Labour Market Bulletin

Nova Scotia

May 2020

This Labour Market Bulletin provides an analysis of Labour Force Survey results for the province of Nova Scotia, including the regions of Annapolis Valley, Cape Breton, Southern, Halifax and North Shore.

OVERVIEW

The labour market in Nova Scotia recovered slightly following two months of record-breaking employment losses caused by restrictions intended to slow the spread of COVID-19. Employment increased by 2.2% but remains more than 14% below pre-pandemic levels. Part-time workers were disproportionately affected by COVID-19 lay-offs, but also accounted for virtually all of this month's rebound.

Most of those laid off due to closures in March and April were categorized by the labour force survey as having exited the labour force. Many of these individuals are now available for work again, contributing to a 4% increase in the size of the labour force in May. However, over half of these jobseekers are not yet working and are counted as unemployed, causing the unemployment rate to rise despite the rebound in employment.

Nova Scotia Monthly Labour Force Statistics

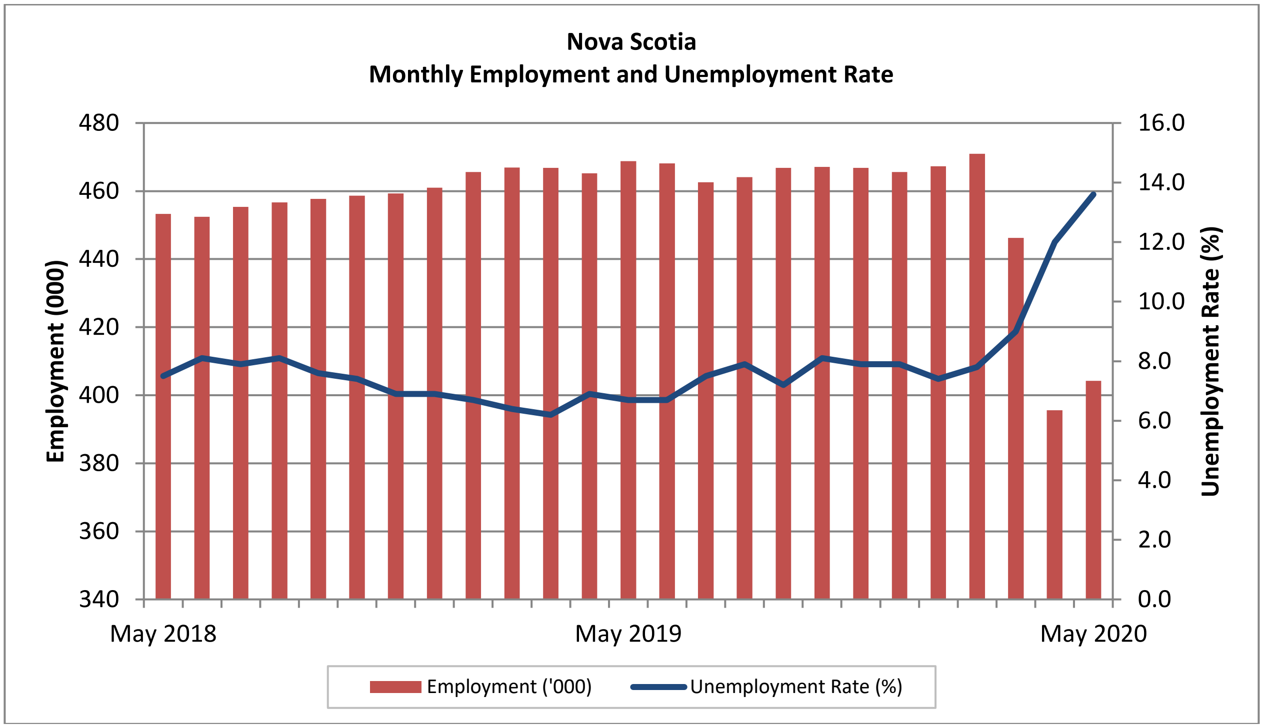
Seasonally Adjusted Monthly Data	May 2020	April 2020	May 2019	Monthly Variation		Yearly Variation	
				Number	%	Number	%
Population 15 + ('000)	815.2	814.8	805.1	0.4	0.0	10.1	1.3
Labour Force ('000)	467.5	449.6	502.3	17.9	4.0	-34.8	-6.9
Employment ('000)	404.2	395.6	468.8	8.6	2.2	-64.6	-13.8
Full-Time ('000)	334.2	333.8	381.1	0.4	0.1	-46.9	-12.3
Part-Time ('000)	69.9	61.8	87.7	8.1	13.1	-17.8	-20.3
Unemployment ('000)	63.4	54.0	33.5	9.4	17.4	29.9	89.3
Unemployment Rate (%)	13.6	12.0	6.7	1.6	-	6.9	-
Participation Rate (%)	57.3	55.2	62.4	2.1	-	-5.1	-
Employment Rate (%)	49.6	48.6	58.2	1.0	-	-8.6	-

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey – Table 14-10-0287

Canada

On a year-over-year basis, employment was 13.8% lower than in May 2019. The number of workers was relatively stable for most of the past year, edging up by approximately 0.5% to a record high in February 2020. In early March, approximately 25,000 jobs were shed as restrictions on certain industries came into force, though the full effect of COVID-19 on the labour market became clearer in April following an even larger decrease.



Over the course of the past year, the labour force followed a similar trajectory as employment. Between May 2019 and Feburary 2020 it expanded by 1.7% due to increased international immigration, net postive interprovincial migration, and improved labour market conditions for youth. This was followed by a sharp decline as many of those laid off in March and April remained unavailable for work due to restrictions on their respective industries. As a result of these changes, the participation rate declined while the unemployment rate more than doubled.

Different age groups and sexes have been affected to varying degrees by the recent layoffs. Overall, females accounted for more than half of job losses. This is partially due to the overrepresentation of females in part-time positions, however the disparity also extends to full-time positions.

Of the major age groups, youth (15 to 24 years of age) experienced the worst deterioration in employment in March and April, followed by a sizeable partial recovery in May. This age group enjoyed large improvements in labour market outcomes prior to the pandemic, with employment rising by 4% from May 2019 to February 2020. However, youth are overrepresented in industries hardest hit by social distancing restrictions, resulting in a 37% employment decline from February to April. It appears that many laid-off youth are now being called back to work, as their employment went up by 8.1% month-over-month. The difference in employment changes by sex are exaggerated in this age bracket: more females than males were laid off during closures, and fewer have been re-hired.

Nova Scotia Monthly Unemployment Rates, by Gender and Age

Seasonally Adjusted Data	May 2020 %	April 2020 %	May 2019 %	Monthly Variation (% points)	Yearly Variation (% points)
Total	13.6	12.0	6.7	1.6	6.9
25 years and over	12.0	9.8	5.9	2.2	6.1
Men - 25 years and over	11.0	9.8	7.3	1.2	3.7
Women - 25 years and over	13.0	9.9	4.4	3.1	8.6
15 to 24 years	23.9	26.5	11.2	-2.6	12.7
Men - 15 to 24 years	17.6	27.9	11.8	-10.3	5.8
Women - 15 to 24 years	30.2	24.5	10.3	5.7	19.9

Source: Statistics Canada Labour Force Survey – Table 14-10-0287

At -10.5%, the annual rate of employment decline among prime working age individuals (25 to 54 years of age) was the least severe of the three age groups. Compared to youth, workers in this age bracket are less concentrated in industries that were severely limited by COVID-19 restrictions. Prime working age individuals have also had more balanced employment changes with respect to sex. While this cohort's 2.1% monthly rate of job growth in May appears to indicate less of a rebound than among youth, both groups have regained approximately one worker for every seven laid off in March and April.

The number of older workers (55 years of age and older) went down by 13.2% year-over-year, with females accounting for approximately two-thirds of the decrease. In May, this group shed another 300 jobs, with no indication of a widespread return to work yet.

EMPLOYMENT BY INDUSTRY

Monthly and annual employment changes varied substantially by industry. Certain types of establishment were directly ordered to close due to unavoidable close physical contact between workers and clients. Others were forced to close indirectly due to the difficulty of complying with social distancing rules. Finally, others have been affected by a general lack of consumer demand, fewer travellers, or disrupted supply chains.

Overall, **goods-producing industries** were less impacted by COVID-19 related lay-offs than services-producing industries. Employment rose by 2.8% in May but remains 7.6% below its level one year prior. Declines in **construction** and **manufacturing**, the two largest industries in this sector, have been relatively limited. Construction on private worksites has been permitted to go ahead with social distancing measures, and there has been an uptick in residential construction due to a limited supply of realty listings. Additionally, this industry will be boosted by major provincial investments in highways, hospitals, and schools. A few of the province's major manufacturers—notably the Halifax shipyard and Michelin—laid off workers temporarily, while others maintained or increased staffing levels by manufacturing products for the health care system. While the **forestry, fishing, mining, quarrying, oil and gas** industry recorded a 2,000-worker drop (-16.4%) year-over-year, much of this decrease happened prior to the pandemic. This industry has experienced several longer-term shocks such as the closure of the Northern Pulp mill, the Donkin Mine, and reduced global demand and prices for lobster.

In the **services-producing sector**, some industries have maintained employment levels in spite of COVID-19. **Finance, insurance, real estate, rental and leasing**, **professional, scientific and technical services**, and **public administration** have all experienced positive job growth since May 2019. Many occupations in these industries are primarily office-based, allowing workers to perform their jobs from home without severely limiting their main activities. Conversely, the industries with the most severe employment contractions are **wholesale and retail trade** (-24.5% year-over-year decrease), **information, culture and recreation** (-34.5%), **accommodation and food services** (-43.0%), and **other services** (-27.6%). Establishments in these industries that were closed explicitly by the provincial government include dine-in restaurants, salons, and health practitioners. Furthermore, for several weeks Nova Scotians were asked to avoid non-essential shopping and outings, reducing the number of patrons going to businesses which chose to remain open. On a monthly basis, most recorded a sizeable employment increase in May, which may reflect businesses reopening with adaptations to meet social distancing requirements. There are exceptions to this trend caused by ongoing weak demand, however: **transportation and warehousing** shed 2,000 jobs in April followed by another 1,200 in May as the full effect of prolonged interprovincial and international travel restrictions set in.

Nova Scotia Monthly Employed Labour Force, by Industry

Seasonally Adjusted Data ('000)	May 2020	April 2020	May 2019	Monthly Variation		Yearly Variation	
				Number	%	Number	%
Total employed, all industries	404.2	395.6	468.8	8.6	2.2	-64.6	-13.8
Goods-producing sector	80.5	78.3	87.1	2.2	2.8	-6.6	-7.6
Agriculture	5.3	5.5	6.1	-0.2	-3.6	-0.8	-13.1
Forestry, fishing, mining, quarrying, oil and gas	10.2	10.4	12.2	-0.2	-1.9	-2.0	-16.4
Utilities	3.5	3.5	3.8	0.0	0.0	-0.3	-7.9
Construction	32.0	29.4	33.9	2.6	8.8	-1.9	-5.6
Manufacturing	29.6	29.6	31.0	0.0	0.0	-1.4	-4.5
Services-producing sector	323.7	317.2	381.7	6.5	2.0	-58.0	-15.2
Trade	62.6	57.5	82.9	5.1	8.9	-20.3	-24.5
Transportation and warehousing	16.8	18.0	19.9	-1.2	-6.7	-3.1	-15.6
Finance, insurance, real estate and leasing	21.9	22.7	20.9	-0.8	-3.5	1.0	4.8
Professional, scientific and technical services	29.0	28.1	28.3	0.9	3.2	0.7	2.5
Business, building and other support services	16.2	16.6	17.6	-0.4	-2.4	-1.4	-8.0
Educational services	32.9	33.3	38.3	-0.4	-1.2	-5.4	-14.1
Health care and social assistance	66.9	68.6	72.9	-1.7	-2.5	-6.0	-8.2
Information, culture and recreation	12.9	12.0	19.7	0.9	7.5	-6.8	-34.5
Accommodation and food services	19.9	18.1	34.9	1.8	9.9	-15.0	-43.0
Other services	12.3	12.2	17.0	0.1	0.8	-4.7	-27.6
Public administration	32.3	30.3	29.3	2.0	6.6	3.0	10.2

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey – Table 14-10-0355

REGIONAL ANALYSIS

In general, all economic regions (ER) in Nova Scotia experienced changes comparable to those at the provincial level: a year-over-year employment contraction of 10 to 20%, a severe temporary reduction in the size of the labour force, and an increase in the unemployment rate of several percentage points. It is important to note that ER-level data is provided as a three-month-moving average. As a result, this May's figures reflect the average value for March, April and May. This may underestimate the number of jobs losses at the height of the restrictions and introduce a lag to the recovery currently underway.

In **Cape Breton**, employment declined 12.3% year-over-year and the unemployment rate rose by 4.5 pp to 18.3%. Travel restrictions and weak global demand for lobster may continue to weigh on employment levels throughout the summer and fall due to the relative importance of the seasonal tourism and fishing industries. Prior to the pandemic, a sharp increase in the number of international students in this region had halted a chronic trend of population decline and increased consumer demand in the Sydney area. Moving forward, the effect of Cape Breton University's transition to online classes may affect this source of immigration and economic activity.

The **North Shore** has experienced an overall change in labour market outcomes comparable to the province as a whole resulting from COVID-19. Unrelated to the pandemic, however, the closure of the Northern Pulp mill at the end of January is still reverberating through the forestry and wood product manufacturing industries. A bright spot in this region is that construction of a major highway realignment and twinning near Antigonish will ramp up this summer.

Nova Scotia Monthly Labour Force Statistics, by Economic Region

3-Month Moving Averages Seasonally Unadjusted Data	Employment			Unemployment Rate		
	May 2020 ('000)	May 2019 ('000)	Yearly Variation (%)	May 2020 (%)	May 2019 (%)	Yearly Variation (%)
Nova Scotia	411.6	463.1	-11.1	12.0	7.0	5.0
Economic Regions						
Cape Breton	42.8	48.8	-12.3	18.3	13.8	4.5
North Shore	60.3	68.5	-12.0	11.6	7.8	3.8
Annapolis Valley	47.8	58.1	-17.7	11.8	6.1	5.7
Southern	45.3	50.1	-9.6	12.9	7.1	5.8
Halifax	215.3	237.7	-9.4	10.6	5.5	5.1

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey – Table 14-10-0293

The largest year-over-year contraction in employment in the province (-17.7%) occurred in the **Annapolis Valley** though it is not clear that this can be linked to any particular industry or closure. New quarantine measures for temporary foreign workers created some uncertainty for the region's large agriculture industry. Moving forward, the industrial composition of this ER is not expected to pose any unique or disproportionate challenges to the labour market during reopening.

The **Southern** region has not experienced employment losses of the same magnitude as the other rural ERs, with a 9.6% year-over-year decrease. This region has the largest share of workers in the goods-producing sector which has generally fared better than services-producing industries. A notable exception was the temporary layoff of a portion of the workforce at Michelin's Bridgewater plant. Moving into the summer, many seasonal tourism establishments in this region will be affected by restrictions on international travel. It is increasingly likely that the ferry linking Yarmouth to Maine will miss a second consecutive season as well.

The year-over-year employment decline in **Halifax** was the smallest in the province, at -9.4%. Primarily office-based industries which have been able to adapt to social distancing regulations account for more than one-fifth of employment in Halifax, which is a much greater share than in the other economic regions. Nonetheless, the large accommodation and food services and retail trade industries have not been exempt from the widespread closures and layoffs experienced throughout the rest of Nova Scotia.

Note: *In preparing this document, the authors have taken care to provide clients with labour market information that is timely and accurate at the time of publication. Since labour market conditions are dynamic, some of the information presented here may have changed since this document was published. Users are encouraged to also refer to other sources for additional information on the local economy and labour market. Information contained in this document does not necessarily reflect official policies of Employment and Social Development Canada.*

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