

LABOUR MARKET OBSERVER

Commentary on Labour Market Performance in Newfoundland and Labrador

MAY 2020

A summary of the main labour market statistics for Newfoundland and Labrador in May 2020 are provided in **Table 1**. These figures are obtained from the Canada Labour Force Survey (LFS). The table provides estimates for May 2020 and also compares these key indicators to the previous month (April 2020) and a year ago (May 2019).

Table 1: Labour market characteristics, NL

	Apr-20	May-20	Change		Change (%)	
			May-19 to May-20	Apr-20 to May-20	May-19 to May-20	Apr-20 to May-20
Population	439,700	439,400	-1,500	-300	-0.3	-0.1
Labour force	224,100	236,900	-21,500	12,800	-8.3	5.7
Employment	188,200	198,200	-28,000	10,000	-12.4	5.3
Unemployment	35,800	38,700	6,500	2,900	20.2	8.1
Unemployment rate (%)	16.0	16.3	3.8	0.3	-	-
Participation rate (%)	51.0	53.9	-4.7	2.9	-	-
Employment rate (%)	42.8	45.1	-6.2	2.3	-	-

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

April saw the tightest restrictions placed on businesses and households in NL in response to the COVID-19 pandemic. These restrictions were relaxed somewhat in May with the Province moving to Alert Level 4 on May 11th. A number of businesses could reopen once at Alert Level 4, albeit with limitations on capacity and working conditions that likely reduce the volume of transactions compared to operations pre-pandemic.

In the previous LMO (see [April LMO](#)), gains (or at least less drastic reductions) in employment and participation were anticipated for May compared to March and April 2020. The latest figures from the LFS indicate that conditions have indeed improved. In May 2020, the Province's labour force grew by 12,800 persons (aged 15 years and older) or 5.7% compared to the previous month. This coincided with an increase of the participation rate from 51% in April to 53.9% in May 2020. The growth in the size of the labour force comprised an increase in both employment and unemployment: employment went up by 10,000 persons (5.3%) and unemployment increased by 2,900 persons (8.1%). The unemployment rate increased by just 0.3 percentage points (p.p.) from 16% in April to 16.3% in May.

Though the latest figures signal improvement in labour market conditions in NL over the past month, the year-on-year comparison is less favourable. The labour force shrank by 21,500 persons (8.3%) compared to May 2019. Employment fell by 28,000 persons (12.4%) and unemployment grew by 6,500 persons (20.2%). The unemployment rate in May 2020 was 3.8 p.p. higher than a year ago and the participation rate was 4.7 p.p. lower. Whilst the predicament of the Province's labour market has improved with the easing of pandemic-related restrictions, there has not been a full return to 'normal' and a weak labour market is still apparent. It will likely take many months for employment and participation to return to last year's levels. Recovery depends very much on developments across all sectors in the Province, as well as changes across Canada as the COVID-19 response evolves. In addition to the negative impacts of the pandemic, subdued demand for oil and gas, low oil prices and the fiscal realities of the Government of NL present further critical challenges for the Province, making recovery in the labour market difficult and likely to take considerable time.

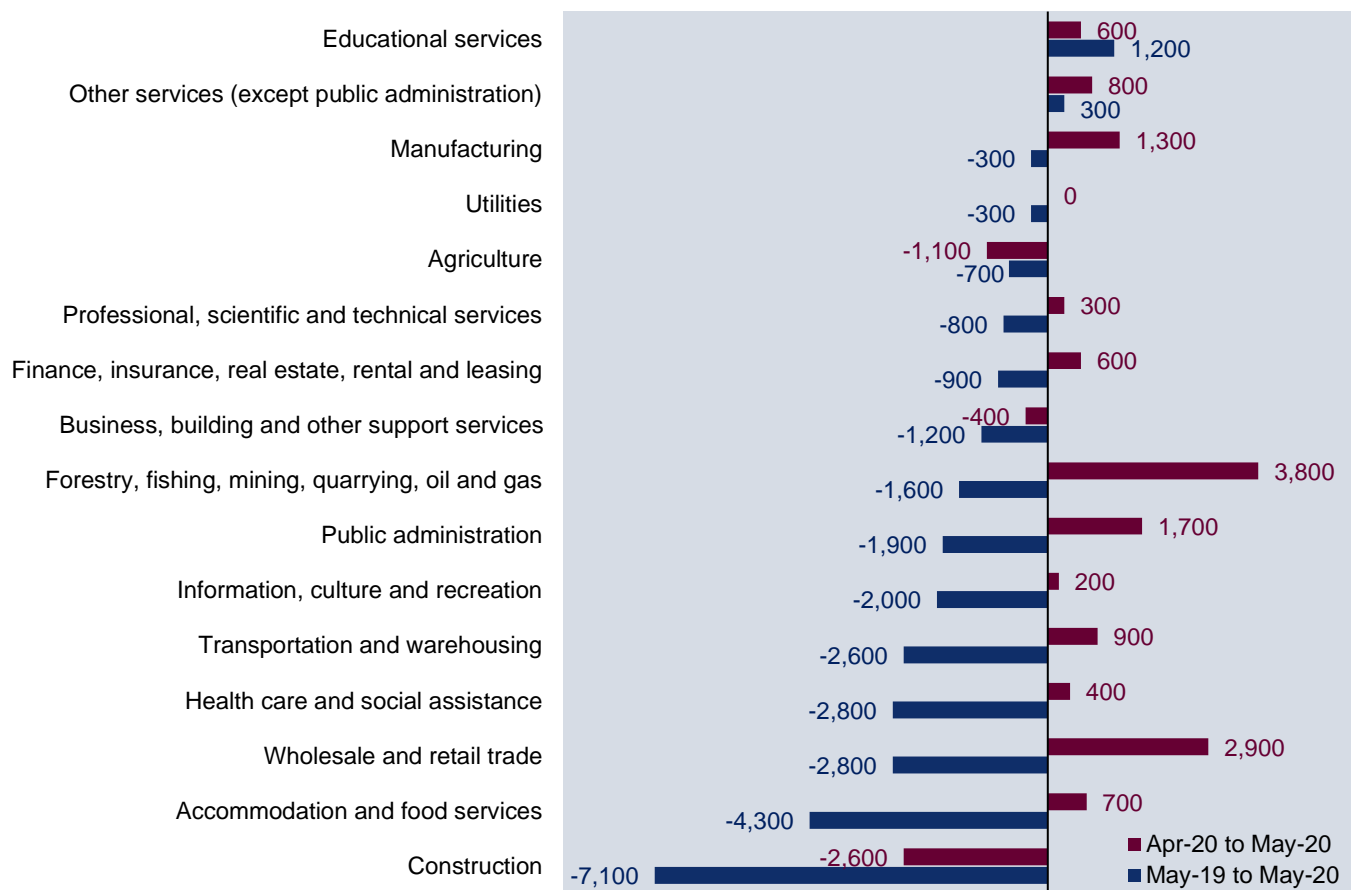
Author: **Dr Lynn Gambin**

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EMPLOYMENT BY NAICS

Changes in employment within sectors (North American Industry Classification System (NAICS)) are summarized in **Figure 1**. First, looking at the year-on-year (May 2019 compared to May 2020) changes, it is immediately noticeable that in all but two sectors (Educational services and Other services (except public administration)), employment levels have fallen. The largest decreases were in Construction (reduction of 7,100 persons employed or 38% lower than the level in May 2019), Accommodation and food services (down 4,300 or 24%); Wholesale and retail trade (2,800 or 8%); Health care and social assistance (2,800 or 7%); and, Transportation and warehousing (2,600 or 21%). Also notable is that employment in Information, culture and recreation was down by 2,000 persons, a reduction of 28% from the level in May 2019. Employment was up in Educational services compared to May 2019 by 1,200 persons (8% higher than in May 2019).

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



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

Considering month-to-month changes, employment levels were up in most sectors in May 2020 compared to April. The largest gain was in Forestry, fishing, mining, quarrying, oil and gas where employment increased by 42% or 3,800 persons. Across Canada, employment in this sector increased by 14,100 persons between April and May 2020 with Quebec having the largest increase (6,900 persons) followed by NL. Alberta saw a decrease of 4,000 persons in this sector over the month in the same period. The next largest increase in employment in NL between April and May was in Wholesale and retail trade in which employment grew by 2,900 persons (10%). Employment fell from April to May by 2,600 persons (18%) in Construction and by 1,100 (61%) in Agriculture.

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KEY INDICATORS BY SEX

Table 2 summarizes data for males and females for March, April and May 2020. Included in the table are levels of participation (labour force), employment (full-time and part-time) and unemployment as well as monthly changes. Over these three months in NL, females accounted for just under half of the labour force (49%) and just over half of employment (around 52%). There is a sizable difference by sex in terms of part-time and full-time employment: females comprised just under half of all persons employed full-time (around 47%) but almost three-quarters of part-time workers. Less than 10% of all employed males worked part-time compared to around 20% of employed females doing so.

Table 2: Key labour market indicators by sex, Mar-20 to May-20

		Level (persons)			Change (persons)		Change (%)	
		Mar-20	Apr-20	May-20	Mar-20 to Apr-20	Apr-20 to May-20	Mar-20 to Apr-20	Apr-20 to May-20
Labour Force	Males	127,200	114,500	121,100	-12,700	6,600	-10.0%	5.8%
	Females	119,000	109,600	115,900	-9,400	6,300	-7.9%	5.7%
Employment	Males	108,200	91,000	94,600	-17,200	3,600	-15.9%	4.0%
	Females	109,200	97,300	103,600	-11,900	6,300	-10.9%	6.5%
Full-time Employment	Males	99,200	82,900	87,200	-16,300	4,300	-16.4%	5.2%
	Females	87,700	76,700	81,500	-11,000	4,800	-12.5%	6.3%
Part-time Employment	Males	9,000	8,100	7,400	-900	-700	-10.0%	-8.6%
	Females	21,500	20,600	22,100	-900	1,500	-4.2%	7.3%
Unemployment	Males	19,000	23,500	26,400	4,500	2,900	23.7%	12.3%
	Females	9,900	12,300	12,300	2,400	0	24.2%	0.0%

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

Looking at the data for March to May, one can consider whether there has been a differential impact of COVID-19 on labour market outcomes by sex. There were sizable reductions in the size of the labour force for both males and females in NL between March and April. Labour force shrank by 10% and 7.9% for males and females, respectively. Participation picked up in May growing by just under 6% compared to April for both males and females. Employment dropped by nearly 16% in April for males and by nearly 11% for females. Employment levels increased in May with relatively larger gains for females (6.5%) than males (4%). From March, full-time employment fell by 16.4% for males in April then increased by 5.2% in May. For females, full-time employment decreased by 12.5% in April but was up by 6.3% in May. Unsurprisingly, the patterns for part-time employment differed between males and females. Part-time employment fell by 900 or 10% for males in April and dropped by a further 700 persons (8.6%) in May. It may be that some males transitioned from working part-time in April (when pandemic-related measures were most restrictive) to full-time in May (as public health restrictions eased). Part-time employment for females followed the same pattern as full-time employment levels, declining in April (by 900 persons or 4.2%) but increasing in May (1,500 persons or 7.3%).

April saw large increases in the number of unemployed persons. Unemployment levels increased by 23.7% and 24.2%, for males and females, respectively. Unemployment continued to increase for males in May (by 2,900 persons or 12.3%) however, there was no change for females. Males seem to have responded to an uptick in economic activity, and thus somewhat better employment prospects, coming about from the re-opening of many business activities in the Province in May. Some males who had been discouraged in the early part of Spring and had not been actively seeking employment may have decided to re-enter the labour market but not have immediately secured employment. The pattern for females appears to differ, with the growth in labour force participation coinciding with only an increase in employment and no change in unemployment levels.

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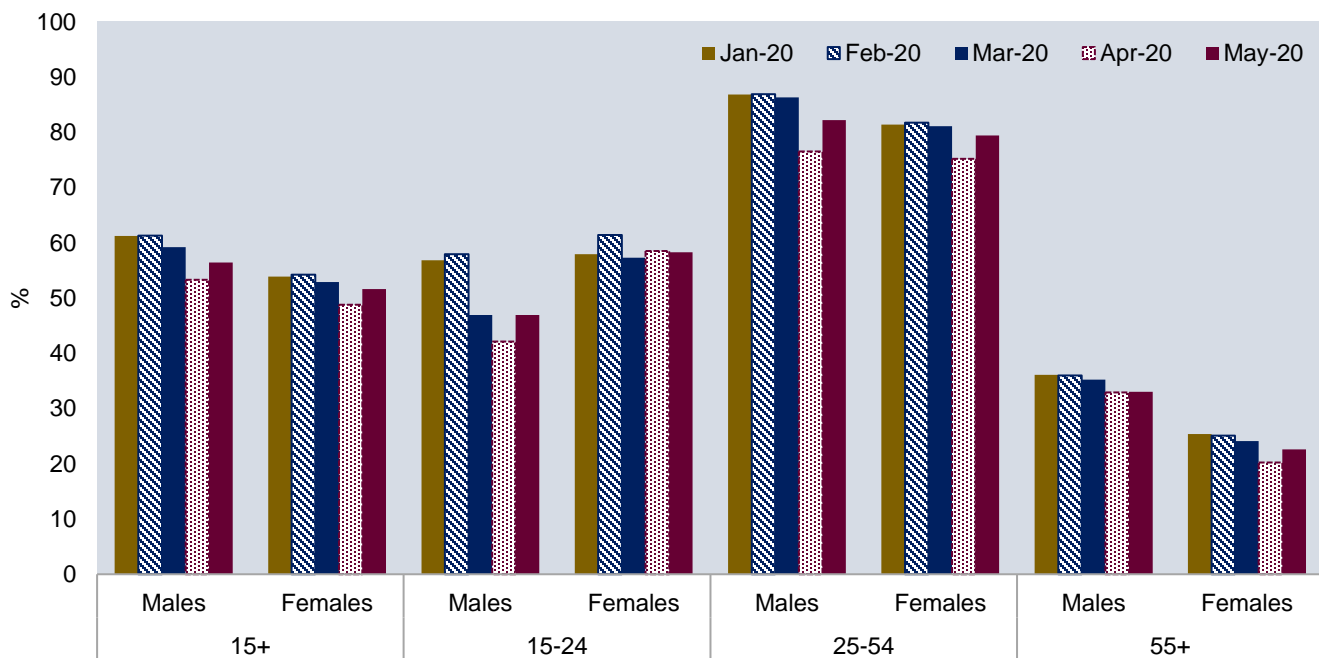


PARTICIPATION RATES BY AGE AND SEX

The labour force participation rate is calculated as the number of people employed or not employed but looking for work (i.e. the labour force) divided by the population. The participation rate for females is typically lower than that of males however, this gap has narrowed in Canada over the past several decades. In the past few months, the public health response to COVID-19 has substantially affected people’s labour market activities. The slowdown (or shutdown) of the economy has resulted in not just reductions in the numbers of people employed and increases in unemployment but it has also affected people’s willingness or ability to seek employment if not already working. **Figure 2** shows participation rates by sex for a number of age groups: all adults (15+), youth (15-24), core working age (25-54) and, older adults (55+). Monthly figures are provided for January to May 2020 to help show the effects of the pandemic on labour market outcomes for different groups.

For all adults, there has been a fall in participation rates of both males and females over the first five months of 2020. The largest month-to-month decrease was from April to March (males’ participation rate fell from 59.2% to 53.3% and females’ from 52.9% to 51.6%) and there were small increases to May (to 56.4% for males and 51.6% for females). Amongst youth in the Province, the participation rate is higher for females than males. Whilst for younger females there has been very little change in the participation rate between January and May (57.9% to 58.3%), there has been a significant decrease amongst males in this age group. The participation rate for younger males fell from 57.9% in February to 46.9% in March then 42.1% in April. It increased then 46.9% in May.

Figure 2: Participation rates (%) by age group and sex, Jan-2020 to May-2020



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

The core working age (25-54 years) groups typically have higher participation rates than younger and older age groups. The pattern of month-to-month changes from January to May 2020 for this age group in NL was similar between males and females. The participation rate was relatively stable from January to March, dropped most noticeably in April (when pandemic-related restrictions were tightest and the economy was near standstill) and recovered somewhat in May. Despite the improvement in May, the participation rates for core working age males and females remained lower than pre-lockdown (82.2% for males and 79.4% for females).

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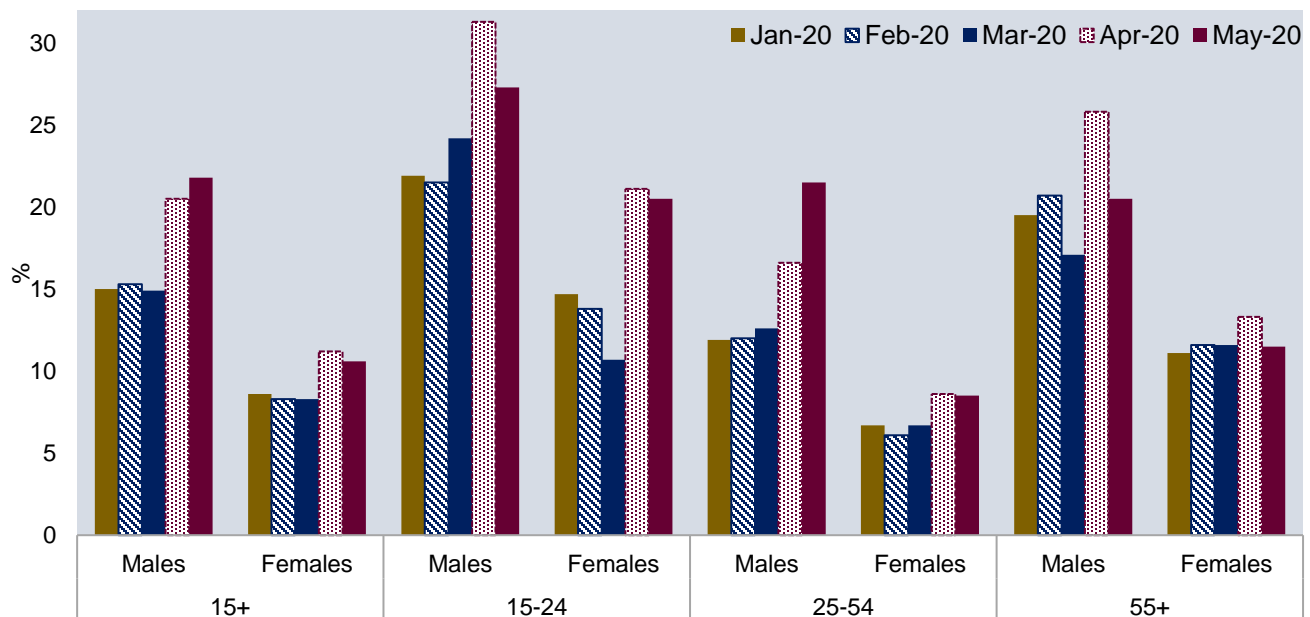


Finally, for the older age group (55+) in NL, females tend to have lower rates of participation than males and this age group overall has lower participation than all other adult age groups shown in **Figure 2**. For both males and females, the rates declined in the start of 2020 to May. In May, the participation rate for adults aged 55+ was 33% for males and 22.6% for females. When considering the response of this older group to the pandemic and their potential to re-enter the labour force as the economy moves through lower public health alert levels and loosens restrictions, there are numerous factors to consider. Older adults, particularly age 60 and older with underlying medical conditions, are considered to be at higher risk of severe illness and have been advised to avoid going out in public if possible (see [Government of NL](#)). Concerns over their own health or that of others in their households could inhibit the re-entry of older adults into the labour market, despite the re-opening of many businesses. The lockdown itself and the overall downturn of the economy is likely to have other implications for older adults, too. Some may experience changes in their care-related responsibilities (e.g. closure of commercial daycares could necessitate grandparents providing more childcare for working parents), and some may see fewer suitable job opportunities depending on their skills and experience as the structure of some jobs changes to operate under restrictions on physical distancing.

UNEMPLOYMENT RATES BY AGE AND SEX

Monthly unemployment rates by age group and sex are shown in **Figure 3** for the first five months of 2020. The unemployment rate is calculated as the number of people who are not employed, but who are looking for work, divided by the number of people in the labour force. The unemployment rate tends to be higher for males than females within all age groups. This difference reflects, in part, sex-related differences in participation rates (see **Figure 2**) and sectoral and occupational patterns of employment by sex. For both males and females, the unemployment rate tends to be higher for the younger age group (15-24 years). Unemployment rates tend to be lowest for the core working age group for both males and females (25-54).

Figure 3: Unemployment rates (%) by age group and sex, Jan-2020 to May-2020



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

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Within each of the age groups shown in **Figure 3**, and for both males and females, unemployment rates were relatively stable over the first three months of 2020. Males and females in all age groups saw the unemployment rate increase significantly in April. In most cases, the unemployment rate then decreased in May, with the exception of males aged 15+ and 25-54 years. Increases in the unemployment rate, in absolute terms, since March appear to have been largest for males. For all adult males (15+), the unemployment rate jumped from 14.9% in March to 20.5% in April and increased again to 21.8% in May. For females aged 15+, the unemployment rate increased from 8.3% in March to 11.2% in April. It then decreased to 10.6% in May. Younger males (15-24) had the highest unemployment rates: 31.3% in April and 27.3% in May. Whilst unemployment rates were lower for females in this age group, younger females saw a large jump (nearly doubling) from 10.7% in March to 21.1% in April. The unemployment rate for females age 15-24 years was 20.5% in May.

In the core working age group (25-54), the unemployment rates for females were noticeably lower than for males in the first five months of 2020. The unemployment rate grew between March and April from 12.6% to 16.6% for males and from 6.7% to 8.6% for females. For males, this increased further to 21.5% in May whereas there was no significant change in the unemployment rate for females. For the older age group (55+), a similar pattern was apparent in April and May. The unemployment rate for older females increased from 11.6% in March to 13.3% in April and for older males it went from 17.1% to 25.8%. For males and females, the unemployment rate fell slightly in May (to 11.5% for females, 20.5% for males) but the higher rate for males compared to females persists.

NEED FOR MORE INFORMATION

The factors that influence individuals' willingness and ability to participate in the labour market, and subsequently, their employment outcomes (i.e. unemployed or employed (full-time or part-time)), are many and complex. Whilst the summary analysis and commentary provided in this LMO can be helpful in illustrating broad patterns and changes stemming from the pandemic (and other economic changes), it does not fully explain variations by sex and age. Considering sex- and age-related differences in employment, unemployment and labour force participation is not clear cut. Whilst the figures presented here, for instance, suggest that males in NL have borne the brunt of the labour market impacts of the pandemic (so far), this is not conclusive. The severity of impacts on people's labour market experiences is also likely to depend on where they live, their level of education, health status, occupation, family composition and other factors that cannot be discerned here. Even those who have remained employed throughout the last few months may be facing additional social and economic difficulties that survey data do not capture. Different groups may be feeling more or less severe effects of COVID-19 on other aspects of their working lives, including, hours and pay, job security, work-life balance, working conditions, etc.

Data on individuals' household circumstances (e.g. number of earners, number of dependents, etc.), education, income, health, and much more would facilitate better understanding of the overall labour market figures. Importantly, such detailed information could help in considering the challenges particular groups face in returning to work (or continuing to work) as the Province's economy re-opens. Information on changes in pay, job security, and other outcomes for different groups in the province (e.g. sex, age, disability status, immigrant status, urban/rural, etc.) could help in targeting policy to alleviate the negative impact of the unprecedented situation facing the NL labour market.

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