



# Labour Market Bulletin

Alberta

October 2016



This Labour Market Bulletin provides an analysis of Labour Force Survey results for the province of Alberta, including the regions of Calgary, Edmonton, Central Alberta and Mountain Parks, Southern Alberta, and Northern Alberta.

## OVERVIEW

In October, employment in Alberta was little changed from the previous month (+9,000), while remaining lower than during the same month last year (-26,200). This was the third straight month of nominal employment gains in Alberta, as employment is now roughly the level of January 2016.

Alberta's economic slump is well into its second year, undermining the wellbeing of businesses and households alike. In October, 211,500 Albertans were unemployed, essentially unchanged from September, the highest month on record. Moreover, for those employed, average wages are in decline. Since peaking in January 2015, average weekly earnings in the province have fallen by 4.1%.<sup>1</sup> With lower earnings and higher unemployment, consumer insolvencies in Alberta are also on the rise. For the 12 months ending August 31, consumer insolvencies were up 37.6%.<sup>2</sup> On the mortgage front, CMHC reported that almost 1,500 mortgages were in arrears in Alberta as of the end of June, a 52% increase from the same time last year.<sup>3</sup>

Economy-wide, part-time employment increased by 1.9% on the month. Part-time employment is now 21,100 above the level of one year ago.

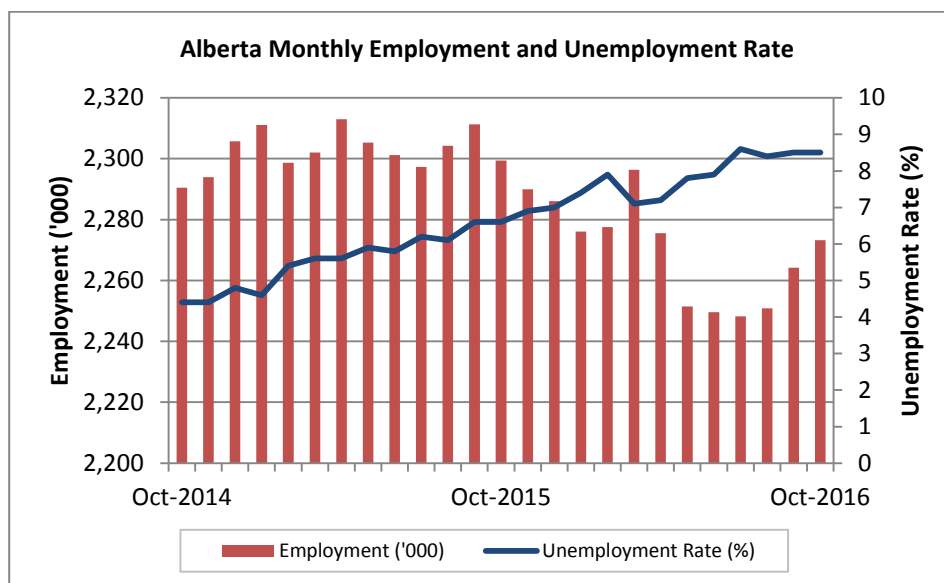
## Alberta Monthly Labour Force Statistics

Seasonally Adjusted Monthly Data	October 2016	September 2016	October 2015	Monthly Variation		Yearly Variation	
				Number	%	Number	%
<b>Population 15 + ('000)</b>	3,408.1	3,407.2	3,373.5	0.9	0.0	34.6	1.0
<b>Labour Force ('000)</b>	2,484.8	2,475.8	2,462.4	9.0	0.4	22.4	0.9
<b>Employment ('000)</b>	2,273.2	2,264.2	2,299.4	9.0	0.4	-26.2	-1.1
Full-Time ('000)	1,841.2	1,840.3	1,888.5	0.9	0.0	-47.3	-2.5
Part-Time ('000)	432.0	423.9	410.9	8.1	1.9	21.1	5.1
<b>Unemployment ('000)</b>	211.5	211.6	163.0	-0.1	0.0	48.5	29.8
<b>Unemployment Rate (%)</b>	8.5	8.5	6.6	0.0	-	1.9	-
<b>Participation Rate (%)</b>	72.9	72.7	73.0	0.2	-	-0.1	-
<b>Employment Rate (%)</b>	66.7	66.5	68.2	0.2	-	-1.5	-

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0087

The number of private sector workers in an employer–employee relationship increased by 1.2% on the month in October, remaining 1.0% lower than during October the previous year. Public sector employment was little changed on the year (+0.3%), while self-employment dropped by 3.2%.



Alberta's unemployment rate was unchanged at 8.5% on the month, almost two percentage points higher than in October 2015 (6.6%).

Looking at major demographic groups, the unemployment rate for men aged 25 and over increased to 9.0% in October, up 2.6 percentage points on the year. The rate for younger men (aged 15 to 24) fell to 11.5%, as 5,000 young men opted out of the labour market. Meanwhile, the unemployment rate for younger women increased to 14.1% on the year.

## Alberta Monthly Unemployment Rates, by Gender and Age

Seasonally Adjusted Data	October 2016 (%)	September 2016 (%)	October 2015 (%)	Monthly Variation	Yearly Variation
				(% points)	(% points)
<b>Total</b>	8.5	8.5	6.6	0.0	1.9
<b>25 years and over</b>	7.8	7.7	5.8	0.1	2.0
Men - 25 years and over	9.0	8.8	6.4	0.2	2.6
Women - 25 years and over	6.4	6.5	5.0	-0.1	1.4
<b>15 to 24 years</b>	12.8	13.4	11.6	-0.6	1.2
Men - 15 to 24 years	11.5	11.8	13.4	-0.3	-1.9
Women - 15 to 24 years	14.1	15.2	9.5	-1.1	4.6

Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0087

## EMPLOYMENT BY INDUSTRY

In October, employment edged up in both the goods-producing sector (+4,400) and the services-producing sector (+4,600) on the month. On an annual basis, however, lower employment in the goods-producing sector (-7.6%), outweighed modest gains within the services sector (+1.3%).

## Alberta Monthly Labour Force Statistics, by Industry

Seasonally Adjusted Data ('000)	October 2016	September 2016	October 2015	Monthly Variation		Yearly Variation	
				Number	%	Number	%
<b>Total employed, all industries</b>	2,273.2	2,264.2	2,299.4	9.0	0.4	-26.2	-1.1
<b>Goods-producing sector</b>	580.0	575.6	627.4	4.4	0.8	-47.4	-7.6
Agriculture	51.1	51.1	60.4	0.0	0.0	-9.3	-15.4
Forestry, fishing, mining, quarrying, oil and gas	146.2	138.6	152.3	7.6	5.5	-6.1	-4.0
Utilities	18.9	19.8	19.9	-0.9	-4.5	-1.0	-5.0
Construction	251.1	251.2	258.2	-0.1	0.0	-7.1	-2.7
Manufacturing	112.8	114.8	136.5	-2.0	-1.7	-23.7	-17.4
<b>Services-producing sector</b>	1,693.2	1,688.6	1,672.0	4.6	0.3	21.2	1.3
Trade	332.8	331.3	325.8	1.5	0.5	7.0	2.1
Transportation and warehousing	135.6	133.3	134.9	2.3	1.7	0.7	0.5
Finance, insurance, real estate and leasing	102.0	107.2	105.1	-5.2	-4.9	-3.1	-2.9
Professional, scientific and technical services	178.3	179.1	174.1	-0.8	-0.4	4.2	2.4
Business, building and other support services	79.3	78.9	84.8	0.4	0.5	-5.5	-6.5
Educational services	153.5	153.1	141.1	0.4	0.3	12.4	8.8
Health care and social assistance	266.5	268.1	265.7	-1.6	-0.6	0.8	0.3
Information, culture and recreation	71.9	73.0	77.6	-1.1	-1.5	-5.7	-7.3
Accommodation and food services	148.9	150.9	152.2	-2.0	-1.3	-3.3	-2.2
Other services	124.1	117.5	112.1	6.6	5.6	12.0	10.7
Public administration	100.3	96.3	98.6	4.0	4.2	1.7	1.7

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0088

Employment in Alberta's key resource extraction industry (forestry, fishing, mining, quarrying, and oil and gas) has been increasing of late, but remains 6,100 lower than in October of last year. Earlier, oil and gas employment dropped precipitously in May, due in large part to the Fort McMurray wildfire. Crude oil has been trading between \$40 and \$50 US per barrel since March 2016, a price range high enough to keep the most efficient operators in business, but too low to encourage needed reinvestment in the industry.

While the \$40 to \$50 range suggests a kind of stability, on a daily or weekly basis the price of crude has been highly volatile. Just when it appears that it may finally settle above \$50 per barrel, the price nosedives once again. Traders will be keeping a close eye on the November meeting of OPEC (The Organization of Petroleum Exporting Countries), at which time the Saudi-led cartel will attempt to hammer out production limits.<sup>4</sup>

Still, the troubled sector received welcome news in October when Precision Drilling of Calgary announced the hiring of 1,000 workers, split between its US and Canadian operations.<sup>5</sup> In addition, Canadian Natural Resources (CNRL) announced that it will spend \$28 million on its Kirby North oil sands project in 2017. While modest by oil sands' standards, the spending will provide CNRL flexibility going forward, as it had halted work on the project in 2015.<sup>6</sup>

Beyond resource extraction, several other industries are also showing large employment losses on an annual basis. For example, employment in the manufacturing industry decreased by 23,700, due to weak demand for energy-related metal fabrication and machinery. There were also 7,100 fewer people working in construction, as investment levels declined for both residential and non-residential construction.

Year-over-year, the eight private sector services-producing industries were evenly split between those showing employment losses and those showing employment gains.

Alberta's public sector has been a key source of employment growth throughout the extended downturn. On the year, employment gains in public administration (+1,700) were accompanied by increases in health care and social assistance (+800) and educational services (+12,400).

## REGIONAL ANALYSIS

Over the past year, employment declined in four of seven economic regions in Alberta, notably in the major centres of Edmonton and Calgary. Regional unemployment rates have increased in all but one area of the province.

October marked the first labour force survey results for the Wood Buffalo-Cold Lake area since the May wildfires. While the rebuilding of Fort McMurray is progressing slowly, employment across the region is 4.4% lower than in October 2015.

The Banff-Jasper-Rocky-Mountain House and Athabasca-Grande Prairie-Peace River area also saw steep employment losses (-8,500, -4.4%) on the year. Despite reduced employment, the area's unemployment rate is now the lowest in Alberta (5.7%), as fewer people in the region were actively looking for work. Moreover, labour market conditions vary widely across this large combined region. For example, the tourism-dependant Banff-

Jasper-Rocky Mountain House area has the highest job vacancy rate in Canada (4.5%), well above that of Athabasca-Grande Prairie-Peace River (2.6%).<sup>7</sup>

As mentioned, there are also significantly fewer people working in both Calgary (-9,900, -1.1%) and Edmonton (-24,000, -3.3%). While annual losses have moderated in Calgary in recent months, in Edmonton they continue to rise. This marks a reversal from earlier in the year, largely due to construction and manufacturing industry employment, which has stabilized in Calgary but fallen in Edmonton.

Calgary's unemployment rate is now sitting at 10%, which is the highest regional rate in the province and well above that of any other major Canadian city. Counter-intuitively, the increase has been driven by the region's expanding labour force, which has added nearly 23,000 people over the past year, despite the slowdown in Calgary's economy.<sup>8</sup>

Meanwhile, both Red Deer and Camrose-Drumheller's total employment has increased slightly year over year. However, there are still significantly fewer people working in these regions than two years ago, prior to the full collapse of oil prices. In contrast, the southern region of Lethbridge-Medicine Hat posted higher employment compared to both October 2015 (+4,900) and October 2014 (+6,400), as service-sector growth outweighed losses in the region's energy industry.

#### Alberta Monthly Labour Force Statistics, by Economic Region

3-Month Moving Averages Seasonally Unadjusted Data	Employment			Unemployment Rate		
	October 2016 ('000)	October 2015 ('000)	Yearly Variation (%)	October 2016 (%)	October 2015 (%)	Yearly Variation (% points)
<b>Alberta</b>	2,277.9	2,318.4	-1.7	8.0	6.2	1.8
<b>Economic Regions</b>						
Lethbridge-Medicine Hat	152.0	147.1	3.3	6.2	5.8	0.4
Camrose-Drumheller	105.8	105.3	0.5	7.5	3.0	4.5
Calgary	866.1	876.0	-1.1	10.0	6.7	3.3
Banff-Jasper-Rocky Mountain House and Athabasca-Grande Prairie-Peace River	183.9	192.4	-4.4	5.6	5.7	-0.1
Red Deer	115.8	115.5	0.3	6.8	6.6	0.2
Edmonton	771.8	795.8	-3.0	6.9	6.0	0.9
Wood Buffalo-Cold Lake	82.5	86.3	-4.4	9.1	7.3	1.8

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0122

**Note:** In preparing this document, the authors have taken care to provide clients with labour market information that is timely and accurate at the time of publication. Since labour market conditions are dynamic, some of the information presented here may have changed since this document was published. Users are encouraged to also refer to other sources for additional information on the local economy and labour market. Information contained in this document does not necessarily reflect official policies of Employment and Social Development Canada.

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**For information on the Labour Force Survey, please visit the Statistics Canada Web site at: [www.statcan.gc.ca](http://www.statcan.gc.ca)**

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<sup>1</sup> Statistics Canada, The Daily | Payroll employment, earnings and hours, August 2016 | October 27, 2016 | Accessed November 4, 2016 | <http://www.statcan.gc.ca/daily-quotidien/161027/cg-a003-eng.htm>

<sup>2</sup> Office of the Superintendent of Bankruptcy Canada, Insolvency Statistics in Canada—August 2016 | October 31, 2016 | Accessed November 4, 2016 | <https://www.ic.gc.ca/eic/site/bsf-osb.nsf/eng/br03657.html#tbl1>

<sup>3</sup> Canadian Mortgage and Housing Corporation (CMHC), Mortgage Loan Insurance Business Supplement Q2 2016, June 2016 | A mortgage is in arrears when payment is three or more months overdue | Accessed September 9, 2016 | <https://www.cmhc-schl.gc.ca/en/corp/about/core/upload/second-quarter-mortgage-loan-insurance-business-supplement.pdf>

<sup>4</sup> *Oil Prices Rally on OPEC News* | Wall Street Journal, September 28, 2016 | Accessed November 7, 2016 | <http://www.wsj.com/articles/oil-prices-rise-as-market-shifts-hope-to-opecs-november-meeting-1475036230> (subscription required)

<sup>5</sup> *Two Alberta drillers adding workers, but are more oilpatch jobs on way?* | Calgary Herald, October 25, 2016 | Accessed November 7, 2016 | <http://calgaryherald.com/business/energy/varcoe-big-driller-hires-1000-but-are-more-oilpatch-jobs-on-way>

<sup>6</sup> *CNRL revives Kirby North, starts up Horizon's latest expansion and boosts quarterly dividend* | Oil Sands Magazine, November 3, 2016 | Accessed November 7, 2016 | <http://www.oilsandsmagazine.com/news/2016/11/3/cnrl-revives-kirby-north-starts-up-horizon-2b-expansion-and-boosts-quarterly-dividend>

<sup>7</sup> Statistics Canada (October 26, 2016). The Daily: Job Vacancy and Wage Survey, second quarter 2016. Retrieved from: <http://www.statcan.gc.ca/daily-quotidien/161026/dq161026a-eng.htm>

<sup>8</sup> ATB Financial's Chief Economist, Todd Hirsch, suggests that one reason Calgary's labour force may be growing is due to more household members being forced to look for work.

Hirsch, Todd (November 7, 2016). The Owl: Unemployment moving in opposite directions. ATB Economics. Retrieved from: <http://www.atb.com/learn/economics/Pages/the-owl.aspx?aid=627>