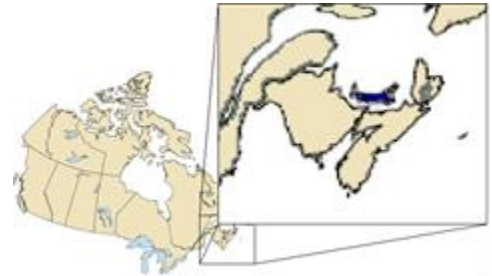




# Labour Market Bulletin

## Prince Edward Island

May 2020



This Labour Market Bulletin provides an analysis of Labour Force Survey results for the province of Prince Edward Island.

### OVERVIEW

Labour market conditions in May show early signs of recovery after having weathered what appears to have been the ‘eye of the Coronavirus (COVID-19) storm’ in April when the province experienced record monthly declines in both labour force and employment levels.

The Island recovered more than half (or 58%) of the cumulative March and April losses in its labour force in May, while the recovery in employment was less impactful (having regained only 23% of its cumulative losses in March and April). This means that those laid off in April and who were not counted in the labour force (because they were unable to work or seek employment due to COVID-19 restrictions), began transitioning back to the labour force, as unemployed. The number of persons unemployed in Prince Edward Island increased by 38% in May 2020.

Prince Edward Island Monthly Labour Force Statistics

Seasonally Adjusted Monthly Data	May 2020	April 2020	May 2019	Monthly Variation		Yearly Variation	
				Number	%	Number	%
Population 15 + ('000)	131.1	130.9	128.1	0.2	0.2	3.0	2.3
Labour Force ('000)	83.5	77.7	84.9	5.8	7.5	-1.4	-1.6
Employment ('000)	71.9	69.3	77.3	2.6	3.8	-5.4	-7.0
Full-Time ('000)	62.1	60.2	65.5	1.9	3.2	-3.4	-5.2
Part-Time ('000)	9.8	9.1	11.7	0.7	7.7	-1.9	-16.2
Unemployment ('000)	11.6	8.4	7.6	3.2	38.1	4.0	52.6
Unemployment Rate (%)	13.9	10.8	9.0	3.1	-	4.9	-
Participation Rate (%)	63.7	59.4	66.3	4.3	-	-2.6	-
Employment Rate (%)	54.8	52.9	60.3	1.9	-	-5.5	-

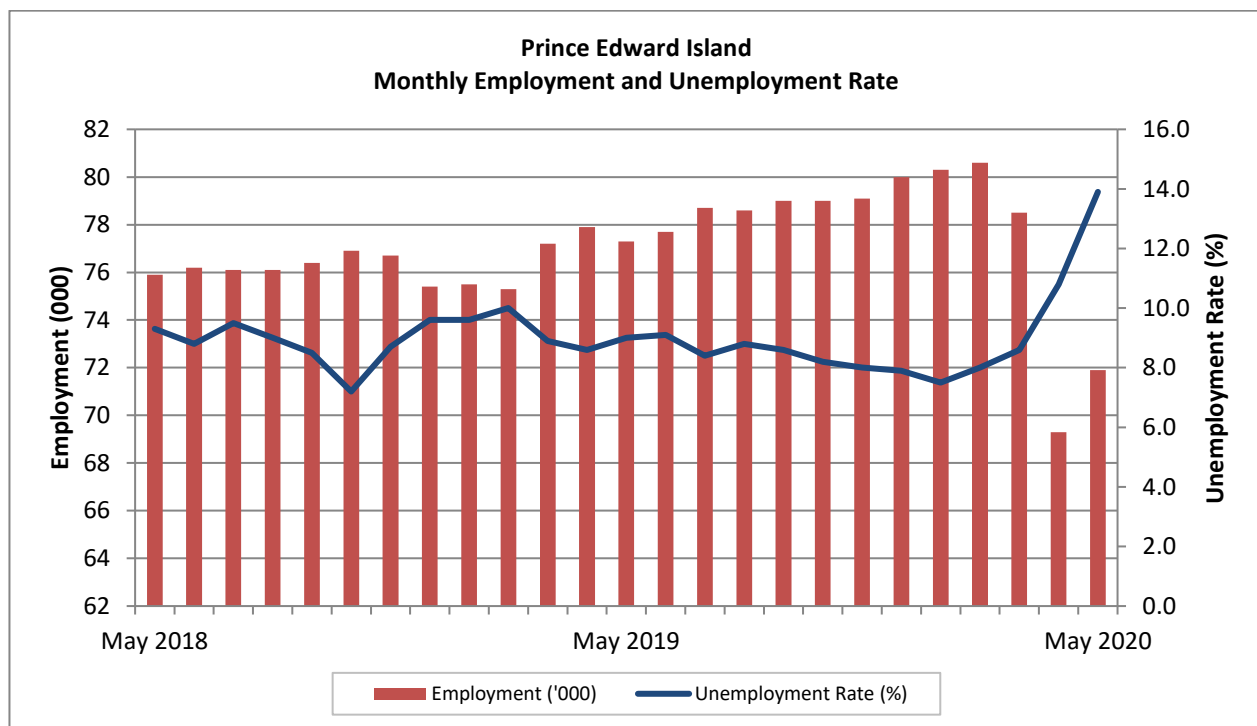
Note: Totals may not add due to rounding

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

The May Labour Force Survey results are reflective of some gradual lifting of public health measures on individuals, communities and organizations. The first of four recovery plan phases introduced by the province started on May 1 and included allowing certain services to operate, such as: landscaping; outdoor construction (e.g. decks, roofing, fencing); new construction including roads, and indoor projects as per physical distancing guidelines; outdoor photography, etc. Further, with respect to non-urgent health care services, a phased approach to reintroducing priority services was announced, and includes physiotherapists; optometrists and opticians; chiropractors; naturopaths; etc..

Although the gradual easing of COVID-19 restrictions and the re-opening of the economy provides some welcome optimism, challenges will continue to persist which may limit the pace of recovery to some degree. Challenges that employers face include “...adapting workplaces while adjusting to disruptions in global supply chains and uncertainties in consumer demand.”<sup>1</sup> Challenges for workers include: “...returning to a previous employer, ... looking for a new job, adapting to new ways of working, or making child care arrangements.”<sup>2</sup>

The labour force recovery in May, of 5,800 persons, was mostly attributed to the return of core-aged workers (25-54 years of age) and youths (persons aged 15-24 years) to the labour market following the COVID-19 shock. The majority of May’s labour force gains are attributed to unemployment growth (+3,200) which is reflective of the local labour market beginning to settle to the said challenges.



Employment in P.E.I. increased more than twice as fast among men (+5.2%) than women (+2.1%) which is consistent with the national perspective where there were considerable increases in goods-producing industries (which account for a greater proportion of male employment). With respect to age groups, youths accounted for more than half of the overall job gains in May, which for this cohort was evenly split between men and women. Youths were hardest hit with respect to the COVID-19 shock, relative to the other major age categories. This

<sup>1</sup>Statistics Canada: Labour Force Survey, May 2020 (June 5, 2020)

<sup>2</sup>Ibid.

young age cohort experienced a cumulative employment decline of 3,400 in March and April, which represented 28% of its pre-COVID-19 employment base in February 2020. By comparison, older workers and the core-aged cohort absorbed a relatively milder hit to their pre-COVID-19 employment bases, of 12% and 11% respectively.

The surge in the Island’s unemployment levels lifted the unemployment rate by over 3 percentage points, to a twenty-year high in May, of 13.9%. The core-aged group experienced the largest percentage-point gain in May (+3.5 points) followed by youths (+3.2 points) and older workers (+1.6 points). In all three age categories, women experienced the largest monthly unemployment rate gain relative to men.

Prince Edward Island Monthly Unemployment Rates, by Gender and Age

Seasonally Adjusted Data	May 2020 %	April 2020 %	May 2019 %	Monthly Variation (% points)	Yearly Variation (% points)
<b>Total</b>	13.9	10.8	9.0	3.1	4.9
<b>25 years and over</b>	13.2	10.4	8.2	2.8	5.0
Men - 25 years and over	11.3	9.4	10.6	1.9	0.7
Women - 25 years and over	15.5	11.4	5.5	4.1	10.0
<b>15 to 24 years</b>	17.2	14.0	13.3	3.2	3.9
Men - 15 to 24 years	16.7	14.5	19.1	2.2	-2.4
Women - 15 to 24 years	17.9	13.3	6.7	4.6	11.2

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

With more workers transitioning back into the labour force, the Island’s participation rate increased to 63.7% in the most recent month. P.E.I. recorded the third highest participation rate in the country, behind Alberta and Saskatchewan, and exceeded the national average by 2.3 percentage points.

### Supplementary analysis related to COVID-19

#### *A third of the Island’s labour force remains underutilized*

Though the participation rate increased for the province, a significant segment of the potential labour force remained *underutilized*<sup>3</sup> in May. More than a third (35.4%) of the potential labour force<sup>4</sup> was fully or partially underutilized, up slightly from 34.9% in April, but considerably higher than the 15.5% pre-COVID-19 in February. This compares to 34.8% nationally in May.

#### *Share of employees working less than half their regular hours highest in P.E.I.*

A total of 5,900 of employed persons, or 8% of total, reported having worked less than half their regular hours for the month of May which is double what it was in April. Furthermore, this compares to just 2% of Island

<sup>3</sup> The labour *underutilization* rate was created by Statistics Canada to specifically measure the COVID-19 impact. It combines those who were unemployed; those who were not in the labour force but who wanted a job and did not look for one; and those who were employed but worked less than half of their usual hours.

<sup>4</sup> *Potential labour force* (specific definition to measure the COVID-19 impact) includes people in the labour force (all employed and unemployed people), and people not in the labour force who wanted a job but didn't search for reasons such as 'waiting for recall (to former job),' 'waiting for replies from employers,' 'believes no work available (in area, or suited to skills),' 'long-term future start,' and 'other.'

workers having worked less than half their regular hours in May 2019. P.E.I. recorded the highest share in the country by this measure, followed by a distant second by Ontario, at 4.8%. “Low-wage workers continue to have a higher share of people working less than half of their usual hours for COVID-19-related reasons, compared with all other paid employees.”<sup>5</sup>

#### *Fewer workers absent in P.E.I. in April compared to Canada*

The proportion of those employed and self-employed in the province that were absent from work during the reference week peaked in April amid the full force of COVID-19 on the labour market. Approximately 15% of those employed in April were absent from work (or alternatively, worked zero hours<sup>6</sup>). This compares to 17% nationally. “Self-employed people who were away from work continued to be relatively harder hit financially than employees.”<sup>7</sup>

## EMPLOYMENT BY INDUSTRY

The cumulative impact of COVID-19 on Prince Edward Island’s employment base in March and April 2020 was felt predominantly in the **Services-producing sector**, which declined by 9,000 persons in those two months combined. In May, the sector recouped about a quarter of its COVID-19 related losses, attributed to increased employment in **Wholesale and retail trade** and **Health care and social assistance**. The **Goods-producing sector** benefitted from employment gains in **Forestry, fishing, mining, quarrying, oil and gas** and in **Construction**. This helped to offset a 20% plunge in **Manufacturing** employment in May.

The **Accommodation and food services** industry was heaviest hit by the pandemic, and remains constrained as the industry failed to recoup any of its March and April losses due to the pandemic. Nearly 6 out of 10 workers remained affected in May as a result of COVID-19. However, the industry is expected to experience some recovery next month because as of June 1, the province entered the third phase of its recovery plan. This includes allowing indoor dining and service at food premises, breweries, cideries and wineries – subject to conditions (i.e. no buffet style dining). Further, accommodations were permitted to re-open (for P.E.I. residents only), in this third phase.

Both the **Accommodation and food services** and **Wholesale and retail trade** industries in March and April experienced the largest cumulative hit to their pre-COVID-19 employment bases (in February), having declined by 60% and 20% respectively. These industries were most vulnerable at the onset of the pandemic as they involve public-facing activities or limited ability to work from home. The Wholesale and Retail Trade industry recouped about half of its COVID-19 related losses in May, with further recovery in store given the roll out of Phase 2 allowing retail outlets to re-open.

As indicated earlier in the report, the employment gains in **Health care and social assistance** in May reflects the implementation of Phase 1 permitting non-urgent health care services. The industry will continue to recoup its losses with the implementation of Phase 2 allowing all unlicensed child care providers and licensed child care centres to re-open.

<sup>5</sup>Statistics Canada: Labour Force Survey, May 2020 (June 5, 2020)

<sup>6</sup>Employed, worked zero hours includes employees and self-employed who were absent from work all week, but excludes people who have been away for reasons such as 'vacation,' 'maternity,' 'seasonal business' and labour dispute.'

<sup>7</sup>Statistics Canada: Labour Force Survey, May 2020 (June 5, 2020)

The **Construction** industry recouped about two-thirds of its combined employment losses in March and April due in part to completion of projects, no new permits being issued and physical distancing measures (resulting in fewer site workers). Some construction projects continued during the crisis, however productivity was a constraining factor with fewer workers on site and the implementation of safety protocols. The recovery in May reflects the implementation of the province's recovery Phase 1 as discussed above, which expands on allowing construction activity in the province.

The **Manufacturing** industry in P.E.I. experienced a considerable decline in May compared to the previous month, which reflects to some degree ongoing risks associated with COVID-19 (such as supply chain disruptions; delays in receiving imported goods; and shipping constraints<sup>8</sup>). The industry's reliance on food manufacturing has kept the province afloat throughout the crisis (in March and April, in particular), evidenced by strong growth in export values year-to-date (January – April) across major manufactured food categories.

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<sup>8</sup>P.E.I. Department of Finance, Provincial Economic Update (April 3, 2020).

Prince Edward Island Monthly Employed Labour Force, by Industry

Seasonally Adjusted Data ('000)	May 2020	April 2020	May 2019	Monthly Variation		Yearly Variation	
				Number	%	Number	%
<b>Total employed, all industries</b>	71.9	69.3	77.3	2.6	3.8	-5.4	-7.0
<b>Goods-producing sector</b>	18.1	17.6	20.2	0.5	2.8	-2.1	-10.4
Agriculture	4.0	3.9	4.3	0.1	2.6	-0.3	-7.0
Forestry, fishing, mining, quarrying, oil and gas	2.2	1.7	2.6	0.5	29.4	-0.4	-15.4
Utilities	0.3	0.2	0.3	0.1	50.0	0.0	0.0
Construction	6.8	5.9	6.3	0.9	15.3	0.5	7.9
Manufacturing	4.8	6.0	6.7	-1.2	-20.0	-1.9	-28.4
<b>Services-producing sector</b>	53.8	51.6	57.1	2.2	4.3	-3.3	-5.8
Trade	10.4	9.2	11.0	1.2	13.0	-0.6	-5.5
Transportation and warehousing	2.7	2.5	2.6	0.2	8.0	0.1	3.8
Finance, insurance, real estate and leasing	2.6	2.7	2.8	-0.1	-3.7	-0.2	-7.1
Professional, scientific and technical services	4.0	4.0	3.2	0.0	0.0	0.8	25.0
Business, building and other support services	2.3	2.2	2.6	0.1	4.5	-0.3	-11.5
Educational services	5.5	5.2	5.5	0.3	5.8	0.0	0.0
Health care and social assistance	10.7	10.0	11.0	0.7	7.0	-0.3	-2.7
Information, culture and recreation	1.9	2.0	2.0	-0.1	-5.0	-0.1	-5.0
Accommodation and food services	2.5	2.5	5.4	0.0	0.0	-2.9	-53.7
Other services	3.4	3.3	3.5	0.1	3.0	-0.1	-2.9
Public administration	7.9	7.9	7.4	0.0	0.0	0.5	6.8

Note: Totals may not add due to rounding

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

**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.

**Prepared by:** Labour Market Analysis Directorate, Service Canada, Atlantic Region

**For further information,** please contact the LMI team at:

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