

Labour Market Notes

Labour market steady in May

Alberta

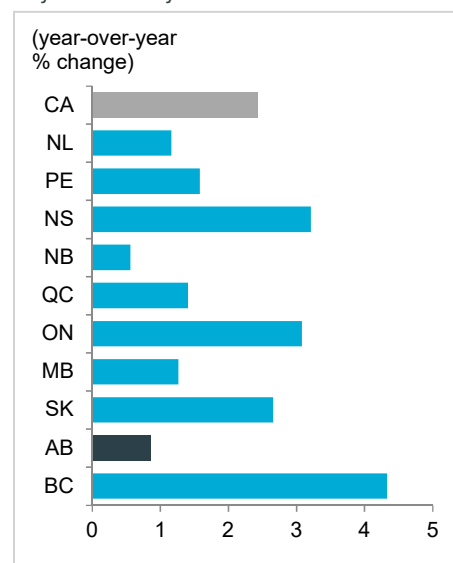
- **Employment eases.** After a significant gain in April, employment in Alberta pulled back slightly, and was down 2,200 in May.
- **Unemployment rate unchanged.** Despite the modest employment decline, the unemployment rate was unchanged at 6.7% as the labour force participation rate fell 0.2 percentage points to 71.5%.
- **Private sector takes a pause.** The private sector (-4,000) gave back some of the jobs added in April, while public sector employment (+1,100) and self-employment (+700) were little changed after gains in the previous month.
- **Full-time employment softens.** The number of full-time positions retreated in May (-21,300) after substantial gains over the previous three months. With the monthly decline, full-time employment has dipped below last year's level.
- **Modest year-over-year employment growth continues.** Since last May, Alberta's labour market has added 20,100 jobs for a modest year-over-year (y/y) growth of 0.9%. The growth has remained modest over the last six months as a substantial pullback in self-employment tempered strong gains in the private sector.
- **Weakness in the goods sector.** Employment in the goods-producing sector continued to wane, falling by 2,600 in May. In the past year, this sector has lost 12,100 jobs with a notable decline in construction (-15,200 y/y). Construction employment has declined in each of the last six months and fallen back below the June 2017 low.
- **Service sector moves ahead.** While employment in the service sector was relatively flat in May, it was 32,200 higher than a year ago. The gains were led by a resurgence in wholesale and retail trade (+15,300 y/y) and gains in health care and social assistance (+14,300 y/y) and other services (+11,300 y/y).
- **Earnings jump.** Average weekly earnings (AWE) surged \$18.00 in March to \$1,159.15. Compared to a year ago, earnings were up 0.4% led by higher earnings in the goods sector (2.6% y/y).

Canada

- **Modest employment gain.** Canada wide employment gains were modest in May (+27,700) as monthly gains in Ontario (+20,900) and BC (+16,800) were dampened by a pullback in Quebec (-11,600). Over the last 12 months, Canada added 453,100 jobs, the largest 12-month gain in 16 years. While employment in all provinces was higher than a year ago, the majority of the gain was in Ontario, British Columbia, and Quebec.
- **Unemployment rate falls to a 44-year low.** Nationally, the unemployment rate fell 0.3 percentage points to 5.4%, the lowest level since October 1974.
- **Canadian earnings continue to climb.** Canadian AWE increased by \$7.72 to \$1,016 in March with year-over-year growth of 1.9%.

Employment Growth by Province

May 2019 vs. May 2018



Source: Statistics Canada

Alberta Labour Market Indicators

Indicator	Latest*
Employment	2,347,600
month-over-month change	-2,200
year-over-year % change	0.9%
Alberta Unemployment Rate (UR)	6.7%
Edmonton UR**	6.8%
Calgary UR**	7.0%
Participation Rate	71.5%
Average Weekly Earnings (AWE)	\$1,159.15
year-over-year % change	0.4%
Average Hourly Wage	\$31.30
year-over-year % change	1.8%
Job Vacancy Rate***	1.7%

Source: Statistics Canada

* All data is from the May 2019 Labour Force Survey, except AWE which is the March 2019 Survey of Employment, Payrolls and Hours, and the Job Vacancy Rate is for February 2018.

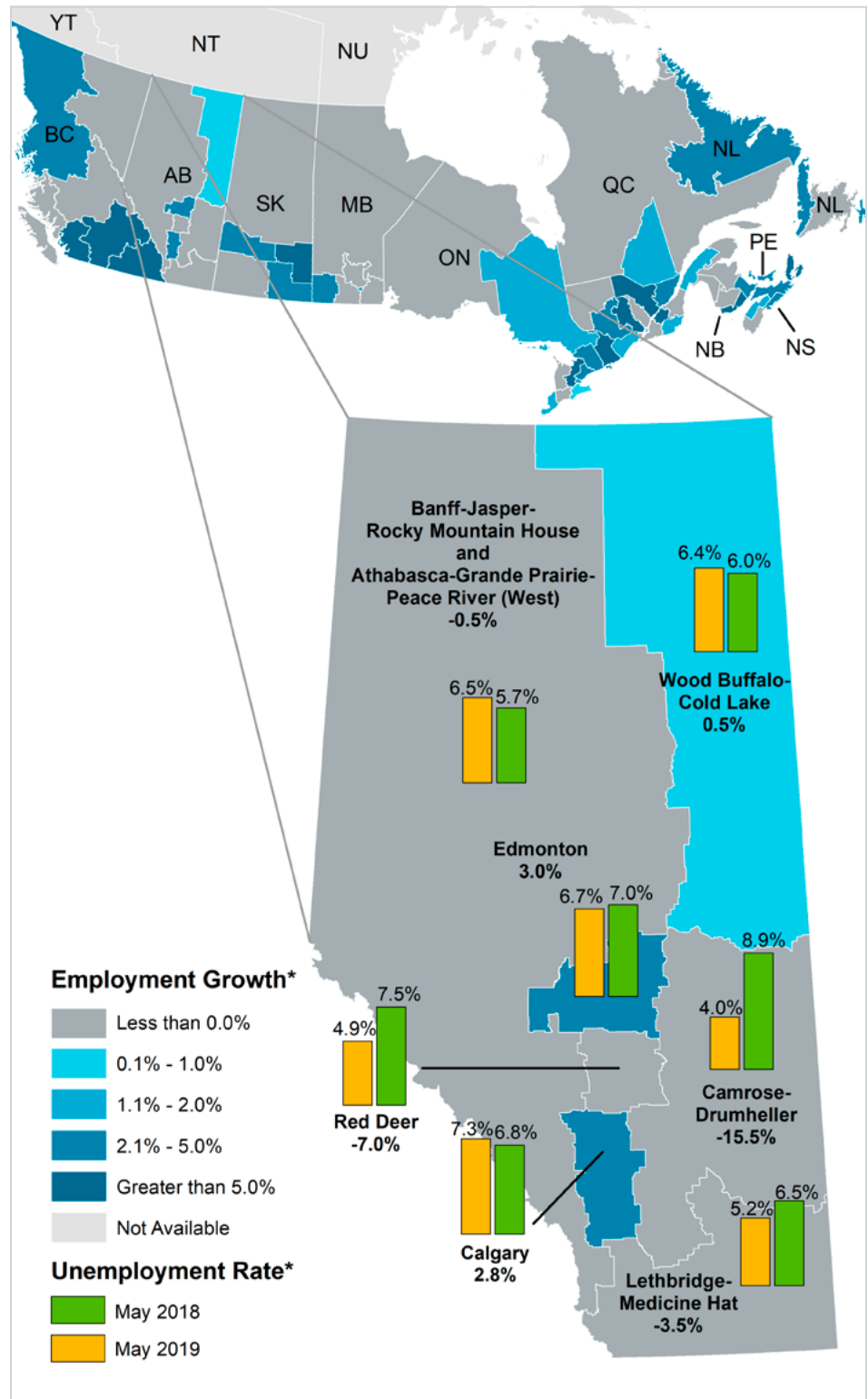
** This indicator is calculated as a three-month moving average and is seasonally adjusted.

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

Regional labour market indicators

	2017	2018	2019 YTD
Alberta			
Population	0.9	1.2	1.5
Labour Force	0.7	0.5	0.9
Employment	1.0	1.9	0.8
Unemployment Rate	7.8	6.6	6.9
Calgary			
Population	1.4	1.8	2.2
Labour Force	1.8	0.0	0.9
Employment	2.7	0.9	1.2
Unemployment Rate	8.4	7.6	7.3
Edmonton			
Population	1.3	1.8	2.0
Labour Force	0.9	0.7	4.1
Employment	0.1	2.6	4.0
Unemployment Rate	8.1	6.4	6.9
West			
Population	-0.5	-0.4	-0.5
Labour Force	0.1	2.9	-1.2
Employment	0.5	3.9	-0.5
Unemployment Rate	6.4	5.6	5.1
Lethbridge - Medicine Hat			
Population	-0.2	0.4	0.8
Labour Force	-4.4	-0.6	-3.9
Employment	-3.3	0.0	-3.7
Unemployment Rate	5.7	5.1	6.0
Red Deer			
Population	0.5	0.6	0.8
Labour Force	-0.1	3.1	-0.9
Employment	1.7	4.8	-1.4
Unemployment Rate	6.9	5.5	5.7
Camrose - Drumheller			
Population	-0.8	-0.6	-0.3
Labour Force	-0.6	-0.2	-10.1
Employment	-0.7	2.8	-14.5
Unemployment Rate	8.0	5.1	8.9
Wood Buffalo - Cold Lake			
Population	-0.8	-2.1	-2.4
Labour Force	0.0	-2.0	-1.3
Employment	1.8	-0.2	-1.2
Unemployment Rate	7.7	5.9	6.0

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

Resource production boosts productivity

The mining, oil and gas sector is a key driver of labour productivity in Alberta and Canada. This Labour InSight looks at labour productivity, measured as the real output per hour of work, in 2018.

Labour productivity highest in resource-based provinces

Resource-intensive provinces have historically been more productive than the rest of the country. Labour productivity in Saskatchewan, Alberta and Newfoundland and Labrador (NL) has consistently been higher than all other provinces. This trend continued in 2018, with labour productivity in these provinces over 30% higher than the next nearest province of British Columbia.

Strength arising from mining, oil and gas

The substantially higher productivity largely reflects the outsized share of the mining, oil and gas (MOG) industry in these provinces. The MOG industry is the most productive industry in Canada, with workers in this sector producing roughly \$290 of real output for every hour of work. This is 43% more than the next highest industry and multiples of all other sectors. Compared to other provinces this industry accounts for a relatively large percentage of hours worked in Saskatchewan, Alberta and NL (Chart 1).

Resource-based provinces also have a larger share of hours worked in other highly productive sub-sectors. In 2018, Canada's most productive manufacturing industry was petroleum and coal, followed by chemical and primary metal manufacturing, which includes the processing of mined aluminum and other non-ferrous metal. The pipeline

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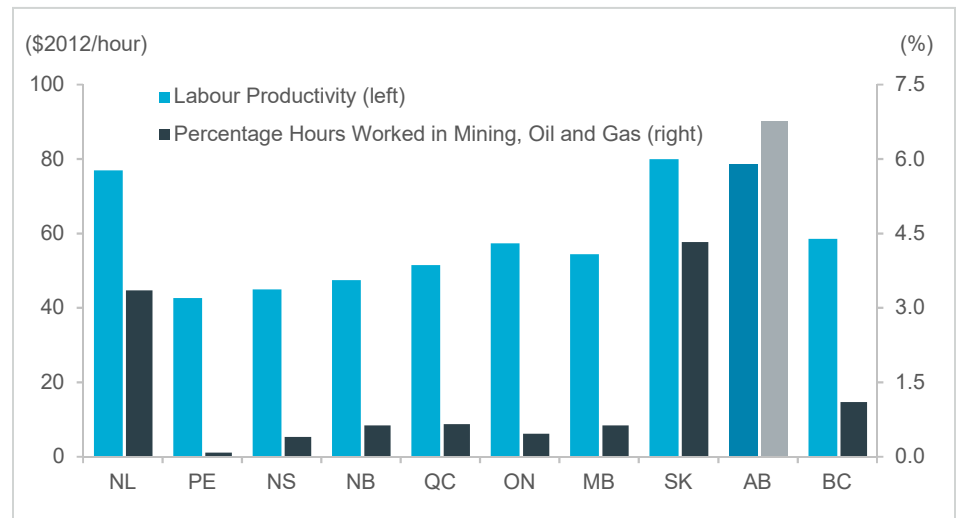
distribution of the oil and natural gas and petroleum product wholesalers were the most productive sectors within the transportation and wholesale industries. These industries lift total productivity and are concentrated in provinces with more resource production.

Higher productivity, higher pay

Industries involved with the development of resources are not only the most productive, they are also the highest paid in Canada (Chart 2). The total compensation paid to workers in mining, oil and gas extraction was \$59/hour in 2018, second only to those working in the utilities. Workers within other industries involved in the manufacturing and distribution of resources were also well paid. The outsized share of hours worked in these highly productive and highly paid industries boosts average weekly earnings in these three provinces. Ontario is the only province with relatively comparable earnings.

Chart 1: Productivity the highest in provinces with large resource sectors

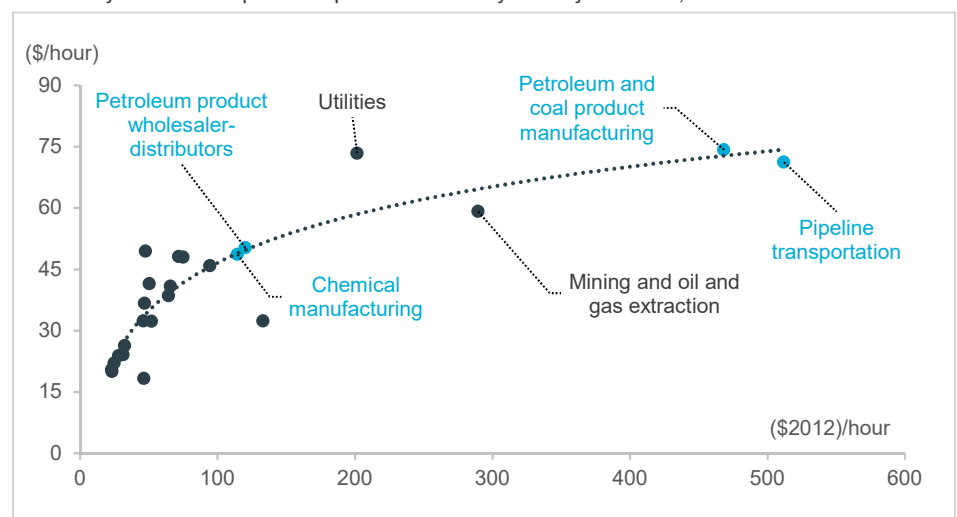
Real output per hour and percent of all hours worked in the mining and oil and gas extraction



Source: Statistics Canada (Table: 36-10-0480-01)

Chart 2: Compensation increases with productivity

Productivity and total compensation per hour worked by industry in Canada, 2018



Source: Statistics Canada (Table: 36-10-0480-01)

Dotted line is the logarithmic line of best fit