



Labour Market Bulletin

Alberta

June 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

Alberta's labour market continued its recovery during the second quarter of 2017, as employment in the province increased for a third consecutive quarter. In fact, at 2.29 million, employment in the province increased on a year over year basis for the first time since Q3-2015. Full-time employment expanded during the year (+35,500), while part-time employment increased by a modest 2,300. On the downside, average hours worked in the province declined by 2.5% between April 2016 and April 2017, the most recent data available. Nevertheless, at 30.6 hours, weekly working hours in Alberta remain well above the current national average (29.5).¹

Looking at category of worker, private-sector employment was 0.2% lower (-3,200) compared to Q2-2016. By contrast, both the public-sector and the self-employed saw job growth on the period.²

Alberta Quarterly Labour Force Statistics

Seasonally Adjusted Data	2nd Quarter 2017	1st Quarter 2017	2nd Quarter 2016	Quarterly Variation		Yearly Variation	
				Number	%	Number	%
Population 15 + ('000)	3,425.1	3,414.4	3,396.0	10.7	0.3	29.1	0.9
Labour Force ('000)	2,484.2	2,486.7	2,447.0	-2.5	-0.1	37.2	1.5
Employment ('000)	2,292.9	2,275.3	2,257.4	17.6	0.8	35.5	1.6
Full-Time ('000)	1,873.5	1,841.6	1,840.3	31.9	1.7	33.2	1.8
Part-Time ('000)	419.4	433.7	417.1	-14.3	-3.3	2.3	0.6
Unemployment ('000)	191.3	211.4	189.6	-20.1	-9.5	1.7	0.9
Unemployment Rate (%)	7.7	8.5	7.7	-0.8	-	0.0	-
Participation Rate (%)	72.5	72.8	72.1	-0.3	-	0.4	-
Employment Rate (%)	66.9	66.6	66.5	0.3	-	0.4	-

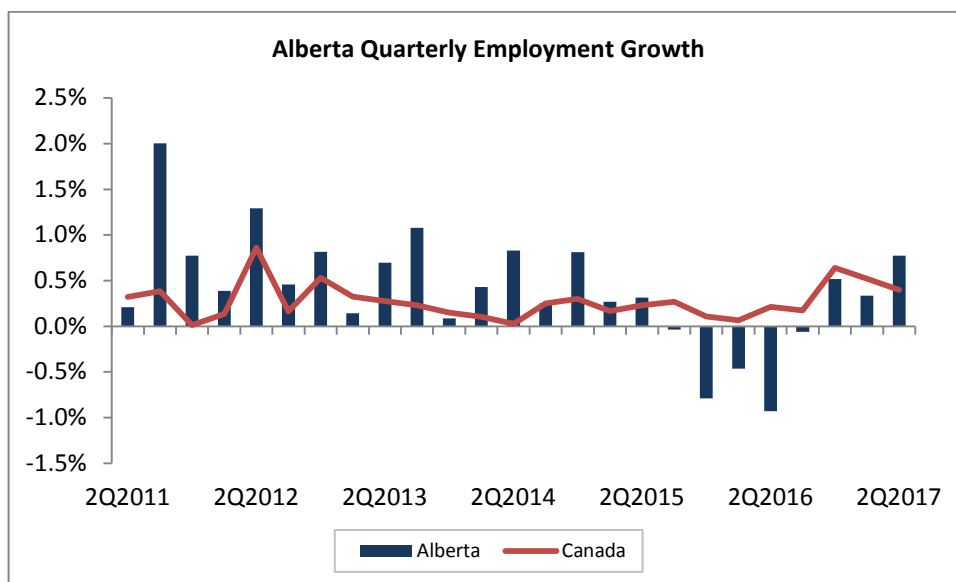
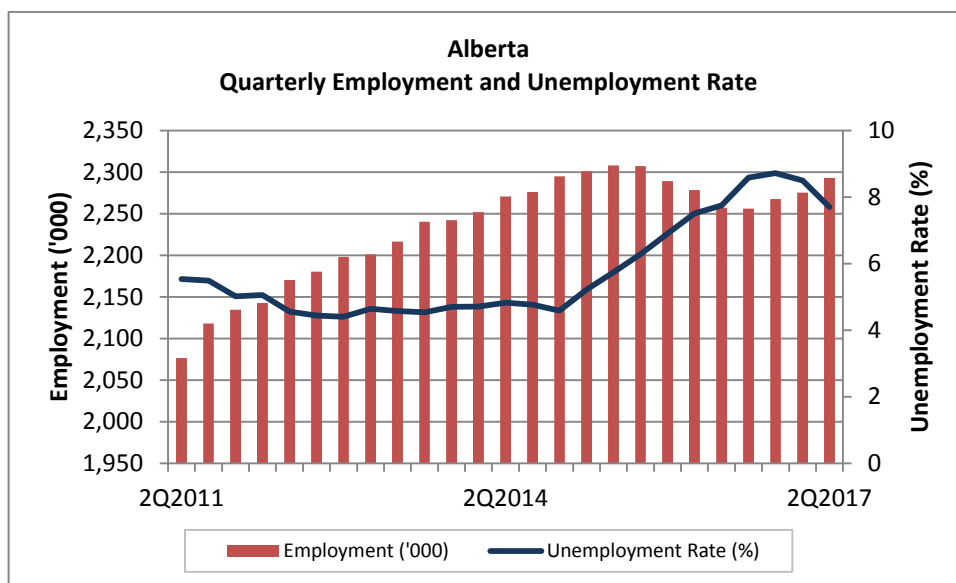
Note: Totals may not add due to rounding

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

Of note, Q2-2017 saw unemployment dip under 200,000 for the first time in a year. Still, unemployment remained 1,700 above the level of Q2-2016.

Alberta’s unemployment rate decreased to 7.7% in the second quarter. Nevertheless, this was the highest rate among western provinces, and well above the national figure of 6.5%.

Despite being significantly down from its July-2016 peak, the number of regular Employment Insurance (EI) beneficiaries in Alberta was 8% higher in April than during the same month last year. In April 2017, one-third of regular EI beneficiaries in the province were women, a relatively low figure, given that women currently make up 45% of the provincial labour force and represented 40% of provincial unemployment.³



Alberta Quarterly Unemployment Rates, by Gender and Age

Seasonally Adjusted Data	2nd Quarter 2017 (%)	1st Quarter 2017 (%)	2nd Quarter 2016 (%)	Quarterly Variation	Yearly Variation
				(% points)	(% points)
Total	7.7	8.5	7.7	-0.8	0.0
25 years and over	6.8	7.7	6.9	-0.9	-0.1
Men - 25 years and over	7.0	8.3	7.5	-1.3	-0.5
Women - 25 years and over	6.6	6.9	6.2	-0.3	0.4
15 to 24 years	13.4	13.7	12.7	-0.3	0.7
Men - 15 to 24 years	17.5	17.2	14.0	0.3	3.5
Women - 15 to 24 years	8.8	9.7	11.3	-0.9	-2.5

Note: Totals may not add due to rounding

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

Looking at the results by major demographic grouping, only young men aged 15 to 24 saw an increase in their quarterly unemployment rate (up 0.3 percentage points to 17.5%) as employment fell and unemployment rose. By contrast, the unemployment rate for young women decreased to 8.8%.

On the quarter, the unemployment rate for men aged 25 years and older plunged 1.3 percentage points to 7.0%. During Q2-2017, the gap between the unemployment rates of older men and women stood at just 0.4 percentage points. This is significant, as 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)	
	Q2 2017	Q2 2016	number	%	Q2 2017	Q2 2016	number	%
Population 15 + ('000)	167.5	158.3	9.2	5.8	3,257.6	3,237.7	19.9	0.6
Labour Force ('000)	110.7	113.4	-2.7	-2.4	2,382.9	2,345.6	37.3	1.6
Employment ('000)	97.7	97.0	0.7	0.7	2,198.7	2,164.3	34.4	1.6
Full-Time ('000)	80.5	73.7	6.8	9.2	1,796.5	1,767.2	29.3	1.7
Part-Time ('000)	17.2	23.4	-6.2	-26.5	402.2	397.2	5.0	1.3
Unemployment ('000)	13.1	16.4	-3.3	-20.1	184.2	181.2	3.0	1.7
Unemployment Rate (%)	11.8	14.4	-2.6	-	7.7	7.7	0.0	-
Participation Rate (%)	66.1	71.6	-5.5	-	73.1	72.4	0.7	-
Employment Rate (%)	58.3	61.3	-3.0	-	67.5	66.8	0.7	-

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 second quarter (Q2) of 2017, the total population aged 15+ in Alberta was 3.4 million. The Indigenous population living off-reserve accounted for 4.9% of that, or 167,500 people. Employment among Indigenous people in Alberta stood at 97,700, representing an increase of +700 (+0.7%) from a year earlier (Q2 2016). The increase was all in full-time positions (+6,800 or +9.2%), partially offset by decreases in part-time employment (-6,200 or -26.5%).

The unemployment rate among the Indigenous population was 11.8% in Q2 2017, representing a decrease of -2.6 percentage points (pp) from the previous year. The unemployment rate for the non-Indigenous population was unchanged at 7.7%. Between Q2 2016 and Q2 2017, the participation rate of Indigenous people decreased to 66.1% (-5.5pp) while among the non-Indigenous population, it stood at 73.1% (+0.7pp). The employment rate of Indigenous people decreased year-over-year to 58.3% (-3.0pp) and the non-Indigenous population saw a slight increase to 67.5% (+0.7pp).

EMPLOYMENT BY INDUSTRY

In Q2-2017 employment in Alberta's goods-producing sector ticked up 0.4% compared to the April-June period one year earlier. This represented the first year over year increase since Q1-2015. Meanwhile, employment in the services-producing sector also increased, on both a quarterly and annual basis.

Alberta Quarterly Labour Force Statistics, by Industry

Seasonally Adjusted Data ('000)	2nd Quarter 2017	1st Quarter 2017	2nd Quarter 2016	Quarterly Variation		Yearly Variation	
				Number	%	Number	%
Total employed, all industries	2,292.9	2,275.3	2,257.4	17.6	0.8	35.5	1.6
Goods-producing sector	577.6	563.0	575.1	14.6	2.6	2.5	0.4
Agriculture	53.7	50.8	50.0	2.9	5.7	3.7	7.4
Forestry, fishing, mining, quarrying, oil and gas	143.0	141.0	134.0	2.0	1.4	9.0	6.7
Utilities	21.5	20.3	20.1	1.2	5.9	1.4	7.0
Construction	238.0	241.6	255.4	-3.6	-1.5	-17.4	-6.8
Manufacturing	121.4	109.3	115.7	12.1	11.1	5.7	4.9
Services-producing sector	1,715.3	1,712.3	1,682.2	3.0	0.2	33.1	2.0
Trade	334.0	331.7	330.2	2.3	0.7	3.8	1.2
Transportation and warehousing	139.9	139.4	131.5	0.5	0.4	8.4	6.4
Finance, insurance, real estate and leasing	108.8	104.9	107.7	3.9	3.7	1.1	1.0
Professional, scientific and technical services	175.6	181.9	179.1	-6.3	-3.5	-3.5	-2.0
Business, building and other support services	77.5	77.7	81.3	-0.2	-0.3	-3.8	-4.7
Educational services	158.2	157.2	147.7	1.0	0.6	10.5	7.1
Health care and social assistance	279.4	276.5	265.6	2.9	1.0	13.8	5.2
Information, culture and recreation	75.1	74.8	79.2	0.3	0.4	-4.1	-5.2
Accommodation and food services	149.1	145.0	142.9	4.1	2.8	6.2	4.3
Other services	117.1	121.8	121.6	-4.7	-3.9	-4.5	-3.7
Public administration	100.7	101.3	95.4	-0.6	-0.6	5.3	5.6

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, oil and gas) gained an estimated 9,000 positions year over year, with most increases occurring in the oil and gas sub-sector. Employment in the overall

industry peaked at 182,000 during Q3-2014 but has since fallen by 39,000. Benchmark North American oil, which averaged a price of \$43.33 U.S. per barrel in 2016, traded above \$50 US during most of Q1-2017.⁴ This price momentum did not hold during Q2-2017, however.

At the time of writing West Texas Intermediate (WTI) was trading at about \$45 U.S., down 18% from January. In a bid to curb supply, OPEC (Organization of Petroleum Exporting Countries) and Russia have instituted voluntary production cuts through to March 2018. These efforts are being undermined, however, by oil extraction picked up in other countries, notably the United States. U.S. crude oil production is forecast to average 9.3 million barrels per day (b/d) in 2017 and 9.9 million b/d in 2018. The 2018 forecast exceeds the previous record of 9.6 million b/d set in 1970, prior to the advent of shale oil.⁵

While U.S. drillers are ramping up, there are few indications that Alberta's 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. At \$170 million this year, sales have partially rebounded, eclipsing 2016's total through the first six months of 2017.⁶

The industry has also seen progress on export pipelines to the U.S. In January, TransCanada Corp.'s long dormant Keystone XL pipeline received U.S. Federal approval. A month later, the Calgary-based firm refiled its Keystone XL application with the State of Nebraska, expecting to receive a decision by the end of the year.⁷ More recently, Enbridge has announced that it will begin work on the Canadian side of its Line 3 replacement project later this summer. The line runs 1,650 kilometres from Hardisty, Alberta to Superior Wisconsin.⁸

Over the last year, major Canadian firms such as Suncor and Cenovus, have increased their stakes in Alberta's oil sands, 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 within the Grande Prairie area.⁹

Looking at Alberta's other goods-producing industries, notable year over year employment losses occurred in the construction industry (-17,300). These job losses were seen across a variety of sub-industries, including non-residential (commercial) building construction. Meanwhile, the manufacturing industry saw job gains in petroleum production, and in fabricated metal product manufacturing. These and other gains more than offset job losses in such sub-industries as plastics and rubber products.

The imposition of U.S. tariffs on Canadian softwood threatens at least a dozen smaller communities across the province. In June, the U.S. added anti-dumping duties such that total penalties for most producers are close to 30%.¹⁰ Overall, forestry and wood product manufacturing is a \$6 billion industry in Alberta. Employment in wood product manufacturing was sharply lower during Q2-2017 compared to the same quarter last year.

Turning to the services-producing sector, significant employment gains were seen in transportation and warehousing (+8,400), largely due to renewed hiring in the pipeline transport sub-industry. Employment in accommodation and food services also showed a strong annual gain (+6,200). Employment in this industry peaked at about 158,000 in Q1-2015, but has since fallen by about 9,000. Although international tourism has been an economic bright spot, booming activity in the premium resorts of Banff and Jasper has not offset the huge drop in business travel province-wide.

In Q2-2017, hiring in the public sector continued to keep pace with provincial population growth and demographic needs. There were 13,800 more people working in Alberta's health care and social assistance industry year over year, with employment up in educational services (+10,500) and in public administration as well (+5,300). At about one-third the employment base, public sector hiring accounted for over 80% of employment gains on the period.

REGIONAL ANALYSIS

Alberta Quarterly Labour Force Statistics, by Economic Region

Not Seasonally Adjusted Data	Employment			Unemployment Rate		
	2nd Quarter 2017 ('000)	2nd Quarter 2016 ('000)	Yearly Variation (%)	2nd Quarter 2017 (%)	2nd Quarter 2016 (%)	Yearly Variation (% points)
Alberta	2,299.1	2,263.9	1.6	7.9	8.0	-0.1
Economic Regions						
Lethbridge-Medicine Hat	145.9	149.6	-2.5	4.8	7.3	-2.5
Camrose-Drumheller	101.2	95.2	6.3	7.7	8.1	-0.4
Calgary	892.3	855.6	4.3	8.6	8.5	0.1
Banff-Jasper-Rocky Mountain House and Athabasca-Grand Prairie-Peace River	183.1	178.9	2.3	6.3	7.7	-1.4
Red Deer	113.3	113.7	-0.4	7.0	9.3	-2.3
Edmonton	779.7	789.5	-1.2	8.2	7.3	0.9
Wood Buffalo-Cold Lake*	83.5	-	-	7.7	-	-

* Due to the wildfires that occurred in Fort McMurray during the second quarter of 2016, comparison data for Wood Buffalo are not available.

Note: Totals may not add due to rounding

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

Over the past year, employment increased in three of seven Alberta regions. On a percentage basis, Camrose-Drumheller led the province in job growth (+6.3%), followed by Calgary and then Banff-Jasper-Rocky Mountain House and Athabasca-Grand Prairie-Peace River. Because of the absence of data in the aftermath of 2016's Fort McMurray wildfire, a yearly gain or loss cannot be calculated for Wood Buffalo-Cold Lake.

In Lethbridge-Medicine Hat, employment fell 2.5% compared to Q2-2016. At the same time, the unemployment rate also declined, as the area's labour force shrank by 8,000. Despite these declines, oil and gas extraction employment jumped sharply compared to the same period one year prior. Construction activity should also be bolstered in the region, as multiple contracts have been awarded for road, sewage, and other infrastructure upgrades. In June, JBS SA, the Brazilian meat packing firm that took over the XL Foods Lakeshore plant in Brooks Alberta, announced its plan to divest its 75,000-head feedlot. Demonstrating the tight integration of Canadian and U.S. cattle operations, U.S. feeder cattle futures immediately dropped to a two-month low on the news.

Employment increased sharply in Camrose-Drumheller, as job gains were seen in wholesale and retail trade and in educational services. In the oil and gas sector, service companies in the Lloydminster area reported having difficulty finding experienced workers. Construction employment could receive a boost this summer, as the Lloydminster Husky Upgrader comes off-line for a seven-week maintenance turnaround.¹¹

The Banff-Jasper-Rocky-Mountain House and Athabasca-Grande Prairie-Peace River area saw a steep increase in oil and gas extraction employment during the April to June period. These job gains more than offset the combined declines of several services-producing industries. While parts of this large combined economic region are off limits to oil extraction, drilling is picking up to the northwest, where Alberta's share of the Montenay shale formation is located. The Montenay is being aggressively targeted by oil and gas firms in both BC and Alberta, as its geology is a good fit for the advanced drilling techniques that have been so successful in Texas and North Dakota to the south. The increase comes as forest-dependent communities in the area begin to feel the impacts of recent U.S. softwood lumber duties.

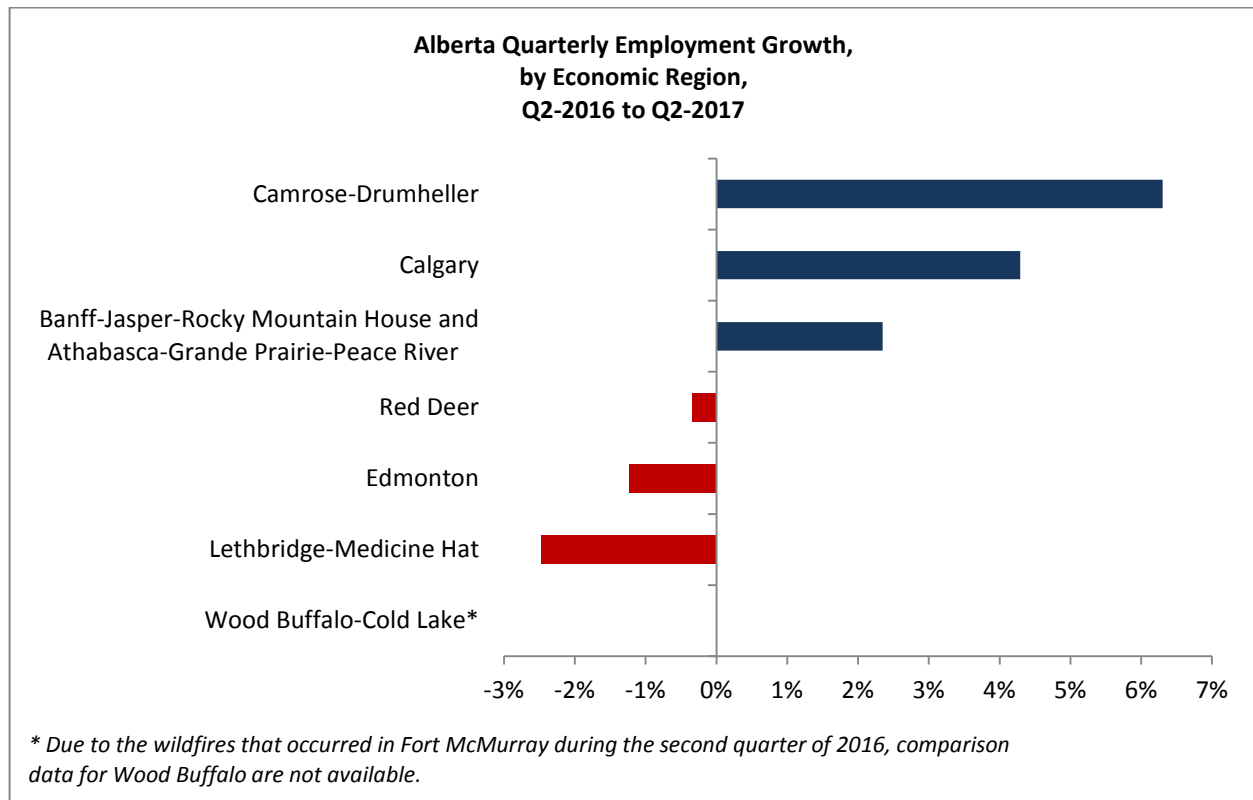
The Red Deer area saw employment fall back slightly in Q2-2017, as full-time job gains in construction and manufacturing failed to offset part-time job losses in services-producing industries. At 7.0%, the region's unemployment rate was below the provincial average. While lower unemployment rates are a good thing, the decline in Red Deer's unemployment rate in Q2-2017 came about as 3,600 people opted out of the labour market. Gen III Oil Corporation is planning a new \$90 million re-refinery near Bowden to turn used vehicle oil into new synthetic-grade motor oil. The project is subject to regulatory approvals and financing.

To the northeast, Wood Buffalo-Cold Lake's Fort McMurray continues its slow recovery from the wildfire of May 2016. Across Wood Buffalo-Cold Lake region employment stood at 83,500 during the second quarter of 2017. The area's unemployment rate was 7.7%. It should be noted that no comparable data from 2016 is available for the area due to the lingering after-effects of the fire. The population of Fort McMurray currently sits at about 73,500 people, 5,000 fewer than in 2015. Centron Group has started construction on The Commons at Eagle Ridge, a shopping complex, in Fort McMurray. The development includes a multiplex operated by Landmark Cinemas, which is expected to be complete by fall 2018.

Total employment in Edmonton declined by 1.2%, as services-producing sector employment dropped by almost 16,000 on the year. Alberta's Industrial Heartland (an area immediately to the northeast of the City of Edmonton) is looking at reduced activity this year, as major construction projects, such as the Redwater Refinery, begin to wind down. Meanwhile, unemployment in the Edmonton Economic Region continued to rise in the second quarter, despite a small decline in the labour force. At 8.2%, Edmonton's unemployment rate was second only to Calgary's among Alberta's regions. Construction has started on the Encore Tower, 43-storey condominium building, in downtown Edmonton. The \$7 billion project is expected to be completed in fall 2019.

In Calgary, overall employment increased sharply in Q2-2017 compared to the same period last year (+4.3%). While employment in the goods-producing sector declined (-22,000), strong job growth was seen across nearly the entire services-producing sector (+58,000), including an increase of 17,000 in health care and social assistance. Employment in transportation and warehousing also increased markedly (+10,000) due in large part to staffing up by transit and sightseeing transportation operators. In fact, the only Calgary area services-producing industry to see a year over year employment loss was the professional, scientific, and technical services industry, due to reduced demand for architectural, engineering and design services.

In April, Tourism Calgary reported that visitors to the city declined by 800,000 in 2016 compared to the previous year. While international recreational travel – particularly from the U.S. – is up, business travel is significantly down.¹²



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 In Alberta, average weekly hours worked (including overtime) declined from 31.4 hours in April 2016, to 30.6 hours in April 2017. CANSIM Table 281-0032, Statistics Canada, The Daily (March 31, 2017) <http://www.statcan.gc.ca/daily-quotidien/170629/dq170629a-eng.htm?HPA=1>

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

³ Statistics Canada (March 23, 2016). CANSIM Table 276-0022. Employment Insurance program (EI), beneficiaries receiving regular income benefits by province, declared earnings, sex and age, seasonally adjusted. <http://www.statcan.gc.ca/daily-quotidien/170323/dq170323a-eng.htm>

⁴ Nasdaq (April 10, 2016). Crude Oil: WTI (NYMEX). <http://www.nasdaq.com/markets/crude-oil.aspx?timeframe=6m>

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<https://www.eia.gov/outlooks/steo/report/>
- ⁶ Petroleum and Natural Gas Sales Statistics, Alberta Energy <http://www.energy.alberta.ca/Tenure/834.asp>
- ⁷ *TransCanada refiles application in Nebraska for Keystone XL pipeline route* | CBC, February 16, 2017
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- ⁸ Line 3 replacement program, Canada | Enbridge, July 4, 2017 <https://www.enbridge.com/projects-and-infrastructure/projects/line-3-replacement-program-canada>
- ⁹ *'bellwether' Montney shale formation in northwest Alberta, BC* | Tuttle & Orland, Bloomberg, May 19, 2017
<http://calgaryherald.com/business/energy/lower-costs-drive-drilling-boom-in-bellwether-montney-shale-formation-in-northwest-alberta-bc>
- ¹⁰ *U.S. slaps more duties on Canadian lumber shipments* | Financial Post, June 26, 2017
<http://business.financialpost.com/news/economy/u-s-slaps-more-duties-on-canadian-lumber-shipments/wcm/390653ed-2379-4a98-b072-b2d4407b41fa>
- ¹¹ Turnarounds feed economy; The Lloydminster Source, March 30, 2017; Accessed June 9, 2017
<http://www.lloydminstersource.com/articles/article/2017-03-30-turnarounds-feed-economy>
- ¹² *Report to council says economy to blame for Calgary tourism down \$100 million last year* ; Ryan Rumbolt, Calgary Herald, April 24, 2017 <http://calgaryherald.com/news/local-news/report-to-council-says-economy-to-blame-for-calgary-tourism-down-100-million-last-year>