

LABOUR MARKET OBSERVER

Commentary on Labour Market Performance in Newfoundland and Labrador

APRIL 2020

Table 1 provides summary of key labour market indicators for Newfoundland & Labrador in April 2020 based on estimates from the Canada Labour Force Survey (LFS). The estimates for April 2020 are compared to those for March 2020 and April 2019.

Table 1: Labour market characteristics, NL

			Change		Change (%)	
	Mar-20	Apr-20	Apr-19 to Apr-20	Mar-20 to Apr-20	Apr-19 to Apr-20	Mar-20 to Apr-20
Population	439,800	439,700	-1,500	-100	-0.3%	0.0%
Labour force	246,300	224,100	-35,000	-22,200	-13.5%	-9.0%
Employment	217,400	188,200	-40,300	-29,200	-17.6%	-13.4%
Unemployment	28,900	35,800	5,200	6,900	17.0%	23.9%
Unemployment rate (%)	11.7	16.0	4.2	4.3	-	-
Participation rate (%)	56.0	51.0	-7.7	-5.0	-	-
Employment rate (%)	49.4	42.8	-9.0	-6.6	-	-

Source: Statistics Canada. Table 14-10-0287-01 Labour force characteristics, monthly, seasonally adjusted (number of persons unless otherwise stated). Adults age 15+.

As anticipated, and noted in the previous LMO ([March 2020](#)), the NL labour market further deteriorated between March and April. In response to the COVID-19 pandemic, the Government of NL declared a public health emergency on March 18th. A Special Measures Order was then issued requiring a number of businesses to immediately close. These included fitness facilities and bars. Others continued to operate where they could guarantee ‘social distancing’, which typically required significant reductions in their capacity. Special Measures Orders have been amended and tightened over time, affecting virtually all businesses and sectors in the economy, as well as the movement of workers into and out of the province. As of March 31st, only retailers selling ‘essential goods’ could remain open and further controls on travellers arriving in the Province were introduced. Further amendments to the Orders were issued throughout April. These restrictions have certainly impacted the NL economy and demand for labour. The LFS estimates for March 2020 indicated immediate negative effects on the labour market. Further significant weakening is revealed in the April LFS estimates as tighter restrictions and the evolution of the pandemic have caused an extraordinary downturn in economic activity, not just in NL but across Canada and the world.

Compared to March, employment (of adults age 15 years and older) in NL fell by 29,200 persons (13.4%). Month-on-month, unemployment grew by 6,900 persons (23.9%) and the labour force (made up of adults who are employed or not employed but seeking work) contracted by 22,200 persons (9%). The unemployment rate in the Province increased by 4.3 percentage points (p.p.) from 11.7% to 16%. This is the highest the unemployment rate for the province since March 2010 when it was 16.1%. The participation rate fell by 5 p.p. to 51% in April 2020.

Comparing April 2020 to April 2019, the sharp downturn in the labour market is apparent. Year-on-year, the NL labour force contracted by 35,000 persons (13.5%). Employment fell by 40,300 persons (17.6%) and the number of unemployed persons increased by 5,200 (17%). The unemployment rate in April 2020 was 4.2 p.p. higher and the participation rate was 7.7 p.p. lower than in April 2019.

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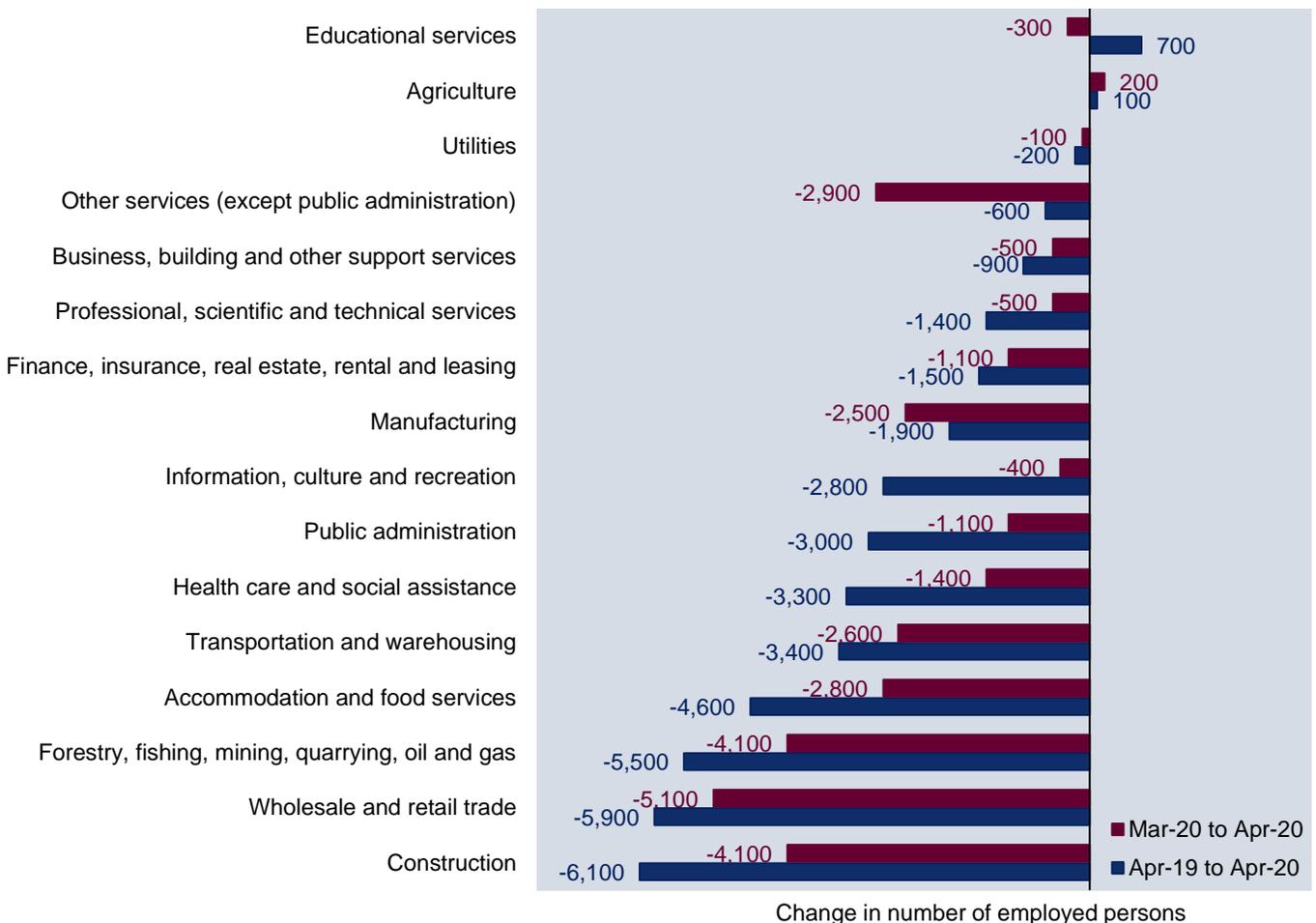
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EMPLOYMENT BY NAICS

Month-to-month and year-on-year changes in employment within sectors (North American Industry Classification System (NAICS)) are set out in **Figure 1**. As noted above, the restrictions put in place to deal with the COVID-19 pandemic have had vast impacts on all sectors. Looking at the year-on-year comparisons, employment levels in April 2020 are significantly lower than in April 2019 in ten sectors. The largest reductions in terms of levels of employment have been in: Construction (down by 6,100 persons); Wholesale and retail trade (down 5,900); and, Forestry, fishing, mining, quarrying, oil and gas (down 5,500). In terms of percentage reductions compared to the number of persons employed in each industry in 2019, employment levels fell by 30% or more in April 2020 in: Forestry, fishing, mining, quarrying, oil and gas (down 38%); Information, culture and recreation (down by 2,800 persons or 36% compared to April 2019); and, Construction (down 30%).

The largest reductions in employment levels between March and April 2020 were experienced in: Wholesale and retail trade (reduction of 5,100 persons); Construction (4,100); and, Forestry, fishing, mining, quarrying, oil and gas (4,100). These three sectors accounted for more than 45% of the total reduction in employment between March and April 2020. As a percentage of March 2020 employment levels, the largest reductions in employment were in: Forestry, fishing, mining, quarrying, oil and gas (reduction of 31%); Manufacturing (28% lower); and, Other services (except public administration) (25%).

Figure 1: Change in employment by industry (NAICS), Mar-2020 to Apr-2020 and Apr-2019 to Apr-2020



Source: Statistics Canada. Table 14-10-0355-01 Employment by industry, monthly, seasonally adjusted. Number of adults age 15+.

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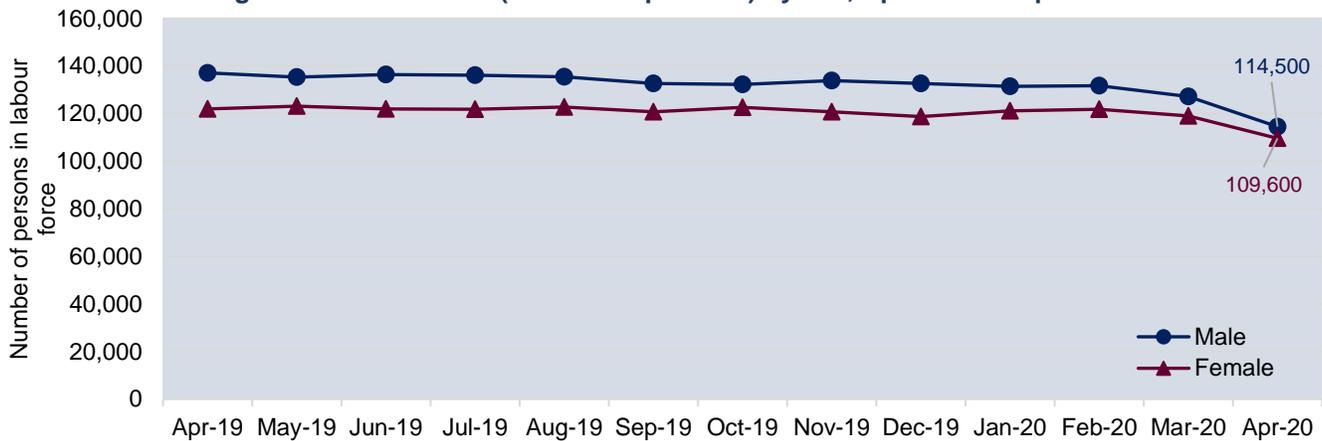
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DIFFERENCES BY SEX

A number of recent news articles highlight that the social and economic impacts of the COVID-19 pandemic are not hitting all members of society equally. This is true across different groups in the NL labour market. As noted above, April 2020 saw large reductions in the size of the Province’s labour force overall. **Figure 2** shows the number of persons in the labour force by sex on a monthly basis from April 2019 to April 2020. There were 114,500 males and 109,600 females in the NL labour force in April 2020. Month-on-month (April to March 2020), the labour force contracted by 10% and 7.9%, for males and females, respectively. From April 2019 to April 2020, the labour force shrank by 16.5% for males and 10.2% for females.

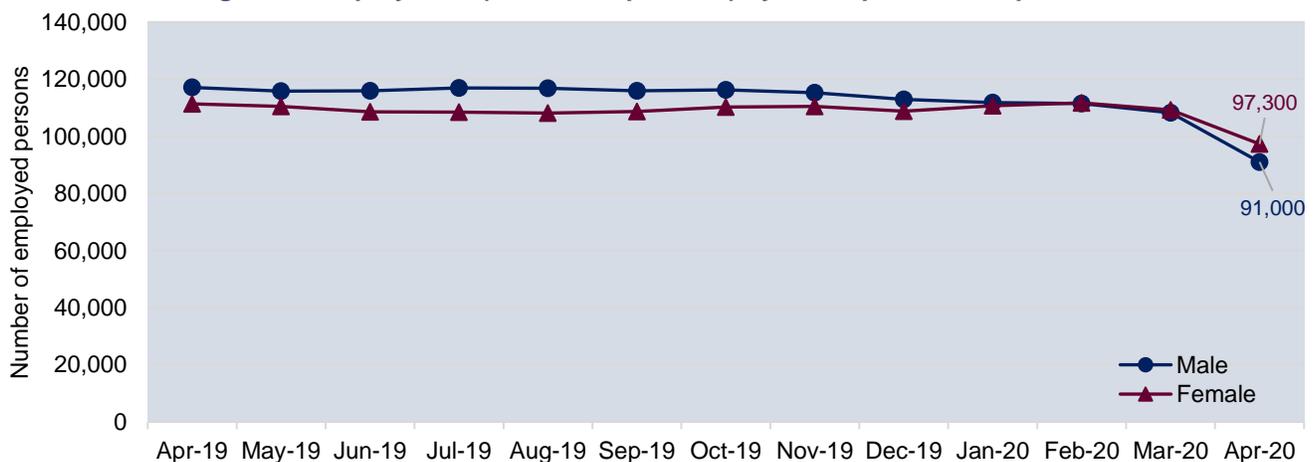
Figure 2: Labour force (number of persons) by sex, Apr-2019 to Apr-2020



Source: Statistics Canada. Table 14-10-0287-01 Labour force characteristics, monthly, seasonally adjusted. Adults age 15+.

Employment levels are shown in **Figure 3**. In April 2020, there were 97,300 females and 91,000 males employed in NL. In terms of the percentage change in employment, the effects of the pandemic appear to be greater for males than females. Compared to March 2020, the employment level for females fell by 10.9% compared to a reduction of 15.9% for males. Year-on-year (April 2019 to April 2020), there has been a 22.3% drop in the employment level of males and a 12.7% decrease for females.

Figure 3: Employment (number of persons) by sex, Apr-2019 to Apr-2020



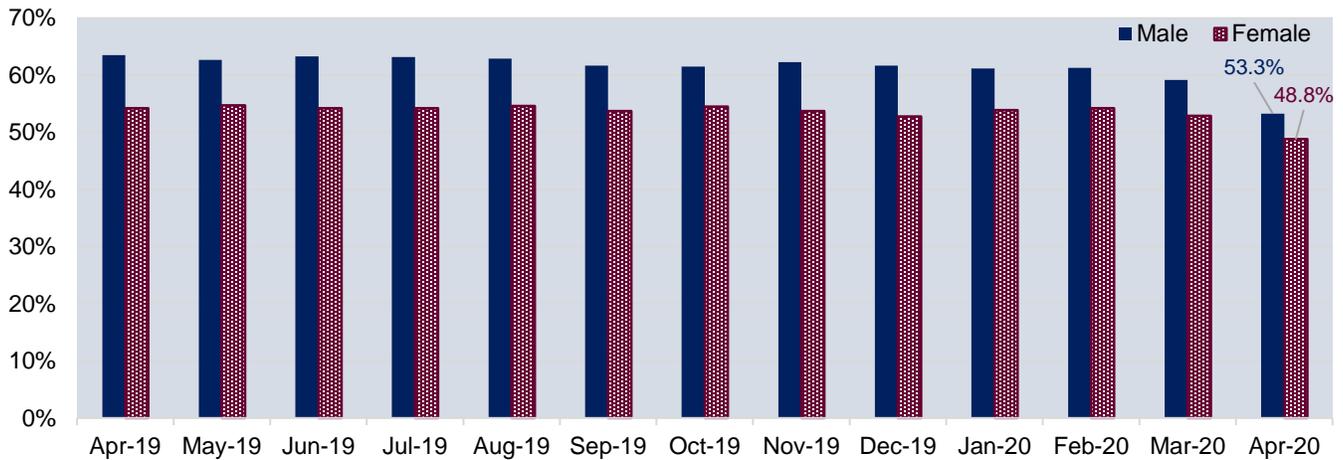
Source: Statistics Canada. Table 14-10-0287-01 Labour force characteristics, monthly, seasonally adjusted. Adults age 15+.

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The current pandemic and public health measures which have slowed down the economy and placed restrictions on people’s work and personal lives have had negative effects on individuals’ availability and ability to work, especially outside the home. **Figure 4** provides monthly participation rates by sex from April 2019 to April 2020. The drop in April 2020 compared to earlier periods is immediately noticeable. For males, the participation rate fell by 5.9 p.p. from March to April 2020. For females there was a 4.1 p.p. reduction month-on-month. Compared to April 2019, the participation rate for males was more than 10 p.p. lower whilst for females, it was down 5.4 p.p.. The male-female gap in the participation rate has narrowed over the period shown. In April 2019, the participation rate for males was 9.3 p.p. higher than for females. This difference fell to just 4.5 p.p. in April 2020. The participation rate in April 2020 was 48.8% for females.

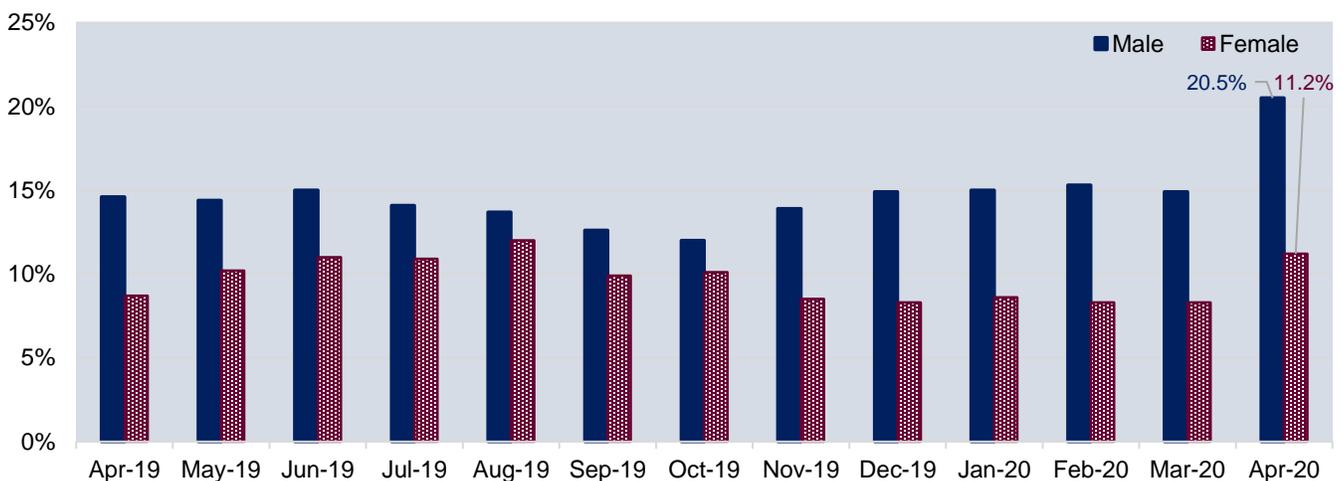
Figure 4: Participation rate (%) by sex, Apr-2019 to Apr-2020



Source: Statistics Canada. Table 14-10-0287-01 Labour force characteristics, monthly, seasonally adjusted. Adults age 15+.

Monthly unemployment rates by sex are illustrated in **Figure 5**. The unemployment rate for males increased markedly in April 2020, rising to 20.5%. This represents an increase of more than 5 p.p. on the previous month and nearly 6 p.p. compared to April 2019. For females, the increase in the unemployment rate was smaller, rising from 8.7% in April 2019 and 8.3% in March 2020 to 11.2% in April 2020.

Figure 5: Unemployment rate (%) by sex, Apr-2019 to Apr-2020



Source: Statistics Canada. Table 14-10-0287-01 Labour force characteristics, monthly, seasonally adjusted. Adults age 15+.

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At least part of the different changes in employment levels observed between males and females can be explained by the varying impacts of the pandemic by industry. As noted above (see [Figure 1](#)), the largest declines in employment have occurred in Construction, Wholesale and retail trade, and, Forestry, fishing, mining, quarrying, oil and gas. Whilst employment in Wholesale and retail trade is almost evenly split between males and females (females accounted for 53% of employment in this sector in April 2019), employment in the other two sectors is noticeably male-dominated (in April 2019, females accounted for 11% and 18% of employment in Construction and Forestry, fishing, mining, quarrying, oil and gas, respectively). The two sectors that are most female-dominated, Educational services (females accounted for 71% of employment in April 2019), and Health care and social assistance (79% female in April 2019), had much smaller downswings in employment levels to April 2020. From March 2020, employment fell by 1,400 persons in Health care and social assistance and by just 300 persons in Educational services.

The COVID-19 pandemic presents unprecedented circumstances. When considering the effects on the labour market then, taking a longer term perspective helps highlight how this characterization of the ongoing pandemic is fitting. An additional document, [April 2020 LMO – Extra Figures](#), provides graphs of monthly estimates of key labour market indicators for NL from January 1976 to April 2020. These longer time series data reveal that April 2020 saw some of the worst labour market conditions NL has experienced for a considerable period of time. The level of employment for males was historically low at 91,000 with a previous low of 98,800 in April 1997. For females, employment of 97,300 persons in April 2020 was at its lowest since July 2001 when it stood at 97,100. The participation rates of males and females were also strikingly low in April 2020 at 53.3% and 48.8%, respectively. This was the lowest female participation rate since September 1998 when it was just 48.1%. For males, the previous low was 56.7% in April 1997. The unemployment rate for males was 20.5% in April 2020, the highest since August 1998 when it was 21.2%.

WHAT NEXT?

As of May 11th 2020, some public health measures have been relaxed as the Province has seen relatively low levels of COVID-19 infection for a number of weeks. The Government of NL has developed Alert Levels 1 to 5 for the pandemic with 5 being the highest level of alert with the greatest number and severity of restrictions on activities in the Province. With the full month of April seeing the tightest and widest-reaching restrictions on businesses and households, it is unsurprising that the labour market has not fared well. As the province moved from Alert Level 5 to Level 4 on May 11th, a number of non-essential businesses are now permitted to resume operations, provided that appropriate physical distancing can be observed. With some restrictions being lifted and more businesses being permitted to get back to ‘normal’, the employment figures in May could show some signs of improvement over the April estimates. How well businesses are able to modify their normal operations to adapt to a ‘new normal’ will be an important determinant of any potential improvement that in the labour market.

The dampened level of demand in the economy overall will continue to impact businesses in NL and across Canada over the coming months and years. Alongside this is the significant negative impact of low oil prices on the valuable oil and gas sector of NL. The duration of the pandemic and the economic downturn will determine when, and to what extent, business and the labour market in NL can recover. Though the move to Alert Level 4 is a positive one from a public health point of view, as well as an economic perspective, there are some employers who may not be able to recover from losses they incurred since mid-March. The LFS estimates for May 2020 should suggest improvements in the NL labour market but, the path of recovery is likely to be a winding one.

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