

Job Overview — Second Quarter 2011

This issue:

- Gradual improvement in labour market continued in the second quarter of year 2011
- Jobs growth and losses across industries in Kitchener-Cambridge-Waterloo region

Special feature:

- Labour market fluctuations and seniors' health in Canada

Labour Market News is published quarterly, providing an economist's view of labour market trends and policy issues.

Canadian unemployment rate decreased for the first time this year in May to 7.6%, and further to 7.5% in June, compared to a flat rate of 7.7% for the first 4 months. Employment rate increased continuously since late last year to 61.9% in June, which is below the level of 63.7% before the economic downturn but it is on a rising path.

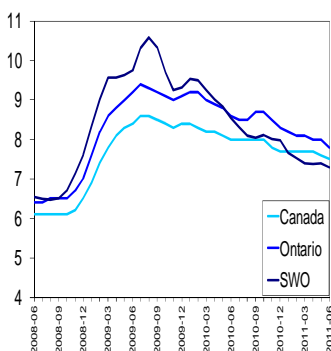


Fig 1. Unemployment rate trends

Ontario kept its decreasing unemployment trend. The unemployment rate went all the way down to 7.8% in June this year from 9.4% in mid-2009. At the same time, employment increases to 61.9% in June. It catches up slowly but steadily to the pre-recession level which was slightly above 63%.

South-Western Ontario cities kept almost same level of employment for the second quarter at 62% with a slightly decrease in June when the participation ratio also decreased to a small extent. Unemployment rate dropped to 7.29% even it stalled at 7.38% from March to May. Individual cities showed some variations. In particular, Hamilton, Brantford, Guelph showed a trend of decreasing unemployment rates and increasing employ-

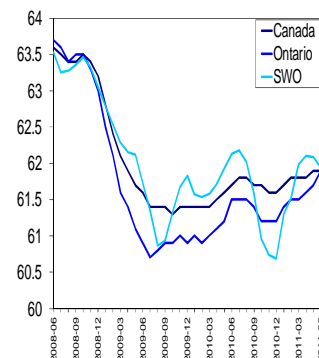


Fig 2. Employment rate trends

ment rates for the second quarter, compared to earlier this year. While unemployment rates of Kitchener and Windsor bounced upward on average during second quarter after they showed a decreasing sign early this year. London kept the same unemployment level at around 8.3% in 2011 with a small increase to 8.7% showed up in June, accompanied with a decrease in employment rate.

Kitchener-Cambridge-Waterloo Employment by Industry

Kitchener-Cambridge-Waterloo increased 7,300 job positions throughout all industries during the 2nd quarter this year, enhancing the increasing jobs perspective of the region.

The employment was not rosy for all industries. Services-producing sector has been growing strongly since the beginning of the year. It created 15,000 jobs this quarter, which was also the biggest contribution to employment growth among all industries in the region. The other growing forces in employment were educational services, health care, information and recreation in order. 14,000

jobs in total were generated in these three industries. On the other hand, good-producing sector lost 7700 jobs during 2nd quarter, which was the top job-losing industry among all. Manufacturing, construction, public administration followed the rank and lost 11,700 jobs in total.

Seasonal jobs in agriculture bring some temporary jobs with a 23.8% increase in May and a 11.5% increase in June. Jobs were also created in other industries including professional, scientific and technical services, business, finance and trade.

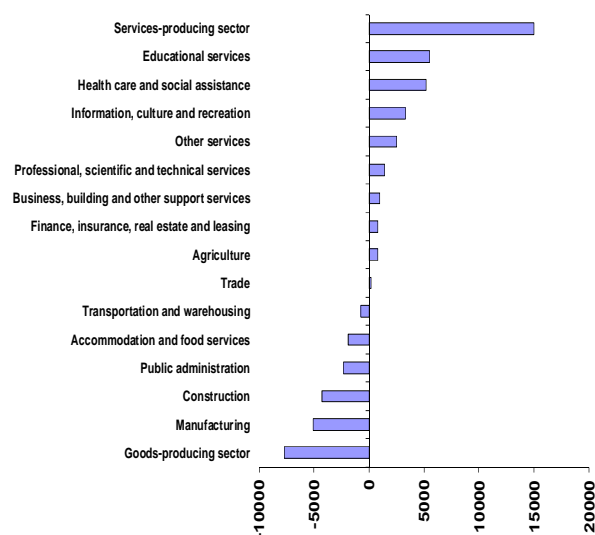


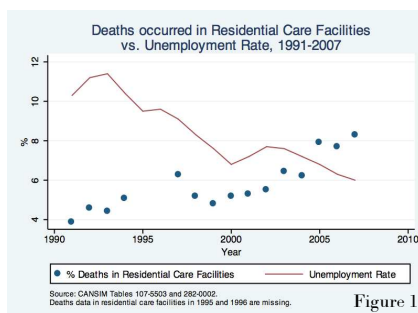
Fig 3. K-W 3-month employment change by industry, 2011 April - June

Labour Market News

Labour Market Fluctuations and Seniors' Health in Canada

A growing number of studies have shown a pro-cyclical pattern in mortality rates over the last decade. Typically, those studies found that, during a recession, the number of deaths decreases. Looking at different age groups separately, Miller et al. (2009) found that recessions are particularly beneficial for children's and seniors' health in the United States. Focusing further on the relationship between seniors' health and business cycles in the United States, Filipski et al. (2011) found that mortality rate increases during times of economic growth, especially in nursing homes and in the states with a higher proportion of the seniors in nursing homes. They also found that nursing homes have difficulty in keeping skilled nurses during economic booms. Hence, they suggest that the pro-cyclical pattern in mortality among the elderly is partly due to the changes in the quality of health care over business cycles. Unlike the U.S. experience, it turns out that there is no significant cyclical pattern in the mortality rates among seniors in Canada (Ariizumi and Schirle (2011)).

Focusing on the residential care facilities in Canada, Figure 1 shows an increase in deaths



that have occurred in residential care facilities relative to all the deaths in Canada, in contrast to the trend in unemployment rates. This figure alone may suggest that there is a pro-cyclical pattern in mortality in residential care facilities, similar to the U.S. case.

With regard to the staffing in residential care facilities, however, Figure 2 and 3 reveal that Canadian and the U.S. experiences are not quite the same. Figure 2 shows the number of the full-time equivalent personnel in residential care facilities compared to the trend in unemployment

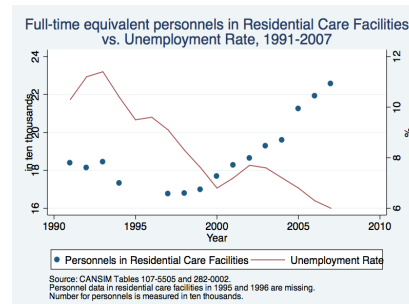
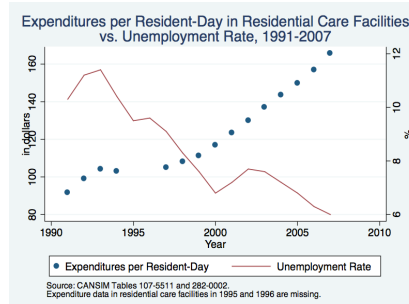


Figure 3 (below)



rates. Figure 3 shows the expenditures per resident day. Both figures suggest that there is no clear cyclical pattern, but show the strong upward trend after 1999, while the unemployment rates went up and then down during the 2000's. Hence, the increase in deaths in residential care facilities in Figure 1 appears to reflect partly the aging population in Canada, rather than the fluctuation in the quality of care.

References

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