

Labour Market InSight

Unemployment on the rise

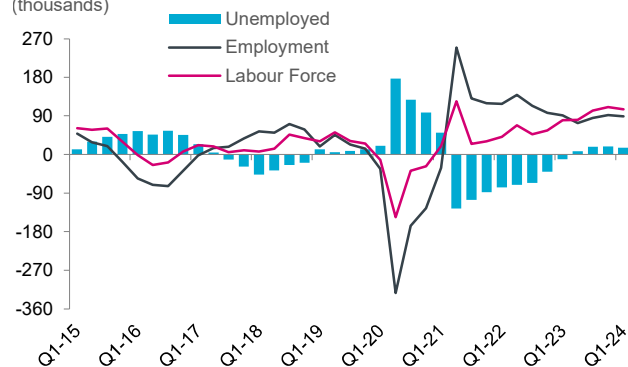
Although employment growth in Alberta has been robust, the surge in the province's population and labour force over the past year has led to a growing number of unemployed Albertans. The increase in unemployment has been most pronounced among youth and newcomers. Consequently, there has been a significant rise in the number of unemployed who have no work experience and are therefore ineligible for employment insurance benefits. This Labour Market Insight delves into the recent upturn in unemployment.

Growing number of unemployed

Unemployment in the province has been on the rise and is now back to 2019 levels. As of March 2024, there were 169,000 unemployed Albertans, up 20,400 (+14%) from a year ago and up 46,600 from the seven-year low in July 2022. The increase comes with Alberta's historic population growth, which has resulted in a rapid expansion of the labour force. Alberta's labour force grew 105,000 (+4.1%) year-over-year (y/y) in the first quarter of 2024 and has exceeded the immense y/y gains in employment since the second quarter of 2023 (Chart 1). The unemployment rate – which measures the proportion of unemployed relative to the labour force – has moved above 6% since December, but it remains below pre-COVID levels. Despite unemployment gains, there are still fewer Albertans unemployed now than during the 2015-16 recession.

CHART 1: UNEMPLOYMENT RISING WITH LABOUR FORCE GROWTH

Annual level change by labour market indicator, quarterly (thousands)



Sources: Statistics Canada and Haver Analytics

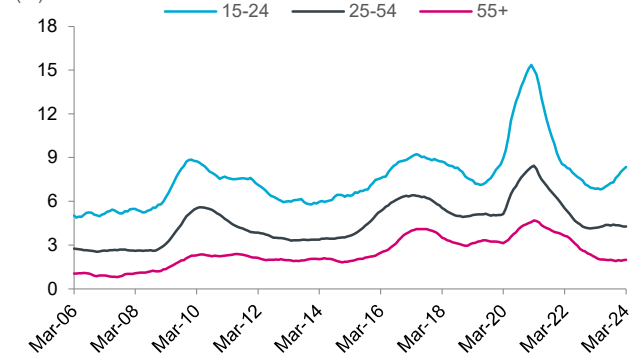
Disproportionate increase in youth unemployment

The rise in unemployment has been concentrated in the younger cohorts. Nearly all the increase in unemployment since mid-2022 has come from those younger than 35 years of age, while unemployment for the older age cohorts has been relatively steady or declining over the same period. With the number of unemployed in the younger cohorts rising at a faster pace than its population, the share of unemployed in this group has increased markedly. The rise has been most significant for youth (ages 15 to 24), where the share has increased by a full percentage point since mid-2022 to 8.0%, approaching the peaks during the 2015-16 recession (Chart 2). There has also been a noticeable increase in the proportion of unemployed for those aged 25-29. These upticks hold for both genders in the 15-19 and 25-29 cohorts, as well as for males in the 20-24 cohort. Rising unemployment and other factors have also discouraged many younger Albertans from looking for work. Since these individuals are not participating in the labour force, they are not captured in the ranks of the unemployed.

For more on Alberta's labour force participation rate, please refer to [Alberta's participation rate remains subdued](#).

CHART 2: DISPROPORTIONATE INCREASE IN YOUTH UNEMPLOYMENT

Percent of cohort that is unemployed, 12-month moving average (12-mo MA) (%)



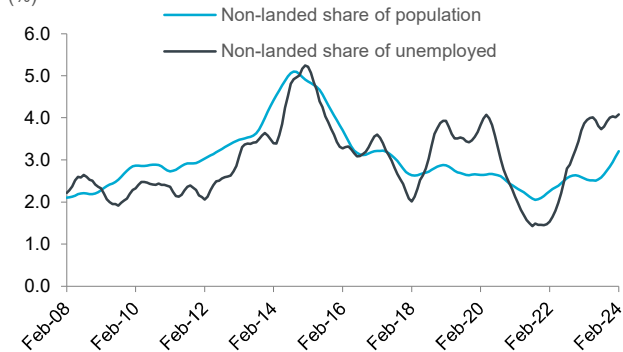
Sources: Statistics Canada and Haver Analytics

Slower transition into employment by newcomers

Much of the increase in unemployment has come from those just entering the labour market. These include individuals joining the labour market that recently arrived in Canada. The number of unemployed non-landed immigrants has moved up, reflecting a surge in Alberta's non-permanent resident (NPR) population. From Q1 2022 to Q1 2024, the number of NPRs in Alberta increased by over 118,000. Meanwhile, the share of unemployment among the non-landed immigrant population increased from 2.5% in early 2022 to over 4.0% in March (Chart 3). The increase among the non-landed immigrant youth has been even larger, rising by over two percentage points to 5.0%.

CHART 3: NON-LANDED ACCOUNT FOR HIGHER SHARE OF UNEMPLOYED

Non-landed share of population and unemployment, 12-mo MA (%)



Sources: Statistics Canada and Haver Analytics

Non-cyclical factors contributing to unemployment

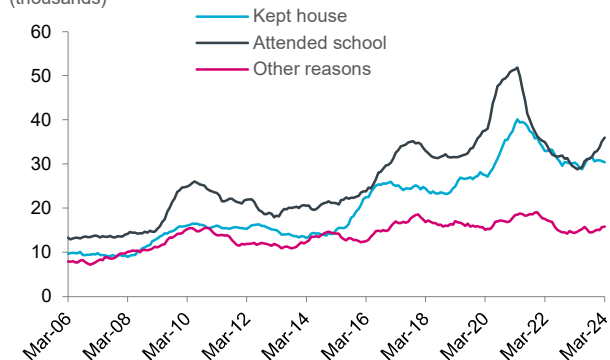
The increase in unemployment among youth and recent arrivals has occurred despite relatively strong economic conditions. Young and less experienced workers, along with recent arrivals and those less attached to the labour market, are often the first to lose employment during economic downturns. However, there has been only a mild uptick in the number of unemployed due to job loss. Much of the increase is due to the rising population and a growing difficulty in gaining experience and finding employment.

Increasing difficulty finding employment after school

The difficulty of securing employment when entering the labour market goes beyond just the recent arrivals. More people are failing to gain employment after attending school. The number of individuals unemployed after attending school has risen over the last year. In March 2024, 36,500 Albertans who were previously attending school were unemployed, an increase of more than 10,000 from the previous year. While this may include newcomers, it captures all individuals, all schooling types, and all reasons for leaving school. Meanwhile, the number of individuals who were unemployed, but who were previously not in school, has remained fairly steady over the last few years (Chart 4).

CHART 4: MORE PEOPLE UNEMPLOYED AFTER ATTENDING SCHOOL

Unemployment by previous activity, 12-mo MA (thousands)



Sources: Statistics Canada and Haver Analytics

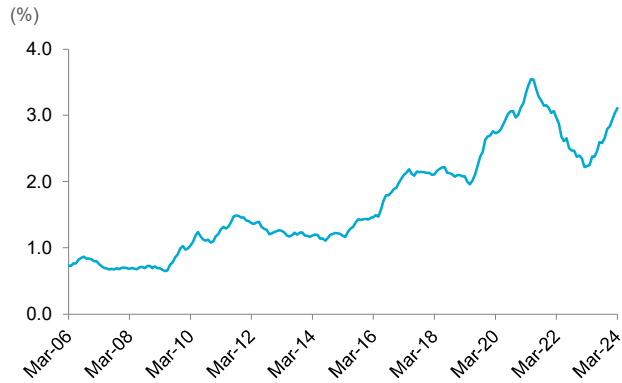
Many unemployed lack work experience

With the increase in unemployment largely driven by youth and non-landed immigrants, there has been a significant increase in the number of unemployed with no work experience. There were 34,100 unemployed individuals in March who had never worked, which is 9,300 more than a year ago. The number has been climbing over the last year and is at the highest level outside of the post-graduation spike in July 2023, as well as the summer of 2020 during the height of COVID.

The recent increase has been predominantly in the youth cohort. The proportion of the youth cohort that is unemployed and has never worked is growing rapidly (Chart 5). The increase has been accelerated by the swelling ranks of young non-landed immigrants who have not worked in Canada. The share of non-landed immigrants in the youth cohort has surged over the last two years from 2.7% to 5.0%. There has also been an increase in the unemployed over the age of 25 with no work experience, which corresponds to the growing share of non-landed immigrants.

CHART 5: MORE UNEMPLOYED YOUTH HAVE NEVER WORKED

Share of youth population that is unemployed and has never worked, 12-mo MA



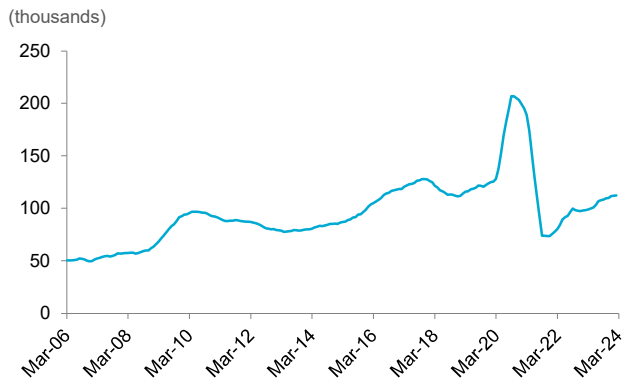
Sources: Statistics Canada and Haver Analytics

More unemployed are not eligible for Employment Insurance

With a growing share of unemployed who have not worked in the last year, as well as those who have never worked, the share of the unemployed who are not eligible for employment insurance (EI) is on the rise (Chart 6). EI is only available to those who have worked enough hours during the past 12 months. As of February, 49,930 Albertans were receiving regular EI benefits without declared earnings. This is only 1,100 more than in July 2022, much less than the increase in unemployment over the same period (+44,000).

CHART 6: EI NOT AVAILABLE TO A GROWING NUMBER OF UNEMPLOYED

Unemployed less EI recipients, SA 12-mo MA



Sources: Statistics Canada and Haver Analytics

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