

# Economic Commentary



## The COVID third wave is taking a toll on the job market

**GLOBAL AND LOCAL  
MARKET RESEARCH**

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*\*This report includes regional details for Alberta.*

**Bottom line:** Today's Statistics Canada Labour Force Survey data shows that the third wave of COVID-19 infections is taking a toll on the labour market. With more restrictions being put in place in many regions in recent weeks, we should expect further job losses in May. Notably, Alberta could see between 35k and 65k job losses in May due to the new restrictions, a self-inflicted economic wound in our view, as the severity of the third wave could have been prevented.

It is clear that the third wave's economic impact will be bigger than what was experienced during the second wave, both in terms of job losses and drag on economic activity. Nevertheless, it is important to note that the impact of the third wave will likely be temporary.

The progress in the vaccination of the population suggests that by end of June, most Canadians will have received at least one dose of vaccine. By September, those who wanted to be immunized will have received their second dose. Such a scenario will allow for a gradual removal of the restrictions, setting the stage for a sustainable recovery.

**Employment dropped by 207.1k in April, after gaining 303.1k in March, as a result of the new restrictions to bend the third wave of COVID-19 infections.** As a result of the job losses, the level of employment is now about 500k (2.6%) below where it was at the onset of the pandemic. As a result of the decline in employment, the unemployment rate jumped to 8.1%, reversing most of the improvement seen in March. The participation rate also eased to 64.9% in April, suggesting that those who lost their jobs are not looking for work. The employment rate, the share of the population holding a job, decrease to 59.6% and is 2.2 percentage point (pp) below its pre-pandemic level.

The details show that most of the job losses in April were full-time jobs (-129k) with still some sizeable part-time (-78k) decline. The drop in employment was concentrated in the private sector (-204k), while there was a modest loss in the public sector (-13k) and a small gain in self-employed (+10k).

**On an industrial level**, the decline in employment was mostly in the service sector (-195k), while the job losses in the goods-producing side of the economy were modest (-12k). In the goods-producing side, most of the easing in employment was concentrated in the construction sector (-13k). There was also a modest decrease in agriculture (-4k) and in the mining, oil and gas extraction sector (+5k).

The drop in the service industry resulted from the new restrictions on economic activity to slow the spread of COVID-19, with significant losses in the client-facing sectors of the economy. Most of the deteriorations were in trade (-89k), accommodation and food services (-59k), education (-36k) and information, culture and recreation (-26k). There were some increases in education (+35k) and health care (47k). These increases were partly offset by public administration (+15k), Professional, scientific and technical services (+15k) and finance, insurance and real estate (+14.5k).

Despite the drop in overall employment, 8 out of 16 industries have a level of employment above their pre-pandemic level. These sectors are natural resources, utilities, manufacturing, finance, insurance and real estate, professional, scientific and technical services, education, health care, and public administration. Employment in the accommodation and food services sector, the worst-hit industry, is still almost 25% below its pre-COVID-19 level.

**In Alberta, employment decreased by 12.6k in April.** The level of employment is currently almost 50k or 2% below its pre-pandemic level. Despite the job losses, the unemployment rate edged lower to 9.0% from 9.1%, because of a decline in the participation rate to 69.1%. The employment rate, the share of the population holding a job, eased to 62.9%, about 2.1pp below its pre-pandemic level.

The job losses were concentrated in the service sector (-13.9k), while the goods-producing sector was mostly flat on the month (+1.4k). The goods-producing industries saw an increase in manufacturing (+7k) being offset by a decline in agriculture (-3k) and natural resources (-2k). The drop in the service sector came mainly from transport and warehousing (-7k), trade (-6k), education (-5k) and accommodation and food services (-4k). Those declines were partly offset by gains in finance, insurance and real estate (+5k), other services (+2.5k) and professional, scientific and technical services (+2k).

More than half of the industries (9 out of 16) have a level of employment above their pre-pandemic level: natural resources, utilities, construction, trade, finance, insurance and real estate, professional, technical and scientific, business support, education, and health care. Employment in the accommodation and food services sector, the worst-hit industry, remains more than 30% below its pre-COVID-19 level, underperforming the rest of the country.

On a regional basis<sup>1</sup>, since the data is published on a three-month average basis, the numbers do not yet capture the early impact of the third wave (see below). Over the past three months, the province gained 27.7k jobs per month on average. Employment improved in all regions, led by Edmonton (+10.7k), Camrose-Drumheller (+6.1k) and Red Deer (+3.3k), while it was little changed in other regions. Compared to the pre-pandemic levels, employment is the lowest in Camrose-Drumheller (-9.6%), Lethbridge-Medicine Hat (-7.8%) and Wood Buffalo-Cold Lake (-4.6%). Red Deer (+5.5%) and Edmonton (+0.4%) are the only regions where employment is above their pre-pandemic level.

The unemployment rate eased in all regions led by Camrose-Drumheller (-1.7pp), Wood Buffalo-Cold Lake (-1.6pp) and Lethbridge-Medicine Hat (-1.3pp). The unemployment rate is the highest in Edmonton (10.6%), Red Deer (10.2%) and Western Alberta (9.7%) and the lowest in Camrose-Drumheller (7.0%), Wood Buffalo-Cold Lake (7.7%) and Lethbridge-Medicine Hat (8.3%). The employment rate improved in most regions, led by Camrose-Drumheller, Red Deer and Wood Buffalo-Cold Lake.

The divergence between employment, most affected since the pandemic, and the unemployment rate, lowest in the province, for Camrose-Drumheller, Wood-Buffalo Cold Lake and Lethbridge Medicine Hat, is due to a decline in the participation rate in those regions and a decline in the population for Camrose-Drumheller and Wood Buffalo-Cold Lake.

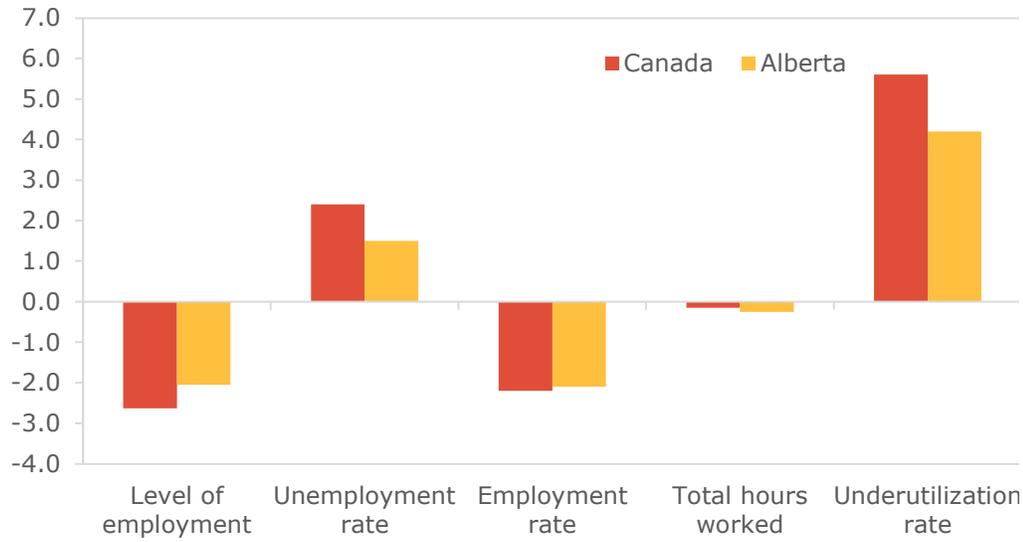
By industry, the improvements at the provincial level were concentrated in Edmonton, while it was almost flat in Calgary and in the rest of the province. In the three months leading up to April, Edmonton's job gains were concentrated in the service sector, especially accommodation and food services, education and other services. There were losses in trade, transportation and professional services. In Calgary, increases in the service sector, especially in health care, professional services and trade, were partly offset by declines in hospitality, business support and public administration. The rest of Alberta saw employment edge higher in hospitality, professional services and trade. Those gains were partly offset by losses in health care, education, agriculture, transportation, and construction.

**Wage growth for permanent workers in Canada declined by 1.6% year-on-year (y-o-y) in April.** However, the slower pace of wage increase is due to a base effect, as the comparison points are both affected by the pandemic. In Alberta, wage growth for permanent workers declined by 4.0% y-o-y and continues to underperform the national measure. This is the second consecutive decline in wages in the province.

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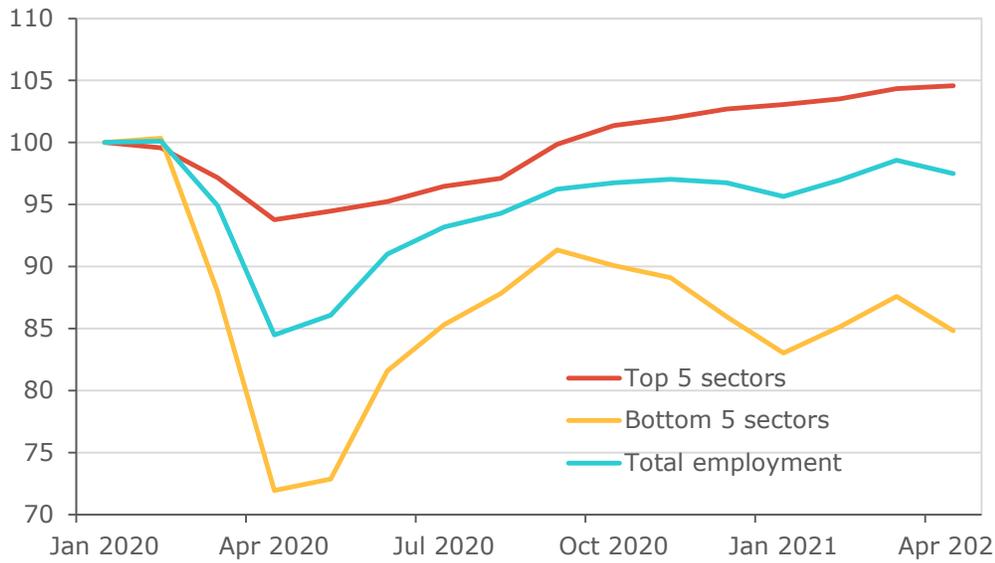
<sup>1</sup> All the numbers are expressed as three-month average of the non-seasonally adjusted number.

**Fig 1. Changes since February 2020: Canada vs Alberta**



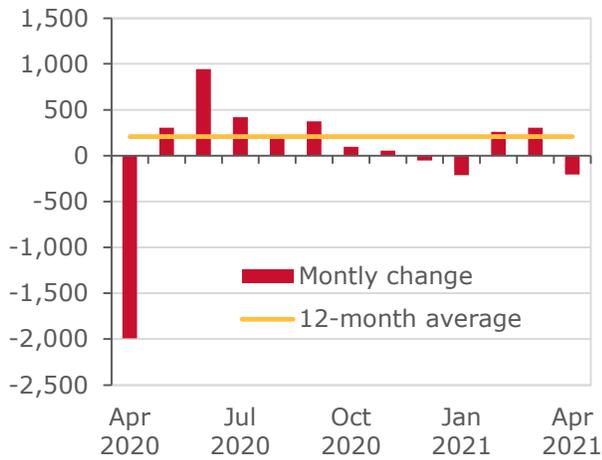
Source: Statistics Canada

**Fig 2. Divergence between sectors (Employment level - indexed)**



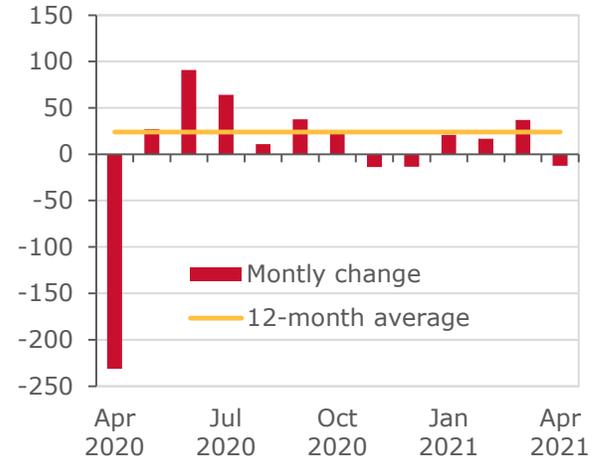
Source: Statistics Canada

**Fig 2. Change in employment - Canada ('000)**



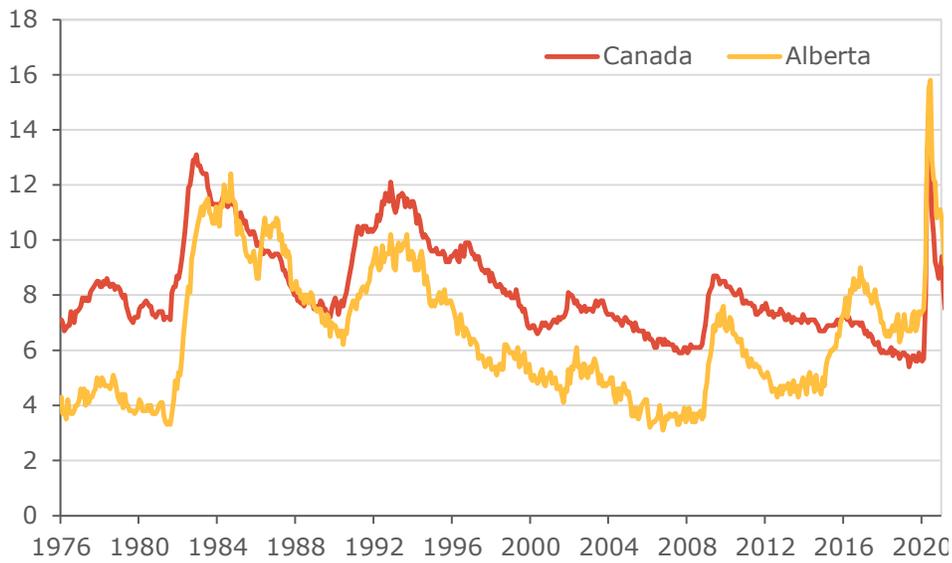
Source: Statistics Canada

**Fig 3. Change in employment - Alberta ('000)**



Source: Statistics Canada

**Fig 4. Unemployment rate (%)**



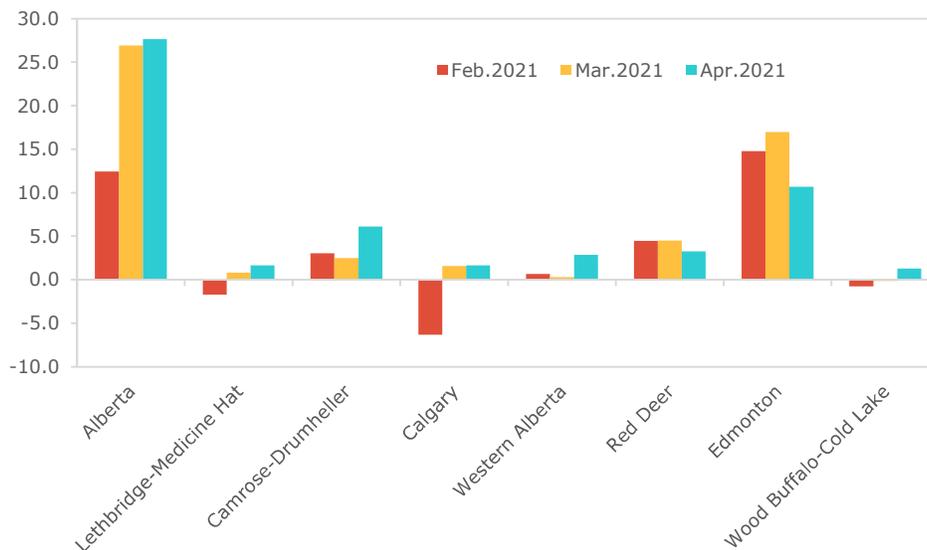
Source: Statistics Canada

**Fig 5. Details (change in '000)**

	Canada					change since Feb 2020	Alberta					change since Feb 2020
	Feb 2021	Mar 2021	Apr 2021	3m ave.	12m ave.		Feb 2021	Mar 2021	Apr 2021	3m ave.	12m ave.	
<b>Employment</b>	<b>259.2</b>	<b>303.1</b>	<b>-207.1</b>	<b>118.4</b>	<b>207.1</b>	<b>-503.1</b>	<b>16.8</b>	<b>37.1</b>	<b>-12.6</b>	<b>13.8</b>	<b>24.2</b>	<b>-46.5</b>
(m-o-m % change)	1.4	1.6	-1.1	0.7	1.2	-2.6	0.8	1.7	-0.6	0.6	1.2	-2.0
Full-Time	88.2	175.4	-129.4	44.7	138.3	-289.0	14.3	11.9	25.9	17.4	14.8	-28.0
Part-time	171.0	127.8	-77.8	73.7	68.8	-214.1	2.6	25.1	-38.4	-3.6	9.4	-18.4
Public	45.5	45.5	-13.2	25.9	30.8	146.9	-6.8	7.8	0.8	0.6	2.9	14.2
Private	226.1	201.3	-203.7	74.6	183.0	-503.4	24.7	30.1	-9.0	15.3	22.2	-49.4
Self-employed	-12.4	56.4	9.7	17.9	-6.6	-146.6	-1.1	-0.8	-4.4	-2.1	-0.9	-11.3
<b>Unemployment rate</b>	<b>8.2</b>	<b>7.5</b>	<b>8.1</b>	<b>9.4</b>	<b>13.1</b>	<b>2.4</b>	<b>9.9</b>	<b>9.1</b>	<b>9.0</b>	<b>10.7</b>	<b>13.4</b>	<b>1.5</b>
Participation rate	64.7	65.2	64.9	64.7	60.0	-0.6	69.1	69.6	69.1	69.3	63.8	-1.1
Employment rate	59.4	60.3	59.6	58.6	52.1	-2.2	62.2	63.3	62.9	61.8	55.2	-2.1
<b>Goods Producing</b>	<b>3.3</b>	<b>43.2</b>	<b>-11.8</b>	<b>11.6</b>	<b>51.9</b>	<b>-46.7</b>	<b>-10.5</b>	<b>11.2</b>	<b>1.4</b>	<b>0.7</b>	<b>4.0</b>	<b>-6.1</b>
Agriculture	-8.6	2.5	-4.4	-3.5	-1.2	-39.1	-1.5	1.3	-2.7	-1.0	-0.5	-11.9
Natural Resources	-5.5	7.0	5.2	2.2	3.5	20.2	-3.9	4.4	-2.4	-0.6	0.7	6.3
Utilities	2.1	-0.1	-0.4	0.5	0.6	3.0	0.3	1.1	0.1	0.5	0.2	1.9
Construction	6.8	25.7	-12.7	6.6	23.3	-39.2	-2.2	3.2	-0.7	0.1	2.8	6.9
Manufacturing	8.3	8.2	0.4	5.6	25.7	8.3	-3.3	1.2	7.1	1.7	0.9	-9.4
<b>Services Producing</b>	<b>255.9</b>	<b>260.0</b>	<b>-195.4</b>	<b>106.8</b>	<b>155.2</b>	<b>-456.4</b>	<b>27.4</b>	<b>25.8</b>	<b>-13.9</b>	<b>13.1</b>	<b>20.2</b>	<b>-40.4</b>
Trade	122.3	91.8	-89.1	41.7	39.3	-114.6	4.7	3.3	-6.4	0.5	6.1	0.4
Transport and warehousing	8.6	-7.3	-5.5	-1.4	6.7	-63.6	-0.7	0.7	-7.4	-2.5	1.6	-2.0
Finance, insurance, real estate and Professional, scientific & tech.	-6.4	1.1	14.5	3.1	8.3	54.3	0.4	1.5	4.8	2.2	1.3	15.1
Business, building and other support	11.0	5.9	14.9	10.6	14.5	106.5	-1.7	7.4	2.0	2.6	1.7	3.8
Educational services	0.5	11.3	-7.8	1.3	2.9	-59.0	3.6	-3.2	0.3	0.2	0.7	2.6
Health care	28.9	35.0	-35.8	9.4	17.1	49.8	0.5	11.5	-4.8	2.4	2.0	13.1
Information, culture and recreation	3.7	46.8	-7.3	14.4	20.8	24.2	2.5	2.0	-1.4	1.0	3.6	8.1
Accommodation and food services	-2.7	61.5	-26.2	10.9	8.3	-81.4	-1.1	2.9	1.2	1.0	-0.1	-18.8
Other services	65.0	21.4	-59.2	9.1	21.0	-356.8	19.2	-0.2	-3.9	5.0	2.0	-52.5
Public administration	28.1	-3.0	-9.0	5.4	10.3	-60.5	3.5	0.0	2.5	2.0	1.9	-4.9
Wage growth (% y-o-y)	-3.0	-4.7	15.3	2.5	6.0	44.9	-3.6	-0.2	-0.6	-1.5	-0.5	-5.1
<b>Hours worked (% m-o-m)</b>	<b>4.3</b>	<b>2.0</b>	<b>-1.6</b>	<b>1.6</b>	<b>4.9</b>	<b>5.2</b>	<b>2.4</b>	<b>-1.3</b>	<b>-4.0</b>	<b>-1.0</b>	<b>3.5</b>	<b>2.6</b>
<b>Hours worked (% m-o-m)</b>	<b>1.4</b>	<b>2.0</b>	<b>-2.7</b>	<b>0.2</b>	<b>0.2</b>	<b>-3.9</b>	<b>-0.4</b>	<b>7.0</b>	<b>1.9</b>	<b>2.8</b>	<b>1.7</b>	<b>-0.3</b>

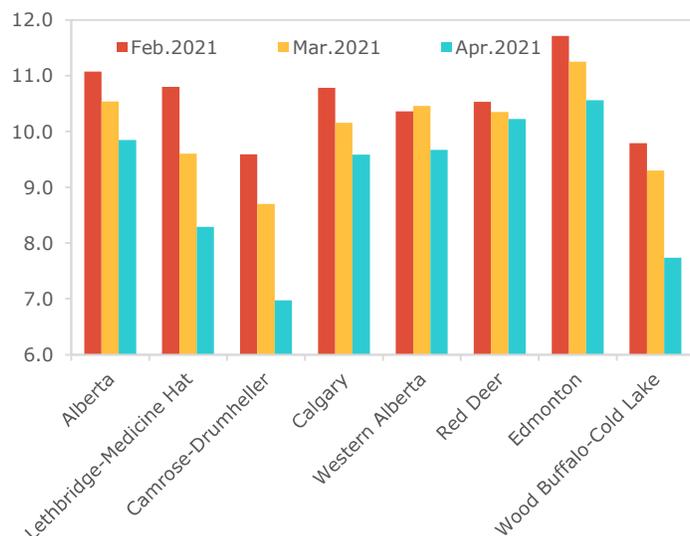
Source: Statistics Canada

**Fig 6. Regional employment change (m-o-m, '000)**



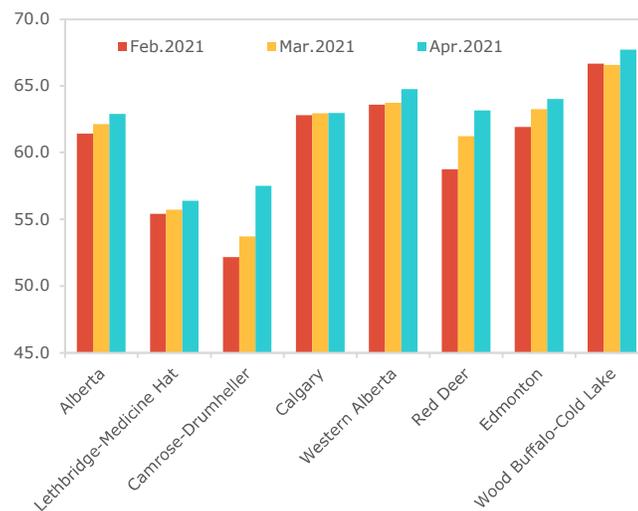
Note: the data is published on 3-month average basis. Source: Statistics Canada

**Fig 7. Regional unemployment rate (%)**



Note: the data is published on a 3-month average basis.  
Source: Statistics Canada

**Fig 8. Regional employment rate (%)**



Note: the data is published on a 3-month average basis.  
Source: Statistics Canada

**Fig 9. Regional details by industry**

	Alberta				Calgary				Edmonton				Rest of Alberta			
	Nov. 2020	Dec. 2020	Jan. 2021	Since Feb 2020 (%)	Nov 2020	Dec 2020	Jan 2021	Since Feb 2020 (%)	Nov 2020	Dec 2020	Jan 2021	Since Feb 2020 (%)	Nov 2020	Dec 2020	Jan 2021	Since Feb 2020 (%)
<b>All Industries</b>	<b>8.1</b>	<b>24.9</b>	<b>13.8</b>	<b>-2.1</b>	<b>-5.2</b>	<b>1.6</b>	<b>2.6</b>	<b>-0.4</b>	<b>14.3</b>	<b>16.9</b>	<b>10.3</b>	<b>0.1</b>	<b>-1.0</b>	<b>6.4</b>	<b>0.9</b>	<b>-6.6</b>
<b>Goods-Producing</b>	<b>0.5</b>	<b>6.0</b>	<b>0.7</b>	<b>-2.6</b>	<b>-1.5</b>	<b>-2.9</b>	<b>-1.1</b>	<b>8.6</b>	<b>1.6</b>	<b>5.4</b>	<b>3.4</b>	<b>-5.8</b>	<b>0.4</b>	<b>3.5</b>	<b>-1.6</b>	<b>-8.0</b>
Agriculture	-0.1	0.6	-1.0	-21.7	0.9	0.0	0.3	4.0	0.0	0.2	0.3	46.7	-1.0	0.4	-1.6	-28.0
Natural resources	0.4	1.0	-0.6	3.5	-1.7	-0.6	-1.0	10.1	1.4	1.4	0.5	-11.5	0.8	0.3	-0.1	3.8
Utilities	0.3	0.7	0.5	6.3	0.9	1.2	1.4	31.8	-1.9	-1.1	-0.6	-23.4	1.4	0.7	-0.3	31.1
Construction	0.5	5.4	0.1	1.1	-0.1	-2.4	0.0	2.4	2.7	3.1	1.4	7.0	-2.1	4.7	-1.3	-7.5
Manufacturing	-0.6	-1.7	1.7	-9.2	-2.2	-1.4	-1.3	14.3	0.2	1.4	2.9	-21.1	1.4	-1.8	0.0	-13.0
<b>Services-Producing</b>	<b>7.6</b>	<b>18.9</b>	<b>13.1</b>	<b>-2.0</b>	<b>-4.1</b>	<b>3.6</b>	<b>4.1</b>	<b>-2.7</b>	<b>12.8</b>	<b>10.7</b>	<b>8.4</b>	<b>1.9</b>	<b>-1.1</b>	<b>4.6</b>	<b>0.6</b>	<b>-5.9</b>
Wholesale/Retail Trade	4.8	3.9	0.5	1.5	-4.5	0.2	1.4	1.2	3.6	2.4	-2.1	5.0	5.7	1.3	1.2	-2.2
Transportation	0.0	0.8	-2.5	1.6	-3.3	2.1	1.0	-5.0	2.2	1.2	-1.9	16.5	1.0	-2.4	-1.6	-2.9
Finance	-1.5	0.1	2.2	9.8	-1.8	-3.1	0.7	16.9	0.6	1.4	1.0	0.1	-0.3	1.9	0.6	17.0
Professional services	0.3	2.7	2.6	-1.6	1.9	2.6	2.2	-1.6	-1.3	0.0	-1.0	9.5	-0.3	0.1	1.3	-22.5
Support services	5.6	2.4	0.2	3.9	3.3	1.5	-1.6	-5.1	3.5	-0.7	1.6	15.3	-1.3	1.6	0.3	1.7
Education	4.2	6.9	2.4	6.3	5.7	5.0	1.4	16.1	-3.6	1.2	2.9	-4.3	2.0	0.7	-1.9	5.9
Health Care	3.3	2.6	1.0	4.5	0.8	-0.3	2.9	-1.1	1.3	3.4	0.1	18.3	1.2	-0.5	-2.0	-3.4
Information and culture	-4.9	-0.6	1.0	-22.7	-3.3	-1.0	-0.5	-21.5	0.8	1.3	1.8	-8.8	-2.5	-1.0	-0.4	-43.6
Hospitality	-2.9	0.4	5.0	-32.5	-0.2	-1.5	-3.8	-25.2	-0.5	1.0	5.2	-51.1	-2.1	0.8	3.6	-19.8
Other services	-0.3	0.9	2.0	-1.6	-0.3	-0.1	0.4	9.0	1.9	1.9	2.5	-4.7	-1.9	-0.8	-1.0	-8.2
Public Administration	-1.0	-1.3	-1.5	-4.5	-3.0	-1.0	-1.1	-37.5	0.3	-0.7	0.1	23.4	1.7	0.4	-0.5	-13.7

Note: the data is published on a 3-month average basis.  
Source: Statistics Canada

## Independent Opinion

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