



Labour Market Bulletin

Alberta

October 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 2.34 million, employment in Alberta was little changed in October (-2,700 on a monthly basis), another in a series of mostly disappointing job figures so far this year. On the month, full-time employment increased by 8,600, while the number of Albertans working part-time hours declined by 11,300. Year over year, employment growth in the province was more than respectable at 1.8%. However, employment has increased by just 14,800 (+0.6%) through the first 10 months of 2018.

Alberta Monthly Labour Force Statistics

Seasonally Adjusted Monthly Data	October 2018	September 2018	October 2017	Monthly Variation		Yearly Variation	
				Number	%	Number	%
Population 15 + ('000)	3,486.3	3,482.1	3,439.1	4.2	0.1	47.2	1.4
Labour Force ('000)	2,519.4	2,515.0	2,482.6	4.4	0.2	36.8	1.5
Employment ('000)	2,335.2	2,337.9	2,292.9	-2.7	-0.1	42.3	1.8
Full-Time ('000)	1,919.7	1,911.1	1,889.1	8.6	0.5	30.6	1.6
Part-Time ('000)	415.5	426.8	403.7	-11.3	-2.6	11.8	2.9
Unemployment ('000)	184.2	177.1	189.7	7.1	4.0	-5.5	-2.9
Unemployment Rate (%)	7.3	7.0	7.6	0.3	-	-0.3	-
Participation Rate (%)	72.3	72.2	72.2	0.1	-	0.1	-
Employment Rate (%)	67.0	67.1	66.7	-0.1	-	0.3	-

Note: Totals may not add due to rounding

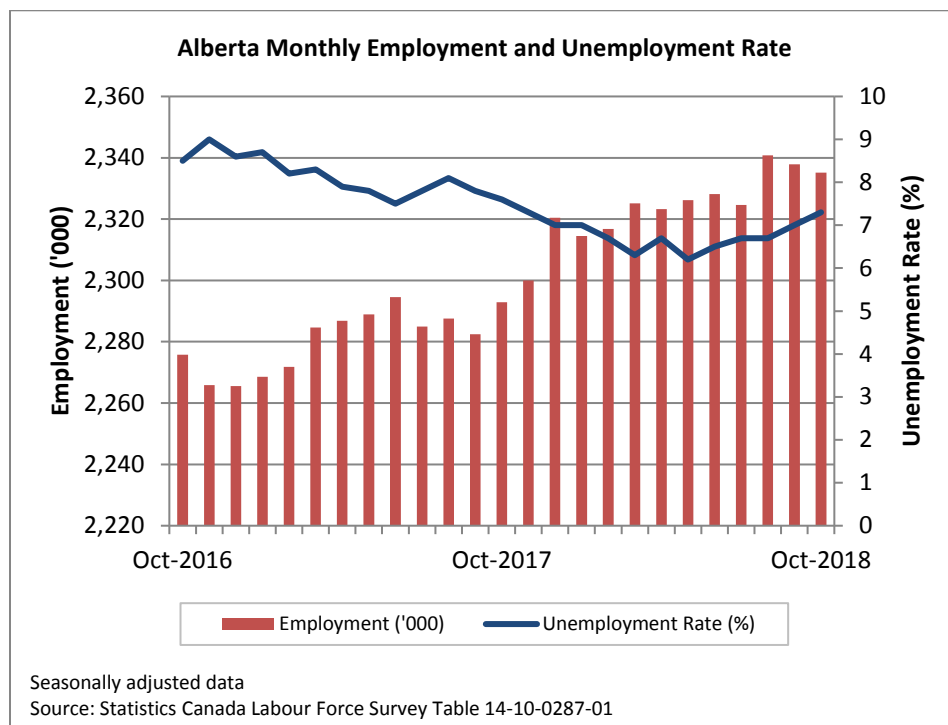
Source: Statistics Canada Labour Force Survey – Table 14-10-0287, formerly CANSIM 282-0087

Alberta's unemployment rate increased 0.3 percentage points to 7.3% September to October. It is the highest among western provinces and well above the national average (5.8%). Duration of unemployment, namely the average length of time an unemployed Albertan remains without work, is also a concern. In October, the average duration of unemployment in Alberta was 20.8 weeks, fourth highest among provinces.¹

Hourly-paid Albertans worked 31.8 hours on average in August (the most recent data available). This was second among provinces and higher than the corresponding figure nationwide (30.3 hours). Meanwhile, at \$1,168 per week, average earnings in Alberta remain the highest among provinces, despite having fallen four times in the previous 12 months.²

Turning to category of worker, private-sector employment was up 1.2% (+18,400) in October compared to the same month last year. Public-sector employment also increased, up 8,400. Meanwhile, the number of self-employed in increased by 15,500.³

In August (the most recent data available), the number of regular Employment Insurance (EI) beneficiaries edged downward to 52,300, the lowest level since May 2015.⁴ In the 12 months to August, the number of regular EI recipients in Alberta fell by 18%; compared to a decline of 10% nationwide.



Unemployment by major demographic groupings

In October, the unemployment rates for youth aged 15 to 24 years and for adults aged 25 years and over were all lower than they were during the same month last year, except for young women, who saw an upward tick of 1.7 percentage points. By contrast, adults 25 years and above bore the brunt of the overall unemployment rate increase seen on the month.

Alberta Monthly Unemployment Rates, by Gender and Age

Seasonally Adjusted Data	October 2018	September 2018	October 2017	Monthly Variation	Yearly Variation
	(%)	(%)	(%)	(% points)	(% points)
Total	7.3	7.0	7.6	0.3	-0.3
25 years and over	6.5	6.2	6.8	0.3	-0.3
Men - 25 years and over	6.8	6.6	6.9	0.2	-0.1
Women - 25 years and over	6.0	5.6	6.8	0.4	-0.8
15 to 24 years	12.9	13.0	13.0	-0.1	-0.1
Men - 15 to 24 years	15.0	15.1	16.6	-0.1	-1.6
Women - 15 to 24 years	10.5	10.6	8.8	-0.1	1.7

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey – Table 14-10-0287, formerly CANSIM 282-0087

EMPLOYMENT BY INDUSTRY

In October, employment in Alberta's goods-producing sector took a sharp downward turn on the month (-8,700) while remaining 1.2% above the level of October 2017. By contrast, employment in the services-producing sector advanced: up 0.3% on the month; and up 2.1% year over year.

Alberta Monthly Labour Force Statistics, by Industry

Seasonally Adjusted Data ('000)	October 2018	September 2018	October 2017	Monthly Variation		Yearly Variation	
				Number	%	Number	%
Total employed, all industries	2,335.2	2,337.9	2,292.9	-2.7	-0.1	42.3	1.8
Goods-producing sector	596.3	605.0	589.3	-8.7	-1.4	7.0	1.2
Agriculture	45.8	46.4	53.2	-0.6	-1.3	-7.4	-13.9
Forestry, fishing, mining, quarrying, oil and gas	152.3	154.1	147.8	-1.8	-1.2	4.5	3.0
Utilities	23.7	24.8	20.8	-1.1	-4.4	2.9	13.9
Construction	248.5	248.3	245.8	0.2	0.1	2.7	1.1
Manufacturing	125.9	131.4	121.7	-5.5	-4.2	4.2	3.5
Services-producing sector	1,738.9	1,732.9	1,703.6	6.0	0.3	35.3	2.1
Trade	333.0	333.0	334.2	0.0	0.0	-1.2	-0.4
Transportation and warehousing	139.1	139.1	143.0	0.0	0.0	-3.9	-2.7
Finance, insurance, real estate and leasing	106.1	106.0	109.3	0.1	0.1	-3.2	-2.9
Professional, scientific and technical services	181.1	184.3	182.9	-3.2	-1.7	-1.8	-1.0
Business, building and other support services	88.3	86.3	82.7	2.0	2.3	5.6	6.8
Educational services	154.2	153.2	149.8	1.0	0.7	4.4	2.9
Health care and social assistance	279.6	277.4	268.9	2.2	0.8	10.7	4.0
Information, culture and recreation	77.8	78.3	71.3	-0.5	-0.6	6.5	9.1
Accommodation and food services	147.7	147.6	145.1	0.1	0.1	2.6	1.8
Other services	115.5	115.1	111.7	0.4	0.3	3.8	3.4
Public administration	116.6	112.7	104.7	3.9	3.5	11.9	11.4

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey – Table 14-10-0355, formerly CANSIM 282-0088

Alberta's resource extraction industries (forestry, fishing, mining, quarrying, and oil and gas) added 4,500 positions over the past year. At 152,300, the combined employment in these industries remains well below the 183,000 posted in September 2014. As Alberta's oil and gas firms struggle to remain competitive with their U.S. counterparts, some of those lost jobs may never return.

Oil prices trended upwards through the first nine months of 2018, with benchmark North American crude (WTI) reaching about \$76 U.S. per barrel as of early October.⁵ However, in the month since, the price has plunged, with WTI sitting at \$63 at the time of writing. While October was bad for WTI, it was much worse for Alberta's benchmark WCS (Western Canada Select), an oilsands-derived bitumen blend.

WCS regularly sells at a discount or differential to WTI since the bitumen it contains can only be processed at complex refineries specifically designed for heavy oil. In October, the discount – which changes daily – was roughly \$40 U.S. per barrel, a little over half the price of WTI.

Through incremental additions to oilsands capacity, Alberta's oil producers are churning out more oil than today's infrastructure can handle. Pipelines to the U.S., the destination for most Alberta oil, are routinely full. Moreover, storage capacity in the province – about 12.2 million barrels (three and a half days-worth of production) – is also full. With pipeline transport, the safest and cheapest way of moving oil having been spoken for, producers are turning to shipments of oil by rail. However, railcar loadings, which have set new records three months in a row, cannot ramp up much further without significant lead time. Pipeline relief, namely Enbridge's Line 3 replacement project, will not be in service until this time next year – at best.

The result of all this congestion is severely discounted prices for all blends of Canadian oil at a huge cost to Canada – and to the stock valuations of Calgary-based oil producers. Experts are suggesting government mandated production cuts to reduce the glut.⁶ One proposal is that the Government of Alberta in effect pay producers to reduce their output. Currently, operators have the option to make royalty payments (pay taxes) in the form of oil instead of cash. The idea then is that producers get a temporary break on their royalty obligations provided they reduce production by the royalty-equivalent amount. This would ease storage and hasten the return to a more normal WTI/WCS differential. To date, the Government of Alberta has rejected the proposal. Canadian Natural Resources Ltd (CNRL), MEG Energy, and Cenovus Energy have all recently announced voluntary curtailments that may extend for as long as a year.⁷

Canadian export pipeline aspirations now rest on: Enbridge's Line 3; TransCanada's Keystone XL; and the Trans Mountain expansion project, bought by the Federal government at the end of May. Indeed, China has already imported two shipments of Canadian oil from the Trans Mountain terminal in Burnaby at the discounted WCS spot prices available in the U.S.⁸

Regardless, oil production continued apace in the province. Compared to July 2017, oil production in Alberta was up 9.5% in August (the most recent data available). Non-conventional (i.e. oil sands) output accounted for 84% of the 3.73 million barrels per day produced that month. Oil sands output increased by 7.5% year over year, while conventional production declined.⁹

Looking at Alberta's other goods-producing industries, year over year employment gains were seen across the board in October, except in agriculture, where weather related difficulties and on-going challenges facing the

cattle industry dampened hiring. Construction employment remains surprisingly robust even as inventories of unsold new condominiums in Calgary and in Edmonton continue to build. In September, completed but unsold (unabsorbed) new housing units in Alberta's two major centres accounted for one-third of all large-city unabsorbed units Canada-wide. Unabsorbed single detached units represented about 30% of all such units in the country. Unabsorbed semi-detached units represented 46% of the national Census Metropolitan Area (CMA) inventory.¹⁰

Turning to the services-producing sector, employment growth in public administration (+11,900) and in health care and social assistance (+10,700) accounted for roughly 65% of all job gains sector-wide. Notable gains were also seen in information, culture and recreation (+6,500) and in business, building and other support services (+5,600). Accommodation and food services eked out an annual increase (+2,600), as job gains in accommodation services offset downsizing across the food services sub-industry. Employment in the broader industry peaked at about 158,000 in February 2015 but has yet to return to that level.

REGIONAL ANALYSIS

Over the past year, employment increased in six of seven Alberta regions. On a percentage basis, Red Deer led the province in job growth (+5.3%), followed by Edmonton (+3.6%).

Alberta Monthly Labour Force Statistics, by Economic Region

3-Month Moving Averages Seasonally Unadjusted Data	Employment			Unemployment Rate		
	October 2018 ('000)	October 2017 ('000)	Yearly Variation (%)	October 2018 (%)	October 2017 (%)	Yearly Variation (% points)
Alberta	2,347.9	2,298.2	2.2	6.7	7.5	-0.8
Economic Regions						
Lethbridge - Medicine Hat	146.3	143.5	2.0	4.1	5.3	-1.2
Camrose - Drumheller	100.3	99.1	1.2	5.9	8.2	-2.3
Calgary	889.8	882.6	0.8	8.2	8.2	0.0
Banff - Jasper - Rocky Mountain House and Athabasca - Grand Prairie - Peace River	188.8	182.8	3.3	5.3	5.8	-0.5
Red Deer	121.4	115.3	5.3	6.3	5.3	1.0
Edmonton	819.1	790.4	3.6	6.2	7.8	-1.6
Wood Buffalo - Cold Lake	82.3	84.6	-2.7	5.5	6.9	-1.4

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey – Table 14-10-0293, formerly CANSIM 282-0122

In **Lethbridge-Medicine Hat**, employment was up 2.0% compared to October 2017, while the unemployment rate declined by 1.2 percentage points. At 4.1%, Lethbridge-Medicine Hat's unemployment rate was the lowest in the province. Of note, employment in oil and gas extraction edged up on the year. Looking ahead, Greengate Power Corporation has invested \$185 million for two solar farm projects near Brooks. The projects, currently under review by the Alberta Electric System Operator, are expected to be in service in the fall or winter of 2019 and fully operational by early 2020. In education news, Medicine Hat College has announced a new dual credit welding program that allows high school students to get a head start on post-secondary education. Students will spend two full days each week at the college in an apprenticeship program.

Year over year, employment increased 1.2% in **Camrose-Drumheller** in October. At 5.9%, the region has an unemployment rate well below the provincial average. On an industry basis, job gains in agriculture and in oil and gas extraction offset a decline in services-producing employment. In the services sector, hiring was seen in wholesale and retail trade, and in accommodation and food services. In a boost to agribusiness, the Vegreville fibre processing plant has received an \$800,000 investment from the Government of Alberta for equipment to improve the quality of the hemp and flax fibres produced at the facility. Responding to the province-wide shortage of crude oil storage, Gibson Energy is building two new 500,000-barrel tanks at its Hardisty Terminal as part of a \$200-\$250 million capital program. The tanks are expected to be in service by the fourth quarter of 2019.

Employment increased in **Banff-Jasper-Rocky-Mountain House and Athabasca-Grande Prairie-Peace River** (+3.3%), as the area saw an increase in oil and gas extraction jobs compared to October 2017. More broadly, employment gains in the services-producing sector offset job losses in construction and manufacturing. In green energy news, Turning Point Generation has received regulatory approval for a stored hydro project to be built near Hinton. Construction on the Canyon Creek Pumped Hydro Energy Storage Project is planned to start in spring 2019.¹¹ In conventional energy news, Cascade Power is planning to build a \$1.5 billion natural gas-fired electrical power plant southwest of Edson. The company expects to employ 700 people in the construction stage starting in late 2019, and to generate 20 full-time jobs upon completion in 2022.

To the south, Parks Canada is spending \$30M for improvements to Whistlers Campground in Jasper National Park and associated infrastructure projects. The campground is scheduled to be closed until May 2020.

On a year over year basis, **Red Deer** enjoyed outstanding job growth in October (+5.3%). Unemployment did increase on the year, however, and the unemployment rate rose accordingly. Compared to October 2017, job gains in construction and in agriculture led the goods-producing sector. On the services-producing side, overall strong job growth was led by educational services and by business services. Looking ahead, construction has started on the \$22 million Charis Village Seniors Housing project near Lacombe. The first independent living phase will consist of 10 duplexes and 46 multi-dwelling units. Assisted-living, long-term care and palliative care units will follow.

To the northeast, **Wood Buffalo-Cold Lake's** Fort McMurray functions as the services centre for Alberta's oilsands operations. In October, employment in the Wood Buffalo-Cold Lake region stood at 82,300, down 2.7% on the year. Over the same period, the regional unemployment rate declined 1.4 percentage points to 5.5%. Acceleware Ltd. is planning to spend up to \$20M for a commercial-scale pilot of its proprietary generator technology at Prosper Petroleum Ltd.'s Rigel property. The firm anticipates the completion of project drilling within the first six months of 2019.¹²

In a sign of the times, Canadian Natural Resources Ltd. has signed a deal to buy the Joslyn oil sands project from Total SA and its partners for \$225M. The Joslyn project is directly south of Canadian Natural's Horizon project which has been on indefinite hold since 2014. Buyouts and consolidation have been on-going in the oil sands since world oil prices began their tumble four years ago.

The **Edmonton** region's labour market positively shone in October. Year over year, employment across the region grew by 28,700 to roughly 820,000, with job gains seen in both the goods-producing and services-

producing sectors. Combined-hiring in the public sector industries of education, health care, and public administration totalled 24,000. The region's unemployment rate fell 1.6 percentage points as employment gains (+3.6%) far outpaced labour force growth (+1.8%).

On the goods-producing side, Enhance Energy and Wolf Carbon Solutions have finalized their partnership for construction and operation of the Alberta Carbon Trunk Line. Construction is expected to start this year, with first transportation and storage of CO₂ scheduled for 2019. The carbon dioxide will be used to enhance oil recovery from depleted wells, generating an additional revenue stream for the long-stalled green initiative.

The Canada Kuwait Petrochemical Corporation intends to construct and operate a new rail yard outside Fort Saskatchewan in support of the \$4 billion propane-to-polypropylene facility being built nearby. The yard will accommodate storage of up to two weeks of production, with 20 to 30 rail cars expected to be loaded per day.

Looking ahead, the Government of Alberta will be providing \$3.5M to ITU World Triathlon Series Edmonton to support hosting the 2020 ITU World Triathlon Grand Final. The five-day event is expected to generate about \$44.5 million in economic activity in the region.

The **Calgary** area labour market continued to struggle in October, while eking out a small net employment gain thanks to hiring in the manufacturing industry and in health care and social assistance. Unemployment was little changed in October and the unemployment rate remains elevated at 8.2%.

In Calgary, business groups have blamed the minimum wage hikes of October 1st for the steep job losses seen in that city's food services industry. In rebuttal, economist Trevor Tombe points out that the job losses are far more severe in Calgary than in Edmonton, for example, and that it would be odd for a Calgary-specific issue to be caused by a policy that is provincial in scope.¹³

Calgary-based ENMAX Corporation has been busy in its home town and area. The Government of Canada has committed \$1.4M to an ENMAX project that will make Calgary's power grid more resilient and efficient by enabling power to flow both ways throughout the downtown core. ENMAX is also behind a green energy project at Genesis Place, a multi-purpose recreational facility in Airdrie. The facility is set to have the largest solar-panelled rooftop in the country, with the City of Airdrie purchasing the system at a cost of about \$2.1 million on a deferred payment plan.

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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