



Labour Market Bulletin

Alberta

November 2017



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

At just over 2.29 million, employment in Alberta increased by 5,400 in November (+0.2%), the second consecutive month of decent growth. All the gains came in part-time employment (+17,800) as the number of people working full-time hours in the province declined on the month. Compared to November 2016, employment was up 1.5%, remaining well below the all-time high of 2.31 million posted in April 2015.

Alberta Monthly Labour Force Statistics

Seasonally Adjusted Monthly Data	November 2017	October 2017	November 2016	Monthly Variation		Yearly Variation	
				Number	%	Number	%
Population 15 + ('000)	3,441.4	3,439.1	3,408.3	2.3	0.1	33.1	1.0
Labour Force ('000)	2,475.6	2,483.2	2,485.0	-7.6	-0.3	-9.4	-0.4
Employment ('000)	2,296.0	2,290.6	2,261.7	5.4	0.2	34.3	1.5
Full-Time ('000)	1,876.4	1,888.8	1,829.5	-12.4	-0.7	46.9	2.6
Part-Time ('000)	419.6	401.8	432.2	17.8	4.4	-12.6	-2.9
Unemployment ('000)	179.6	192.6	223.3	-13.0	-6.7	-43.7	-19.6
Unemployment Rate (%)	7.3	7.8	9.0	-0.5	-	-1.7	-
Participation Rate (%)	71.9	72.2	72.9	-0.3	-	-1.0	-
Employment Rate (%)	66.7	66.6	66.4	0.1	-	0.3	-

Note: Totals may not add due to rounding

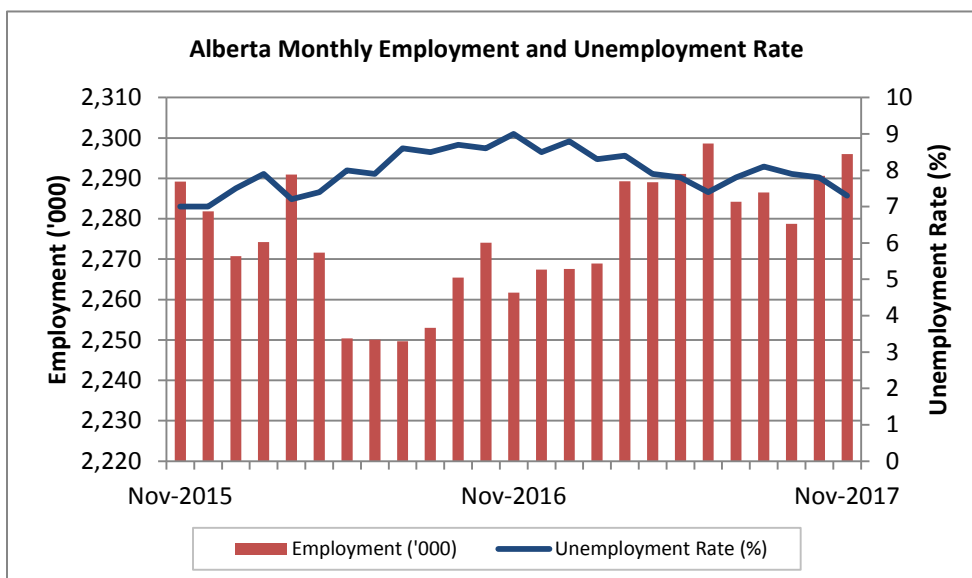
Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0087

Alberta's unemployment rate eased to 7.3% in November, the highest among western provinces. In November, Canada's national unemployment rate was 5.9%.

At 31.2 hours, the average work week for hourly-paid Albertans ticked up in September (the most recent data available).¹ This was third among provinces and higher than the corresponding figure nationwide (30.0 hours). Meanwhile, at \$1,142 per week, average earnings in Alberta remained the highest among provinces.²

As Alberta transitions out of recession, support for the unemployed remains an issue. Nonetheless, the number of Employment Insurance (EI) recipients have been in decline: down for the tenth straight month in September (again the most recent data available). Compared to September 2016, Regular EI beneficiaries are down by roughly 40%. Women comprised 26% of regular EI beneficiaries in September, a relatively low figure, given that women currently make up 45% of the provincial labour force and represent 46% of provincial unemployment.³

The number of private sector employees in Alberta increased on the month (+0.7%), and on the year as well (+1.0%). Compared to November 2016, public sector employment and self-employment increased 1.1% and 4.3%, respectively.⁴



Looking at the results by major demographic grouping, all unemployment rates were lower in November than they were one year ago. On a month over month basis, only younger women aged 15 to 24 years saw an increase in their unemployment rate. The decrease for young men was especially notable, down 3.2 percentage points. As Alberta fell into recession in 2015, job cuts were deepest among men in the goods-producing sector. Now, as the province slowly recovers, unemployment rates for adult men and women have started to equalize.

Alberta Monthly Unemployment Rates, by Gender and Age

Seasonally Adjusted Data	November 2017 (%)	October 2017 (%)	November 2016 (%)	Monthly Variation	Yearly Variation
				(% points)	(% points)
Total	7.3	7.8	9.0	-0.5	-1.7
25 years and over	6.5	7.0	8.3	-0.5	-1.8
Men - 25 years and over	6.3	7.1	9.4	-0.8	-3.1
Women - 25 years and over	6.7	6.9	6.8	-0.2	-0.1
15 to 24 years	12.1	12.5	13.4	-0.4	-1.3
Men - 15 to 24 years	12.6	15.8	14.8	-3.2	-2.2
Women - 15 to 24 years	11.4	8.8	12.0	2.6	-0.6

Note: Totals may not add due to rounding

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

EMPLOYMENT BY INDUSTRY

In November, employment in Alberta's goods-producing sector fell -0.6%, while still increasing year over year (+3.9%). In comparison, employment in the services-producing sector increased modestly: up +0.5% monthly, and +0.7% on an annual basis.

Alberta Monthly Labour Force Statistics, by Industry

Seasonally Adjusted Data ('000)	November 2017	October 2017	November 2016	Monthly Variation		Yearly Variation	
				Number	%	Number	%
Total employed, all industries	2,296.0	2,290.6	2,261.7	5.4	0.2	34.3	1.5
Goods-producing sector	585.9	589.2	564.1	-3.3	-0.6	21.8	3.9
Agriculture	50.8	53.3	51.8	-2.5	-4.7	-1.0	-1.9
Forestry, fishing, mining, quarrying, oil and gas	147.4	148.5	141.9	-1.1	-0.7	5.5	3.9
Utilities	19.8	21.1	18.7	-1.3	-6.2	1.1	5.9
Construction	243.6	245.8	240.0	-2.2	-0.9	3.6	1.5
Manufacturing	124.2	120.5	111.8	3.7	3.1	12.4	11.1
Services-producing sector	1,710.0	1,701.4	1,697.6	8.6	0.5	12.4	0.7
Trade	340.2	332.7	339.8	7.5	2.3	0.4	0.1
Transportation and warehousing	142.5	143.1	132.4	-0.6	-0.4	10.1	7.6
Finance, insurance, real estate and leasing	109.7	108.4	103.0	1.3	1.2	6.7	6.5
Professional, scientific and technical services	183.3	183.8	179.1	-0.5	-0.3	4.2	2.3
Business, building and other support services	81.3	83.0	76.0	-1.7	-2.0	5.3	7.0
Educational services	154.4	149.4	153.4	5.0	3.3	1.0	0.7
Health care and social assistance	268.1	269.7	269.1	-1.6	-0.6	-1.0	-0.4
Information, culture and recreation	72.9	70.8	72.5	2.1	3.0	0.4	0.6
Accommodation and food services	139.6	145.0	148.3	-5.4	-3.7	-8.7	-5.9
Other services	110.1	111.5	124.2	-1.4	-1.3	-14.1	-11.4
Public administration	107.9	104.0	99.8	3.9	3.8	8.1	8.1

Note: Totals may not add due to rounding

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

Alberta's resource extraction industry (forestry, fishing, mining, quarrying, and oil and gas) gained an estimated 5,500 positions year over year, with most increases occurring in the oil and gas sub-sector. Employment in the broad industry remains almost 20% below the 183,000 posted in September 2014. The average price of benchmark North American crude oil (\$43.33 U.S. per barrel in 2016) is sitting at just under \$50 U.S. through the first ten months of 2017, up 14.5% compared to last year. The increase comes as world-wide oil production has eased, lowering the oversupply that has squeezed prices for the past three years.⁵

Production has eased because Russia and OPEC (Organization of Petroleum Exporting Countries) have made voluntary production cuts now scheduled through to the end of 2018. However, efforts to control supply have been offset by increased production in the United States. U.S. extraction is forecast to average 9.9 million b/d in 2018, a figure which would eclipse the country's previous record (9.6 million b/d) set in 1970, prior to the advent of shale oil.⁶

While U.S. drillers are ramping up, there are also indications that Alberta's industry is following suit. 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. However, at \$471 million year to date (January through November), 2017 sales have rebounded nicely.⁷

Progress on export pipelines has been slow. A month after TransCanada Corp. cancelled its proposed Energy East project to Atlantic Canada, the firm's long dormant Keystone XL pipeline received approval from the State of Nebraska – albeit for a slightly altered route that could lead to further delays.⁸ Similarly, Enbridge's Line 3 replacement project, which runs 1,650 kilometres from Hardisty, Alberta to Superior Wisconsin, awaits an April 2018 decision in Minnesota.⁹ Despite having been approved, Kinder Morgan's Trans Mountain project, slated to run from Edmonton to tidewater in Burnaby B.C., is facing challenges in Canadian courts.¹⁰

Over the last year, Canadian firms such as Suncor and Cenovus have increased their stakes in Alberta's oil sands, by buying out the holdings of foreign owners. Still, for the next several years, renewed employment growth in Alberta's oil and gas sector will likely be tied to shale and tight-oil plays situated within the Grande Prairie area.¹¹

Looking at Alberta's other goods-producing industries, year over year employment gains were seen in all sectors except agriculture (-1.9%). Construction expanded on the year (+3,600), not because of any recent strength, but because November 2016 marked the very bottom of the provincial recession. Recently, ReidBuilt Homes, one of Alberta's largest homebuilders declared bankruptcy.¹² The manufacturing industry (+12,400) saw job gains in fabricated metal products and in printing.

The imposition of U.S. tariffs on Canadian softwood cast a pall over a dozen smaller communities across the province. In November, the U.S. Department levied final duties averaging 20.8%.¹³ Employment in wood product manufacturing was sharply lower in November compared to the same month last year. Nevertheless, U.S. demand for lumber has been brisk in the aftermath of a series of natural disasters, including hurricanes along the Gulf and Atlantic coasts, and wildfires in California.

Turning to the services-producing sector, significant employment gains were seen in transportation and warehousing (+10,100), largely due to the upturn in the transit and sightseeing transportation sub-industry. At

the same time, employment in accommodation and food services declined on the year (-8,700). Employment in this industry peaked at about 158,000 in February 2015, but has yet to return to that level. Although international tourism has been an economic bright spot, booming activity in the premium resorts of Banff and Jasper has only partially offset the steep drop in business travel province-wide.

Hiring in the public sector has slowed in recent months, after a considerable buildup throughout the provincial recession. Employment in educational services was up 1,000 compared to November 2016, while employment in healthcare and social assistance declined by the same amount.

REGIONAL ANALYSIS

Over the past year, employment increased in four of seven Alberta regions. On a percentage basis, Wood Buffalo-Cold Lake led the province in job growth (+2.9%), followed by Edmonton, Red Deer, and then Calgary.

Alberta Monthly Labour Force Statistics, by Region

3-Month Moving Averages Seasonally Unadjusted Data	Employment			Unemployment Rate		
	November 2017 ('000)	November 2016 ('000)	Yearly Variation (%)	November 2017 (%)	November 2016 (%)	Yearly Variation (% points)
Alberta	2,294.5	2,274.2	0.9	6.8	7.8	-1.0
Economic Regions						
Lethbridge-Medicine Hat	142.8	149.8	-4.7	5.4	6.1	-0.7
Camrose-Drumheller	98.9	105.2	-6.0	7.0	7.1	-0.1
Calgary	879.7	868.5	1.3	7.4	9.9	-2.5
Banff-Jasper-Rocky Mountain House and Athabasca-Grande Prairie-Peace River	182.3	184.0	-0.9	5.6	5.4	0.2
Red Deer	117.3	114.8	2.2	5.0	7.6	-2.6
Edmonton	788.9	769.5	2.5	7.0	6.4	0.6
Wood Buffalo-Cold Lake*	84.6	82.2	2.9	6.4	8.9	-2.5

Note: Totals may not add due to rounding

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

In Lethbridge-Medicine Hat, employment fell (-4.7%) compared to November 2016. The area's unemployment rate contracted as well, with the labour force shrinking by 8,500. Employment in the oil and gas extraction industry, which had been something of a bright spot, declined in November compared to last year. Due to the Kenow wildfire, Waterton Lakes National Park closed early for the season. Looking ahead, Methanex has signed a 14-year natural gas supply contract with Painted Pony Petroleum. The contract will allow Methanex to maintain current production levels at its Medicine Hat methanol production facility to 2032.

Employment also decreased in Camrose-Drumheller (-6.0%), while the area's unemployment rate ticked down 0.1 percentage points. Job losses were concentrated in the goods producing sector, notably agriculture. Meanwhile, employment increased across the services-producing sector, led by job gains in educational services. The accommodation and food services industry should receive a boost going forward, as Bagg Inn Burrows is planning to open a string of bed-and-breakfast cottages near Three Hills in spring 2018. The

developers are using ATB Financial's BoostR program to help crowdfund the project, along with plans for a larger country inn.¹⁴

Although employment declined overall, the Banff-Jasper-Rocky-Mountain House and Athabasca-Grande Prairie-Peace River area continued to see good job growth in oil and gas extraction in November. Concentrated in the Grande Prairie portion, resource-based hiring offset a generalized weakness across many services-producing industries. Oil and liquid-rich natural gas drilling has been on a tear throughout much of 2017 despite low prices for the natural gas fraction. Alberta's share of the Montenay shale formation, aggressively targeted by oil and gas firms, is an excellent fit for modern drilling practises. To the south, the tourism centres of Banff and Jasper enjoyed another banner season in 2017, although housing for employees remains an on-going issue. To this end, the Canadian Rocky Mountain Resorts group is replacing its old staff housing in Banff with an apartment complex made of shipping containers. The units, which will house 76 employees, are slated to be move-in ready by May 2018.

Employment in the Red Deer area picked up in November, as job gains in resource extraction and other goods-producing industries cancelled out job losses across a weak services-producing sector. At 5.0%, the region's unemployment rate is well below the provincial average. While lower unemployment rates are a good thing, the decline in Red Deer came about as 700 people opted out of the labour market. Looking forward, Central Alberta Co-op is spending \$2M to expand and replace its gas bar in Innisfail, while, Agropcorp Processing Ltd is planning a significant expansion of its grain handling facility in the town.

To the northeast, Wood Buffalo-Cold Lake's Fort McMurray continues its recovery from the wildfire of May 2016. In November, employment in the Wood Buffalo-Cold Lake region stood at 84,600 and its unemployment rate at 6.4%. In a sign of confidence, Suncor recently filed an application with the Alberta Energy Regulator to build an oil sands project, south of Fort McMurray. Construction of the Meadow Creek West project could begin in 2023, with first oil by 2025. Meanwhile, the Mikisew Cree First Nation and Fort McKay First Nation have invested a combined \$500M to secure a 49-per-cent share of the Suncor East Tank Farm storage terminal north of Fort McMurray. The deal will deliver revenues to each First Nation for 25 years.

Employment in the Edmonton area increased by 2.5% compared to November 2016, as job growth across the goods-producing sector generally outpaced that of services-producing industries. Alberta's Industrial Heartland remains a hotbed of activity, particularly as the push is on to bring the Redwater Refinery online.¹⁵ In December 2017 Inter Pipeline Ltd. will likely announce its development decision regarding the proposed \$1.85B propane processing facility, also to be sited in the Industrial Heartland. Should the project move forward, up to 2,200 construction workers would be required. Meanwhile, unemployment in the Edmonton Economic Region continues to rise (+6,300). However, at 7.0%, the region's unemployment rate has decreased by 0.6 percentage points since November 2016.

In the Calgary region, overall employment grew at a slightly slower clip (+1.3%), as job growth in the services-producing sector (+1.5%) outpaced that among goods-producing industries (+0.6%). Overall employment gains were led by accommodation and food services (+13,100). While Calgary's unemployment rate has dropped 2.5 percentage points since November 2016, in late 2017 it was the highest in the province, at 7.4%.

In recent news, Amazon announced that it will build a distribution warehouse near Balzac, 25 kilometres north of Calgary. Construction is scheduled to begin in the fall of 2018, generating 150 construction jobs and 750 full-time positions upon completion.

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 Statistics Canada, CANSIM Table 281-0049; Payroll employment, earnings and hours, September 2017; Accessed December 1, 2017 <http://www.statcan.gc.ca/daily-quotidien/171130/dq171130b-eng.htm>

² Ibid

³ Statistics Canada, CANSIM Table 276-0022; Employment Insurance program (EI), beneficiaries receiving regular income benefits by province, declared earnings, sex and age, seasonally adjusted, September 2017. <http://www.statcan.gc.ca/daily-quotidien/171123/dq171123b-eng.htm>

⁴ Statistics Canada, CANSIM Table 282-0089; Labour force survey estimates (LFS), employment by class of worker and sex, seasonally adjusted and unadjusted, November 2017; Accessed Dec 4, 2017 <http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=2820089>

⁵ Energy Information Agency (EIA) Short Term Energy Outlook (STEO) Data, November 7, 2017 forecast; Accessed November 30, 2017 <https://www.eia.gov/outlooks/steo/data.cfm?type=figures>

⁶ Energy Information Agency (EIA) Short Term Energy Outlook (STEO), November 7, 2019 forecast; Accessed November 7, 2017 <https://www.eia.gov/outlooks/steo/report/>

⁷ Alberta Energy, Petroleum and Natural Gas Sales Statistics; 2017 Calendar Year File; Accessed December 1, 2017 <http://www.energy.alberta.ca/Tenure/877.asp>

⁸ Financial Post, Nebraska gives long-delayed Keystone XL pipeline new life; November 20, 2017; Accessed November 22, 2017 <http://nebraska.tv/news/local/bold-makes-one-1st-attempt-to-stop-kxl-pipeline>

⁹ MPR News, Enbridge argues Line 3 oil pipeline needed for Minnesota, region; October 11, 2017; Accessed November 6, 2017 <https://www.mprnews.org/story/2017/10/11/enbridge-argues-line-3-oil-pipeline-needed-for-minnesota-region>

¹⁰ CBC News, Squamish Nation challenging B.C.'s approval of Kinder Morgan project in court; November 6, 2017; Accessed November 7, 2016

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¹¹ The Financial Post, Deep in the Montney, Grande Prairie first to emerge from brutal recession; July 20, 2017; Accessed November 30, 2017 <http://business.financialpost.com/commodities/energy/deep-in-the-montney-grande-prairie-is-first-to-emerge-from-albertas-brutal-recession>

¹² The Canadian Press, Court appoints receiver for ReidBuilt Homes as Alberta faces housing glut; November 4, 2017; Accessed November 7, 2017 <http://calgaryherald.com/business/local-business/court-appoints-receiver-for-reidbuilt-homes-as-alberta-faces-housing-glut>

¹³ CBC News, 'Unfair, unwarranted and deeply troubling': U.S. sets final import duties on Canadian softwood lumber; November 2, 2017; Accessed November 7, 2017 <http://www.cbc.ca/news/business/softwood-lumber-duties-1.4383955>

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¹⁵ Ottawa Citizen, 'Sport to make fun of': New refinery in Alberta eager to prove the doubters wrong; October 20, 2017; Accessed November 5, 2017

<http://www.ottawacitizen.com/sport+make+refinery+alberta+eager+prove+doubters+wrong/15252867/story.html>