 month moving average)

	Description	Apr-15	Mar-15	Apr-14	Annual Change
CALGARY ECONOMIC REGION	Working Age Population ('000)	1,256.6	1,254.0	1,218.7	37.9
	Labour Force ('000)	930.2	920.3	888.0	42.2
	Labour Force Participation Rate (%)	74.0	73.4	72.9	1.1
	Employment ('000)	877.0	869.5	837.9	39.1
	Employment Rate (%)	69.8	69.3	68.8	1.0
	Unemployment ('000)	53.2	50.8	50.1	3.1
	Unemployment Rate (%)	5.7	5.5	5.6	0.1
Alberta	Working Age Population ('000)	3,333.0	3,327.8	3,254.8	78.2
	Labour Force ('000)	2,419.2	2,408.0	2,350.3	68.9
	Labour Force Participation Rate (%)	72.6	72.4	72.2	0.4
	Employment ('000)	2,274.2	2,274.7	2,234.4	39.8
	Employment Rate (%)	68.2	68.4	68.6	(0.4)
	Unemployment ('000)	145.0	133.3	115.8	29.2
Unemployment Rate (%)	6.0	5.5	4.9	1.1	

Sources: Statistics Canada, Corporate Economics, May 2015

Next update: June 5, 2015