

# Labour Market Notes

## Labour market softening

### Alberta

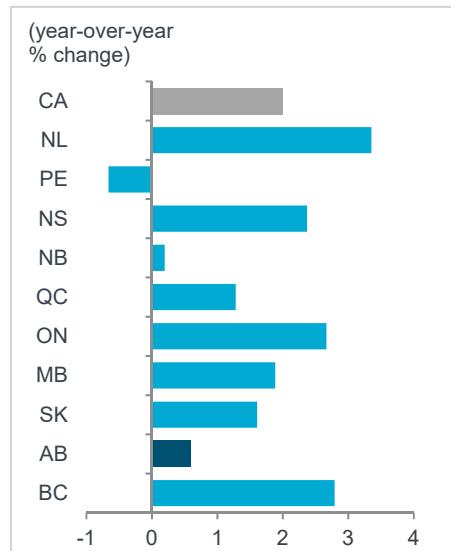
- **Modest employment gain.** Alberta added 3,800 jobs in February following sharp declines in the previous two months.
- **Unemployment rate climbs higher.** Despite the modest job increase, the unemployment rate jumped 0.5 percentage points to 7.3% as the labour force participation rate rose after hitting a 25-year low in January.
- **Gains in goods sector.** The monthly gains were concentrated in the goods sector (+4,000) as a rebound in natural resources and utilities offset ongoing declines in construction. Employment in the service sector was nearly unchanged as gains in public administration and accommodation and food services were tempered by losses in other service industries.
- **Public sector employment jumps.** There was an upturn in public sector employment (+11,500) after steady declines following a spike in May 2018. Conversely, employment in the private sector (-7,000) gave back some recent gains and self-employment was virtually unchanged.
- **Full-time employment in neutral.** Full-time employment increased by modest 1,900 in February following declines in the previous two months. With the recent pullback, full-time employment is at a similar level as early in 2018. Despite stalling, full-time (+84,500) positions have accounted for all the gains since the June 2016 employment low.
- **Year-over-year growth remains muted.** Alberta employment increased by 13,700, or 0.6%. Employment growth has slowed since peaking in November 2018 as gains in the private sector (+43,400) and public sector (+7,800) have been mitigated by declining self-employment (-37,700), which has retreated significantly from elevated levels a year ago.
- **Employment growth mixed across industries.** On a year-over-year basis, employment growth has been modest in the goods sector (+3,800) as solid gains in manufacturing have been partially offset by weakness in construction (-2,900), natural resources (-1,100) and agriculture (-3,800). Similarly, growth in the service sector (+9,700) has moderated as weakness in transportation and warehousing (-6,800) and finance, insurance and real estate (-7,300) have weighed on gains in other industries.
- **Earnings tick lower.** Average weekly earnings (AWE) dipped \$1.33 in December to \$1,148.

### Canada

- **Canadian employment moves higher.** Canada added 55,900 jobs in February, led by gains in Ontario and Quebec. Over the last 12 months, Canada has added 369,100 jobs, an increase of 2.0%.
- **Unemployment rate holds steady.** Nationally, the unemployment rate was unchanged at 5.8% as employment gains offset an increase in the participation rate.
- **Canadian earnings edge up.** Canadian AWE grew by \$0.83 to \$1,012 in December, 1.8% higher than a year ago.

### Employment Growth by Province

February 2019 vs. February 2018



Source: Statistics Canada

### Alberta Labour Market Indicators

Indicator	Latest*
Employment	2,330,200
month-over-month change	3,800
year-over-year % change	0.6%
Alberta Unemployment Rate (UR)	7.3%
Edmonton UR**	7.0%
Calgary UR**	7.6%
Participation Rate	71.8%
Average Weekly Earnings (AWE)	\$1,148.45
year-over-year % change	0.0%
Average Hourly Wage	\$31.28
year-over-year % change	1.3%
Job Vacancy Rate***	1.7%

Source: Statistics Canada

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

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

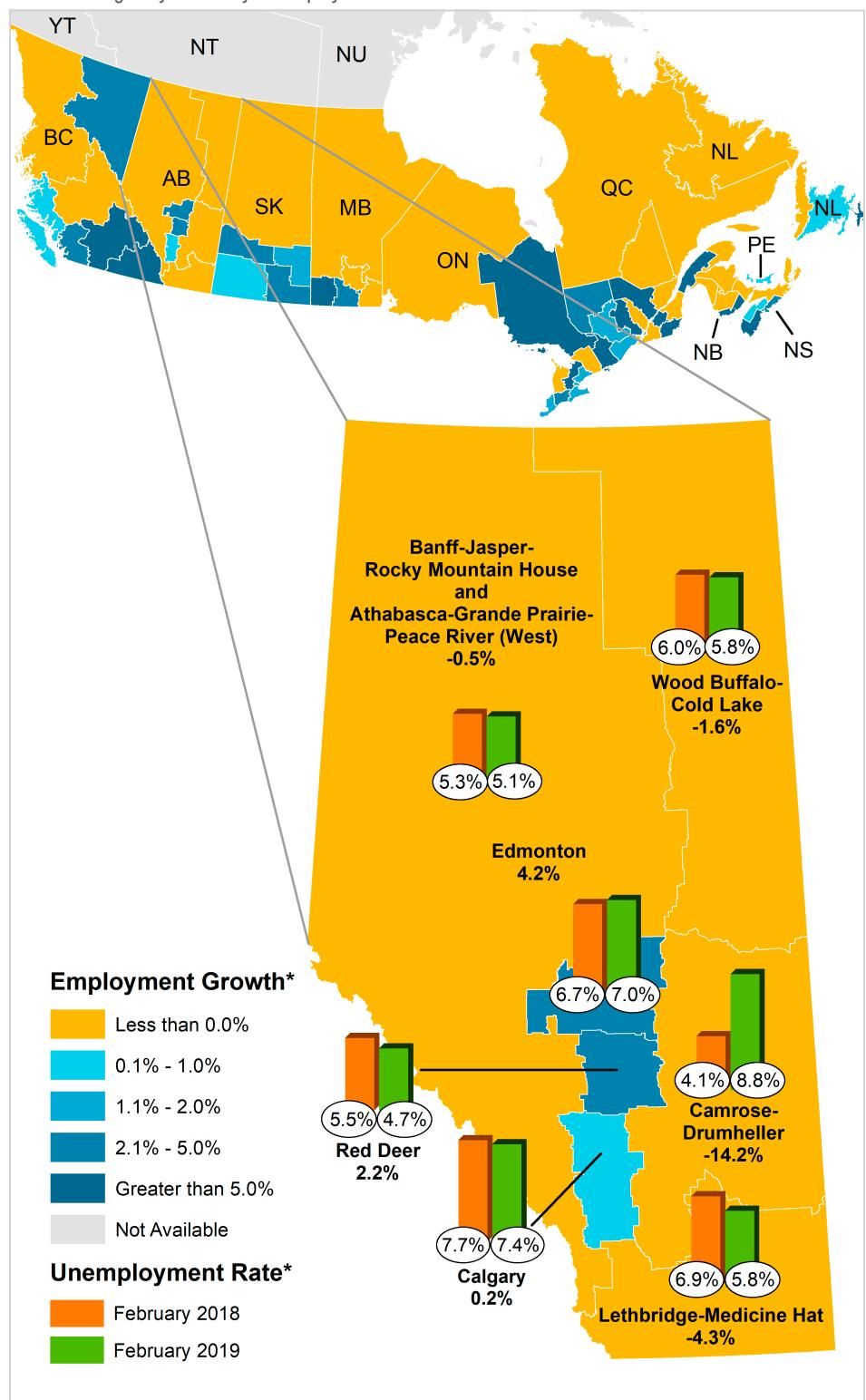
\*\*\* This indicator is calculated as a three-month moving average and is not seasonally adjusted.

## Regional labour market indicators

	2017	2018	2019 YTD
<b>Alberta</b>			
Population	0.9	1.2	1.5
Labour Force	0.7	0.5	0.7
Employment	1.0	1.9	0.6
Unemployment Rate	7.8	6.6	6.9
<b>Calgary</b>			
Population	1.4	1.8	2.2
Labour Force	1.8	0.0	-0.1
Employment	2.7	0.9	0.2
Unemployment Rate	8.4	7.6	7.4
<b>Edmonton</b>			
Population	1.3	1.8	2.0
Labour Force	0.9	0.7	4.5
Employment	0.1	2.6	4.2
Unemployment Rate	8.1	6.4	7.0
<b>West</b>			
Population	-0.5	-0.4	-0.5
Labour Force	0.1	2.9	-0.7
Employment	0.5	3.9	-0.5
Unemployment Rate	6.4	5.6	5.1
<b>Lethbridge - Medicine Hat</b>			
Population	-0.2	0.4	0.8
Labour Force	-4.4	-0.6	-5.4
Employment	-3.3	0.0	-4.3
Unemployment Rate	5.7	5.1	5.8
<b>Red Deer</b>			
Population	0.5	0.6	0.7
Labour Force	-0.1	3.1	1.3
Employment	1.7	4.8	2.2
Unemployment Rate	6.9	5.5	4.7
<b>Camrose - Drumheller</b>			
Population	-0.8	-0.6	-0.3
Labour Force	-0.6	-0.2	-9.8
Employment	-0.7	2.8	-14.2
Unemployment Rate	8.0	5.1	8.8
<b>Wood Buffalo - Cold Lake</b>			
Population	-0.8	-2.1	-2.3
Labour Force	0.0	-2.0	-1.7
Employment	1.8	-0.2	-1.6
Unemployment Rate	7.7	5.9	5.8

### Employment growth by economic region

Percent change in year-over-year employment



Source: Statistics Canada

All numbers are percent growth, except unemployment rates

\*Based on three month moving averages

## Slower earnings growth in second half of 2018

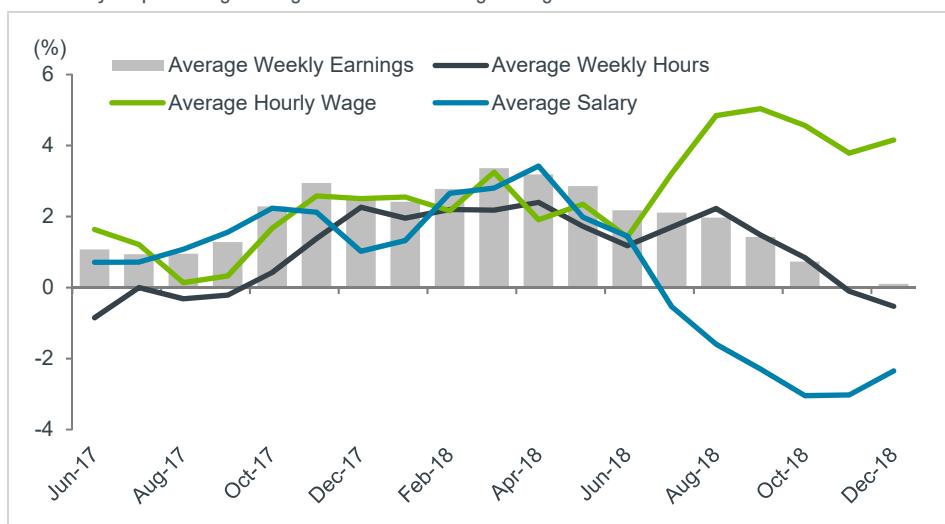
Average weekly earnings (AWE) continued to improve in 2018, but the pace of growth moderated. This Labour InSight looks at the growth in earnings in 2018 as reported in the Survey of Employment, Payrolls and Hours.

### Earnings growth slows in the second half

The pace of earnings growth slowed in the second half of 2018 after strong gains early in the year. The growth in the first half of 2018 was strong as hours worked, average hourly wages and salaries all increased (Chart 1). Earnings growth slowed markedly in the fourth quarter amid a pullback in hours worked and salaries. Despite the moderation, AWE grew 1.7% overall in 2018, building on a modest improvement of 1.0% in 2017.

### Chart 1: Growth in earnings slows with hours worked and salaries

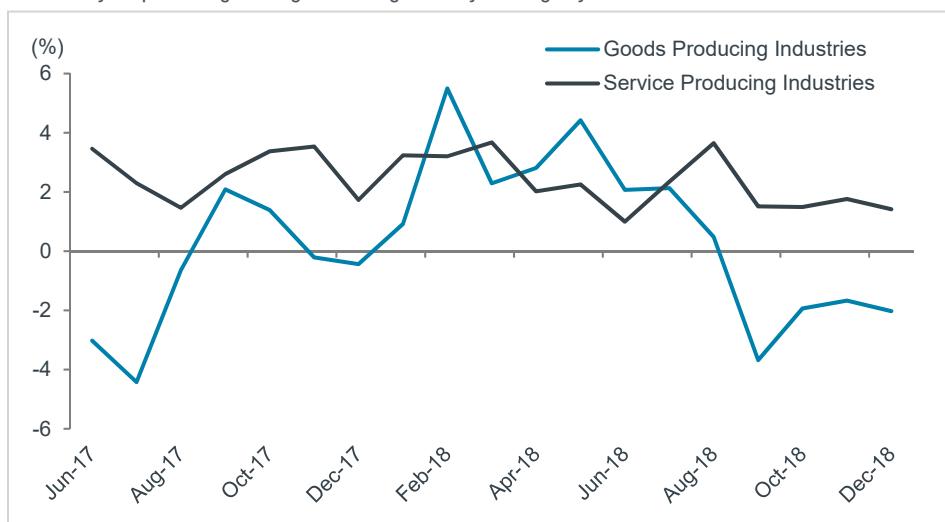
Year-over-year percentage change in 3-month moving average



Source: Statistics Canada

### Chart 2: Steady gains in service sector AWE while goods sector AWE pulls back

Year-over-year percentage change in average weekly earnings by sector



Source: Statistics Canada

### Goods sector fades in second half

The slowing growth in earnings was concentrated in the goods sector. AWE in goods sector earnings retreated in the second half of 2018 after holding onto gains earlier in the year (Chart 2). The declines were most pronounced in construction and mining, oil and gas extraction, where earnings were dragged down by a reduction in higher-paid salary positions. In contrast, AWE in the manufacturing sector surged in the latter half of 2018 to near a record high following weakness throughout much of the year. Despite the slowdown, goods sector AWE rose 0.8% in 2018.

### Service steady but mixed

Growth in service sector earnings was steady but uneven across the industries. From early 2017 on, AWE in the service sector posted year-over-year gains and increased by 2.3% in 2018. The gains, however, were not uniform, with earnings stagnating or trending lower in industries such as administrative support services and arts, entertainment and recreation. Meanwhile, AWE in health, accommodation and food services, and retail trade sectors grew consistently, year-over-year, with the latter two boosted by the ongoing rotation from part-time to full-time employment and the higher minimum wage.

### Other factors weigh on earnings

Earnings growth was also held back by a declining share of employees in goods sector and those on salary. On average, employees in the goods sector earn more than those in the service sector and those paid by salary earn more than those paid hourly. The share of both goods sector and salaried employees fell in 2018, limiting the growth in earnings.

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