

SECOND QUARTER OF 2018

April, May, June

Ontario Employment Report

ONTARIO MINISTRY OF FINANCE





Introduction

About the Ontario Employment Report

The Ontario Employment Report is released four times a year and provides an assessment of the current trends and developments in the Ontario labour market. The Ontario Employment Report is a companion report to the Ontario Economic Accounts, which provides an overall assessment of the current state of the Ontario economy. Most estimates in the Ontario Employment Report are based on Statistics Canada data. Its primary audience includes economists in both public and private sectors and credit rating agencies.

Methodological Note

In the current issue, year-over-year change represents change between the averages in the second quarter of 2017 and the second quarter of 2018. Note that the Ontario Economic Accounts report primarily shows changes between the previous and the current quarter.

This report uses seasonally adjusted data in charts displaying data with a monthly frequency in the Overview section.

Unadjusted data is used in charts and tables showing the changes for the current quarter compared with the same quarter for the previous year. Unadjusted data is also used to calculate annual averages, year-to-date averages and 2018 second quarter averages.

Ontario's Labour Market

Overview

Year-over-year, Ontario's employment grew by 2.0% (+139,500), higher than the Canadian rate of 1.3%.

Ontario's unemployment rate was 5.9% in June 2018, up 0.2 percentage points from last month and down 0.5 percentage points from June last year.

Year-over-year Overview

Between the second quarter of 2017 and 2018:

- Employment growth was driven by increases in full-time employment (+2.9%) while part-time employment declined (-2.4%).
- The private sector added the most jobs, but the public sector experienced the highest rate of growth in employment (+3.3%).
- There were significant employment gains in both the services- (+2.0%) and goods- (+1.9%) producing sectors.
- Four of the five Ontario regions posted solid employment gains with Southwestern Ontario experiencing the fastest employment growth (+3.7%).
- Older workers and youth experienced above-average employment growth (+3.4% and +2.5%, respectively).
- The average hourly wage increased by 4.4%, to \$27.43.

In Focus: Long-Term Unemployment

- The incidence of long-term unemployment has not yet reached the pre-recession level.

Overview of Ontario's Labour Force

Employment:

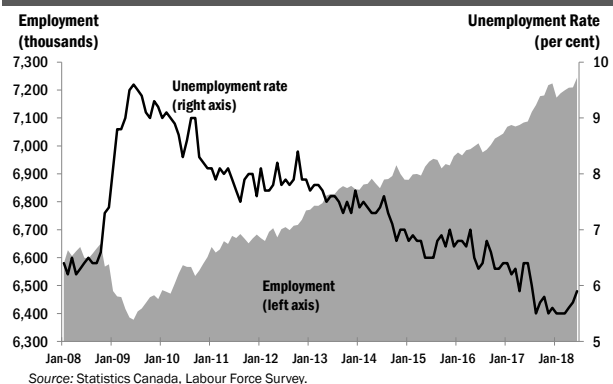
+139,500 net new jobs year-over-year
+170,900 full-time jobs year-over-year

Unemployment rate:

5.9% in June 2018

Source: Statistics Canada, Labour Force Survey.

Ontario's Labour Market, 2008-2018



Type of Work

Quarterly Details

Year-over-year, full-time employment increased by 2.9% (+170,900), while part-time employment decreased by 2.4% (-31,400).

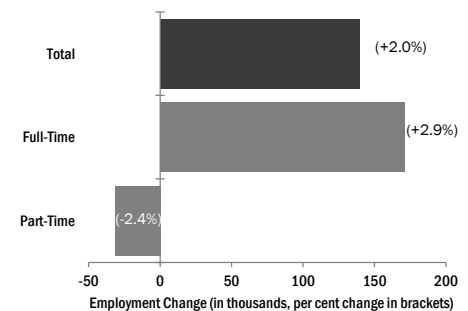
Private sector employment grew the most (+90,400), followed by public sector employment (+44,700) and self-employment (+4,500).

Meanwhile, public sector employment recorded the highest growth rate at 3.3%, followed by private sector employment at 1.9% and self-employment at 0.4%.

Paid employment increased in below-average wage industries by 3.1%, while employment in above-average wage industries increased by 1.4%.

Employment Change by Full-Time, Part-Time Status

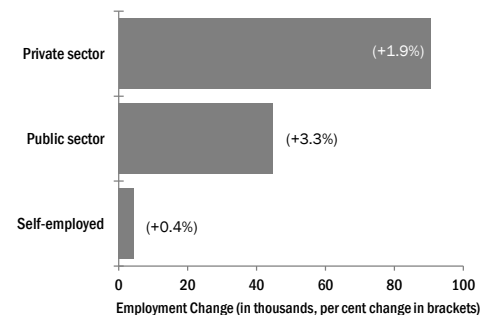
Employment change 2018Q2 over 2017Q2



Source: Statistics Canada, Labour Force Survey.

Employment Change by Employment Sector

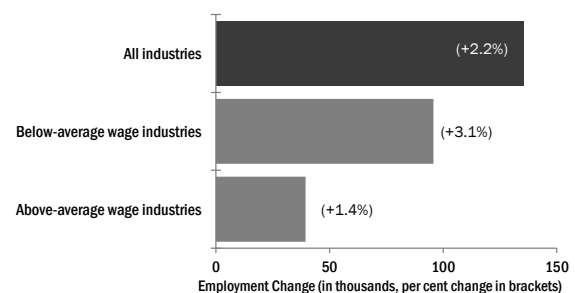
Employment change 2018Q2 over 2017Q2



Source: Statistics Canada, Labour Force Survey.

Employment Change by Above-, Below-Average Wage Industries

Employment change 2018Q2 over 2017Q2



Note: Above-average wage industries are defined as those with earnings above the average hourly earnings of all industries in 2017. Self-employment is excluded.

Source: Statistics Canada, Labour Force Survey.

Sector and Occupation

Quarterly Details

Year-over-year, there were significant employment gains in both the goods-producing sector (+1.9%) and services-producing sector (+2.0%).

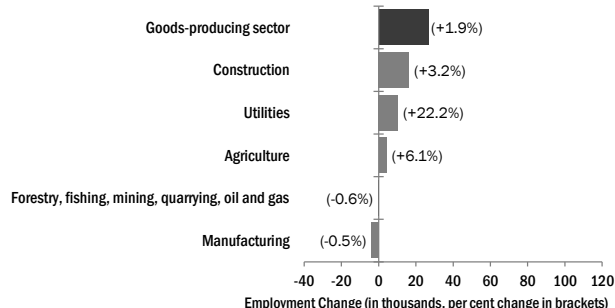
Among goods-producing industries, construction added the most jobs (+3.2%). This was followed by utilities, which saw the largest growth rate of 22.2%.

Among services-producing industries, transportation and warehousing gained the most jobs, followed by accommodation and food services and information, culture and recreation. Health care and social assistance had the largest decline in employment (-4.2%).

Among broad occupational groups, business, finance and administration saw the largest increase in employment, though management had the strongest rate of growth at 12.2%.

Employment Change by Industry Goods-Producing Industries

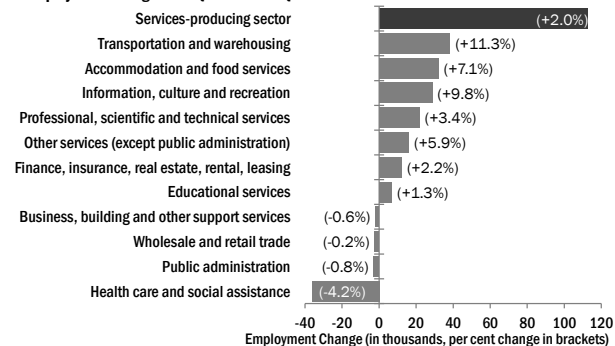
Employment change 2018Q2 over 2017Q2



Source: Statistics Canada, Labour Force Survey.

Employment Change by Industry Services-Producing Industries

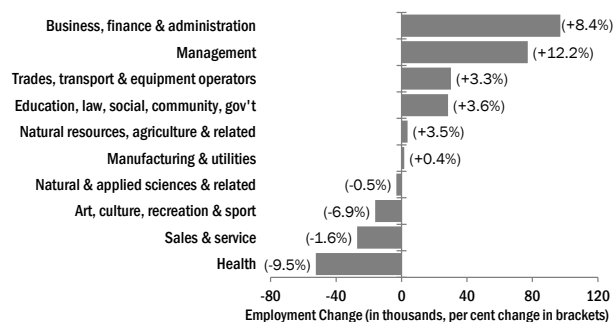
Employment change 2018Q2 over 2017Q2



Source: Statistics Canada, Labour Force Survey.

Employment Change By Occupational Group

Employment change 2018Q2 over 2017Q2



Source: Statistics Canada, Labour Force Survey.

Geographic Region

Quarterly Details

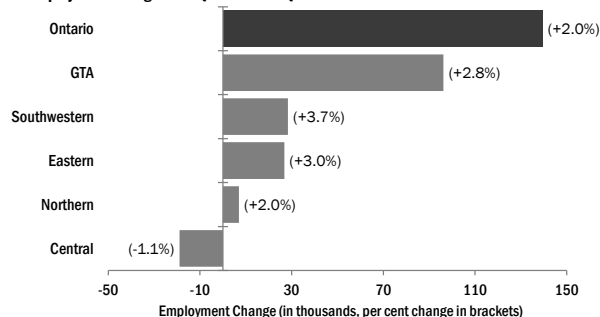
Year-over-year, employment increased in four of the five Ontario regions. The rate of employment growth was highest in Southwestern Ontario (+3.7%), followed by Eastern Ontario (+3.0%), the Greater Toronto Area (GTA)¹ (+2.8%) and Northern Ontario (+2.0%). Employment declined in Central Ontario (-1.1%).

Year-over-year, the unemployment rate declined in four of the five Ontario regions and remained steady in Central Ontario. In the second quarter of 2018, the GTA had the highest unemployment rate (6.4%) and Eastern Ontario had the lowest unemployment rate (4.8%).

Quarterly labour force participation rates varied considerably among the economic regions. In the second quarter, participation rates ranged from 60.7% in Northern Ontario to 66.8% in the GTA.

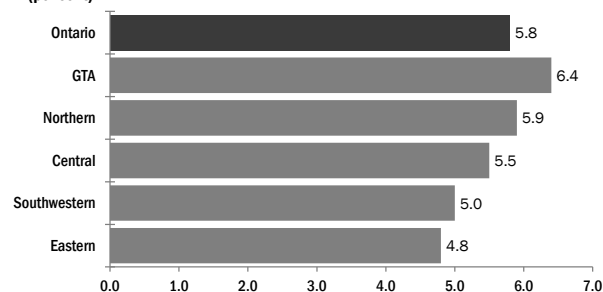
Employment Change by Ontario Region

Employment change 2018Q2 over 2017Q2

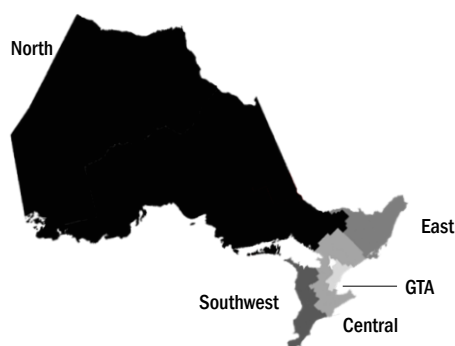


Unemployment Rates by Ontario Region

Unemployment rate in 2018Q2 (per cent)



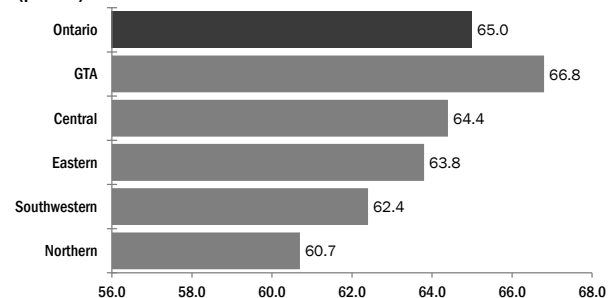
Ontario Regions



Note: Based on groupings of Statistics Canada's economic regions.

Participation Rates by Ontario Region

Participation rate in 2018Q2 (per cent)



¹ This economic region closely matches the GTA, the main exception being that it excludes the city of Burlington.

Age and Gender

Quarterly Details

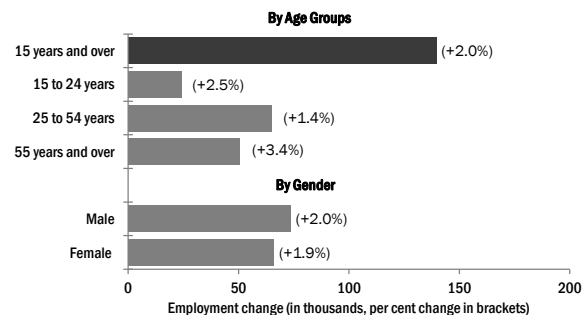
Compared to the same quarter last year, core-aged workers (25 to 54 years) gained the most jobs, followed by older workers (55 years and over), and youth (15 to 24 years). Both older workers and youth experienced above-average employment growth rates (+3.4% and +2.5%, respectively). Males and females had similar growth rates (+2.0% and +1.9%, respectively).

In the second quarter, females and males had similar unemployment rates of 5.8%. Males saw the most notable decline compared to a year ago (-0.7 percentage points). The unemployment rate of youth was 12.9%, the highest among the three age groups.

In the second quarter, core-aged workers had the highest participation rate at 85.8%, followed by youth at 62.9% and older workers at 38.0%. Compared to a year ago, the participation rate for youth increased by 0.7 percentage points. Females continued to record a lower participation rate (61.1%) than males (69.1%). The participation rate for females edged up by 0.1 percentage points, but declined for males by 0.5 percentage points.

Employment Change by Age Group and Gender

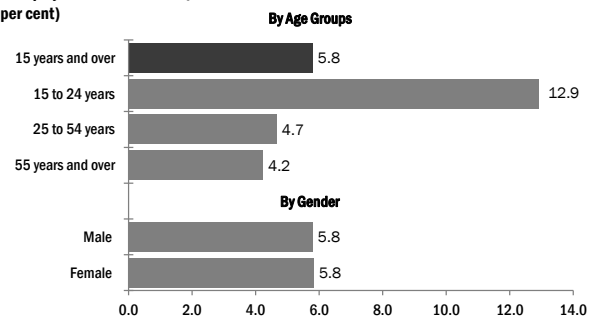
Employment change 2018Q2 over 2017Q2



Source: Statistics Canada, Labour Force Survey.

Unemployment Rates by Age Group and Gender

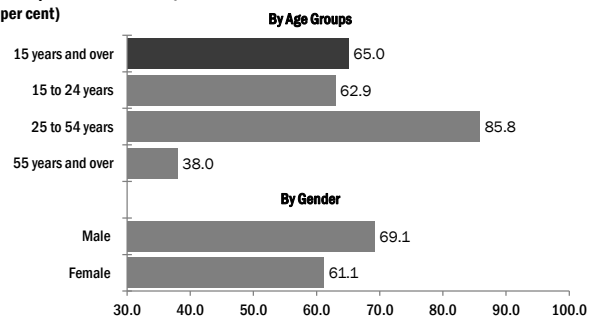
Unemployment Rate in 2018Q2 (per cent)



Source: Statistics Canada, Labour Force Survey.

Participation Rates by Age Group and Gender

Participation Rate in 2018Q2 (per cent)



Source: Statistics Canada, Labour Force Survey.

Education Level and Immigrant Status

Quarterly Details

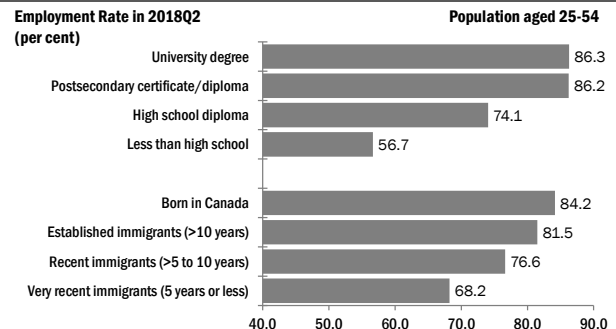
In the second quarter of 2018, persons lacking a high school diploma continued to hold the lowest employment rate among all groups (56.7%) and university graduates continued to record the highest employment rate (86.3%).

The unemployment rate declined, year-over-year, for all core-aged groups by educational attainment, except for university degree holders. These were accompanied by increases in participation rates for all groups by educational attainment, except for a slight decline for university degree holders.

In the second quarter of 2018, core-aged recent immigrants (landed 5 to 10 years earlier) and very recent immigrants (landed 5 years or less) continued to have the lowest employment rates compared to established immigrants and Canadian-born, but their employment outcomes have improved in recent years. For instance, in the second quarter of 2018, 68.2% of core-aged very recent immigrants were employed, the highest share on record (since 2006).

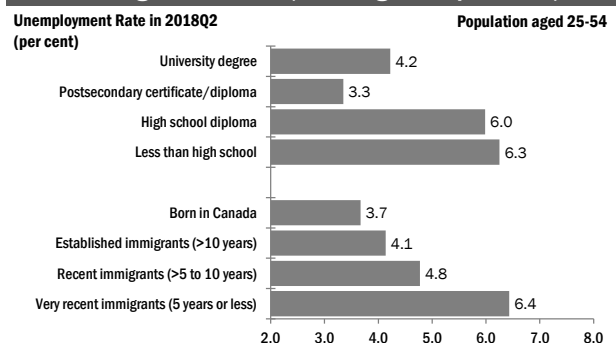
Compared to a year ago, the unemployment rates of Canadian-born (3.7%), established immigrants (4.1%), recent immigrants (4.8%) and very recent immigrants (6.4%) all improved.

Employment Rates by Education Level and Immigrant Status (Core-Aged Population)



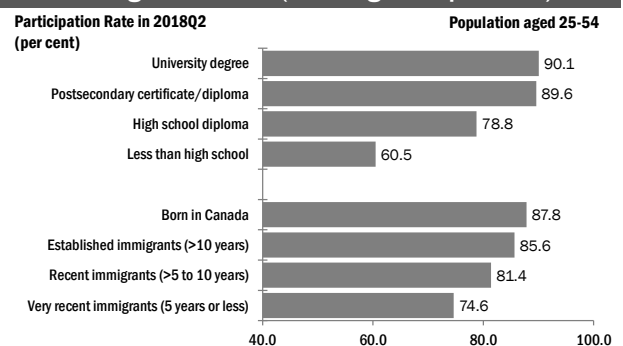
Note: Rate by immigrant status is based on three-month moving average for June 2018.
Source: Statistics Canada, Labour Force Survey.

Unemployment Rates by Education Level and Immigrant Status (Core-Aged Population)



Note: Rate by immigrant status is based on three-month moving average for June 2018.
Source: Statistics Canada, Labour Force Survey.

Participation Rates by Education Level and Immigrant Status (Core-Aged Population)



Note: Rate by immigrant status is based on three-month moving average for June 2018.
Source: Statistics Canada, Labour Force Survey.

Wages

Quarterly Details

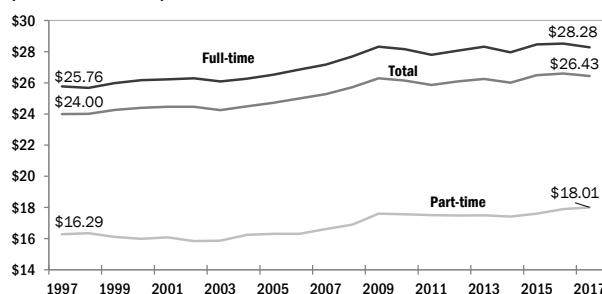
Over the last two decades, average hourly wages increased from \$24.00 in 1997 (in constant 2017 dollars) to \$26.43 in 2017, an average annual increase in real hourly wages of 0.5%. Average hourly wages of full-time employees were \$28.28 in 2017, 9.8% higher than in 1997, while average hourly wages of part-time employees were \$18.01 in 2017, 10.6% higher than in 1997.

In the second quarter of 2018, the average hourly wage of Ontario employees was \$27.43, an increase of 4.4% from the second quarter of 2017.² Consumer Price Index inflation over the same period was 2.2%.³ Hourly wages increased year-over-year for both full-time (+3.9%) and part-time employees (+5.6%), permanent (+4.6%) and temporary employees (+3.8%), as well as employees with union coverage (+3.6%) and those without union coverage (+5.0%).

Employees in three broad occupational groups experienced more than average wage growth: natural resources, agriculture and related occupations (+10.6%); sales and service (+8.2%); and occupations in education, law and social, community and government services (+5.0%).

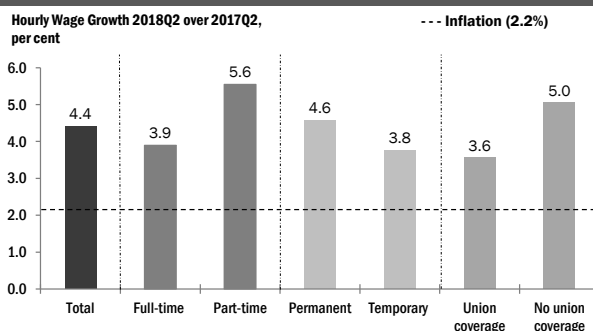
Average Hourly Wages Total, Full-Time and Part-Time Employees

Average Hourly Wage
(constant 2017 dollars)



Source: Statistics Canada, Labour Force Survey.

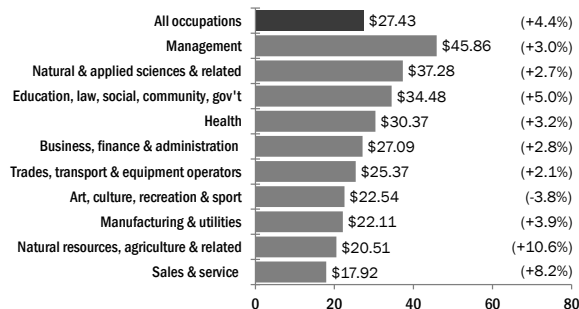
Hourly Wage Growth by Type of Work



Note: Nominal wage growth, not adjusted for inflation. Self-employment is excluded.
Source: Statistics Canada, Labour Force Survey.

Average Hourly Wage Rate and Wage Growth by Occupational Group

Average Hourly Wage in 2018Q2 (year-over-year per cent growth in brackets)



Note: Nominal wage growth, not adjusted for inflation. Self-employment is excluded.
Source: Statistics Canada, Labour Force Survey.

² Year-over-year comparison (between second quarters of 2017 and 2018) is in nominal dollars.

³ Measured as an increase in the all-items Consumer Price Index for Ontario between April and May of 2017 and April and May of 2018.

Long-Term Unemployment

In Focus

Long-term unemployment tends to weaken labour market attachment and future employability of individuals due to perceived lower value to employers and/or erosion of skills.

Incidence of Long-Term Unemployment Has Been Steadily Declining

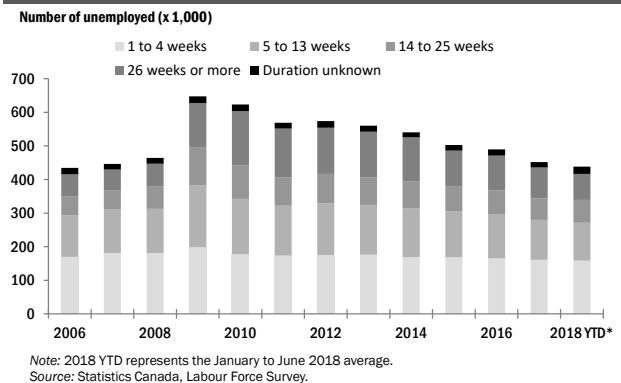
The number of long-term unemployed (defined as those unemployed for at least 26 weeks) has been steadily declining since 2010 when it peaked at 162,000. In 2017, 92,300 Ontarians were unemployed for at least 26 weeks.

The incidence of long-term unemployment has also declined from 26.8% in 2010, to 21.2% in 2017 and 18.7% in the first six months of 2018. The current share of long-term unemployment remains elevated compared to the pre-recession level (15.2% in 2008).

Older Workers Have the Highest Share of Long-Term Unemployed

While youth continued to have elevated unemployment rates in 2017, only 8.1% were long-term unemployed, compared to 35.0% of older workers. The incidence of long-term unemployment declined for all three major age groups following the 2008-09 recession. Core-aged workers recorded the biggest decline in the incidence of long-term unemployment (from 31.6% in 2010 to 20.7% in the first six months of 2018).

Unemployed by Duration of Unemployment



Long-Term Unemployment Share by Age Group

