

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 September 2014 Labour Force Survey for the Calgary Economic Region (CER) showed that:

- Employment decreased by 2,000 people from August 2014.
- Many individuals exited the labour market in September as the size of the labour force dropped by 10,000 people.
- The large outflow of unsuccessful job seekers led to a drop in the unemployment rate from 5.5 per cent last month to 4.6 per cent.

Other Highlights from this month's focus on Canada's big cities

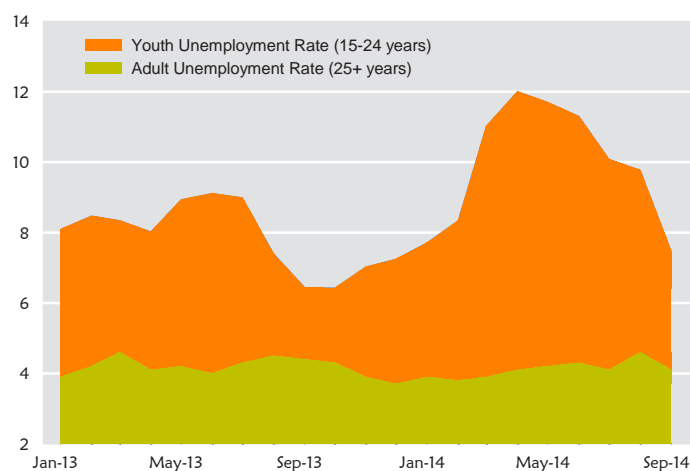
2014 CER labour market improvements have not been robust. Some slack has started to creep into the CER labour market this year.

The youth (ages 15-24) unemployment rate has taken a sudden turn for the better only because of a drop in labour force participation. For September 2014, the CER unemployment rate was estimated at 4.6 per cent. This is down from the 5.5 per cent rate in August 2014 as well as from the 4.8 per cent rate recorded in September 2013. Until this September, the CER youth (ages 15-24) unemployment rate had been higher in 2014 than in 2013. The adult (ages 25+) unemployment rate has remained relatively stable (Chart 1). Twelve months ago, the CER youth unemployment rate was 6.4 per cent. It increased to 11.7 per cent in May 2014. This September, the youth unemployment rate was estimated at 7.5 per cent because of a sharp drop in labour force participation for those aged 20-24 years, from 87.6 per cent in August 2014 to 83.2 per cent in September 2014. The Alberta average youth unemployment rate increased from 7.5 per cent in September 2013 to 9.4 per cent in September 2014. The Canadian youth unemployment rate stood at 13.4 per cent in September 2013 and has remained steady with an estimated rate of 13.3 per cent for September 2014.

Industry level job growth is mixed with 8 industries shedding jobs and 7 others gaining jobs in the last 12 months. Total employment in the CER was estimated at 864,900 in September 2014. This is down from 866,900 in August 2014, but up from 847,100 in September 2013. For Calgary CMA, total employment increased from 786,800 in September 2013 to 804,600 in September 2014. Calgary CMA jobs have increased 2.3 per cent in the last 12 months, while CER jobs have increased 2.1 per cent. The CER working age population was estimated at 1,232,500 in September 2014, up from 1,229,000 in August 2014 and 1,186,600 in September 2013. This 45,900 people increase in the working age population represents a 3.9 per cent annual pace of growth. As a result of this high population growth, the employment rate has fallen from 71.4 per cent in September 2013 to 70.2 per cent in September 2014. In the last 12 months, job losses in 8 industries

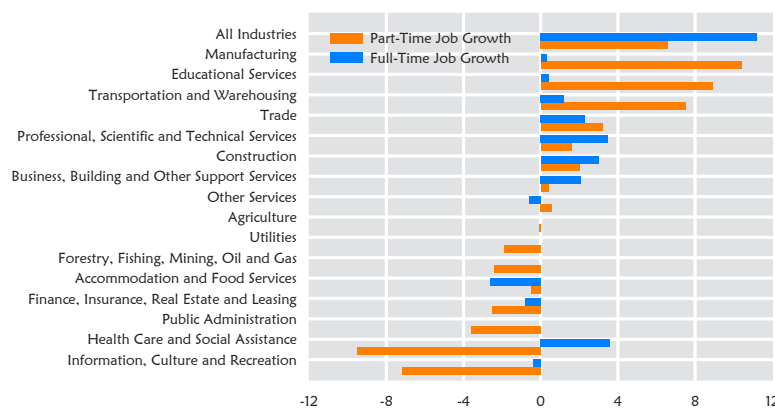
have held back improvement in the employment rate. The affected industries are information, culture and recreation (7,600); health care and social assistance (5,900); public administration (3,600); fire insurance, real estate and leasing (3,300), accommodation and food services (3,100); forestry, fishing, mining, oil and gas (2,400); utilities (1,900); and agriculture (100). Employment growth in manufacturing (10,700); educational services (9,300), and transportation and warehousing (8,700) industries were sufficient to fully recover the job losses. In addition to these three industries, both part-time and full-time job creation in another 4 industries ensured employment growth (Chart 2). The manufacturing industry leads the way for full-time job creation with 10,400 new full-time jobs offsetting the loss of 9,500 full-time jobs by the health care and social assistance industry. A total of 6,600 part-time jobs were created with the health care and social assistance industry providing 3,600 of the positions that were picked up by job seekers.

Chart 1. Sudden Improvement in the Youth Unemployment Rate
(3 month moving average, per cent)



Sources: Statistics Canada, Corporate Economics, October 2014

Chart 2. CER Job Growth is Mixed Across Industries
(3 month moving average, thousands of people)



Sources: Statistics Canada, Corporate Economics, October 2014

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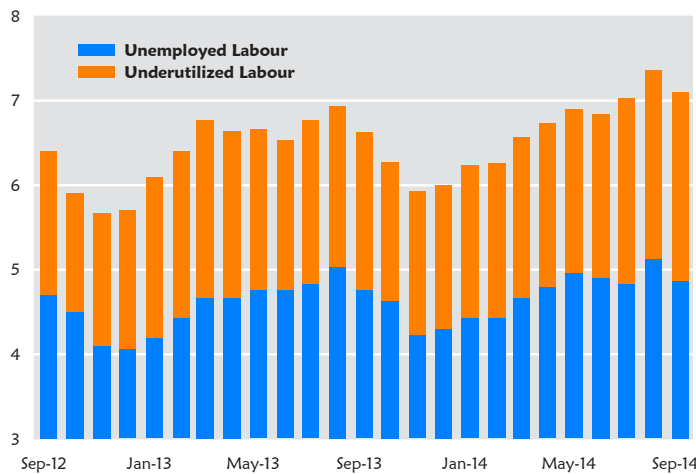
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Other signs of increased slack in the CER and Alberta labour markets have emerged in 2014. Between September 2013 and 2014, the CER labour force increased 1.9 per cent from 889,900 to 906,900. This is slower than the growth of the working age population and has resulted in a decline in the labour force participation rate. The CER labour force participation rate has fallen from 75.0 per cent in September 2013 to 73.6 per cent in September 2014. The number of individuals in the CER working age population outside the labour force has increased 9.7 per cent from 296,700 to 325,600. In Alberta, more individuals that want to work are outside the labour force (9.6 per cent) compared with the national average (4.2 per cent). The unemployment and labour underutilization rate for Alberta that includes the unemployed, discouraged job searchers, marginally attached workers (individuals waiting for recalls, replies and having long-term future starts) and underemployed workers (involuntary part-timers measured in full-time equivalents) breached the 7 per cent rate for the first time in 2 years this past July and has remained above this level (Chart 3). This is evidence of more slack in the Alberta labour market in 2014 compared with 2013. The number of unemployed persons in the CER decreased from 42,800 in September 2013 to 42,000 in September 2014. In August 2014, there were 50,000 unemployed people. Thus many (about 8,000) unsuccessful job seekers have exited the labour market in the last month. This is also evidence in support of more labour market slack in the CER driven by a large net-migration induced supply of labour resources.

Chart 3. Alberta's Unemployment and Underutilization Rate
(3 month moving average, per cent)

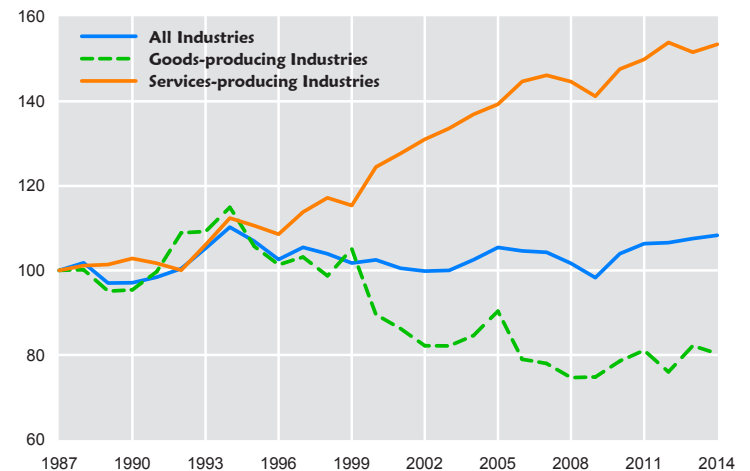


Sources: Statistics Canada, Corporate Economics, October 2014

Goods-producing sector labour productivity stagnation has held back the CER output growth, while services-producing sector labour productivity improvements continue. The average real output per worker in the Calgary CMA for the first half of 2014 was estimated at \$145,125 compared with an average of \$144,078 for all of 2013. Long term improvements in CER output per worker are attributable to the services-producing sector, which have offset goods-producing sector labour productivity stagnation (Chart 4).

When labour productivity is measured as real output for each hour worked, the average annual rate of goods-producing sector labour productivity growth is slower than services-producing sector labour productivity growth at the provincial and national levels. Alberta's goods-producing private sector increased at an average annual rate of 0.7 per cent between 2007 and 2013, while services-producing private sector labour productivity increased at an average annual rate of 1.4 per cent. Similarly, Canada's goods-producing private sector labour productivity increased at an average annual rate of 0.6 per cent, while the services-producing private sector labour productivity increased at an average annual rate of 0.7 per cent. Goods-producing sector investments that have the ability to raise productivity are needed to raise economic output.

Chart 4. Service Industries Drive Calgary CMA Output per Worker Growth
(output per worker index, 1987=100)



Sources: Statistics Canada, Corporate Economics, October 2014

Labour Force Statistics

(Seasonally unadjusted 3 month moving average)

	Description	Sep-14	Aug-14	Sep-13	Annual Change
CALGARY ECONOMIC REGION	Working Age Population ('000)	1,232.5	1,229.0	1,186.6	45.9
	Labour Force ('000)	906.9	916.9	889.9	17.0
	Labour Force Participation Rate (%)	73.6	74.6	75.0	(1.4)
	Employment ('000)	864.9	866.9	847.1	17.8
	Employment Rate (%)	70.2	70.5	71.4	(1.2)
	Unemployment	42.0	50.0	42.8	(0.8)
	Unemployment Rate (%)	4.6	5.5	4.8	(0.2)
Alberta	Working Age Population ('000)	3,296.2	3,288.0	3,189.2	107.0
	Labour Force ('000)	2,416.3	2,430.4	2,359.7	56.6
	Labour Force Participation Rate (%)	73.3	73.9	74.0	(0.7)
	Employment ('000)	2,299.1	2,306.2	2,247.8	51.3
	Employment Rate (%)	69.8	70.1	70.5	(0.7)
	Unemployment	117.2	124.2	111.9	5.3
	Unemployment Rate (%)	4.9	5.1	4.7	0.2

Sources: Statistics Canada, Corporate Economics, October 2014

Next update: November 7, 2014