

Manitoba's May 2020 Employment Numbers Invite Cautious Optimism

[Chris Ferris](#), Senior Economist
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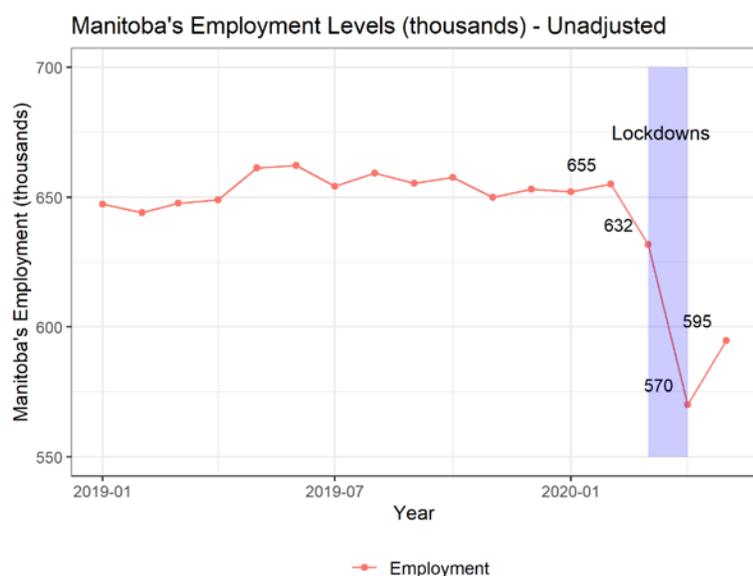
Bottom Line

We are seeing improved employment levels among younger workers and across many industries in Manitoba. **While we are cautiously optimistic about this improvement, two areas of concern remain that may require further policy action to prevent an L-shaped recession from taking hold.** First, having **sufficient space in childcare facilities** for preschool children and before/after care for school-aged children under the age of 12. Second, ensuring **sufficient space for school aged children to attend school**, while adhering to public health guidelines. **Both require further attention over the summer.**

All industries must implement public health protocols guidelines and resolve uncertainty among the employer-employee-customer triad. In the childcare and school sectors, this will have the added benefit of enabling parents to get back to work, which will support other industries. **This will be key to generating wages, revenues and taxes that will fuel the economic recovery.**

Analysis

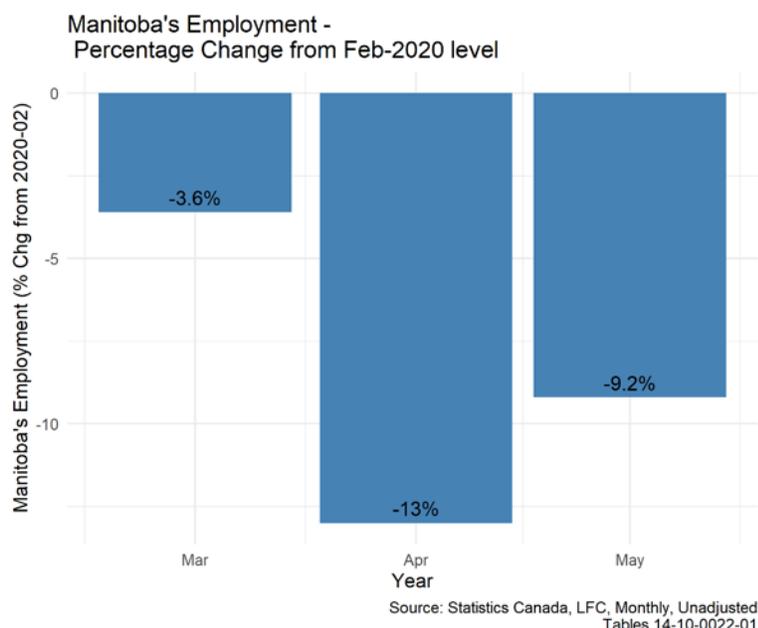
Figure 1: Manitoba Employment (thousands)



Source: Statistics Canada, LFC, Monthly, Unadjusted
Tables 14-10-0022-01

Statistics Canada released the May 2020 labour force survey results on June 5, 2020. There remains significant slack in labour markets due to COVID-19, but the May results were above those of April 2020. We are continuing to use February 2020 as our breakpoint to see how employment compares to pre-COVID-19. We are also looking at the month-over-month changes to see how employment is shifting from one industry to another.

Figure 2: Manitoba's Employment - Percentage Change from Feb 2020 level



In May 2020, Manitoba's employment rose to 595,000, from a nearby bottom of 570,000, an increase of 25,000 (Figure 1). This is still 60,000 below the employment level in February 2020.¹

The May/Feb percentage change in Manitoba's employment improved by 3.8 points to -9.2 per cent (Figure 2). **We appear to be headed in the right direction, with employment numbers rising in May.**

By Age Group

While younger people are quickly being (re-)hired, we can see they are still 18 per cent below their Feb 2020 employment level. Therefore, the provincial and federal programs targeted at this age cohort will continue to be an important part of getting younger people back in the workforce (Figure 3).

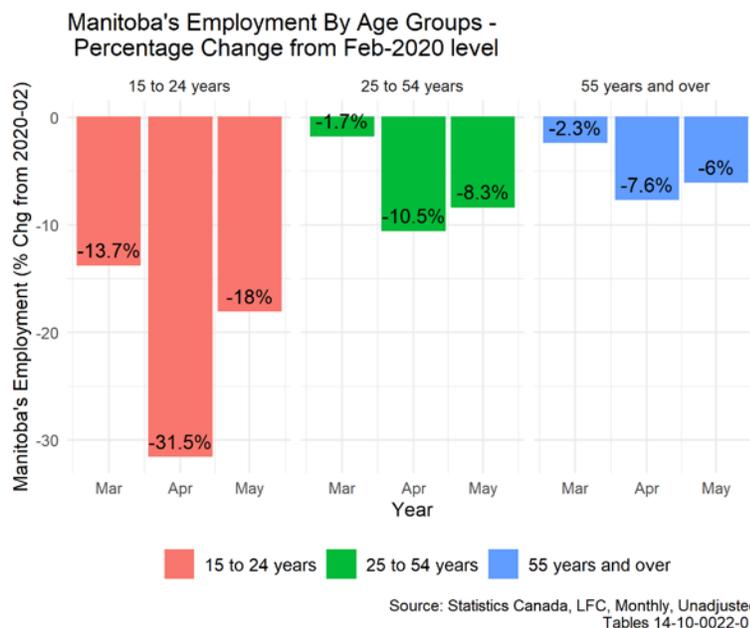


Figure 3: Manitoba's Employment by Age Group - Percentage Change from Feb 2020 level

Every age group saw an improvement in employment in May vs April. Those aged 15 to 24 saw the largest gain, improving 13.5 points to -18 per cent (Figure 3). Those 25+ saw a smaller improvement.

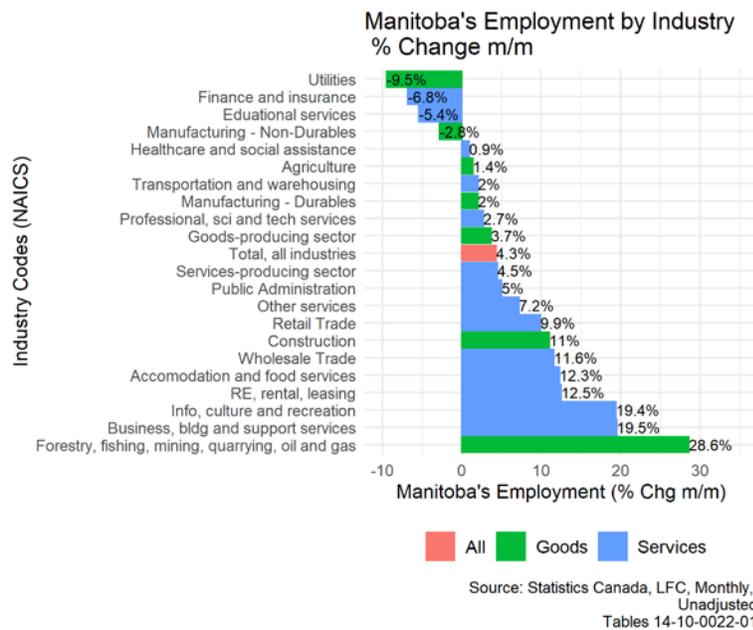
By Industry

When we look at Manitoba's employment statistics by industry, we see improvements on a month-over-month basis

across most industry sectors (Figure 4).

¹ Indeed's Hiring Lab is publishing a leading indicator using their own data.

Figure 4: Manitoba's May/Apr Percentage Change in Employment by Industry

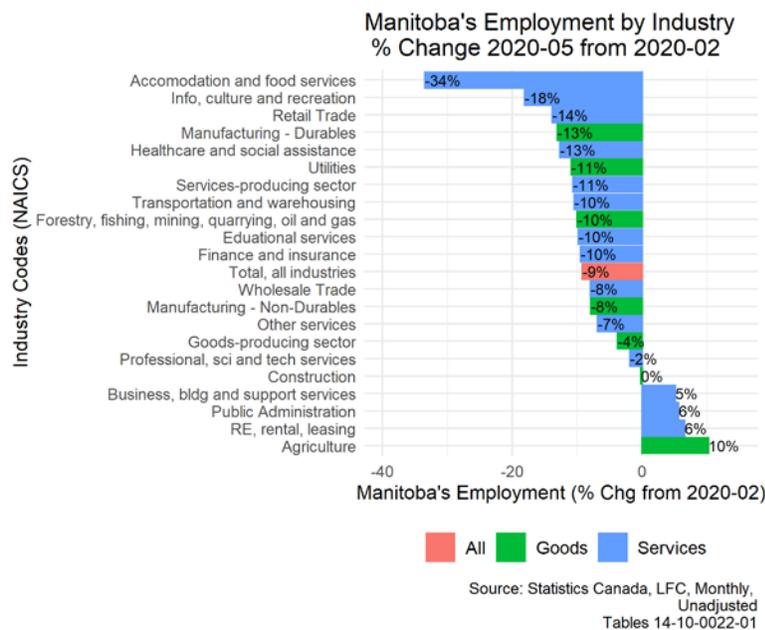


The unadjusted employment data for Manitoba month-over-month shows a surge in employment (**Figure 4**) in:

- Forestry, fishing, mining, quarrying, and oil and gas (+28.6%),
- Business, building and support services (+19.5%),
- Info, culture, and recreation (+19.4%),
- Real Estate, rental and leasing (+12.5%),
- Accommodation and food services (+12.3%),
- Wholesale trade (+11.6%),
- Construction (+11%),
- Retail Trade (+9.9%).

Figure 5: Manitoba's May/Feb 2020

Percentage Change in Employment



There is still a long way to go for some industries to get back to February 2020 employment levels. In (Figure 5) we can see a few industries are above this level, namely: **business, building and support services, public administration, real estate, rental and leasing, and agriculture.**

Analysis: Gender

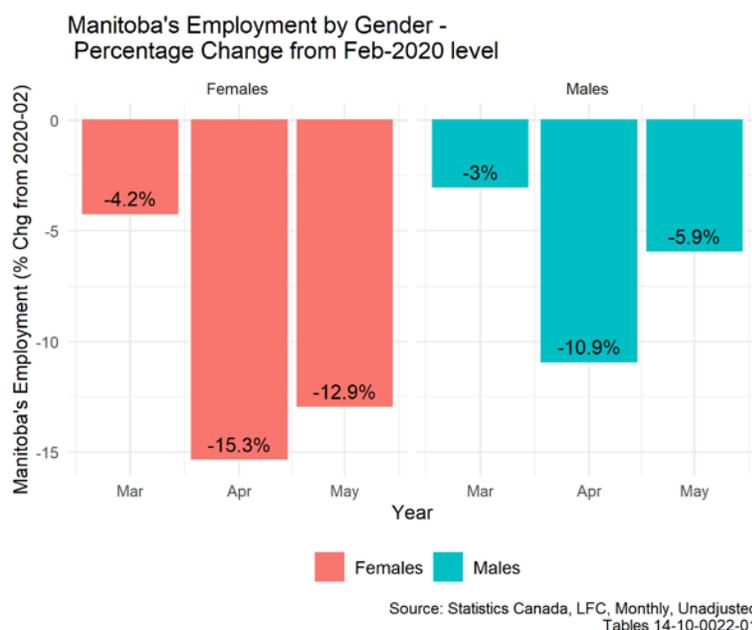
In 2020 YTD, men comprised about 53 per cent of the Canadian workforce across all industries. They represent only

46 per cent of the services-producing sector, but 78 per cent of the goods-producing sector (**Table 1**). These numbers are in line with the labour force pattern since the 1990's.

Table 1: Canada's Male Share of Employment by Industry Sector (%)

Date	Average Male Share of All Industries Employment	Average Male Share of Goods Employment	Average Male Share of Services Employment
1990s	55%	77%	47%
2000's	53%	77%	45%
2010's	52%	79%	45%
2020 YTD	53%	78%	46%

Figure 6: Manitoba's Employment by Gender - Percentage Change from Feb-2020 level



Canadian recessions typically see a large decline in goods-producing industries vs services-producing industries. A typical recession is a HE-cession. The COVID-19 induced recession on the other hand is more of a [SHE-cession](#), according to economists such as [Armine Yalnizyan](#), and [Ken Boessenkool](#), who were guests on [TVO's "the Agenda with Steve Paikin."](#)

Let us look at the data for Manitoba. While employment levels for both men and women improved from April to May,

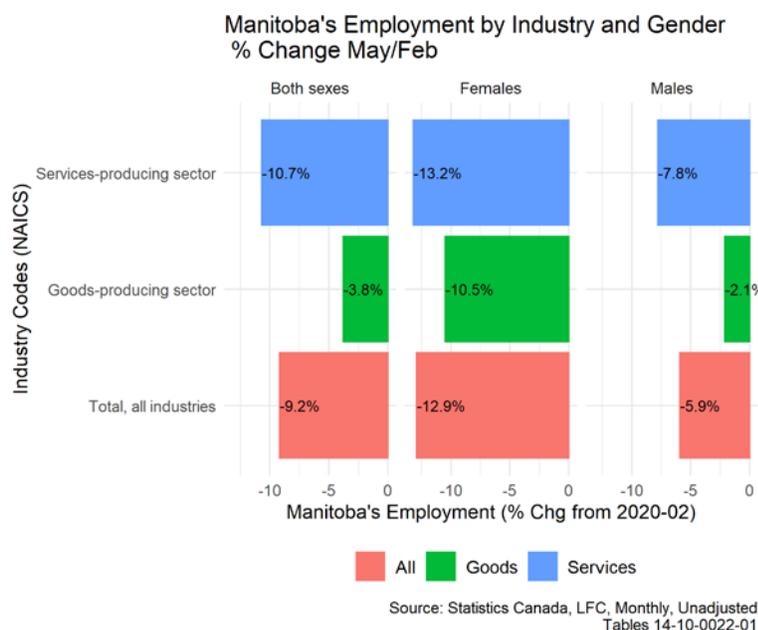
women's employment is still 12.9 per cent below the level in February, improving only 2.4 points. Meanwhile men are now only 5.9 per cent below their level in February (Figure 6).

Consider **Figure 7**, where we can see that regardless of the sector, women's employment still is down from Feb 2020.

Several factors come into play here. **First, the services sector is taking the brunt of this recession**, due to the former lockdowns, and the ongoing social distancing requirements. Women form the lion's share of the services sector (currently 54 per

cent).² Getting people back to work in the services sector is resolvable through the implementation of public health recommendations proper for the business.³

Figure 7: Manitoba's Percentage Change May/Feb 2020 in Employment by Industry and Gender



Second, Armine, Ken and other economists note that women typically take on much of the childcare in Canada.⁴ Childcare is a binding constraint, especially since many of the typical emergency childcare options (e.g. Grandparents) were off the table during the lockdown and may be hard to access for some time yet. Many people do not have alternatives to their child's regular daycare or elementary school. These factors will require policy action by governments, and lobbying by the business sector if we are to

avoid an [L-shaped recession](#).⁵

Key to resolving this binding constraint on labour force participation **is having childcare available, both early years, and for school aged children, particularly those in K – 6 (or under 12 years old)**. Without appropriate solutions to this, we will have either a sizeable share of workers having to work from home (if possible), or simply having to drop out of the workforce for the duration of the pandemic.

The Manitoba and other governments have been taking some steps to loosen restrictions in this space, and [are planning more for phase 3 of the reopening](#).

² Women are 47% of the Canada's workforce on average in 2020. If we divide women's share of the services' sector workforce (54%) by their overall share (47%), we see that women have an index of 117 in the services sector. Men's share of the goods' sector is even more overrepresented, with an index of 147 = (78/53).

³ Other businesses that normally require close physical proximity and large crowds will likely take longer to figure out their path to resolving the actual and perceived uncertainty confronting them. **Resolving the uncertainty among the employer-employee-customer triad, in conjunction with the public health authorities is key to generating revenues.**

⁴ It is similar in other countries, such as the USA.

⁵ An L-shaped recession is an extended downturn.

Typically, early years' childcare organizations run with tight budgets, and it takes time to accumulate a capital fund.⁶ While implementing many elements of social distancing are relatively low cost, the added costs of cleaning, PPE and signage may require more funds. **Early learning centres may require more space to operate at their former capacity.**⁷ Either way, unlocking more space for childcare will likely require some special COVID-19 supports.

As for the schools, K – Grade 6 (up to 12 years old) in particular, there are some similar issues. First, **before- and after- childcare**. This is an extension of preschool childcare, where it will be a matter of having sufficient space to practice social distancing.

The broader issue for primary and secondary **schools** will be determining how to resolve the space issue for having kids in school and practicing social distancing.

The ideal way of doing this for childcare and schools would enable parents to get back to work. Then parents can earn wages, serve customers, help generate revenue, leading to tax revenue being generated. In some cases, this may require temporary portables, and/or creative reuse of existing space.

Nailing down how to add more space, and/or some combination of policies and procedures is important for all involved. Doing so before the end of summer would be ideal. The [proposed Phase 3 plan](#) from the Manitoba government (released on June 11 in draft form) will set the ground rules for how this can proceed.

EDW Contacts for Assistance or Inquiries:

- **For Winnipeg businesses looking for help accessing government programs, please reach out to our Yes! Winnipeg Team** through our [Help us help you form](#) if you are not sure who to contact on the Y!W team.
- For general inquiries please email wpginfo@edwinnipeg.com.
- For Marketing & Communications Inquiries, please email marketingandbranding@edwinnipeg.com.

⁶ I have a bit of experience with this, having served for a year on the board of my children's daycare, back when they were in daycare.

⁷ This could include renting more space, or using portables if this fits with childcare regulations. If necessary, regulations could be updated to allow for this type of flexibility. It is time to be creative while maintaining actual and perceived safety. Additional funding is likely needed.