



Labour Market Bulletin

Alberta

July 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 July, employment in Alberta was essentially unchanged from the previous month (-1,400), while down significantly from July of last year (-49,100). The labour market weakness first seen in the oil and gas industry in late 2014, now impacts all sectors of the economy, as Alberta remains in recession for a second consecutive year. Crude oil, which partially recovered from its January 2016 price lows, has been trading at between \$40 and \$50 US per barrel for the past five months. This price range is high enough to keep efficient operators in business, but too low to encourage needed reinvestment in the industry.

Economy-wide, full-time employment decreased by 10,600 positions on the month, largely offset by part-time job gains (+9,100).

Alberta Monthly Labour Force Statistics

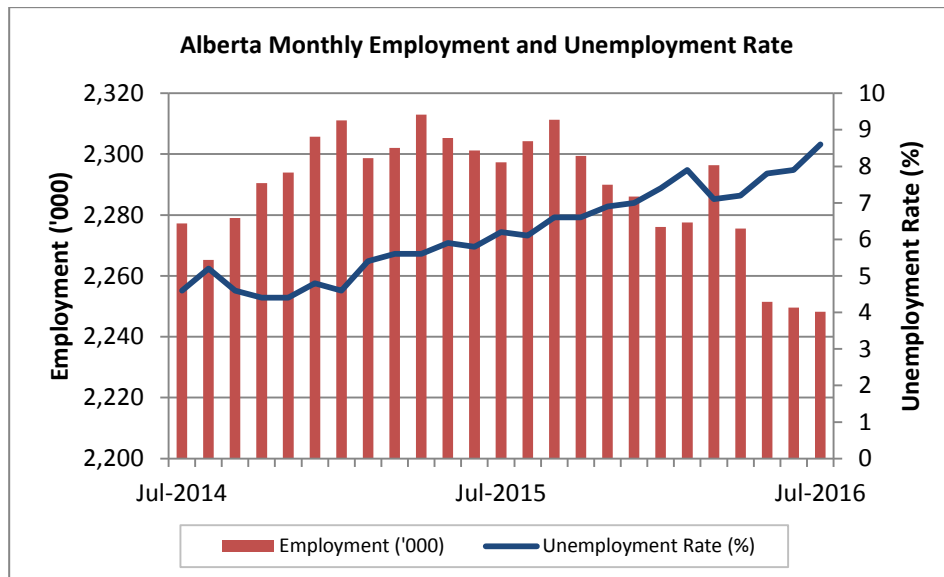
Seasonally Adjusted Monthly Data	July 2016	June 2016	July 2015	Monthly Variation		Yearly Variation	
				Number	%	Number	%
Population 15 + ('000)	3,402.8	3,399.1	3,360.4	3.7	0.1	42.4	1.3
Labour Force ('000)	2,459.0	2,441.4	2,449.0	17.6	0.7	10.0	0.4
Employment ('000)	2,248.2	2,249.6	2,297.3	-1.4	-0.1	-49.1	-2.1
Full-Time ('000)	1,814.8	1,825.4	1,918.5	-10.6	-0.6	-103.7	-5.4
Part-Time ('000)	433.3	424.2	378.9	9.1	2.1	54.4	14.4
Unemployment ('000)	210.8	191.8	151.6	19.0	9.9	59.2	39.1
Unemployment Rate (%)	8.6	7.9	6.2	0.7	-	2.4	-
Participation Rate (%)	72.3	71.8	72.9	0.5	-	-0.6	-
Employment Rate (%)	66.1	66.2	68.4	-0.1	-	-2.3	-

Note: Totals may not add due to rounding

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

For the third straight month, Statistics Canada did not include residents of Fort McMurray in its labour force sample. The omission means an absence of job data for the economically important Wood Buffalo (oil sands) region. However, as the population affected represents only about 2% of the Alberta workforce, the absence is not considered critical for the province as a whole.

Looking at classes of workers, employment in the private sector retreated mildly in July (-1,300) when compared to the previous month. Compared to July 2015, however, employment in the private sector is down 54,200. Public sector employment and self-employment are up a combined 5,100 on a year over year basis.



Between June and July, Alberta's unemployment rate rose from 7.9% to 8.6%. July's unemployment rate is the highest in the province since September 1994, over twenty years ago.

Alberta Monthly Unemployment Rates, by Gender and Age

Seasonally Adjusted Data	July 2016	June 2016	July 2015	Monthly Variation	Yearly Variation
	(%)	(%)	(%)	(% points)	(% points)
Total	8.6	7.9	6.2	0.7	2.4
25 years and over	7.6	7.0	5.3	0.6	2.3
Men - 25 years and over	8.2	7.7	5.7	0.5	2.5
Women - 25 years and over	6.8	6.1	4.8	0.7	2.0
15 to 24 years	14.8	13.3	11.4	1.5	3.4
Men - 15 to 24 years	16.5	14.5	14.4	2.0	2.1
Women - 15 to 24 years	12.8	11.9	8.0	0.9	4.8

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

Looking at major demographic groups, the unemployment rate for men aged 25 and over increased to 8.2% in July. The rate for younger men was double that, at 16.5%. Meanwhile, the unemployment rate for women aged 25 and over ticked up to 6.8%, increasing for younger women to 12.8%.

EMPLOYMENT BY INDUSTRY

On a monthly basis, employment edged down in the goods-producing sector (-5,000) while edging up in the services-producing sector (+3,600). However, substantial year-over-year losses in goods-sector employment (-12.8%) continue to outweigh what would otherwise be moderate growth in the services-sector (+2.0%).

Alberta Monthly Labour Force Statistics, by Industry

Seasonally Adjusted Data ('000)	July 2016	June 2016	July 2015	Monthly Variation		Yearly Variation	
				Number	%	Number	%
Total employed, all industries	2,248.2	2,249.6	2,297.3	-1.4	-0.1	-49.1	-2.1
Goods-producing sector	559.5	564.5	641.8	-5.0	-0.9	-82.3	-12.8
Agriculture	51.9	50.1	62.3	1.8	3.6	-10.4	-16.7
Forestry, fishing, mining, quarrying, oil and gas	127.8	128.6	156.8	-0.8	-0.6	-29.0	-18.5
Utilities	19.3	19.2	22.1	0.1	0.5	-2.8	-12.7
Construction	247.9	248.1	259.2	-0.2	-0.1	-11.3	-4.4
Manufacturing	112.6	118.6	141.4	-6.0	-5.1	-28.8	-20.4
Services-producing sector	1,688.7	1,685.1	1,655.5	3.6	0.2	33.2	2.0
Trade	323.8	327.7	317.8	-3.9	-1.2	6.0	1.9
Transportation and warehousing	137.1	130.7	138.6	6.4	4.9	-1.5	-1.1
Finance, insurance, real estate and leasing	109.5	107.2	103.8	2.3	2.1	5.7	5.5
Professional, scientific and technical services	178.3	178.9	177.0	-0.6	-0.3	1.3	0.7
Business, building and other support services	80.5	81.8	80.2	-1.3	-1.6	0.3	0.4
Educational services	150.2	147.3	135.6	2.9	2.0	14.6	10.8
Health care and social assistance	269.1	265.5	263.6	3.6	1.4	5.5	2.1
Information, culture and recreation	78.2	81.1	76.4	-2.9	-3.6	1.8	2.4
Accommodation and food services	145.3	146.9	153.9	-1.6	-1.1	-8.6	-5.6
Other services	122.3	122.1	114.6	0.2	0.2	7.7	6.7
Public administration	94.5	95.9	94.1	-1.4	-1.5	0.4	0.4

Note: Totals may not add due to rounding

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

Employment in Alberta's resource extraction industry (forestry, fishing, mining, quarrying, and oil and gas) was largely unchanged on the month (-800). However, layoffs announced in July, including 350 by Nexen Energy, suggest that industry employment levels will decline further going forward.¹ Nexen attributed the layoffs to the loss of an upgrader at its Long Lake oil sands plant, originally damaged by May's wildfire. Upgraders refine thick oil sands bitumen into synthetic crude oil which sells at a premium, in part because synthetic crude does not need to be thinned with diluent in order to flow through pipelines. The decision to abandon the upgrader rather than repair it, is a step in the wrong direction in terms of locally adding value to Alberta's energy resources. Year over year, there are 29,000 fewer people working in Alberta's resource extraction industry than in July 2015.

Several other industries registered large annual employment losses. Employment in the province's manufacturing industry decreased by 28,800, due to weak demand for energy-related metal fabrication and machinery. There are also 11,300 fewer people working in the construction industry.

Meanwhile, the accommodation and food services industry also shed significant employment (-8,600). While most of these job losses occurring in the food services sub-industry, Alberta's hotel (accommodation) industry

has been badly hit by the provincial recession.² Business travel is down across the board, as is the temporary lodging of energy workers. Now, tighter household budgets mean reduced in-province vacation travel as well.

While some resorts in the Rockies are enjoying a good season, elsewhere hotels are barely staying open. Last year the average hotel occupancy rate dropped by almost 10%. So far this year, average daily room rates are down 8%.

In May – the most recent data point available – sales at Albertan eating and drinking establishments were up 1.0% year over year.³ The gain was entirely attributable to fast food sales, presumably because some 80,000 evacuees from Fort McMurray were not living or eating at home.

Over the past two years, Alberta's public sector industries have been a key source of employment growth. This was again true in July. Employment losses in public administration (-1,400) were offset by gain in health care and social assistance (+3,600) and educational services (+2,900).

REGIONAL ANALYSIS

Compared to the same period last year, employment is down in all regions of Alberta, except for Edmonton, where it is virtually unchanged (+0.1%). Unemployment rates are higher without exception across the province. As noted above, this month's employment figures do not include job losses (or gains) for the Fort McMurray/Wood Buffalo area.

Looking across Alberta, annual employment losses in Camrose-Drumheller (-5,700) and Banff-Jasper-Rocky Mountain House and Athabasca-Grande Prairie-Peace River (-8,600) are notable considering their modest population sizes. In the Banff region, the national parks are enjoying a good summer, bolstered by the low Canadian dollar.⁴ This has not been the case across the board, however, as even the popular Canmore-Kananaskis area is experiencing problems in its hotel sector.⁵

In July the Canmore tourism agency closed its doors as voluntary contributions from area hotels collapsed. Moreover, the Heritage Property Corporation is halting its planned Canmore Hotel expansion, which was slated for the fall. Instead, the company has put the hotel up for sale.⁶

Calgary's labour market also weakened over the past year, with 2,800 fewer people working in July. The region's unemployment rate now sits at 8.8% as it did in March of this year, the highest rate since September 1994. Calgary-based energy firms will likely continue to make staffing cuts to their head-office operations, while hotel occupancy rates in Alberta's largest city are down 10.3% year-to-date.⁷ The city's transportation industry and its health care and social assistance industry have also shed a significant number of jobs. Looking forward, the Conference Board of Canada expects Calgary's challenges to continue, as its economy contracts for a second year in a row.⁸

Meanwhile, Edmonton is experiencing less labour market pain than the rest of the province, as employment was unchanged on the year (+0.1%). At 7.8%, the region's unemployment rate is a full percentage point lower than in Calgary. As the provincial capital, Edmonton's job market is somewhat buffered by hiring in public administration (+9,400). However, falling construction and manufacturing activity, as well as decreased business and consumer spending, are expected to lead to marginal employment losses over the course of 2016.⁹

Alberta Monthly Labour Force Statistics, by Economic Region

3-Month Moving Averages Seasonally Unadjusted Data	Employment			Unemployment Rate		
	July 2016 ('000)	July 2015 ('000)	Yearly Variation (%)	July 2016 (%)	July 2015 (%)	Yearly Variation (% points)
Alberta	2,272.0	2,329.5	-2.5	8.3	6.1	2.2
Economic Regions						
Lethbridge-Medicine Hat	150.7	150.9	-0.1	7.6	4.0	3.6
Camrose-Drumheller	99.1	105.1	-5.7	8.2	3.3	4.9
Calgary	864.8	889.8	-2.8	8.8	6.8	2.0
Banff-Jasper-Rocky Mountain House and Athabasca-Grande Prairie-Peace River	180.8	197.8	-8.6	7.8	4.8	3.0
Red Deer	112.6	118.0	-4.6	10.0	7.3	2.7
Edmonton	782.6	781.7	0.1	7.8	5.9	1.9
Wood Buffalo-Cold Lake	..	86.2	8.0	..

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

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¹ <http://www.fortmcmurraytoday.com/2016/07/12/nexen-to-lay-off-350-releases-findings-on-hydrocracker-explosion-and-pipeline-spill>

² <http://edmontonjournal.com/business/local-business/coaxing-tourists-off-the-beaten-path-solving-albertas-hotel-crisis>

³ Statistics Canada, The Daily, July 29, 2016. Food services and drinking places – Seasonally adjusted. Retrieved from: <http://www.statcan.gc.ca/daily-quotidien/160729/dq160729c-eng.htm>

⁴ Alberta Culture and Tourism. Alberta Tourism Market Monitor workbook (May 2016 Edition). Retrieved from: <http://culture.alberta.ca/tourism/research-and-statistics/statistics/alberta-tourism-market-monitor/>

⁵ <http://www.calgarysun.com/2016/07/16/canmore-tourism-agency-closing-its-doors-as-hotels-pull-funding>

⁶ <http://www.rmoutlook.com/article/Expansion-halts-as-Canmore-Hotel-goes-up-for-sale-20160728>

⁷ Alberta Culture and Tourism. Ibid

⁸ Conference Board of Canada's latest forecast shows Calgary Census Metropolitan Area's (CMA) economy contracting by 1.2% in 2016 and approximately 17,000 (-2.1%) fewer people being employed year-over-year.

Conference Board of Canada. (March 4, 2016). Calgary: Metropolitan Outlook 1, Winter 2016. Retrieved from: <http://www.conferenceboard.ca/e-library/abstract.aspx?did=7799> (subscription required)

⁹ Conference Board of Canada. Ibid