

# Labour Market Notes

## Employment gains shift into reverse

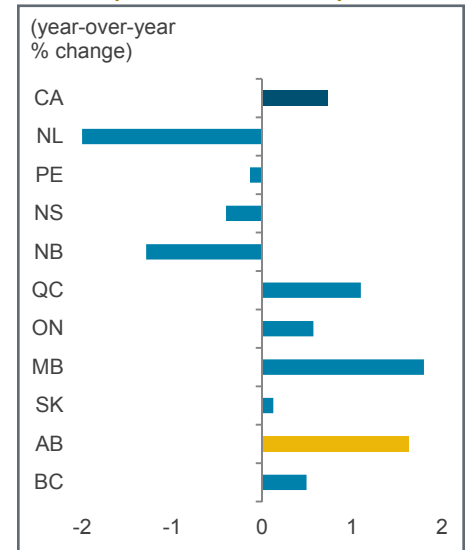
### Alberta

- ◆ **February losses erase January job gains.** Alberta employment fell by 14,000 in February, more than giving back the 13,700 jobs gained in January. The losses were somewhat expected as the economy begins to respond to lower oil prices.
- ◆ **Private sector losses abound.** February had a loss of 23,400 jobs in the private sector, the largest monthly loss on record and slightly more than the losses in August 2007. The public sector added 8,700 jobs and self-employment was relatively flat (+600).
- ◆ **Losses focused on oil related sectors.** The natural resource (-7,000), manufacturing (-6,100) and professional, scientific and technical service (-6,600) industries all posted large job losses. Trade (-10,400) recorded the largest industry loss. The construction (+7,000), and health care and social assistance (+5,900) sectors had the largest job gains.
- ◆ **Unemployment rate jumps.** Alberta's unemployment rate jumped by 0.8 percentage points to 5.3% in February. The job losses, combined with 5,700 people joining the labour force in February, caused the surge.
- ◆ **Momentum keeps employment well-above last year.** February's employment level was 36,700 higher than the same month last year. Year-over-year employment growth currently sits at 1.6%.
- ◆ **Earnings growth eases to end 2014.** Average weekly earnings in December were \$1,163, up 0.4% from November and 2.0% year-over-year (y/y). On an annual basis in 2014, average weekly earnings grew by 3.8% in Alberta.

### Canada

- ◆ **Employment edges down.** Canadian employment decreased by a modest 1,000 in February. Only Quebec (+16,800) and Ontario (+13,800) posted job gains. Alberta (-14,000) and British Columbia (-7,000) posted the largest losses while PEI employment remained flat. Canada has added 129,900 jobs since February 2014, a 0.7% gain.
- ◆ **Unemployment rate moves higher.** The Canadian unemployment rate increased by 0.2 percentage points to 6.8% in February.
- ◆ **Earnings growth jumps in December.** Canadian average weekly earnings were up 0.7% from the previous month to \$943 in December and 2.0% higher than a year ago. On an annual basis, average weekly earnings grew by 2.6%, its highest growth rate since 2010.

### Employment Growth by Province, February 2015 vs. February 2014



Source: Statistics Canada

### Alberta Labour Market Indicators

Indicator	Latest*
Employment	2,299,900
month-over-month change	-14,000
year-over-year % change	1.6%
Alberta Unemployment Rate (UR)	5.3%
Edmonton UR**	4.8%
Calgary UR**	5.0%
Participation Rate	73.0%
Average Weekly Earnings (AWE)	\$1,163.01
year-over-year % change	2.0%
Average Hourly Wage	\$28.71
year-over-year % change	2.3%
Job Vacancy Rate**	2.4%

Source: Statistics Canada

\* All data is from the Labour Force Survey for February 2015, except AWE which is from the December 2014 Survey of Employment, Payrolls and Hours (SEPH), and the job vacancy rate is for November 2014.

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

# What averages miss: momentum in the labour market

Averages do not always tell the whole story. Annual employment growth tells you how employment fared on average, between years, but masks trends during the year. Alberta's employment level was very high heading into 2015 due to strong momentum in late 2014. This means that without adding any jobs in 2015, annual average employment growth will be 1.2%. This month's Labour InSight discusses the role of momentum in driving annual employment growth.

## Why does momentum matter?

Economists sometimes say there is "a strong hand-off" going into a new year. This means that the economy has built up momentum in the latter stages of the

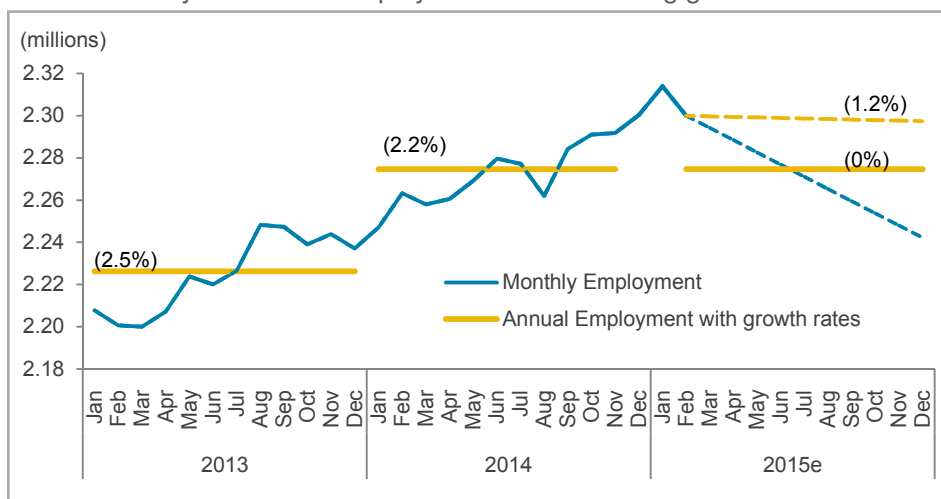
previous year. A strong hand-off occurs when December's employment level is well above the average for that year. When this happens, the labour market can post an annual gain the next year without creating a single job between January and December.

## Jobs carry forward into 2015

Alberta has a strong employment hand-off heading into 2015. December's employment level was 26,500 above 2014's annual average. This means that 26,500 jobs were carried forward into 2015. Due to this momentum, even if employment holds at December 2014's level of 2.3 million, average employment growth will be 1.2% in 2015. For employment growth to fall to 0%, the labour market will have to shed roughly 60,000 from February's level, assuming a linear decline (Chart 1). This would be the largest employment loss for the province in a twelve month period. So far in 2015, employment is roughly unchanged from December, as February job losses erased January gains. If employment remains at February's level, annual employment growth will still be 1.2%.

**Chart 1: Momentum buoys annual employment growth in 2015**

Alberta monthly and annual employment levels including growth rates



Source: Statistics Canada, Alberta Treasury Board and Finance

**Chart 2: Alberta normally carries forward jobs**

Jobs carried forward from the previous year



Source: Statistics Canada

## How does 2015's momentum compare to past periods?

Generally, Alberta's employment trends up through the year, creating a positive hand-off (Chart 2). December 2011's carry forward, at 45,900 jobs, was the largest since 2000. Growth would have been 2.2% that year if employment had remained at the December 2011 level. Alberta has carried forward job losses only once in the last 16 years. On average since 2000, jobs carried forward from the previous year have accounted for roughly one-third of total annual employment growth.

## Contact

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