

WESTERN POLICY Analyst

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This Week...

Employment grows in the west,
while inflation remains low

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Employment grows in west



By Doug Elliott, Editor
Labour Market

The most recent data from Statistics Canada's labour force survey

show that employment is growing again in the western provinces. Overall, employment is up 1.1% in the first eight months of 2010 which is lower than the national average of 1.4%. The labour market trends vary from province to province

B.C. is following the national pattern with a sharp employment drop in 2009 and a strong recovery in the first part of 2010. Employment in Alberta also fell in 2009 but the recovery has been much slower and the year-to-date average is still below 2009 levels. In Manitoba, employment didn't fall in 2009 and 2010 growth is quite strong. Saskatchewan was leading the nation in employment growth in 2009, which is one of the reasons for the slower growth so far this year – there was no downturn to bounce back from.

In spite of the employment growth, jobs are still scarce in the West. The unemployment rate in the first part of 2010 (ranging from a low of 5.3% in Saskatchewan to a high of 7.8% in B.C.) is

up from the same period in 2009 in each of the western provinces.

Inflation

After dipping to near or below zero in many provinces, the rate of inflation is now positive but still quite low. The rate was near zero in B.C. and Alberta last year but both provinces now have inflation rates near 1%. Saskatchewan's rate has been near 1% in both 2009 and so far this year. Inflation in Manitoba has been much more stable and is between these two extremes.

The main reasons for the reversals in 2010 are shelter costs in general and the cost of new housing in particular. The shelter component of the Consumer Price Index fell in B.C. and Alberta in 2009 by 1.8% and 2.4% respectively.

Most observers expect the inflation rate to rise in the coming months although not to the 3% level that was typical a few years ago. If housing prices drop, as some are forecasting, then the 2010 inflation rate could be close to zero again.

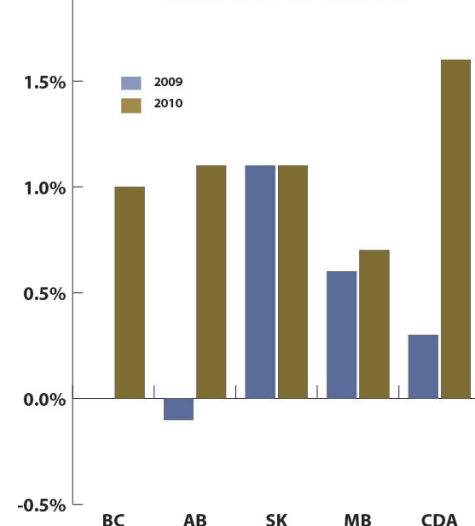
University Tuition Fees

The tuition fees (including other compulsory fees) that an average full-

Employment Growth, 2009 and 2010
year to date (Jan. to Aug.)



Consumer Price Inflation
2009 and 2010, year to date (Jan.-Aug.)



time undergraduate university student in Canada pays this fall increased by 4% to \$5,138. This increase is well above the rate of inflation. The increases were above the national average in Manitoba (5.3%) and Saskatchewan (5.0%) and lower in Alberta (1.5%) and B.C. (2.0%). Among the western provinces, however, undergraduate tuition fees are still the lowest in Manitoba where the average is \$3,588 this fall and highest in Saskatchewan at \$5,431.

Tuition fees are typically higher for graduate students and foreign students and much higher for students taking MBAs or professional degrees such as dentistry and medicine. The fees may, in effect, be lower than they seem when tax rebates and financial assistance programs are taken into account.

Housing Starts

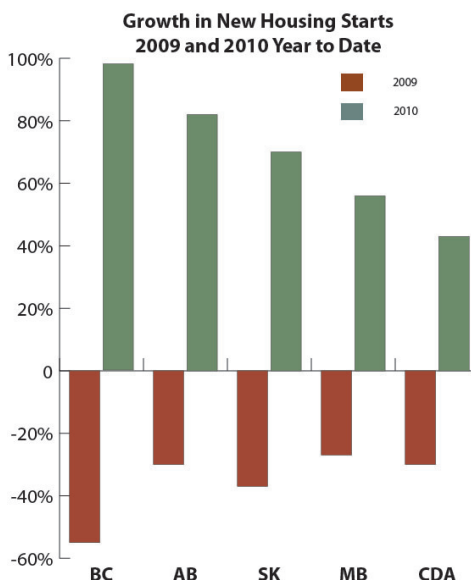
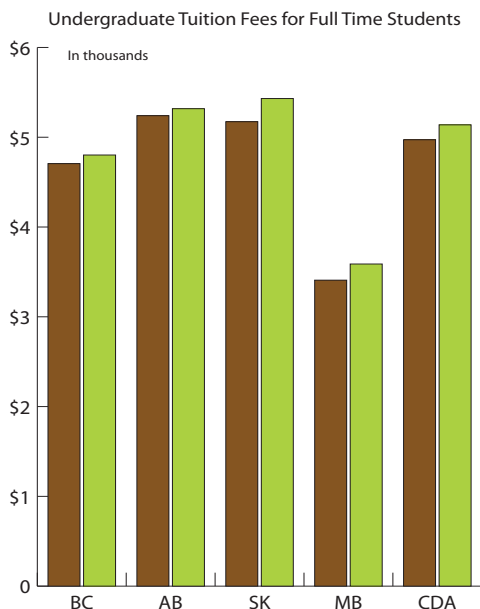
A housing “bubble” may be forming in Canada but there is no sign of a slowdown in the number of new units being built. After

This level of frenetic activity cannot be expected to last much longer.

dropping by 21% in 2007 and 42% in 2009, the number of starts in the urban centres in western Canada is up by a remarkable 85% in the first eight months of 2010. Compared with same period in 2009, starts in the first eight months of 2008 are up:

- 214% in Victoria;
- 141% in Saskatoon;
- 140% in Edmonton;
- 102% in Calgary;
- 98% in Vancouver; and
- “only” 87% in Winnipeg.

This level of frenetic activity cannot be expected to last too much longer.



UPCOMING RELEASES

This week we will see releases from Statistics Canada describing:

- the value of residential and non-residential building permits for August on October 7;
- the September labour force statistics on October 8; and
- sales from manufacturing establishments on October 15.

Sources: The figures are adapted from the following sources. Labour Market Statistics Canada CANSIM Table 282-0001; Consumer Price Inflation: Statistics Canada CANSIM Table 326-0020; University Tuition Fees Statistics Canada Daily, September 16, 2010; Housing Starts, CMHC Preliminary Housing Starts

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