

Labour Market Review

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October 9, 2015

Key Highlight

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

- Employment decreased by 1,800 people from August 2015, but has increased by 18,700 people from September 2014.
- The unemployment rate is unchanged from the 6.9 per cent rate recorded in August 2015.

Other Highlights from this month's review

This month's review focuses on identifiable aspects of labour market improvement and deterioration arising from the current economic climate. The main findings are:

The economic downturn is producing an unusual labour market outcome with strong full time job growth and part-time job decline. The CER continues to experience strong full-time job growth with a 20,400 increase in full-time positions from 727,300 in September 2014 to 747,700 in September 2015. Over the same period, part-time employment has declined by 1,800 positions from 140,800 to 139,000. This is unusual for an economic downturn. The typical observation is that any job growth is of the part-time variety. The crossover to full-time growth and part-time job losses commenced this summer (Chart 1). Solid full-time job growth has helped to sustain annual job growth, which has increased 2.2 per cent (from 868,000 in September 2014 to 886,700 in September 2015). A sustained inflow of interprovincial migrants has spurred the need for services that are driven by the size of the population. The net migration estimates released two weeks ago by the government of Alberta for the second quarter of 2015, indicated 8,264 net interprovincial migration to Alberta. Quarterly levels of net interprovincial migration to Alberta were negative during the last recession. The number of jobs in the three industries with the largest annual increase in full-time positions is sensitive to the size of the local population:

- Health care and social assistance (+20,200)
- Trade (+8,400)
- Accommodation and Food Services (+7,300)

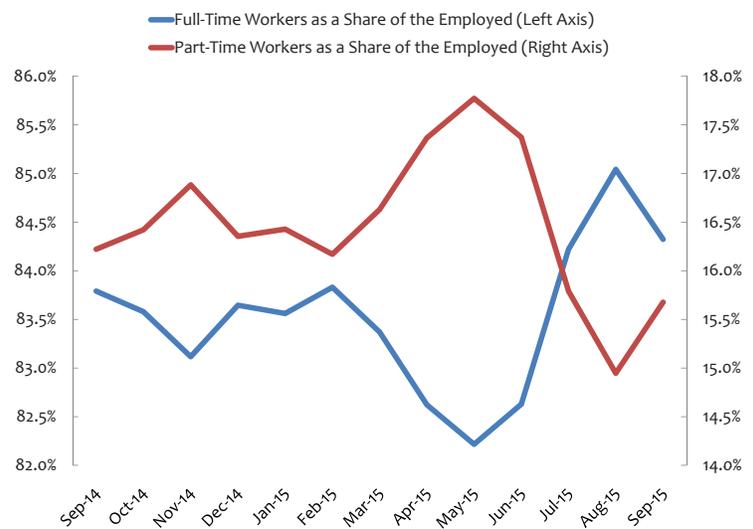
The three industries with the most full-time job losses rely on the success of the oil and gas industry. They are:

- Professional, Scientific and Technical Services (-14,600)
- Construction (-8,600)
- Manufacturing (-6,900)

Increases in the labour force participation rate are putting upward pressure on the unemployment rate and downward pressure on wage growth. Evidence of job growth has helped to sustain labour force participation. The CER labour force participation rate in September 2015 was 74.9 per cent. This is higher than 73.6 per cent recorded in September 2014 and the current Alberta average of 73.7 per cent. The participation rate in the CER is the second highest in Alberta (Chart 2). The CER recorded a 4.5 per cent

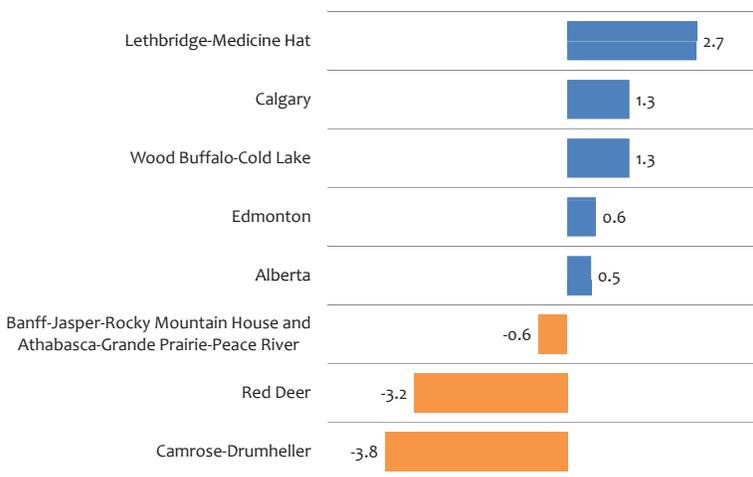
growth in the size of the labour force over the last 12 months. It is the much faster rate of labour force growth, compared with job growth (2.2 per cent), which has led to a sharp rise in the unemployment rate in recent months. The only Alberta regional economy that has a labour market that has outperformed the CER is the Lethbridge-Medicine Hat economic region. With many job seekers chasing few jobs, wage inflation has continued to decelerate. The annual growth rate of the average hourly wage rate was 5.5 per cent in February 2015. It has decelerated for seven straight months. The September 2015 estimate of the annual growth of the average hourly wage rate was 1.9 per cent. The deceleration in wage inflation may help curb the need for employers to lay off workers.

Chart 1: Share of full-time jobs remains elevated despite downturn
Full-Time and Part-Time Workers as a share of the Employed (per cent)



Sources: Statistics Canada, Corporate Economics, October 2015

Chart 2: CER labour force participation has increased in the last year
Annual change in Labour Force Participation Rates (percentage points)



Sources: Statistics Canada, Corporate Economics, October 2015

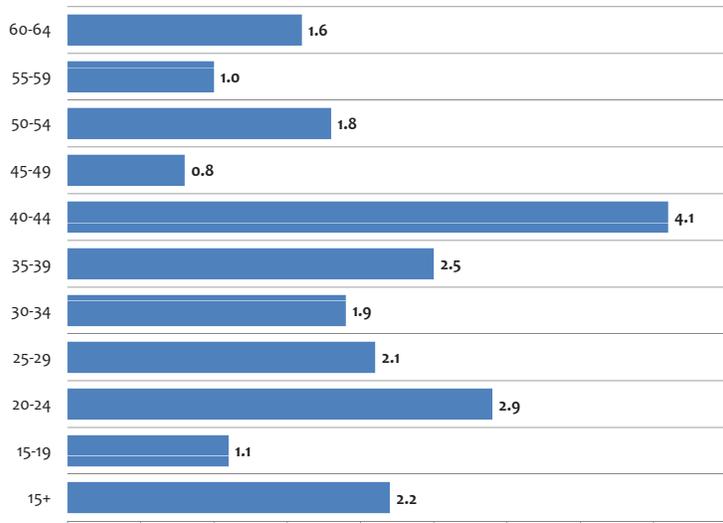
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The recent surge in the unemployment rate has affected all age and gender groups, with the most adverse impact on male workers and those in the 40-44 age range. The September 2015 unemployment rate was 6.9 per cent. This is much higher than the 4.7 per cent rate recorded in September 2014, and unchanged from the rate recorded in August 2015. Unemployment rates are up for all CER age groups. Some age groups have fared better than others. The age specific unemployment rate for those aged 45-49 has increased by less than one percentage point. The deterioration in the age specific unemployment rates for those in a number of age groups is by at least two percentage points (Chart 3). The increase in unemployment rates has affected both the male and female workforce. The unemployment rate for the male workforce has increased more sharply from 3.8 per cent in September 2014 to 7.1 per cent in September 2015. Over the same period, the increase in the female unemployment rate was from 5.9 per cent to 6.6 per cent. The demographic group most adversely affected by the current economic downturn are male and female workers in the 40-44 age range; they have experienced an increase in the unemployment rate to 10.0 and 9.3 per cent, respectively. Individuals in this group would feel some strain if they are involved in supporting retired parents and/ or caring for young children. They may also require retraining programs should the downturn remain prolonged and alter the structure of the local labour market.

increased over the last year. Over the same period, the number of disqualifications and disentitlements in Alberta increased 32.8 per cent. Thus, the increase in the probability of entitlement appears to be due in large part to the EI system's automatic adjustment to changes in the local unemployment rates in several Alberta economic regions. The Alberta B/U rate has increased from 27.3 per cent in July 2014 to 36.5 per cent in July 2015. The continued increase in the number of regular EI beneficiaries has been accompanied by a continued increase in the size of benefit payments. Although the 12 month rolling sum of Alberta EI benefit payments started to accelerate in March 2015, the value remains well below the peak experienced during the last downturn (Chart 4). The peak for the last downturn was \$1.364 billion, compared with a July 2015 value of \$0.958 billion.

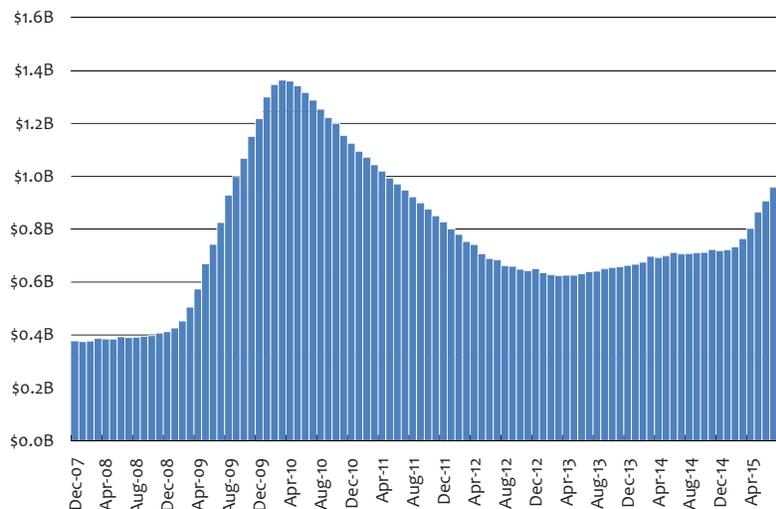
Chart 3: Higher unemployment rate hurts middle-aged workforce
Annual Change in Age Specific Unemployment Rates (percentage points)



Sources: Statistics Canada, Corporate Economics, October 2015

The number of EI beneficiaries and the size of benefit payments continue to accelerate. Over the 12 month period from July 2014 through to July 2015, the number of regular EI beneficiaries in the CER climbed up from 11,230 to 18,860, an increase of 7,630 or 67.9 per cent. The growth of regular EI beneficiaries was more than the growth of the unemployed (by 67.9 per cent compared to 44.0 per cent), and the share of unemployed workers drawing regular EI benefits (the Beneficiary-to-Unemployed or B/U rate) increased from 25.0 per cent to 29.1 per cent. This suggests that the probability of EI entitlement for the unemployed has

Chart 4: Surge in EI benefit payments is milder than prior recession
12 month rolling sum of EI benefit payments to Alberta beneficiaries (\$ billions)



Sources: Statistics Canada, Corporate Economics, October 2015

Labour Force Statistics (Seasonally unadjusted 3 month moving average)

	Description	Sep-15	Aug-15	Sep-14	Annual Change
CALGARY ECONOMIC REGION	Working Age Population ('000)	1,271.8	1,269.2	1,237.6	34.2
	Labour Force ('000)	952.1	954.5	911.2	40.9
	Labour Force Participation Rate (%)	74.9	75.2	73.6	1.3
	Employment ('000)	886.7	888.5	868.0	18.7
	Employment Rate (%)	69.7	70.0	70.1	(0.4)
	Unemployment ('000)	65.4	66.0	43.2	22.2
	Unemployment Rate (%)	6.9	6.9	4.7	2.2
	Alberta	Working Age Population ('000)	3,365.1	3,359.8	3,295.5
Labour Force ('000)		2,481.7	2,482.7	2,412.6	69.1
Labour Force Participation Rate (%)		73.7	73.9	73.2	0.5
Employment ('000)		2,325.9	2,329.7	2,295.1	30.8
Employment Rate (%)		69.1	69.3	69.6	(0.5)
Unemployment ('000)		155.8	153.1	117.5	38.3
Unemployment Rate (%)		6.3	6.2	4.9	1.4

Sources: Statistics Canada, Corporate Economics, October 2015

Next update: November 6, 2015

