

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

- Employment increased by 6,600 people from May 2015.
- The unemployment rate increased from 5.8 per cent in May 2015 to 6.1 per cent this past June.

Other Highlights from this month's review

This month's review examines the extent to which the CER economy is weathering the effects of the current economic downturn. The main findings are:

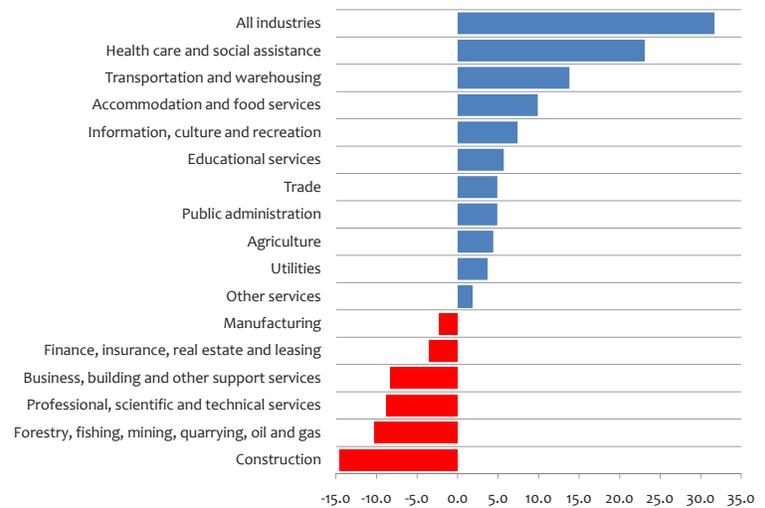
CER job growth is enduring the downturn and has given up little slack, which has attracted more job seekers to the local economy. Despite the downturn confirmed by four consecutive months of Canadian GDP decline to start the year, CER job growth has bucked the trend of choppy growth elsewhere. The number of jobs in the CER economy has increased 3.7 per cent from 859,400 in June 2014 to 891,100 in June 2015. This is an increase by 31,700 positions (Chart 1). This has encouraged new migrants as well as some of those previously on the sidelines to join the labour force. The CER working age population increased 2.9 per cent from 1,227,300 in June 2014 to 1,262,700 in June 2015, while the CER labour force has increased at a much faster rate of 4.6 per cent from 907,200 in June 2014 to 948,900 in June 2015. The labour force participation rate has increased to 75.1 per cent in June 2015, from 73.9 per cent twelve months earlier. Continued job growth has encouraged interprovincial migration to the province. Alberta welcomed 24,413 migrants from other Canadian provinces in the first quarter of 2015. This represents the highest level of in-migration in the first quarter of a calendar year on record. The level of net interprovincial migration was a modest 6,732 because Alberta also recorded the largest number of out-migration (17,681 people) for the first quarter. Most of the growth in Alberta's working age population is taking place in the CER, which recorded 52 per cent of the provincial growth in the first quarter of 2015.

The unemployment rate has worsened in a limited number of occupations and industries. The June 2015 CER unemployment rate was estimated at 6.1 per cent, which is up from the 5.8 per cent rate in May 2015 and the 5.3 per cent rate recorded in June 2014 (Chart 2). Estimates for sector specific unemployment rates are mixed. The goods-producing sector continues to be hard hit, while the services-producing sector has fared much better. The goods-producing sector unemployment rate was much higher at 5.7 per cent in June 2015, compared with a 4.9 per cent rate recorded twelve months earlier. This deterioration is due to higher industry specific unemployment rates in:

- ▶ Forestry, Fishing, Mining, Oil and Gas Extraction (2.0 percentage points);
- ▶ Manufacturing (0.6 percentage points); and
- ▶ Construction (0.6 percentage points).

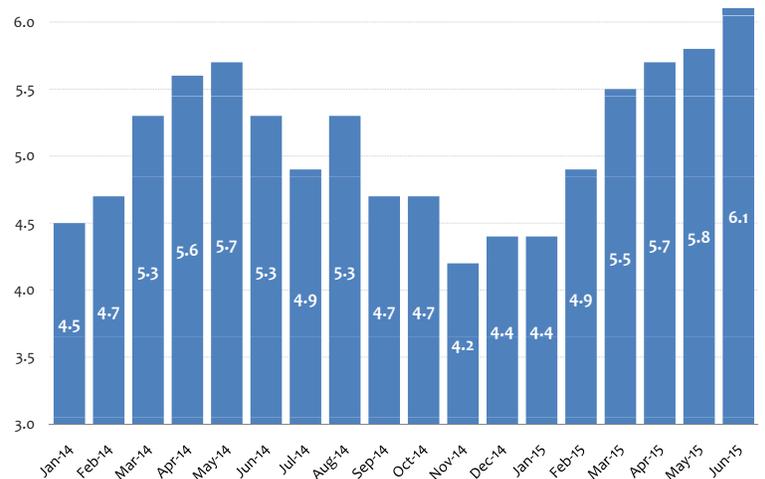
The services-producing sector unemployment rate was 3.4 per cent in June 2015, which is similar to the 3.2 per cent rate recorded in June 2014. The services-producing sector unemployment rate has remained low, even for the professional, scientific and technical services industry that is closely aligned with oil and gas. The unemployment rate in the industry increased from 1.7 per cent in June 2014 to 3.3 per cent in June 2015. The unemployment rate for occupations in the natural and applied sciences increased from 2.3 per cent in June 2014 to 6.0 per cent in June 2015. Many workers in this occupation group provide direct support to the oil and gas industry. The unemployment rate for workers in other occupations remains comparable with or better than the unemployment rate recorded 12 months earlier.

Chart 1: Positive annual job growth in most CER industries
Annual (year-over-year) change in industry employment (Thousands of people)



Sources: Statistics Canada, Corporate Economics, July 2015

Chart 2: The unemployment rate has edged above 6 per cent
The CER unemployment rate over the last 18 months (Per cent)



Sources: Statistics Canada, Corporate Economics, July 2015

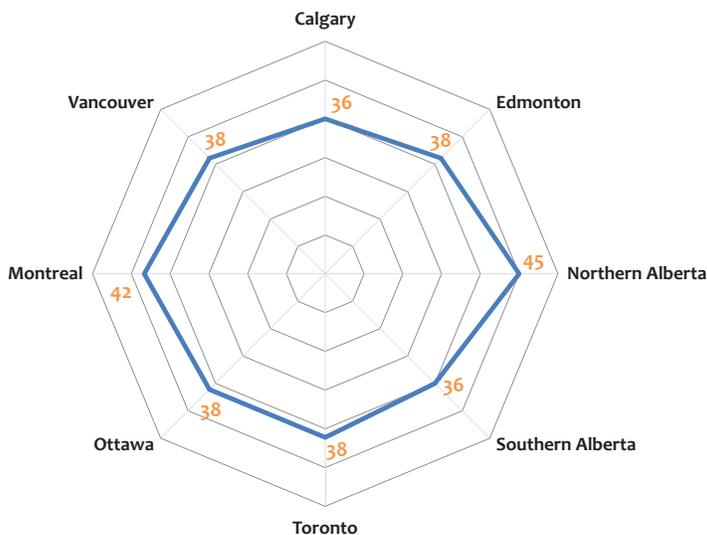
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The number of employment insurance claimants in Alberta has started to decline. The seasonally adjusted number of initial and renewal employment insurance claims received from Albertans during April 2015 was 27,570. Although this number is higher than the comparable estimate of 17,380 in April 2014 and the long-term monthly average of 17,935 for the last 10 years, it nevertheless represents the first monthly improvement recorded since December 2014. Higher local unemployment rates imply greater job search difficulties for the unemployed. There are, as a result, automatic adjustments to employment insurance entrance requirements and benefit durations, in response to changes in the local unemployment rate. The decline in the number of EI beneficiaries will be gradual in the coming months, partly because of this adjustment mechanism. Entrance requirements and benefit durations were identical for Calgary CMA and Edmonton CMA at the beginning of the year. For Northern Alberta, there were slightly less stringent entrance requirements and more generous benefit durations. The current (June 7 – July 11, 2015) program entrance requirement for Calgary CMA is 105 per cent and 133 per cent of the insurable hours required to qualify in Edmonton and Northern Alberta, respectively. Beneficiaries in Edmonton and Northern Alberta are also entitled to EI benefits for 6 per cent and 25 per cent longer, respectively. Calgary's entrance requirements are the most stringent and benefit duration the least generous of any of Canada's large cities (Chart 3). While Calgary's unemployment rate is higher than it was a year ago, labour market conditions are much weaker elsewhere.

Chart 3: Calgary's EI benefit duration is least generous of big cities
Maximum EI benefit duration for current applications (weeks)

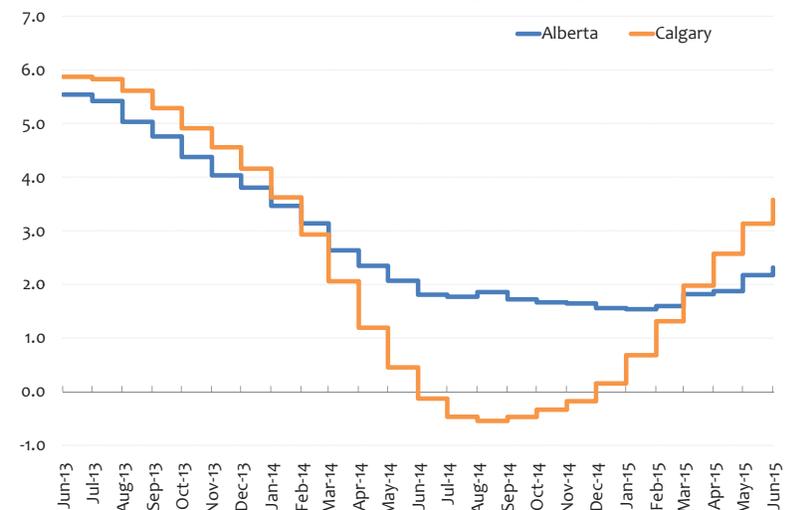


Sources: Statistics Canada, Corporate Economics, July 2015

Calgary CMA wage growth has recovered after a brief spell of wage decline, while wage growth remains positive but low for Alberta. Wages are usually suppressed during periods when the number of people available to work exceeds job availability. Declining or slow wage growth is evidence of labour market weakness and excess capacity. Alberta continues to experience average hourly wage growth, but the pace is much lower than

in the recent past. The annual growth of the average hourly wage rate decelerated from 5.5 percent in June 2013 to 1.8 per cent in June 2014 (Chart 4). It has recovered slightly to 2.3 per cent in June 2015. For Calgary CMA, annual growth of the average hourly wage was negative for 6 consecutive months from June to November 2014. The decline in the average hourly wage in Calgary was entirely due to wages of part-time workers. Part-time average hourly earnings declined from March 2014 to January 2015, but have since started to accelerate. The average part-time hourly earnings increased 6.1 per cent in June 2015, relative to June 2014. The growth in full-time average hourly earnings has been low and positive. Hourly wage growth when both categories of workers are combined has accelerated from December 2014 through to June 2015. An above trend increase in wages takes place when industries are facing labour shortages or skill mismatches.

Chart 4: Wage growth has rebounded after a brief spell of decline
Annual growth in (12 month moving) average hourly wage rate (per cent)



Sources: Statistics Canada, Corporate Economics, July 2015

Labour Force Statistics

(Seasonally unadjusted 3 month moving average)

	Description	Jun-15	May-15	Jun-14	Annual Change
CALGARY ECONOMIC REGION	Working Age Population ('000)	1,262.7	1,259.4	1,227.3	35.4
	Labour Force ('000)	948.9	939.0	907.2	41.7
	Labour Force Participation Rate (%)	75.1	74.6	73.9	1.2
	Employment ('000)	891.1	884.5	859.4	31.7
	Employment Rate (%)	70.6	70.2	70.0	0.6
	Unemployment ('000)	57.8	54.6	47.8	10.0
	Unemployment Rate (%)	6.1	5.8	5.3	0.8
Alberta	Working Age Population ('000)	3,346.0	3,338.8	3,273.6	72.4
	Labour Force ('000)	2,462.1	2,440.2	2,398.0	64.1
	Labour Force Participation Rate (%)	73.6	73.1	73.3	0.3
	Employment ('000)	2,315.7	2,290.2	2,279.8	35.9
	Employment Rate (%)	69.2	68.6	69.6	(0.4)
	Unemployment ('000)	146.4	150.0	118.1	28.3
	Unemployment Rate (%)	5.9	6.1	4.9	1.0

Sources: Statistics Canada, Corporate Economics, July 2015

Next update: August 7, 2015

