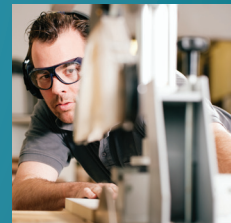




IMPACT OF COVID-19 ON THE LOCAL LABOUR MARKET



The Labour Market Group
Guiding partners to workforce solutions.



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INTRODUCTION

As a global phenomenon, COVID-19 disrupted lives and economies around the world, to the extent that people everywhere experienced many of the same challenges. However, the extent of the impact varied by locality, including the impact on local labour markets.

This report accompanies a review of COVID-19 on the Ontario labour market, which provides detailed analysis of the impact of COVID by industry, as well as on specific population groups. Much of the analysis depends on Statistics Canada's Labour Force Survey, which is a monthly national survey that tracks numerous indicators relevant to the labour market. Being a survey, it has a limited sample size and the smaller the geographic area being analyzed, the smaller is the available sample, which limits the ability to dissect the data by various categories.

To enlarge the sample size and strengthen the robustness of the results, Statistics Canada uses a three-month moving average when it provides data for smaller areas. For example, figures that are reported for May represent the average result for the three months of March, April and May. A three-month moving average will therefore have a time delay in terms of the impact of changes in any given month and it will also dampen the impact of any given month because that month's numbers are averaged with two other months. These are caveats to keep in mind when reviewing the following data, much of which relies on three-month moving averages.

The area for much of the Labour Force Survey data which will be presented will be Northeast Ontario, which consists of the Districts of Nipissing, Parry Sound, Cochrane, Timiskaming, Sudbury, Manitoulin and Algoma, and the City of Greater Sudbury.



MEASURING THE IMPACT

UNEMPLOYMENT RATE

Table 1 provides the unemployment figures for 2020, presenting the monthly unemployment rate for Ontario, the three-month moving average for Ontario and the three-month moving average for Northeast Ontario.

Looking at the Ontario figures first, one can see that the monthly unemployment rate rose immediately in March and peaked in May at 13.9%. The Ontario three-month moving average rose more slowly, peaked later (July) and at a lower rate (12.8%). This is to be expected because three months were being averaged.

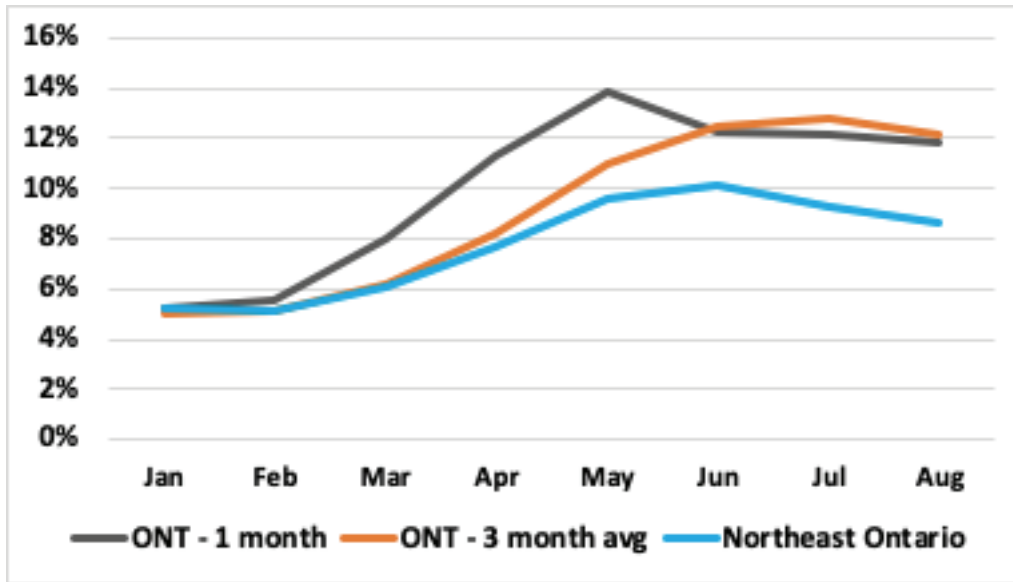
TABLE 1: UNEMPLOYMENT RATE, ONTARIO MONTHLY, ONTARIO 3-MONTH MOVING AVERAGE, NORTHEAST ONTARIO 3-MONTH MOVING AVERAGE, JANUARY TO AUGUST 2020

	Jan	Feb	Mar	Apr	May	June	July	Aug
ONTARIO 1-Month	5.2%	5.5%	8.0%	11.3%	13.9%	12.3%	12.2%	11.8%
ONTARIO 3-Month Average	5.0%	5.1%	6.2%	8.2%	11.0%	12.5%	12.8%	12.1%
Northeast Ontario 3-month Average	5.2%	5.1%	6.1%	7.7%	9.6%	10.1%	9.3%	8.6%

Statistics Canada, Table 14-10-0022-01 and Table 14-10-0293-01

The three-month moving average unemployment rate for Northeast Ontario was, starting in March, consistently lower than the three-month moving average for Ontario, it peaked earlier (June), at a lower rate (10.1%) and has recovered at a faster rate, although the 8.6% figure in August is still very high. Chart 1 illustrates the figures from Table 1.

CHART 1: UNEMPLOYMENT RATE, ONTARIO MONTHLY, ONTARIO 3-MONTH MOVING AVERAGE, NORTHEAST ONTARIO 3-MONTH MOVING AVERAGE, JANUARY TO AUGUST 2020



Statistics Canada, Table 14-10-0022-01 and Table 14-10-0293-01

Given how a three-month moving average flattens a peak, one can assume that the one-month unemployment peak for Northeast Ontario was higher than 10.1%.¹ Given the three-month average unemployment rates from April through August, it is likely that the one-month peak occurred in June.

It is possible to break down the labour force data to areas smaller than Northeast Ontario. Statistics Canada provides three-month moving average data for Greater Sudbury and data is also available for Sault Ste. Marie.² Table 2 provides the three-month moving average unemployment rate for Sault Ste. Marie, Greater Sudbury and the rest of Northeast Ontario (minus these two cities) and these figures are illustrated in Chart 2. To provide some context for these areas:

- In 2016, Greater Sudbury and Sault Ste. Marie accounted for approximately 45% of the employed labour force in Northeast Ontario;
- Nipissing and Parry Sound accounted for approximately 40% of the remainder of Northeast Ontario, once Greater Sudbury and Sault Ste. Marie are removed, and so an analysis which relies on the rest of Northeast Ontario will only be an approximation of what is happening in Nipissing and Parry Sound.

¹ Publicly-accessible unemployment rates for Northeast Ontario are only available since March 2001. Since that time, the three-month moving average has breached the 10% mark only a few times: March, April and May, 2002; September 2009; and March, April and May, 2010.

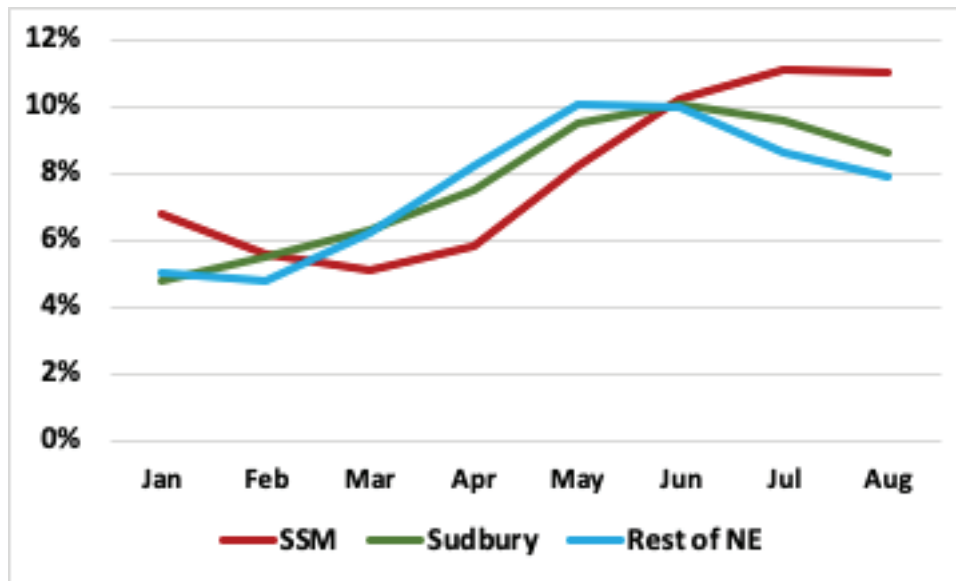
² The Sault Ste. Marie data is available thanks to a special data purchase made by the Algoma Workforce Investment Corporation.

TABLE 2: UNEMPLOYMENT RATE, THREE-MONTH MOVING AVERAGE, SAULT STE. MARIE, GREATER SUDBURY AND THE REST OF NORTHEAST ONTARIO, JANUARY TO AUGUST 2020

	Jan	Feb	Mar	Apr	May	June	July	Aug
Sault Ste. Marie	6.8%	5.6%	5.1%	5.8%	8.2%	10.2%	11.1%	11.0%
Greater Sudbury	4.8%	5.5%	6.3%	7.5%	9.5%	10.1%	9.6%	8.6%
Rest of NE Ontario	5.0%	4.8%	6.2%	8.2%	10.1%	10.0%	8.6%	7.9%

Statistics Canada, Table 14-10-0293-01, Table 14-10-0095-01 and customized table

CHART 2: UNEMPLOYMENT RATE, THREE-MONTH MOVING AVERAGE, SAULT STE. MARIE, GREATER SUDBURY AND THE REST OF NORTHEAST ONTARIO, JANUARY TO AUGUST 2020



Statistics Canada, Table 14-10-0293-01, Table 14-10-0095-01 and customized table

Based on Table 2, one can see that the unemployment rate in the rest of Northeast Ontario peaked slightly before the unemployment rates peaked in Greater Sudbury and Sault Ste. Marie and since then has declined more (indeed, the rate in Sault Ste. Marie appears to have stayed high).

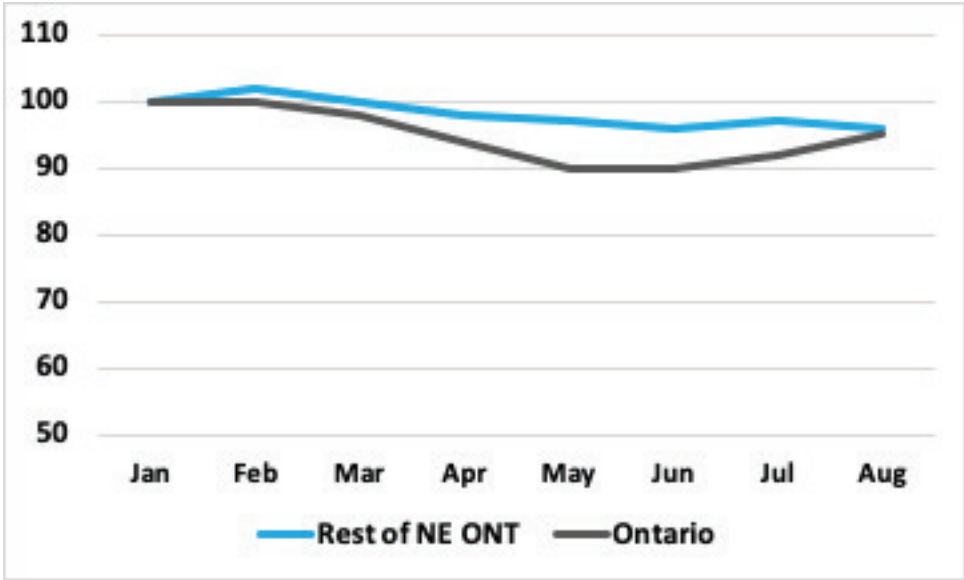
EMPLOYMENT BY INDUSTRY

This section will present the trends relating to employment by industry. For this analysis, data for Sault Ste. Marie was not available and so the “rest of Northeast Ontario” is defined by the Northeast Ontario figures minus the Greater Sudbury numbers. In 2016, Nipissing and Parry Sound were home to around 33% of the employed labour force of this rest of Northeast Ontario. Thus, the rest of Northeast Ontario data would only be suggestive of what has been experienced in Nipissing and Parry Sound. It falls to relying on local intelligence to judge whether the regional trend also applies locally.

Most of the following charts use the same vertical scale (50 to 110) so that easy comparisons can be made between the trends of different industries.

Chart 3 illustrates the trend line for Health Care and Social Assistance. In Ontario, there were a 10% decline in the number of jobs, bottoming out during May and June. In the remainder of Northeast Ontario, there was much less decline in employment, although the trend has been a continuous decline, while the figure for Ontario has been rising. In August, the Northeast Ontario number sat at 96, meaning there had been a 4% drop in the employment number from the level in January.

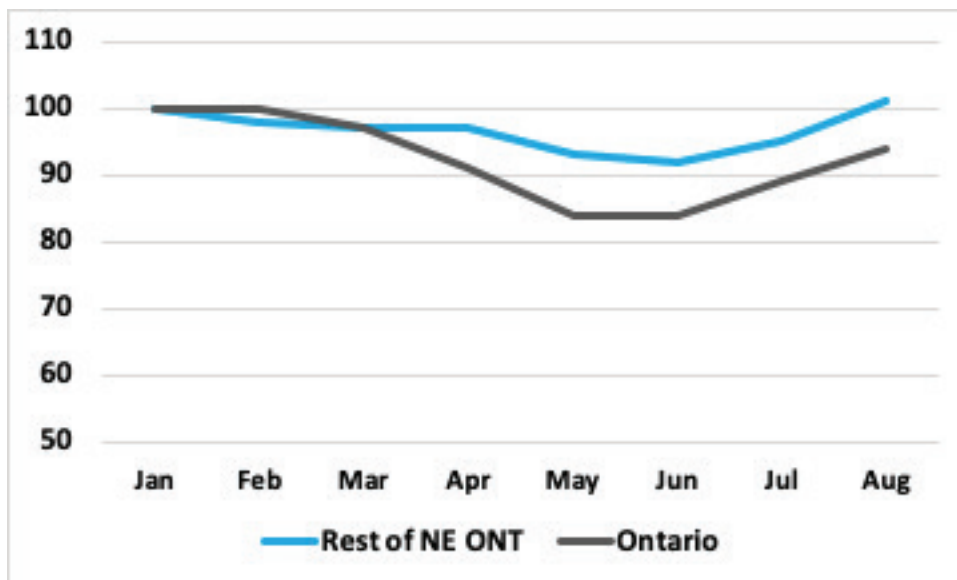
CHART 3: TREND IN THE NUMBER EMPLOYED IN HEALTH CARE AND SOCIAL ASSISTANCE, THREE-MONTH MOVING AVERAGE, REMAINDER OF NORTHEAST ONTARIO AND ONTARIO, JANUARY TO AUGUST 2020 (JANUARY = 100)



Statistics Canada, Table 14-10-0293-01 and Table 14-10-0095-01

Employment levels in Wholesale and Retail Trade in the rest of Northeast Ontario follow the same trend as Ontario, although with lower levels of job loss. The job loss bottoms out in June, at 92 for the rest of Northeast Ontario and a much lower 84 in Ontario (Chart 4). By August, Northeast Ontario has returned to the employment levels experienced in January, while the figures for Ontario are still 6% lower.

CHART 4: TREND IN THE NUMBER EMPLOYED IN WHOLESALE AND RETAIL TRADE, THREE-MONTH MOVING AVERAGE, REMAINDER OF NORTHEAST ONTARIO AND ONTARIO, JANUARY TO AUGUST 2020 (JANUARY = 100)

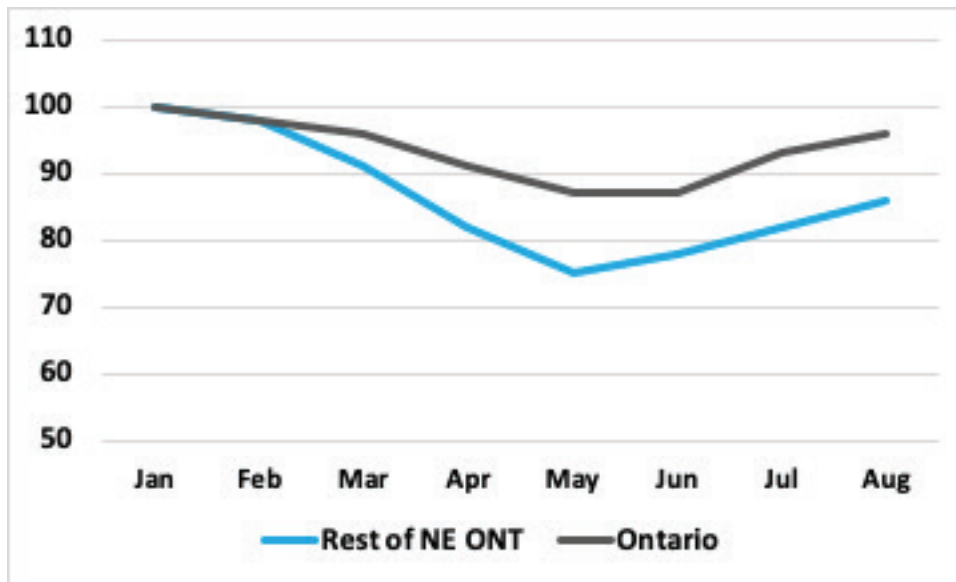


Statistics Canada, Table 14-10-0293-01 and Table 14-10-0095-01



Chart 5 illustrates the employment trends for Construction.

CHART 5: TREND IN THE NUMBER EMPLOYED IN CONSTRUCTION, THREE-MONTH MOVING AVERAGE, REMAINDER OF NORTHEAST ONTARIO AND ONTARIO, JANUARY TO AUGUST 2020 (JANUARY = 100)



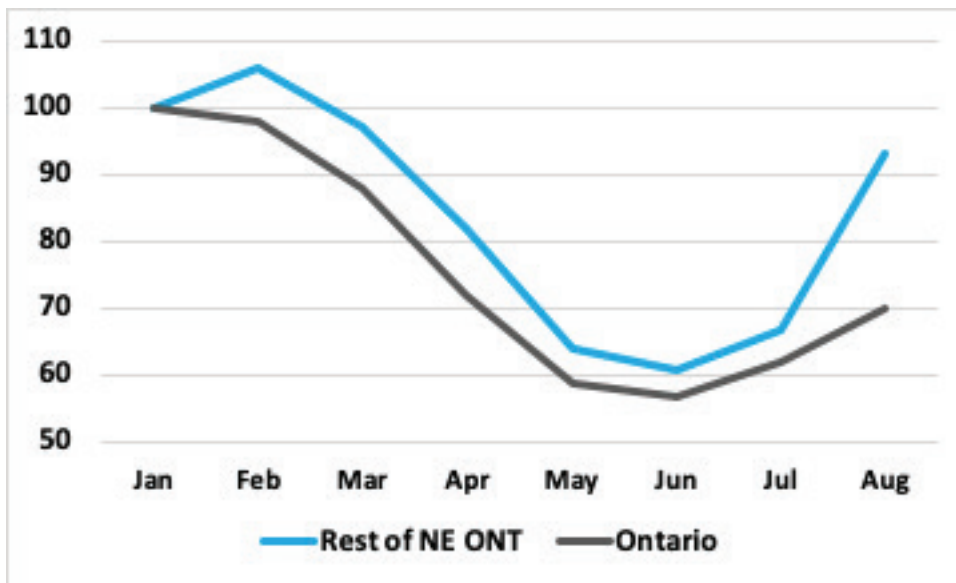
Statistics Canada, Table 14-10-0293-01 and Table 14-10-0095-01

It would appear that the rest of Northeast Ontario experienced a considerable drop in employment in the Construction sector compared to the rest of Ontario, reaching a low of 75 in May (that is, the three-month moving average employment number was 75% of the level in January), whereas the low figure for Ontario was 87 (for both May and June). While employment has rebounded, it is still below the level in January. For Construction, one would normally expect the August employment level to be higher than the number employed in January, which means the actual shortfall in employment is even greater.

Chart 6 shows the considerable drop in employment which was experienced by the Accommodation and Food Services sector. In Ontario, the low point was 57 in June (that is, the three-month moving average employment number was 57% of the level in January) and in the rest of Northeast Ontario, the June figure was 61. However, the employment numbers climbed back up quicker in the rest of Northeast Ontario, as Northeast Ontario began moving into Stage 2 and then Stage 3 re-openings, while the numbers for Ontario were held back because of delayed re-openings in Toronto, Peel Region and Windsor-Essex.



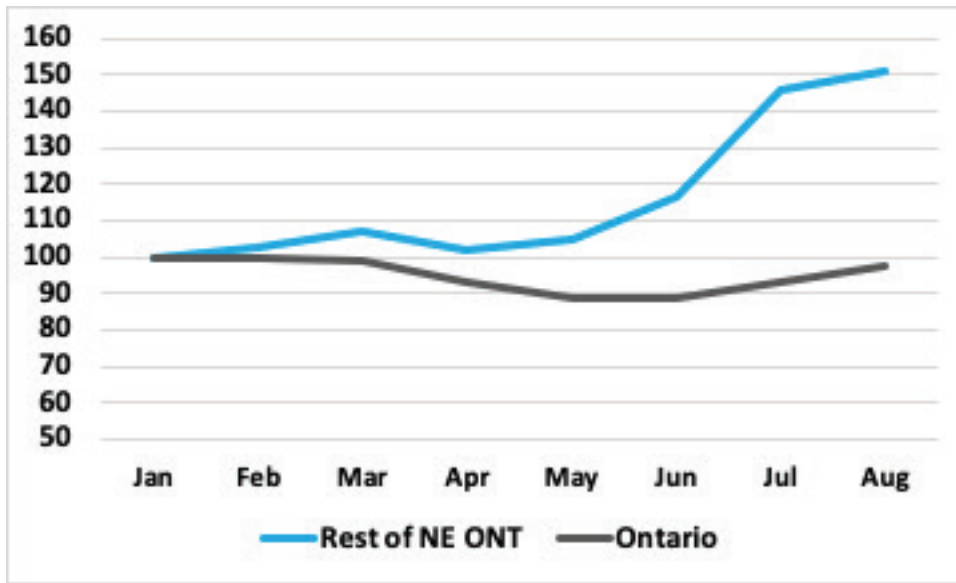
CHART 6: TREND IN THE NUMBER EMPLOYED IN ACCOMMODATION AND FOOD SERVICES, THREE-MONTH MOVING AVERAGE, REMAINDER OF NORTHEAST ONTARIO AND ONTARIO, JANUARY TO AUGUST 2020 (JANUARY = 100)



Statistics Canada, Table 14-10-0293-01 and Table 14-10-0095-01

Chart 7 presents the figures for the Manufacturing sector in the rest of Northeast Ontario. This industry has seen a considerable increase in employment throughout 2020. Not only has the three-month moving average not dipped below the January figure, by August it has risen to 151%, 50% higher than the January number. In Ontario as a whole, the employment levels did drop (down to 89 in May and June) and has almost returned to January levels (98 in August). (To accommodate this significant increase, Chart 8 uses a different scale, from 50 to 160, compared to all the other charts where the scale is 50 to 110.)

CHART 7: TREND IN THE NUMBER EMPLOYED IN MANUFACTURING, THREE-MONTH MOVING AVERAGE, REMAINDER OF NORTHEAST ONTARIO AND ONTARIO, JANUARY TO AUGUST 2020 (JANUARY = 100)



Statistics Canada, Table 14-10-0293-01 and Table 14-10-0095-01



SUMMARY

The key points regarding the local data are as follows:

- Northeast Ontario experienced a lower unemployment rate and maintained higher levels of employment during the lockdown period than Ontario as a whole;
- The unemployment rate in the rest of Northeast Ontario (minus Greater Sudbury and Sault Ste. Marie) peaked before the unemployment rates peaked in Greater Sudbury and Sault Ste. Marie and since then has declined more than in those two cities (indeed, the rate in Sault Ste. Marie appears to have stayed high);
- To analyze employment levels at the industry level, we have used an indirect measure, taking the numbers for Northeast Ontario and subtracting the figures for Greater Sudbury; Nipissing and Parry Sound represent around 33% of this remainder part of Northeast Ontario;
- For the remainder part of Northeast Ontario, the typical trend for most industries followed the trajectory of that for Ontario, but with fewer job losses (for example, Health Care and Social Assistance; Wholesale and Retail Trade; Accommodation and Food Services);
- Among larger industries, Construction appears to have fared worse in the rest of Northeast Ontario compared to Ontario as a whole, with a larger decline in employment;
- On the other hand, Manufacturing in the rest of Northeast Ontario appears to have managed well, with no decline, instead increasing employment significantly.



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