

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

- Employment decreased by 1,300 people from July 2015, but has increased by 17,500 people from August 2014.
- The unemployment rate increased from 6.8 per cent in July 2015 to 6.9 per cent in August 2015.

Other Highlights from this month's review

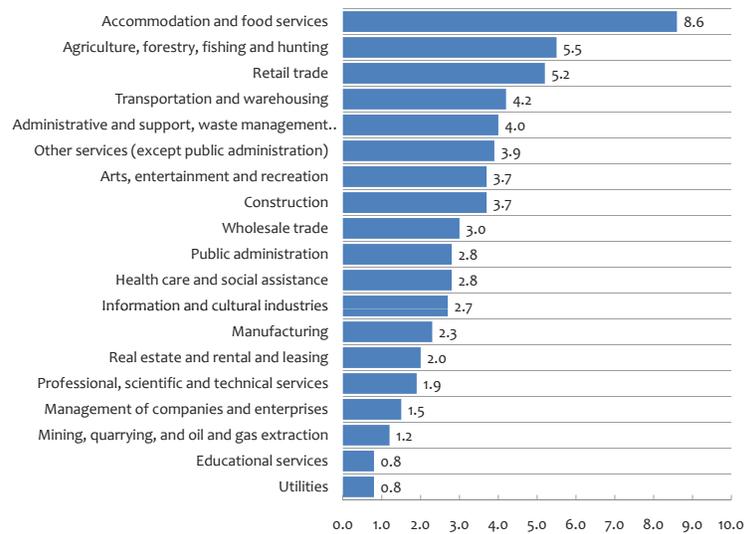
This month's review will rely on results from the newly released Job Vacancy and Wage Survey to track 2015 labour market progress in the CER and guide expectations for the third quarter. The main findings are:

New Statistics Canada survey indicates that Alberta had the highest job vacancy rate of any Canadian province in the first quarter of this year. Statistics Canada introduced a new Job Vacancy and Wage Survey in the first quarter of 2015. The objective of the survey is to provide more information about the demand side of the labour market, which is useful information for job seekers and employers. The results for the first quarter were released on August 13, 2015. Due to differences in methodology, the job vacancy data from this survey are not fully comparable with that from the existing Survey of Employment, Payroll and Hours. The first quarter results from the new survey indicated that Alberta had 13.5 per cent of the national payroll employment, but a much higher 18.4 per cent of the number of job vacancies. The Alberta job vacancy rate of 3.5 per cent was the highest of any Canadian province. The CER job vacancy rate was 3.4 per cent, while the national job vacancy rate was 2.6 per cent. Only three Alberta economic regions had higher job vacancy rates than the CER: Athabasca-Grande Prairie-Peace River (5.3 per cent); Banff-Jasper-Rocky Mountain House (5.3 per cent); and Edmonton (3.8 per cent). It is no surprise that the mining, quarrying and oil and gas extraction industry and the professional, scientific and technical services industry had two of the lowest Alberta vacancy rates (Chart 1). The Alberta industries with the highest job vacancy rates were accommodation and food services (8.6 per cent); agriculture, forestry, fishing and hunting (5.5 per cent); and retail trade (5.2 per cent).

A high CER job vacancy rate in the first quarter provided support for strong job growth in the second quarter. In the first quarter of 2015, the number of employed people in the CER remained steady at around 870,000. The number of payroll employees was 697,900 with an additional 24,500 job vacancies. In the second quarter of this year, the number of CER jobs averaged 884,200 suggesting strong uptake arising from the number of job vacancies. The August 2015 estimate of the number of employed people in the CER was 888,500, which is an increase by 17,500 jobs from the same month in 2014, but a decrease by 1,300 positions from July 2015. The annual increase in the number of jobs is entirely attributable to the services-producing sector. The sector gained 40,600 jobs, while the

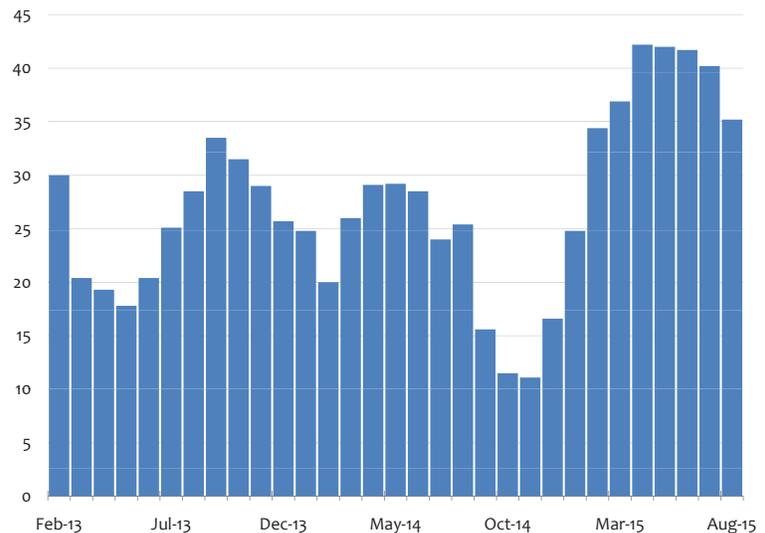
goods-producing sector lost 23,100 jobs. The annual growth in the number of full-time positions is 20,400 jobs, while there was a loss of 3,000 part-time positions over the last year. The CER recorded an annual labour force growth rate of 3.8 per cent from 919,300 in August 2014 to 954,500 in August 2015. The year over year pace of labour force growth in the CER remains well above recent history (Chart 2). This is also captured in recent labour force participation rate acceleration despite the current phase of the economic cycle. The labour force participation rate has climbed to the highest levels recorded since July 2012, rising from 74.5 per cent in August 2014 to 75.2 per cent in August 2015.

Chart 1: High Q1 job vacancy rates in numerous Alberta industries
Industry level job vacancy rates for the January - March 2015 period (per cent)



Sources: Statistics Canada, Corporate Economics, September 2015

Chart 2: The pace of CER labour force growth is trending higher
Year-over-year growth in the size of the CER labour force ('000s of people)



Sources: Statistics Canada, Corporate Economics, September 2015

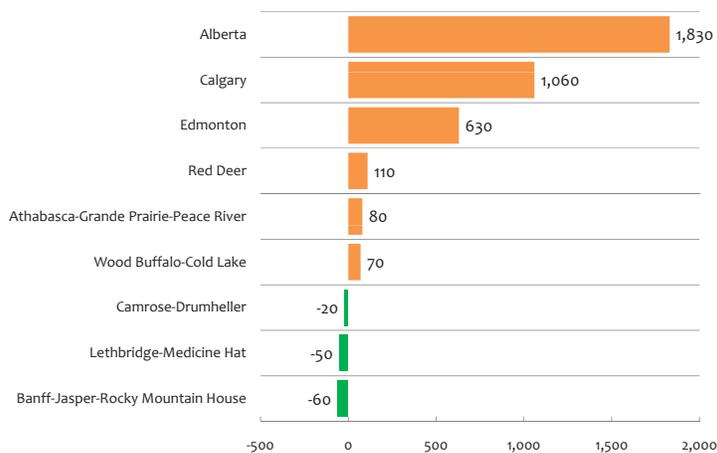
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The second quarter ended with acceleration in the number of CER employment insurance beneficiaries. Does this portend third quarter job market weakness? The number of regular employment insurance beneficiaries in the CER increased from 9,490 people in June 2014 to 16,700 people in June 2015. The CER had the largest monthly increase in the number of regular beneficiaries in Alberta, with an additional 1,060 recipients compared with an Alberta wide increase of 1,830 beneficiaries (Chart 3). Three Alberta economic regions experienced a drop in the number of regular EI beneficiaries – Banff-Jasper-Rocky Mountain House; Lethbridge-Medicine Hat; and Camrose-Drumheller. A growing surplus of workers relative to available jobs is also putting downward pressure on wages. The Calgary CMA average weekly wage earnings have fallen from the February 2015 high of \$1,134.77 down to \$1,124.73 in August 2015. The decline is entirely due to a fall in average full-time weekly earnings, while average part-time weekly earnings have increased. The expectation of third quarter labour market weakness is also supported by steadiness in the seasonally adjusted number of initial and renewal EI claims, which was estimated at 28,170 in June 2015. The seasonally adjusted number of initial and renewal claims has stayed within the 27,500 to 30,250 range from February through to June 2015.

Chart 3: Calgary Edmonton corridor with surge in EI beneficiaries
Increase in regular EI beneficiaries from May to June 2015 (000's of people)

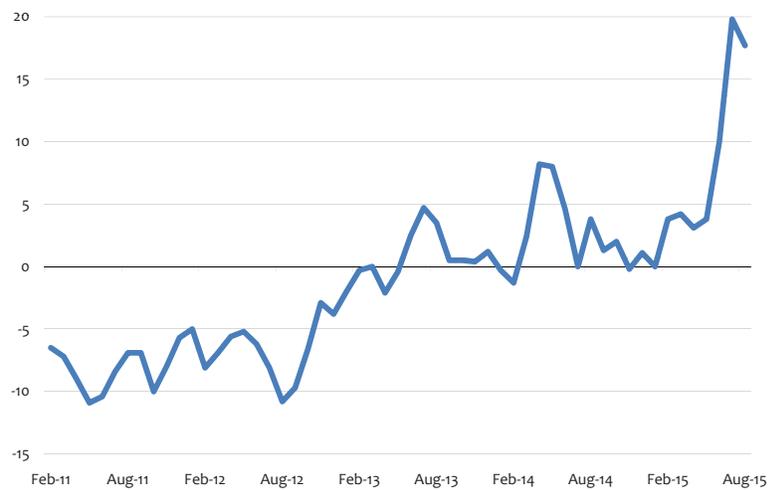


Sources: Statistics Canada, Corporate Economics, September 2015

Labour market weakness outside the CER and lower demand for goods and services within are lifting the unemployment rate to very high levels in the third quarter. The August 2015 unemployment rate was 6.9 per cent. This is much higher than the 5.3 per cent rate recorded in August 2014 and slightly higher than the 6.8 per cent rate recorded in July 2015. Sudden sharp increases in the unemployment rate are typically due to weakness in overall demand for goods and services; unemployed workers having unusual difficulty finding suitable work despite available jobs; or labour force growth as a result of factors other than the strength of the local economy. There is no reason to believe that there is a sudden deterioration in the efficiency with which job

seekers and employers are matched in the CER, rather the spike in the unemployment rate appears to be due to rapid labour force growth arising from job market weakness in other Canadian provinces and low aggregate demand in the CER. The CER share of the Canadian labour force has increased from 4.7 per cent in August 2014 to 4.9 per cent in August 2015. This has led to a sharp increase in the number of unemployed job seekers in the CER, which is at a record high 66,000 people. This is an increase by 17,700 people from the same time last year (Chart 4). Also, economic output in the CER is lower than it was last year implying lower levels of aggregate demand for goods and services and in turn the number of jobs required to facilitate the delivery of these goods and services.

Chart 4: Sharp increase in the number of CER job seekers
Year-over-year increase in the number of unemployed (000's of people)



Sources: Statistics Canada, Corporate Economics, September 2015

Labour Force Statistics (Seasonally unadjusted 3 month moving average)

	Description	Aug-15	Jul-15	Aug-14	Annual Change
CALGARY ECONOMIC REGION	Working Age Population ('000)	1,269.2	1,266.0	1,234.4	34.8
	Labour Force ('000)	954.5	954.7	919.3	35.2
	Labour Force Participation Rate (%)	75.2	75.4	74.5	0.7
	Employment ('000)	888.5	889.8	871.0	17.5
	Employment Rate (%)	70.0	70.3	70.6	(0.6)
	Unemployment ('000)	66.0	64.8	48.3	17.7
	Unemployment Rate (%)	6.9	6.8	5.3	1.6
Alberta	Working Age Population ('000)	3,359.8	3,353.3	3,288.9	70.9
	Labour Force ('000)	2,482.7	2,479.6	2,424.7	58.0
	Labour Force Participation Rate (%)	73.9	73.9	73.7	0.2
	Employment ('000)	2,329.7	2,329.5	2,303.0	26.7
	Employment Rate (%)	69.3	69.5	70.0	(0.7)
	Unemployment ('000)	153.1	150.1	121.7	31.4
	Unemployment Rate (%)	6.2	6.1	5.0	1.2

Sources: Statistics Canada, Corporate Economics, September 2015

Next update: October 9, 2015