

# LABOUR MARKET OBSERVER

## Commentary on Labour Market Performance in Newfoundland and Labrador

### AUGUST 2019

A summary of the latest labour statistics for Newfoundland & Labrador (NL) is set out in **Table 1**. The Canada Labour Force Survey (LFS) estimates for August 2019 are compared to figures for July 2019 and August 2018. Overall, the statistics reflect worsening labour market conditions, both year-on-year and month to-month.

Considering the labour market's performance in August 2019 compared to the previous month, the 500-person increase in the labour force was accompanied by an increase in unemployment (900 persons or 2.7%) and a decrease in employment (300 persons or 0.1%). The Province's participation rate increased by 0.1 percentage points (p.p.), but the unemployment rate went up by 0.3 p.p. and the employment rate fell by 0.1 p.p.. Overall, the month-to-month changes were relatively small. Over the summer (from May 2019), there had been little to no improvement in the labour market. Considering monthly changes, employment increased and unemployment decreased only between June and July 2019.

The year-on-year figures also point to deteriorating labour market performance in August 2019 compared to August 2018. Over this period, there was an estimated 4800-person (or -1.8%) reduction in the labour force and a 1500-person (or -0.7%) fall in employment. Unemployment fell by 3300 persons (or -8.9%) but while on its own, a decrease in unemployment might be viewed as a positive sign, this was more than offset by contraction of the labour force. The unemployment rate fell by 1 p.p. but at the same time the participation rate fell by 0.7 p.p..

### EMPLOYMENT BY SECTOR

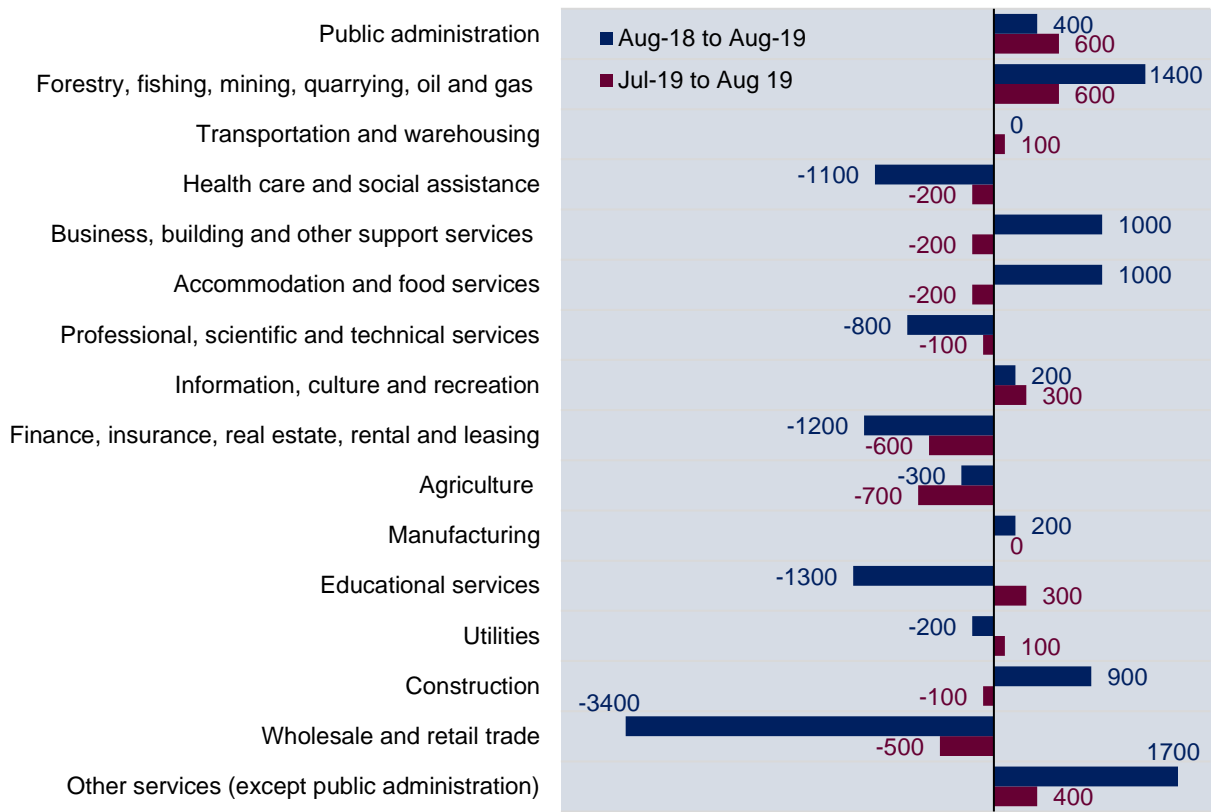
**Figure 1** (page 2) disaggregates the overall changes in employment by industry (NAICS). From July to August 2019 there was an overall reduction of 300 persons in employment. The largest losses were in: agriculture (700 persons); finance, insurance, real estate, rental and leasing (600 persons); and, wholesale and retail trade (500 persons). The largest employment increases were in public administration (600 persons) and forestry, fishing, mining, quarrying, oil and gas (600). Between August 2018 and August 2019, the largest reductions in employment occurred in: wholesale and retail trade (3400 persons); educational services (1300 persons); finance, insurance, real estate, rental and leasing (1200 persons); and, health care and social assistance (1100 persons). Other industries made gains, with the largest being in: forestry, fishing, mining, quarrying, oil and gas (1400 persons); business, building and other support services (1000 persons); accommodation and food services (1000 persons); and, construction (900 persons).

**Table 1: Labour market characteristics, NL**

	Jul-19	Aug-19	Change		Change (%)	
			Aug-18 to Aug-19	Jul-19 to Aug-19	Aug-18 to Aug-19	Jul-19 to Aug-19
<b>Population</b>	440,100	439,900	-3,300	-200	-0.7	0.0
<b>Labour force</b>	258,300	258,800	-4,800	500	-1.8	0.2
<b>Employment</b>	225,200	224,900	-1,500	-300	-0.7	-0.1
<b>Unemployment</b>	33,000	33,900	-3,300	900	-8.9	2.7
<b>Unemployment rate (%)</b>	12.8	13.1	-1.0	0.3	-	-
<b>Participation rate (%)</b>	58.7	58.8	-0.7	0.1	-	-
<b>Employment rate (%)</b>	51.2	51.1	0.0	-0.1	-	-

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

**Figure 1: Change in employment by industry (NAICS), July to August 2019, August 2018 to August 2019**

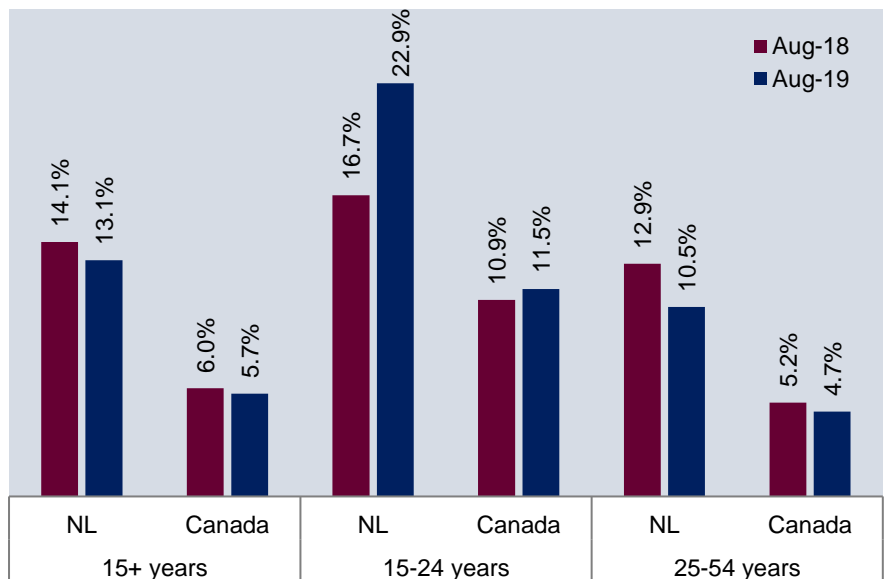


Source: Statistics Canada Table 14-10-0355-01. Employment by industry, monthly, seasonally adjusted. Number of adults age 15+.

**YOUTH AND CORE WORKING AGE POPULATIONS: CANADA AND NL COMPARED**

Figure 2 shows unemployment rates for all adults (age 15 years and over), youth (15 to 24 years) and the core working age population (25 to 54 year olds) in NL and Canada as a whole in August 2018 and August 2019. It is immediately obvious that there is a striking difference between the national labour market and that of NL is when one focuses on the unemployment rate. In the three age groups shown, the unemployment rates for the Province are considerably higher than the national figures. For all adults, in August 2018 and August 2019 the NL unemployment rate was more than twice the Canadian figure.

**Figure 2: Unemployment rate by age groups, NL and Canada**



Source: Statistics Canada. Table 14-10-0287-01 Labour force characteristics, monthly, seasonally adjusted. Adults aged 15+, 15-24years, 25-54 years.

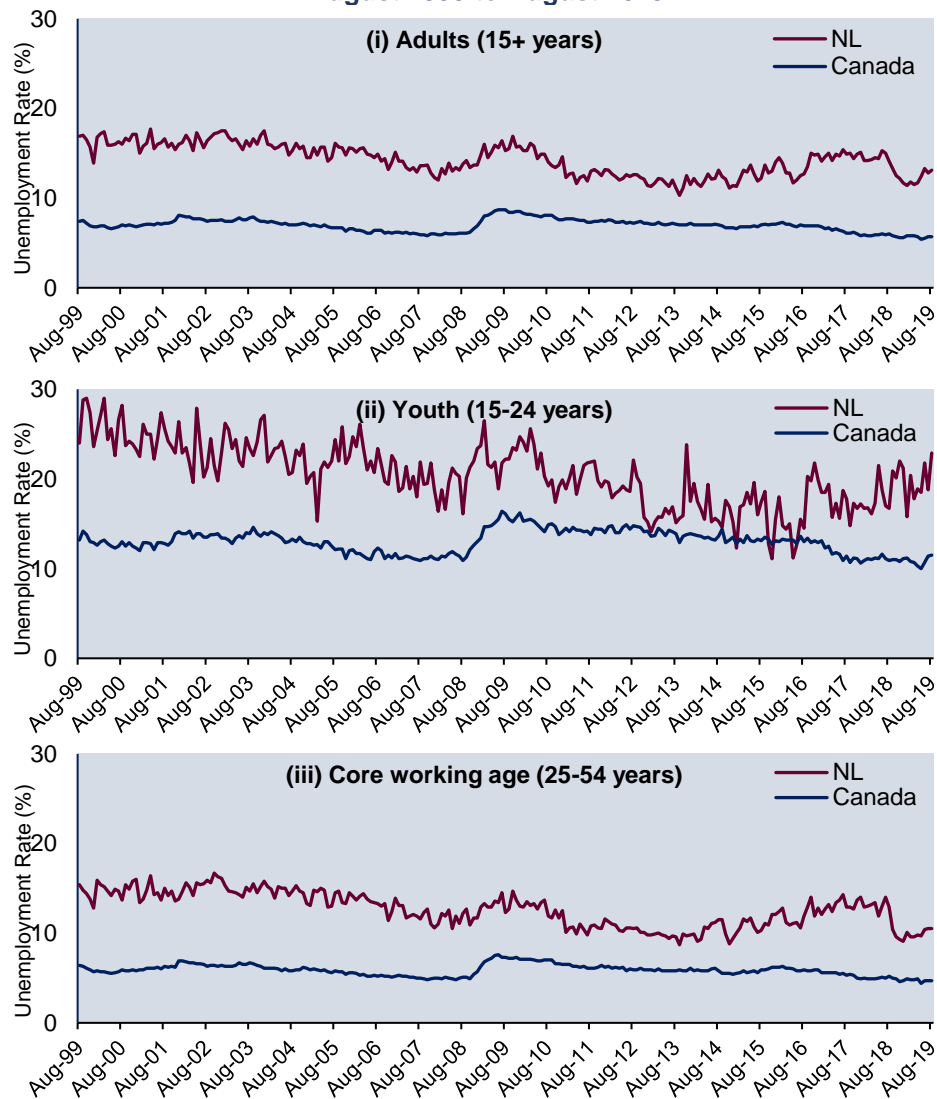
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Note: All opinions expressed in commentary are those of the author(s) and do not represent those of Memorial University of Newfoundland nor CARE.

Amongst 15 to 24 year olds, the unemployment rate rose from August 2018 to August 2019 in both NL and across Canada, however the Province experienced a much bigger increase; with an increase of 6.2 p.p. for NL compared to an increase of just 0.6 p.p. for Canada. In August 2019, the NL youth unemployment rate was nearly twice that of Canada (22.9% in NL; 11.5% in Canada), indicating a larger gap than a year earlier (16.7% in NL; 10.9% in Canada). Discrepancy between NL and Canada in the unemployment rate is also apparent for the core working age population (ages 25-54) when looking at unemployment rates. Similar to the youth population, the core working population in NL has a higher unemployment rate than in Canada. In August 2019, Canada’s core working population had an unemployment rate of 4.7%, equivalent to less than half of the Province’s rate of 10.5%. Between August 2018 and August 2019, the unemployment rate for the core working age group in NL reduced by 2.4 p.p. while in Canada it fell by 0.5 p.p..

Significant differences between unemployment rates of the Province and the national figures are nothing new. **Figure 3** depicts monthly unemployment rates in Canada and NL over the last 20 years (August 1999 to August 2019) for each of the age groups discussed above. Over the period shown, the unemployment rate in NL has outstripped the national average, with some exceptions for the 15-24 year olds (panel (ii)). The raw gap between NL and the country as a whole had closed somewhat over a considerable part of the last 20 years. For all adults and the core working age population, NL’s unemployment rate was more than twice the national figure from August 1999 until early 2009. From around March 2009 to about August 2016, the unemployment rate was still higher in the Province, but the gap had narrowed somewhat. Since, then the difference has become larger. In August 2019, the unemployment rate for NL was 2.3 times the Canadian figure for all adults and 2.2 times the Canadian unemployment rate for the core working age population. NL’s youth unemployment rate was twice the national figure in August 2019.

**Figure 3: Monthly unemployment rates by age groups, NL and Canada, August 1999 to August 2019**



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

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