



Labour Market Bulletin

Alberta

January 2018



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 2.31 million, employment in Alberta fell by 0.3% (-5,900) in January, as large losses in part-time employment out-weighted gains in the number of people working full-time hours. While unwelcome, the net pullback was to be expected as it comes following three months of employment gains averaging almost 13,000 per month. Compared to January 2017, employment increased by 2.0%, third highest among provinces, and well above the national figure of 1.6%.

Alberta Monthly Labour Force Statistics

Seasonally Adjusted Monthly Data	January 2018	December 2017	January 2017	Monthly Variation		Yearly Variation	
				Number	%	Number	%
Population 15 + ('000)	3,447.3	3,443.7	3,411.4	3.6	0.1	35.9	1.1
Labour Force ('000)	2,489.2	2,494.2	2,486.0	-5.0	-0.2	3.2	0.1
Employment ('000)	2,314.5	2,320.4	2,268.6	-5.9	-0.3	45.9	2.0
Full-Time ('000)	1,917.3	1,889.8	1,828.5	27.5	1.5	88.8	4.9
Part-Time ('000)	397.2	430.6	440.1	-33.4	-7.8	-42.9	-9.7
Unemployment ('000)	174.8	173.8	217.4	1.0	0.6	-42.6	-19.6
Unemployment Rate (%)	7.0	7.0	8.7	0.0	-	-1.7	-
Participation Rate (%)	72.2	72.4	72.9	-0.2	-	-0.7	-
Employment Rate (%)	67.1	67.4	66.5	-0.3	-	0.6	-

Note: Totals may not add due to rounding

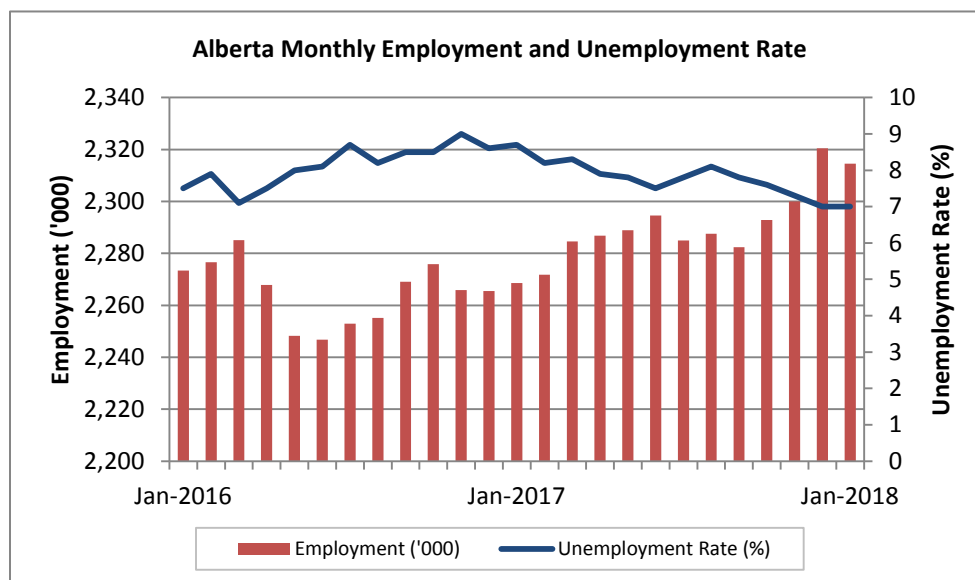
Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0087

On a month over month basis, Alberta’s unemployment rate was unchanged in January. At 7.0%, it remains the highest among western provinces. Still, with unemployment falling by almost 43,000 since January 2017, Alberta’s unemployment picture is much improved.

The average length week for hourly-paid Albertans was 31.4 hours in November (the most recent data available). This was third among provinces and higher than the corresponding figure nationwide (30.5 hours). Meanwhile, at \$1,144 per week, average earnings in Alberta remain the highest among provinces.¹

As Alberta's labour market gathers steam, support for the unemployed remains an issue. In November (again the most recent data available), regular Employment Insurance beneficiaries increased for the first time in 13 months. Women comprised 33% of regular EI beneficiaries that month, a relatively low figure, given that women currently make up 45% of the provincial labour force and represent 44% of provincial unemployment. Employment Insurance coverage is particularly low for young women aged 15 to 24 years (25%).²

Turning to category of worker, the number of private sector employees in Alberta dipped on the month (-0.5%), while remaining 2.3% above the level of one year ago. Compared to January 2017, public sector employment retreated by 1.5% while self-employment increased by 4.8%.³



Alberta Monthly Unemployment Rates, by Gender and Age

Seasonally Adjusted Data	January 2018	December 2017	January 2017	Monthly Variation	Yearly Variation
	(%)	(%)	(%)	(% points)	(% points)
Total	7.0	7.0	8.7	0.0	-1.7
25 years and over	6.1	6.0	8.0	0.1	-1.9
Men - 25 years and over	6.2	5.9	8.7	0.3	-2.5
Women - 25 years and over	6.0	6.1	7.1	-0.1	-1.1
15 to 24 years	12.8	13.2	13.5	-0.4	-0.7
Men - 15 to 24 years	16.8	14.9	16.4	1.9	0.4
Women - 15 to 24 years	8.4	11.3	10.4	-2.9	-2.0

Note: Totals may not add due to rounding

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

Looking at survey results and unemployment by major demographic grouping, most unemployment rates were lower in January than they were one year ago. One exception was young men aged 15 to 24 years, whose rate

increased 0.4 percentage points. In fact, at 16.8% the unemployment rate for young men is now exactly double that of young women (8.4%). Survey results suggest that about 4,000 young men entered or re-entered the labour force in January, with many being unsuccessful in their search for work.

EMPLOYMENT BY INDUSTRY

Alberta Monthly Labour Force Statistics, by Industry

Seasonally Adjusted Data ('000)	January 2018	December 2017	January 2017	Monthly Variation		Yearly Variation	
				Number	%	Number	%
Total employed, all industries	2,314.5	2,320.4	2,268.6	-5.9	-0.3	45.9	2.0
Goods-producing sector	592.8	595.7	559.0	-2.9	-0.5	33.8	6.0
Agriculture	50.6	51.4	51.3	-0.8	-1.6	-0.7	-1.4
Forestry, fishing, mining, quarrying, oil and gas	152.2	152.2	139.7	0.0	0.0	12.5	8.9
Utilities	21.1	19.9	20.0	1.2	6.0	1.1	5.5
Construction	239.7	245.9	241.5	-6.2	-2.5	-1.8	-0.7
Manufacturing	129.2	126.3	106.4	2.9	2.3	22.8	21.4
Services-producing sector	1,721.7	1,724.7	1,709.5	-3.0	-0.2	12.2	0.7
Trade	335.1	343.0	331.7	-7.9	-2.3	3.4	1.0
Transportation and warehousing	145.2	143.6	138.1	1.6	1.1	7.1	5.1
Finance, insurance, real estate and leasing	109.7	113.2	101.7	-3.5	-3.1	8.0	7.9
Professional, scientific and technical services	179.0	176.8	183.5	2.2	1.2	-4.5	-2.5
Business, building and other support services	84.7	80.6	80.2	4.1	5.1	4.5	5.6
Educational services	154.4	156.7	155.3	-2.3	-1.5	-0.9	-0.6
Health care and social assistance	268.9	266.2	278.0	2.7	1.0	-9.1	-3.3
Information, culture and recreation	75.3	74.4	72.5	0.9	1.2	2.8	3.9
Accommodation and food services	150.3	148.3	144.6	2.0	1.3	5.7	3.9
Other services	115.0	114.8	122.5	0.2	0.2	-7.5	-6.1
Public administration	104.0	107.1	101.4	-3.1	-2.9	2.6	2.6

Note: Totals may not add due to rounding

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

Employment in Alberta's goods-producing sector dropped 0.5% between December and January, while surging year over year (+6.0%). In comparison, employment in the services-producing sector declined modestly on the month (-0.2%) while increasing modestly on an annual basis (+0.7%).

Alberta's resource extraction industry (forestry, fishing, mining, quarrying, and oil and gas) gained an estimated 12,500 positions year over year, with most increases occurring in the oil and gas sub-sector. Nevertheless, employment in the broad industry remains well below the 183,000 posted in September 2014.

Despite Alberta's economy being large and diversified, oil remains the lifeblood that sustains it. The collapse of oil prices three and half years ago sent the province into a tailspin from which it is still recovering today. But prices have been on the mend. Last year, benchmark North American crude oil, WTI, averaged a price of

roughly \$51 U.S. per barrel, up 17% from 2016. In January 2018, that price soared to nearly \$70 U.S., before falling to about \$60 mid-February.

This volatility comes long after world-wide oil production began to slump, drawing down the oversupply which kept prices in check. At the same time, low prices also stimulated oil consumption, further reducing global inventories. However, as prices rose in 2017, American shale oil production returned to economic viability and by November was proceeding at a record setting pace.

For the time being at least, Russia and the Saudi Arabian-led Organization of Petroleum Exporting Countries (OPEC) continue to make the voluntary production cuts in support of higher oil prices. Regardless, the U.S. Energy Information Agency (EIA) is now expecting that worldwide production will exceed consumption in 2018, such that the stockpiles which have been drawing down will once again begin to build.⁴

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, during 2017 sales tripled to \$505 million – representing a strong expression of investor interest.⁵

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.⁶ Similarly, Enbridge's Line 3 replacement project, which runs 1,650 kilometres from Alberta to Wisconsin, awaits an April 2018 decision in Minnesota.⁷ Despite having received federal approval, Kinder Morgan's Trans Mountain pipeline, slated to run from Edmonton to tidewater in Burnaby B.C., continues to be delayed. The fate of the contentious project may likely be settled in a Canadian court.⁸

Calgary-based firms such as Suncor and Cenovus have repeatedly increased their stakes in Alberta's oil sands by buying out the holdings of foreign owners.⁹ Still, for the next several years, renewed employment growth in Alberta's oil and gas sector will likely be tied to the shale and tight-oil plays situated within the Grande Prairie/Fox Creek area.¹⁰

Looking at Alberta's other goods-producing industries, year over year employment gains were seen in all sectors except agriculture (-1.4%) and construction (-0.7%). Construction employment took a hit in January, as over one thousand workers at the Fort Hills oil sands project were forced to sit idle during the final commissioning of a solvent-based extraction module.¹¹ Meanwhile, the manufacturing industry (+22,800 on the year) saw job gains in fabricated metal products as demand surged for custom drilling equipment.

The imposition of U.S. tariffs on Canadian softwood cast a pall over a dozen smaller communities across Alberta, with the U.S. Department of Commerce levying final duties of 20.8%.¹² However, employment in wood product manufacturing was higher in January than during the same month last year. This is because of brisk U.S. demand for lumber in the aftermath of hurricanes along the Gulf and Atlantic coasts, and wildfires in California. American trade action escalated in January, as the U.S. applied preliminary tariffs on Canadian newsprint.¹³

Turning to the services-producing sector, significant annual employment gains were seen in transportation and warehousing (+7,100), largely due to the upturn in the transit and sightseeing transportation sub-industry. At the same time, employment in accommodation and food services picked up on the year (+5,700). 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.

After a considerable buildup throughout the provincial recession, hiring in the public sector has reversed in recent months. Employment in healthcare and social assistance declined by 9,100 compared to January 2017, while employment in educational services was little changed. Only public administration saw year over year gains (+ 2,600).

REGIONAL ANALYSIS

Over the past year, employment increased in five of seven Alberta regions. On a percentage basis, Red Deer led the province in job growth (+4.7%), followed by Wood Buffalo-Cold Lake, and then Calgary.

Alberta Monthly Labour Force Statistics, by Economic Region

3-Month Moving Averages Seasonally Unadjusted Data	Employment			Unemployment Rate		
	January 2018 ('000)	January 2017 ('000)	Yearly Variation (%)	January 2018 (%)	January 2017 (%)	Yearly Variation (% points)
Alberta	2,295.4	2,251.5	1.9	6.8	8.5	-1.7
Economic Regions						
Lethbridge-Medicine Hat	143.2	145.4	-1.5	6.6	6.8	-0.2
Camrose-Drumheller	98.0	99.5	-1.5	4.9	8.9	-4.0
Calgary	891.6	871.8	2.3	7.5	9.5	-2.0
Banff-Jasper-Rocky Mountain House and Athabasca-Grande Prairie-Peace River	184.1	180.8	1.8	5.9	7.1	-1.2
Red Deer	117.3	112.0	4.7	5.5	9.2	-3.7
Edmonton	777.6	760.5	2.2	6.9	7.8	-0.9
Wood Buffalo-Cold Lake	83.6	81.5	2.6	6.3	9.1	-2.8

Note: Totals may not add due to rounding

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

In Lethbridge-Medicine Hat, employment fell 1.5% compared to January 2017. At the same time, the unemployment rate also declined, as the area's labour force shrank by 2,700. Employment in the oil and gas extraction industry, which has been something of a bright spot, advanced in January compared to last year. Due to damage caused by the Kenow wildfire, Parks Canada is planning to build a new \$7.6M visitor centre in Waterton Lakes National Park. Construction is scheduled to start in 2019, with the opening planned for 2021. Meanwhile, U.S.-based helium producer, Weil Group, is planning to build the first Canadian plant to liquefy helium. Located near Medicine Hat, the facility is scheduled to be up and running by 2020.

Employment also decreased in Camrose-Drumheller (-1.5%). According to highly variable survey results, the Camrose-Drumheller unemployment rate fell by 4.0 percentage points and the labour force retreated by 6,000.

Job losses were about equally split between the goods-producing and the services-producing sectors, with accommodation and food services taking a notable hit. WestJet Link, a new feeder service connecting smaller communities to WestJet's Calgary hub, is starting flights to and from Lloydminster on March 14, 2018¹⁴

As overall employment increased, the Banff-Jasper-Rocky-Mountain House and Athabasca-Grande Prairie-Peace River area continued to see good job growth in oil and gas extraction. Concentrated in the Grande Prairie/Fox Creek 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, despite low prices for the natural gas fraction.¹⁵ Alberta's share of the Montenay shale formation, aggressively targeted by oil and gas firms, is an excellent fit for modern drilling practices. 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. The Town of Banff has approved \$4.2M for the construction of a pedestrian-friendly streetscape on Bear Street in 2019. The streetscape, called a woonerf, will follow Dutch designs, such that pedestrians and cyclists get priority, but vehicles still have access to the roadway.¹⁶

As mentioned above, employment growth in Red Deer topped the regional leader board in January. Moreover, at 5.5%, Red Deer's unemployment rate was second lowest province-wide. On the goods-producing side, job gains were led by oil and gas extraction. On the services-producing side, employment growth was strongest in wholesale and retail trade. At the time of writing, Calgary-based TransCanada had about 100 employees working on the newly-approved Sundre Crossover Pipeline project with an additional 350 to 400 hires planned. The company estimates that the project will bring about \$4 million in spending to Sundre and surrounding areas during construction.

To the northeast, Wood Buffalo-Cold Lake's Fort McMurray has resumed its role as the services and logistics centre for Alberta's oil sands. In January, employment in the Wood Buffalo-Cold Lake region stood at 83,600, up 2.6% on the year. Over the same period, the regional unemployment rate declined 2.8 percentage points to 6.3%. In Fort McMurray, construction is set to begin on the \$110 million Willow Square Continuing Care Centre. The work is expected to support 240 jobs with the centre opening in the spring of 2020. Recently, the Mikisew Cree First Nation and Fort McKay First Nation invested a combined \$500 million to secure a 49-per-cent share of the Suncor East Tank Farm storage terminal north of Fort McMurray. The deal will deliver revenue streams to each First Nation for 25 years.

Employment in the Edmonton area increased by 2.2% compared to January 2017, as job growth across the goods-producing sector slightly outpaced that of services-producing industries. The Industrial Heartland, just north of the City of Edmonton, remains a hotbed of activity as the push is on to bring the Redwater Refinery to completion.¹⁷ In December, Calgary-based Inter Pipeline green-lit the construction of its \$3.5 billion Heartland Petrochemical Complex. Construction will ramp up in early 2018 and the project is expected to create 13,000 direct and indirect jobs over four years. On a year over basis, unemployment in the Edmonton Economic Region declined in January (-7,100). At 6.9%, the region's unemployment rate has decreased by 0.9 percentage points since January 2017.

In the Calgary region, overall employment growth slightly outpaced that of Edmonton, as job growth in the goods-producing sector (+10.8%) was far stronger than among services-producing industries (-0.0%). Overall

employment gains were led by accommodation and food services (+10,000). While Calgary's unemployment rate has dropped 2.0 percentage points on the year, in January 2018 it was the highest in the province, at 7.5%.

In major project news, the New Horizon Mall, a \$200M shopping centre with 500 stores, is set to open this summer. The mall includes a modern food court with 26 restaurants, and a main stage that will feature multicultural entertainment. Meanwhile, work continues on the new Calgary Cancer Centre. The \$1.4B facility is set to open in 2023 and will support 1,500 jobs over the next five years. In Balzac, 25 kms north of the City of Calgary, Amazon is building a distribution warehouse with construction starting in fall 2018. The project is expected to generate 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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² Statistics Canada, CANSIM Table 276-0022; Employment Insurance program (EI), beneficiaries receiving regular income benefits by province, declared earnings, sex and age, seasonally adjusted, November 2017. <http://www.statcan.gc.ca/daily-quotidien/180118/dq180118a-eng.htm>

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