

Labour Market Notes

Unemployment rate falls amid modest job growth

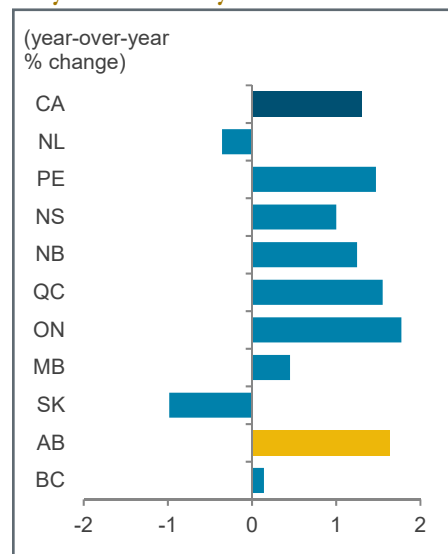
Alberta

- ◆ **Employment moves higher.** After a pause in April, employment edged up in May by 2,900.
- ◆ **Unemployment rate falls to a 33-month low.** The modest employment gains and a decline in the labour force pushed down the unemployment rate. It dropped 0.5 percentage points to 6.2% in May, the lowest level since August 2015. The labour force participation rate decreased 0.4 percentage points to 71.6%, the lowest level in 25 years.
- ◆ **Rotation to full-time employment continues.** All the job gains were in full-time (+3,200) while part-time employment was virtually unchanged (-200). Over the last year, full-time employment has increased by 38,000 while part-time employment has remained flat.
- ◆ **Gains in the service sector.** Employment in the service sector (+2,700) regained some ground after April's decline led by a strong gain in education (+5,300). Goods sector employment was virtually unchanged in May as increases in construction (+4,200) and mining, oil and gas (+2,900) were offset by declines in manufacturing (-3,100) and agriculture (-4,800).
- ◆ **Momentum slowing.** After strong growth in the latter part of 2017, the pace of employment gains has slowed. Alberta has added 5,800 jobs since December and 37,300 jobs over the last 12 months, down from a year-over-year increase of 54,900 in December 2017.
- ◆ **Year-over-year job growth led by goods sector.** Over the last year, the employment gains have been concentrated in the goods sector (+28,300), led by a rebound in construction (+11,500) and increases in natural resources (+9,300) and manufacturing (+9,200). Gains in the service sector have been modest (+8,900), with only education (+9,300) posting a strong increase.
- ◆ **Earnings move higher.** Average Weekly Earnings (AWE) ticked down 0.4% in March to \$1,149 but were up 2.6% compared to a year ago.

Canada

- ◆ **Modest monthly decline.** Nationally, employment dipped in May (-7,500) with only BC (-12,400) experiencing a significant decline. Canada has added 238,200 jobs over the last 12 months, for a year-over-year gain of 1.3 per cent down from 2.3% growth set in December 2017.
- ◆ **Unemployment rate held steady.** The Canadian unemployment rate was unchanged for the fourth month in a row at 5.8%, at a 43-year low.
- ◆ **Canadian earnings unchanged.** While Canadian AWE were unchanged in March at \$997, 3.1% higher than a year ago.

Employment Growth by Province, May 2018 vs. May 2017



Source: Statistics Canada

Alberta Labour Market Indicators

Indicator	Latest*
Employment	2,326,200
month-over-month change	2,900
year-over-year % change	1.6%
Alberta Unemployment Rate (UR)	6.2%
Edmonton UR**	6.5%
Calgary UR**	7.7%
Participation Rate	71.6%
Average Weekly Earnings (AWE)	\$1,148.99
year-over-year % change	2.6%
Average Hourly Wage	\$30.75
year-over-year % change	4.4%
Job Vacancy Rate***	2.0%

Source: Statistics Canada

* All data is from the May 2018 Labour Force Survey, except AWE which is the March 2018 Survey of Employment, Payrolls and Hours, and the Job Vacancy Rate is for February 2018.

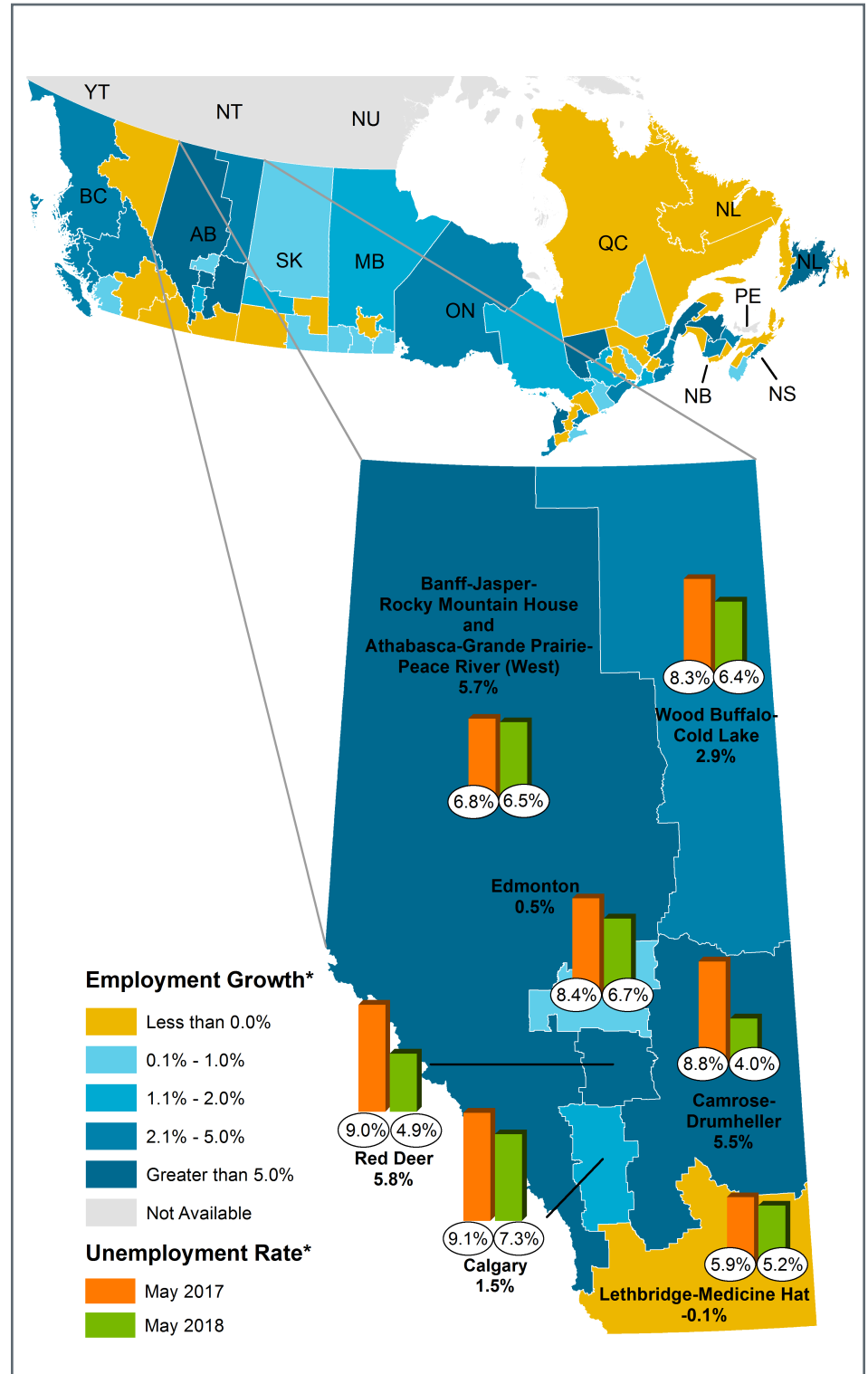
** This indicator is calculated as a three-month moving average and is seasonally adjusted.

*** This indicator is calculated as a three-month moving average and is not seasonally adjusted.

Regional labour market indicators

	2016	2017	2018 YTD
Alberta			
Population	1.3	0.9	1.1
Labour Force	0.6	0.7	0.0
Employment	-1.6	1.0	2.0
Unemployment Rate	8.1	7.8	6.7
Calgary			
Population	1.9	1.4	1.6
Labour Force	1.3	1.8	0.5
Employment	-1.7	2.7	2.3
Unemployment Rate	9.2	8.4	7.6
Edmonton			
Population	1.7	1.3	1.6
Labour Force	1.3	0.9	-0.9
Employment	-0.2	0.1	0.9
Unemployment Rate	7.4	8.1	6.8
West			
Population	0.0	-0.5	-0.4
Labour Force	-4.2	0.1	2.6
Employment	-5.3	0.5	4.3
Unemployment Rate	6.9	6.4	5.7
Lethbridge - Medicine Hat			
Population	0.0	-0.2	0.2
Labour Force	3.4	-4.4	-1.3
Employment	1.2	-3.3	-0.9
Unemployment Rate	6.9	5.7	6.2
Red Deer			
Population	1.2	0.5	0.5
Labour Force	-1.8	-0.1	0.2
Employment	-4.3	1.7	4.7
Unemployment Rate	8.6	6.9	5.2
Camrose - Drumheller			
Population	-0.3	-0.8	-0.7
Labour Force	-0.1	-0.6	-1.4
Employment	-3.4	-0.7	4.2
Unemployment Rate	7.8	8.0	4.2
Wood Buffalo - Cold Lake			
Population	0.9	-0.8	-1.9
Labour Force	-2.6	0.0	0.2
Employment	-4.0	1.8	3.2
Unemployment Rate	9.3	7.7	6.1

Employment growth by economic region
Percent change in year-over-year employment



Source: Statistics Canada

All number are percent growth, except unemployment rates

*Based on three month moving averages

Labour market adjusting

Alberta's unemployment rate has declined dramatically over the last 18 months. After peaking at 9.0% in November 2016, it has dropped to 6.2% in May. This labour InSight looks at how the unemployment rate has improved as the labour market adjusts following the 2015-2016 recession.

Significant improvements in the goods sector

The rapid decline in the unemployment rate has been led by the industries which were hardest hit in the downturn. The unemployment rate in the goods-producing sector has declined by more than 6.0 percentage points after peaking in July 2016, as the unemployment rate in the mining, oil and gas industries has returned

to pre-recession levels (Chart 1). The service sector unemployment rate has also declined, with the most extensive improvements in sectors that support the energy sector such as wholesale and transportation and warehousing.

Uneven across regions

The improvements have been uneven across regions. Unemployment rates in regions that directly support oil and gas extraction activities, such as Red Deer and Camrose-Drumheller have declined significantly over the last year. The year-over-year declines in Edmonton, Calgary and Lethbridge-Medicine Hat have been more modest (see map on the previous page).

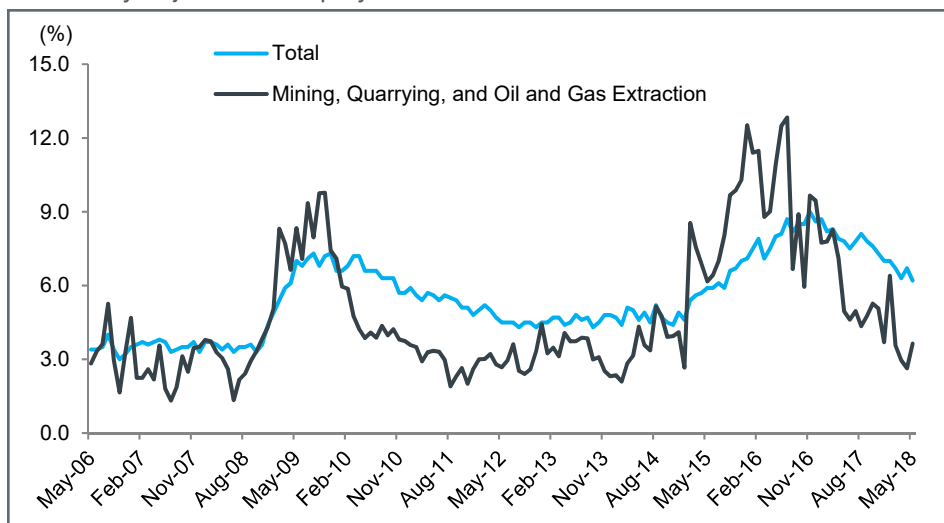
Labour force steady

The recovery in the unemployment rate has been accelerated by the slowing growth in the labour force. Despite continued growth in the working-age population, there has been virtually no growth in the labour force over the last 21 months, as the participation rate has declined. With no increase in the number of job seekers, the employment gains have made a large impact on the unemployment rate, as the number of unemployed has declined directly with the employment gains.

Room for improvement

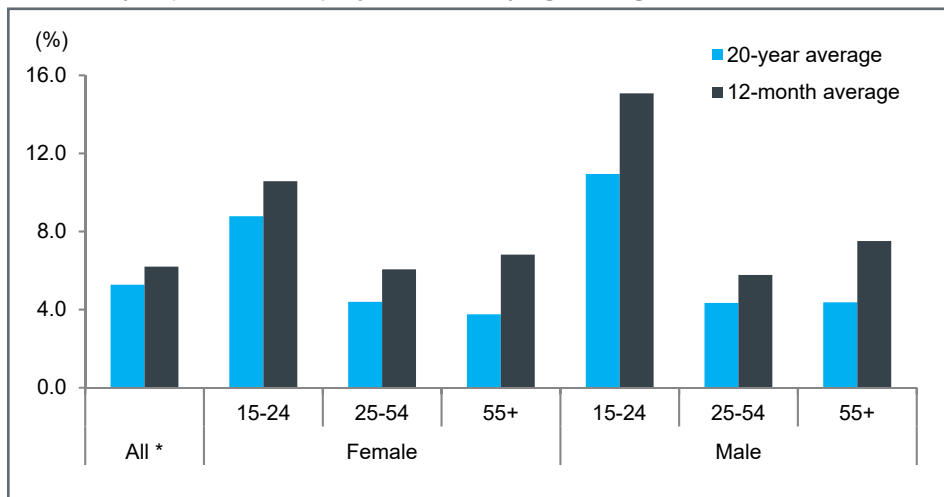
While the labour market has come a long way, it has further to go. Even with the dramatic decline in the unemployment rate, it remains higher than the historical average. With ongoing weakness in non-residential investment, the unemployment rates in the construction industry and business, building and other support service remain high. Unemployment rates for males (aged 15-24) and both males and females 55 years and older are also lagging the recovery and significantly higher than historical levels (Chart 2).

Chart 1: Decline in the unemployment rate led by natural resource sector
Seasonally adjusted unemployment rates in Alberta



Sources: Statistics Canada and Treasury Board and Finances

Chart 2: Alberta's unemployment rate remains elevated in some cohorts
Seasonally adjusted unemployment rate by age and gender



Source: Statistics Canada *Current seasonally adjusted level vs 20-year average

Have a question or idea for Labour InSight? Send us an [email](#).

Contact

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