



Labour Market Bulletin

Alberta

December 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

The fourth quarter of 2016 marked a modest turnaround for Alberta's labour market, as employment in the province increased (+12,600) for the first time in a year and a half. Nevertheless, at 2.29 million, employment in the province remains 24,800 lower than during the same October to December period of 2015. On the year, full-time employment has been especially hard hit, down 52,000, with part-time employment (+27,100) only partially offsetting the losses. Consistent with the relative shift to part-time work, average hours worked in the province declined by 4.6% between October 2015 and October 2016, the most recent data available.¹

Looking at classes of workers, private-sector employment was 1.3% lower (-18,900) compared to Q4-2015. In terms of aggregate employment growth, public-sector gains (+12,200) and self-employment losses (-12,100) cancelled each other out.²

While employment did increase compared to Q3-2016, Q4-2016 also saw an increase in unemployment, (+5,300) on the quarter; (+46,900) on the year. Unemployment in Alberta has now increased for eight quarters in a row.

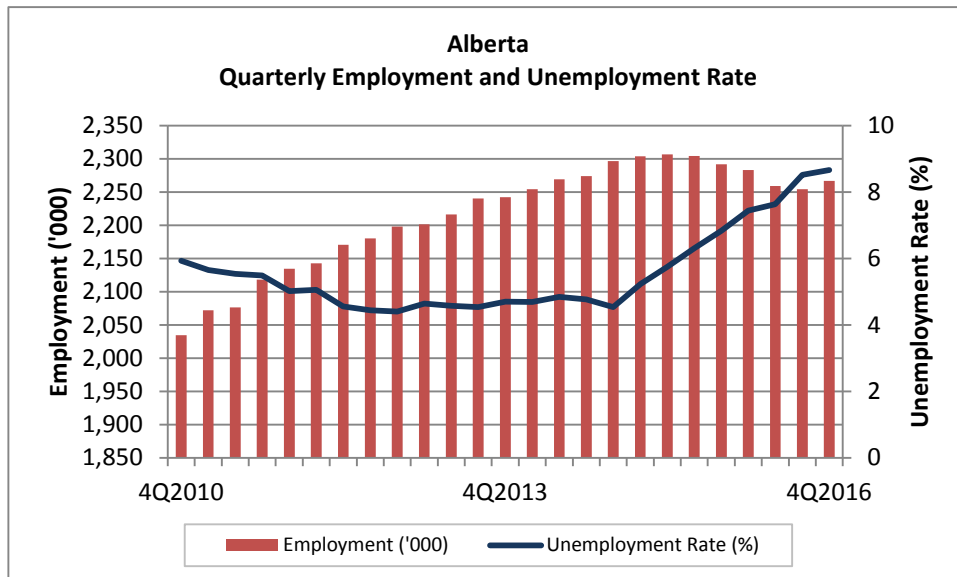
Current forecasts predict that Alberta will return to positive economic growth in 2017, (+2.2%). Even so, a full recovery of the labour market may lag further yet. The tepid employment growth (+0.8%) expected this year will likely be accompanied by increased unemployment as well.³

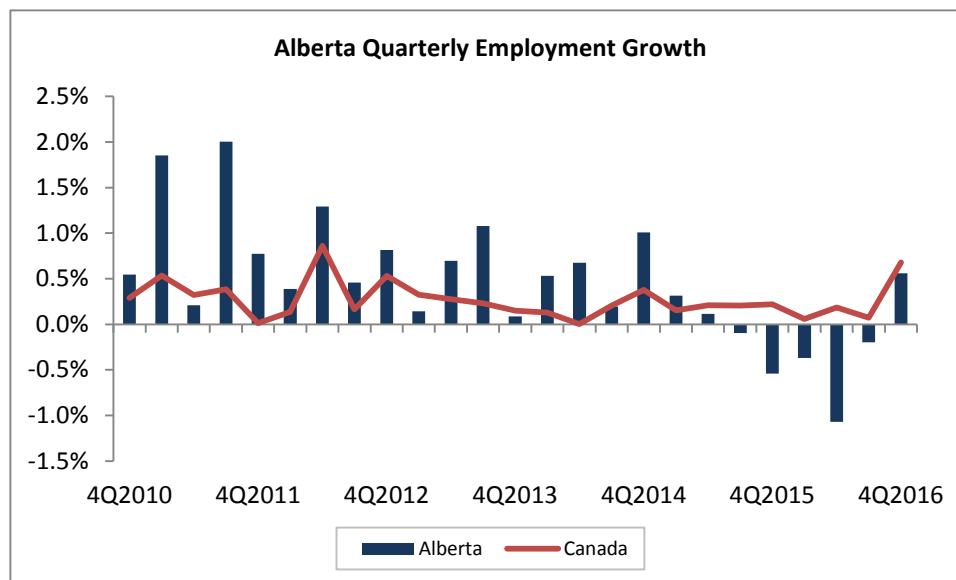
Alberta Quarterly Labour Force Statistics

| Seasonally Adjusted Data | 4th Quarter | 3rd Quarter | 4th Quarter | Quarterly Variation | | Yearly Variation | |
|-------------------------------|-------------|-------------|-------------|---------------------|-----|------------------|------|
| | 2016 | 2016 | 2015 | Number | % | Number | % |
| Population 15 + ('000) | 3,408.7 | 3,405.1 | 3,376.5 | 3.6 | 0.1 | 32.2 | 1.0 |
| Labour Force ('000) | 2,482.1 | 2,464.2 | 2,460.0 | 17.9 | 0.7 | 22.1 | 0.9 |
| Employment ('000) | 2,267.0 | 2,254.4 | 2,291.8 | 12.6 | 0.6 | -24.8 | -1.1 |
| Full-Time ('000) | 1,838.3 | 1,830.5 | 1,890.3 | 7.8 | 0.4 | -52.0 | -2.8 |
| Part-Time ('000) | 428.7 | 423.9 | 401.6 | 4.8 | 1.1 | 27.1 | 6.7 |
| Unemployment ('000) | 215.1 | 209.8 | 168.2 | 5.3 | 2.5 | 46.9 | 27.9 |
| Unemployment Rate (%) | 8.7 | 8.5 | 6.8 | 0.2 | - | 1.8 | - |
| Participation Rate (%) | 72.8 | 72.4 | 72.9 | 0.4 | - | 0.0 | - |
| Employment Rate (%) | 66.5 | 66.2 | 67.9 | 0.3 | - | -1.4 | - |

Note: Totals may not add due to rounding

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





Alberta Quarterly Unemployment Rates, by Gender and Age

| Seasonally Adjusted Data | 4th Quarter 2016 (%) | 3rd Quarter 2016 (%) | 4th Quarter 2015 (%) | Quarterly Variation (% points) | Yearly Variation (% points) |
|---------------------------|----------------------|----------------------|----------------------|--------------------------------|-----------------------------|
| | Total | 8.7 | 8.5 | 6.8 | 0.2 |
| 25 years and over | 8.0 | 7.5 | 6.0 | 0.4 | 2.0 |
| Men - 25 years and over | 9.0 | 8.3 | 6.7 | 0.7 | 2.3 |
| Women - 25 years and over | 6.7 | 6.6 | 5.2 | 0.1 | 1.5 |
| 15 to 24 years | 12.9 | 14.4 | 11.8 | -1.5 | 1.1 |
| Men - 15 to 24 years | 13.8 | 14.8 | 14.1 | -0.9 | -0.2 |
| Women - 15 to 24 years | 11.9 | 13.9 | 9.2 | -2.0 | 2.7 |

Note: Totals may not add due to rounding

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

Alberta's unemployment rate increased to 8.7% in the fourth quarter. This was the highest provincial rate in the West and well above the national figure of 6.9%. While down from its July peak, in October the number of regular Employment Insurance beneficiaries was over 50% higher than during the same month in 2015.⁴

Looking at the results by major demographic grouping, the largest quarterly unemployment rate increase (8.3% to 9.0%) occurred amongst men aged 25 years and older. By contrast, the unemployment rate for young men aged 15 to 24 years decreased from 14.8% to 13.8%, as fewer young men chose to continue looking for work.

The unemployment rate for women aged 25 years and older also increased, edging up 0.1 percentage point to 6.7%. The gap between the unemployment rates of men and women in the 25 years and older cohort is now quite marked at 2.3 percentage points. In fact, among Albertans aged 25 years and older, men consistently have higher unemployment rates than women, although the variation between them tends to increase during recessionary periods.

Alberta - Labour Market Indicators for Indigenous People

| 3-month moving averages Seasonally unadjusted data | Indigenous | | Yearly variation (Indigenous) | | Non-Indigenous | | Yearly variation (non-Indigenous) | |
|---|------------|------------|----------------------------------|------|----------------|------------|--------------------------------------|------|
| | Q4 2016 | Q4 2015 | Number | % | Q4 2016 | Q4 2015 | Number | % |
| Population 15 + ('000) | 164.1 | 153.2 | 10.9 | 7.1 | 3,244.6 | 3,223.4 | 21.2 | 0.7 |
| Labour Force ('000) | 114.8 | 106.3 | 8.5 | 8.0 | 2,346.8 | 2,336.2 | 10.6 | 0.5 |
| Employment ('000) | 101.0 | 91.3 | 9.7 | 10.6 | 2,160.7 | 2,193.0 | -32.3 | -1.5 |
| Full-Time ('000) | 81.3 | 74.3 | 7.0 | 9.4 | 1,741.4 | 1,796.3 | -54.9 | -3.1 |
| Part-Time ('000) | 19.8 | 17.0 | 2.8 | 16.5 | 419.4 | 396.7 | 22.7 | 5.7 |
| Unemployment ('000) | 13.8 | 15.0 | -1.2 | -8.0 | 186.1 | 143.1 | 43.0 | 30.0 |
| Unemployment Rate (%) | 12.0 | 14.1 | -2.1 | - | 7.9 | 6.1 | 1.8 | - |
| Participation Rate (%) | 69.9 | 69.4 | 0.5 | - | 72.3 | 72.5 | -0.2 | - |
| Employment Rate (%) | 61.6 | 59.6 | 2.0 | - | 66.6 | 68.0 | -1.4 | - |

Notes: The Labour Force Survey excludes those living on-reserve.

Estimates are based on three-month moving averages.

Totals may not add due to rounding.

Totals may be different from other tables due to adjustments done to indigenous statistics in the Labour Force Survey.

Source: Statistics Canada Labour Force Survey – ESDC custom table

In the fourth quarter (Q4) of 2016, the total population aged 15+ in Alberta was 3.4 million. The Indigenous population living off-reserve accounted for 4.8% of that, or 164,100 people. Employment among the Indigenous population stood at 101,000 representing an increase of +9,700 (+10.6%) from a year earlier. The increase was in both full-time positions (+7,000), and in part-time positions (+2,800).

The unemployment rate among the Indigenous population was 12.0% in Q4 2016, a decrease of -2.1 percentage points (pp) from the previous year. The unemployment rate amongst the non-Indigenous population increased to 7.9% (+1.8pp) during that same time period. Between Q4 2015 and Q4 2016, the participation rate among the Indigenous population increased to 69.9% in Q4 2016 (+0.5pp year-over-year), and the non-Indigenous participation rate declined to 72.3% in Q4 2016 (-0.2pp year-over-year). The employment rate of Indigenous population increased to 61.6% (+2.0pp), while that of the non-Indigenous population declined to 66.6% (-1.4pp).

EMPLOYMENT BY INDUSTRY

In Q4-2016 employment in Alberta's goods-producing sector increased 0.8%, the first quarterly increase in almost two years. Meanwhile, employment in the services-producing sector increased modestly (+0.5%).

Alberta Quarterly Labour Force Statistics, by Industry

| Seasonally Adjusted Data ('000) | 4th Quarter 2016 | 3rd Quarter 2016 | 4th Quarter 2015 | Quarterly Variation | | Yearly Variation | |
|---|------------------------|------------------------|------------------------|------------------------|------|---------------------|-------|
| | | | | Number | % | Number | % |
| Total employed, all industries | 2,267.0 | 2,254.4 | 2,291.8 | 12.6 | 0.6 | -24.8 | -1.1 |
| Goods-producing sector | 571.8 | 567.1 | 627.9 | 4.7 | 0.8 | -56.1 | -8.9 |
| Agriculture | 51.4 | 51.5 | 59.7 | -0.1 | -0.2 | -8.3 | -13.9 |
| Forestry, fishing, mining, quarrying, oil and gas | 143.0 | 134.7 | 152.1 | 8.3 | 6.2 | -9.1 | -6.0 |
| Utilities | 19.5 | 19.3 | 19.6 | 0.2 | 1.0 | -0.1 | -0.5 |
| Construction | 246.3 | 248.3 | 258.5 | -2.0 | -0.8 | -12.2 | -4.7 |
| Manufacturing | 111.6 | 113.3 | 137.9 | -1.7 | -1.5 | -26.3 | -19.1 |
| Services-producing sector | 1,695.2 | 1,687.3 | 1,664.0 | 7.9 | 0.5 | 31.2 | 1.9 |
| Trade | 332.5 | 327.8 | 325.6 | 4.7 | 1.4 | 6.9 | 2.1 |
| Transportation and warehousing | 133.9 | 133.6 | 130.7 | 0.3 | 0.2 | 3.2 | 2.4 |
| Finance, insurance, real estate and leasing | 102.5 | 107.8 | 103.3 | -5.3 | -4.9 | -0.8 | -0.8 |
| Professional, scientific and technical services | 179.6 | 177.1 | 176.2 | 2.5 | 1.4 | 3.4 | 1.9 |
| Business, building and other support services | 77.6 | 78.8 | 83.7 | -1.2 | -1.5 | -6.1 | -7.3 |
| Educational services | 153.1 | 150.9 | 144.2 | 2.2 | 1.5 | 8.9 | 6.2 |
| Health care and social assistance | 270.4 | 269.5 | 266.6 | 0.9 | 0.3 | 3.8 | 1.4 |
| Information, culture and recreation | 72.4 | 74.2 | 78.0 | -1.8 | -2.4 | -5.6 | -7.2 |
| Accommodation and food services | 148.1 | 149.1 | 147.3 | -1.0 | -0.7 | 0.8 | 0.5 |
| Other services | 124.4 | 121.7 | 110.5 | 2.7 | 2.2 | 13.9 | 12.6 |
| Public administration | 100.8 | 97.0 | 97.9 | 3.8 | 3.9 | 2.9 | 3.0 |

Note: Totals may not add due to rounding

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

While posting an impressive quarterly gain (+8,300), Alberta's resource extraction industry (forestry, fishing, mining, quarrying, oil and gas) shed an estimated 9,100 positions year over year, with most of these losses occurring in the oil and gas sub-sector. Employment in the overall industry peaked at 181,300 during Q3-2014, but has since fallen by 38,300. Benchmark North American oil prices averaged \$43.07 U.S. per barrel in 2016, but traded above \$50 US for all of December.⁵ This price momentum is expected to continue into 2017, with many forecasts for the year coming in at \$55 U.S. or above.⁶

However, there are few indications that the provincial industry will fully rebound to its 2014 level. For example, provincial revenue from oil and gas land auctions, which peaked at \$3.5 billion in 2011, fell to just \$137 million in 2016, the lowest level on record.⁷ Moreover, in June 2016, the Canadian Association of Petroleum Producers trimmed its long-term production forecast for the second time in two years.⁸

Notwithstanding, the industry did receive a welcome boost in November when the Federal cabinet approved two export pipelines, Kinder Morgan's Trans Mountain pipeline (Edmonton, Alberta to Burnaby, BC) and Enbridge's Line 3 pipeline (Hardisty, Alberta to Superior, Wisconsin).⁹ Still, some analysts expect that renewed

growth in Alberta's oil and gas sector will largely bypass the oil sands and be concentrated in more conventional plays within the Grande Prairie area.¹⁰

Looking at Alberta's other goods-producing industries, notable year over year employment losses occurred in both the construction (-12,200) and manufacturing (-26,300) industries. Meanwhile, agricultural employment was essentially flat on the quarter (-100), while still posting a significant year-over-year decline (-8,300). Crop production has tended to be more profitable than animal production for farmers in recent years. In November, cattle prices averaged about \$127 per hundredweight, 16% lower than a year prior.¹¹ Cattle ranchers faced another setback recently, when bovine tuberculosis was discovered in a herd in southeastern Alberta.¹²

Turning to the services sector, quarterly employment gains were seen in four of eight private-sector industries, notably in retail and wholesale trade (+4,700) and in professional, scientific and technical services (+2,500).

Employment in accommodation and food services dipped on the quarter (-1,000) while barely eking out an annual gain (+800). This came despite very robust occupancy and spending in the premium resorts of Banff and Jasper.

In Q4-2016, Alberta continued to rely on public sector service industries for employment growth. There were 2,200 more people working in Alberta's educational services on the quarter, with employment up in health care and social assistance industry (+900) and in public administration (+3,800) as well. At about one-third the employment base, Alberta's public sector (+10,400) accounted for virtually the same employment gains as its private sector (+10,900). Self-employment declined by 8,700 compared to Q3-2016.

REGIONAL ANALYSIS

Alberta Quarterly Labour Force Statistics, by Economic Region

| Not Seasonally Adjusted Data | Employment | | | Unemployment Rate | | |
|---|-------------------------|-------------------------|----------------------|----------------------|----------------------|-----------------------------|
| | 4th Quarter 2016 ('000) | 4th Quarter 2015 ('000) | Yearly Variation (%) | 4th Quarter 2016 (%) | 4th Quarter 2015 (%) | Yearly Variation (% points) |
| Alberta | 2,264.9 | 2,288.2 | -1.0 | 8.1 | 6.4 | 1.7 |
| Economic Regions | | | | | | |
| Lethbridge-Medicine Hat | 147.6 | 149.6 | -1.3 | 6.4 | 5.7 | 0.7 |
| Camrose-Drumheller | 102.7 | 103.8 | -1.1 | 7.6 | 5.1 | 2.5 |
| Calgary | 873.1 | 857.3 | 1.8 | 9.6 | 6.8 | 2.8 |
| Banff-Jasper-Rocky Mountain House and Athabasca-Grand Prairie-Peace River | 182.6 | 185.6 | -1.6 | 6.2 | 7.5 | -1.3 |
| Red Deer | 113.1 | 112.7 | 0.4 | 8.0 | 6.2 | 1.8 |
| Edmonton | 763.5 | 795.5 | -4.0 | 7.0 | 5.8 | 1.2 |
| Wood Buffalo-Cold Lake* | 82.2 | 83.6 | -1.7 | 8.9 | 8.6 | 0.3 |

Note: Totals may not add due to rounding

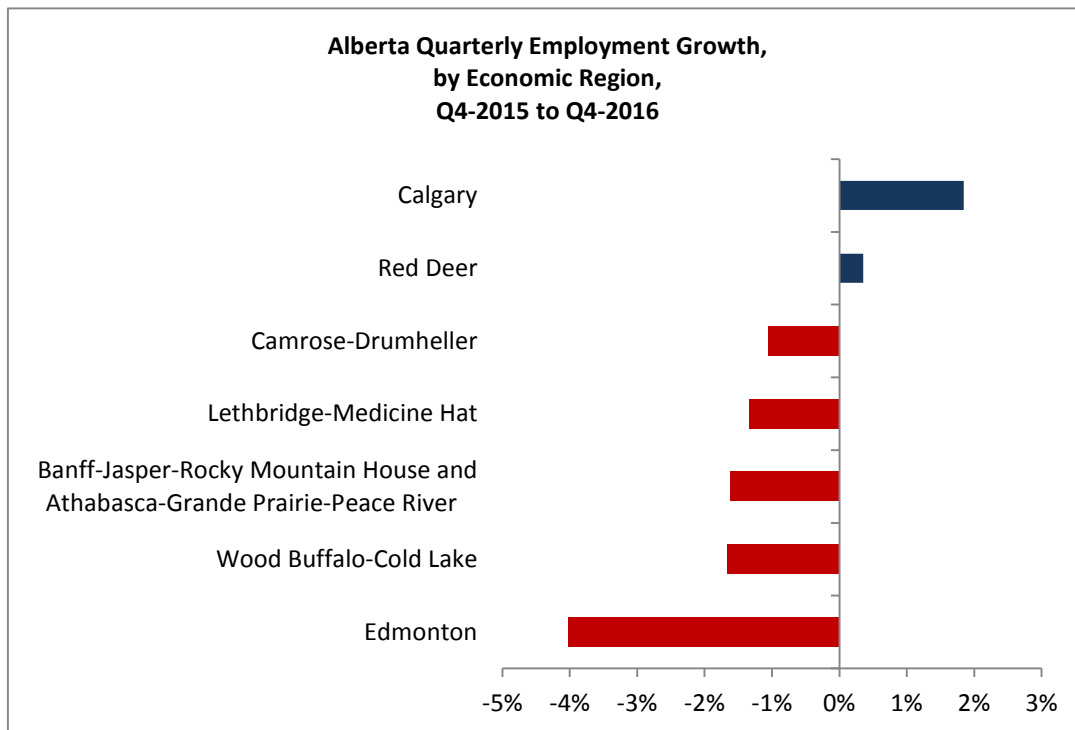
Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0122

Over the past year, employment declined in all regions of Alberta, except for Calgary (+1.8%) and Red Deer (+0.4%). A few years back, it would not be surprising to see Calgary leading the provincial job creation pack. Now, however, the region is also undergoing an enormous spike in unemployment, up 30,500 (+49%) compared to Q4-2015.

The reason that both employment and unemployment can rise at the same time, is because of a burgeoning labour force, i.e. the total of those working and those looking for work. As Alberta slipped into recession, Calgary's labour force continued to grow, initially driven by ongoing international immigration and continued population growth – even after net interprovincial migration flows had turned negative. Population growth has now settled down to about 1.3% annually, but the region's labour force increased by 5% (+46,200) between Q4-2015 and Q4-2016. One explanation for this is that as joblessness has risen and wages have fallen, the number of workers / jobseekers per household has increased in order to make ends meet. This would include formerly one-income households with two or more family members now in the labour force.

In the aftermath of May's Fort McMurray wildfire, Statistics Canada did not resume local data collection in Wood Buffalo-Cold Lake until August. As a result, this quarter's employment statistics for Wood Buffalo-Cold Lake are the first available since Q1-2016. While the wildfire initially led to a loss of \$1 billion in planned capital spending in the oil sands for 2016, according to Alberta's chief energy economist¹³, forecasters are expecting that the rebuilding of Fort McMurray in 2017 will materially impact provincial GDP, plus 0.4 percentage points according to the Conference Board.¹⁴

Edmonton has generally outperformed provincial results during this recessionary period and this was again true in Q4-2016. At 7.0%, the region's unemployment rate is now the second lowest in the province and well below that of Calgary (9.6%).



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

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¹ Average weekly hours worked (including overtime) declined from 32.7 hours in October 2015, to 31.2 hours in October 2016. CANSIM Table 281-0032, Statistics Canada, The Daily (December 21, 2016) | Retrieved from <http://www.statcan.gc.ca/daily-quotidien/161221/dq161221a-eng.htm>

² Statistics Canada, CANSIM Table 282-0089 | Retrieved from <http://www5.statcan.gc.ca/cansim/a26?id=2820089>

³ The Conference Board is forecasting real GDP in Alberta to increase by 2.2% and 1.4% in 2017 and 2018, respectively. The turnaround in employment is expected to be slower: 0.8% in 2017 and 0.9% in 2018. With Alberta's working age population set to grow more quickly than employment, rising unemployment is almost certain to follow.

Conference Board of Canada (November 10, 2016). PROVINCIAL OUTLOOK EXECUTIVE SUMMARY | Retrieved from <http://conferenceboard.ca>

⁴ In October 2016, there were 93,180 regular EI beneficiaries in the province (seasonally adjusted). Beneficiaries increased dramatically in May (+12.6%) due to the Fort McMurray wildfire, and then again in July (+28.4%) due to eligibility extensions mandated by the Federal government. While down from their July peak, EI beneficiaries in the province were 56% higher than in October 2015.

Statistics Canada (June 2016). CANSIM 276-0022. Employment Insurance program (EI), beneficiaries receiving regular income benefits by province, declared earnings, sex and age, seasonally adjusted. Retrieved from: <http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=2760022>

⁵ Nasdaq (October 10, 2016). Crude Oil: WTI (NYMEX). Retrieved from: <http://www.nasdaq.com/markets/crude-oil.aspx?timeframe=6m>

Bloomberg (October 11, 2016). IEA Sees Oil Market Rebalancing Faster If OPEC Respects Deal | Retrieved from <http://www.bloomberg.com/news/articles/2016-10-11/iea-sees-oil-market-rebalancing-faster-if-opec-implements-deal>

⁶ For example: Deloitte, Price Forecast December 31, 2016 | Retrieved from: https://www2.deloitte.com/content/dam/Deloitte/ca/Documents/energy-resources/ca-en-rea_forecast_2016_12_EN_AODA.PDF

⁷ Petroleum and Natural Gas Sales Statistics, Alberta Energy | Retrieved from <http://www.energy.alberta.ca/Tenure/834.asp>

⁸ Canadian Association of Petroleum Producers (June 2016). 2016 Crude Oil Forecast, Markets & Transportation. Retrieved from: <http://www.capp.ca/publications-and-statistics/publications/284950>

⁹ CBC (November 29, 2016) | <http://www.cbc.ca/news/politics/federal-cabinet-trudeau-pipeline-decisions-1.3872828>

¹⁰ Electric cars, oil price rebounds and Grande Prairie: What one energy expert will be watching in 2017 | CBC, January 3, 2017 | Retrieved from <http://www.cbc.ca/news/canada/calgary/peter-tertzakian-oil-gas-2017-1.3918909>

¹¹ Statistics Canada, CANSIM Table 002-0043 | <http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=0020043&&pattern=&stByVal=1&p1=1&p2=-1&tabMode=dataTable&csid=>

¹² Bovine TB investigation continues in Alberta | The Western Producer, January 6, 2017 | <http://www.producer.com/2017/01/bovine-tb-investigation-continues-in-alberta/>

¹³ Dan Healing, The Canadian Press/Calgary Herald (September 7, 2016). Retrieved from <http://calgaryherald.com/business/energy/alberta-estimates-wildfire-put-1-billion-dent-in-2016-oilsands-spending-plans>

¹⁴ Ibid