



Labour Market Bulletin

Alberta

February 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 2.32 million, employment in Alberta was little changed in February (+0.1%). While modest, the nominal increase represents a step up from the outright job losses seen in January (-0.3%). In February, gains in part-time jobs out-paced losses among those working full-time hours. Compared to February 2017, employment increased by 2.0%, third highest among provinces, and well above the national figure of 1.5%.

Alberta Monthly Labour Force Statistics

Seasonally Adjusted Monthly Data	February 2018	January 2018	February 2017	Monthly Variation		Yearly Variation	
				Number	%	Number	%
Population 15 + ('000)	3,450.5	3,447.3	3,414.2	3.2	0.1	36.3	1.1
Labour Force ('000)	2,482.1	2,489.2	2,475.6	-7.1	-0.3	6.5	0.3
Employment ('000)	2,316.8	2,314.5	2,271.8	2.3	0.1	45.0	2.0
Full-Time ('000)	1,906.8	1,917.3	1,844.1	-10.5	-0.5	62.7	3.4
Part-Time ('000)	410.0	397.2	427.7	12.8	3.2	-17.7	-4.1
Unemployment ('000)	165.3	174.8	203.8	-9.5	-5.4	-38.5	-18.9
Unemployment Rate (%)	6.7	7.0	8.2	-0.3	-	-1.5	-
Participation Rate (%)	71.9	72.2	72.5	-0.3	-	-0.6	-
Employment Rate (%)	67.1	67.1	66.5	0.0	-	0.6	-

Note: Totals may not add due to rounding

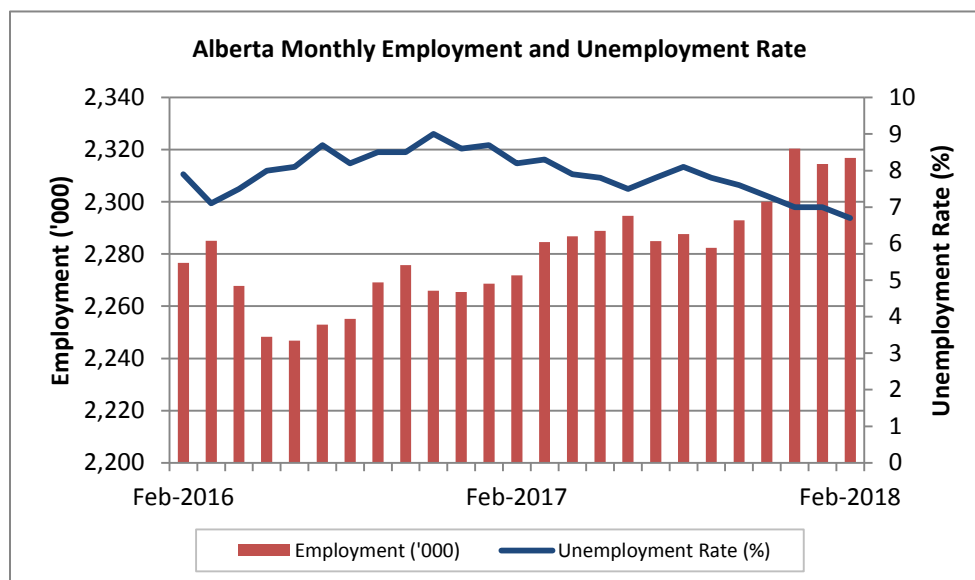
Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0087

On a month over month basis, Alberta’s unemployment rate declined 0.3 percentage points in February. At 6.7%, it remains the highest among western provinces. Still, with unemployment falling by about 39,000 since February 2017, Alberta’s unemployment picture is much improved.

The average length week for hourly-paid Albertans was 31.6 hours in December (the most recent data available). This was third among provinces and higher than the corresponding figure nationwide (30.3 hours). Meanwhile, at \$1,149 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 December (again the most recent data available), regular Employment Insurance beneficiaries decreased for the 13th time in 14 months. Women comprised 33% of regular EI beneficiaries in December, a relatively low figure, given that women currently make up 45% of the provincial labour force and represent 39% 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 (-0.8%), while remaining 1.5% above the level of one year ago. Compared to February 2017, public sector employment increased by 1.4% while self-employment increased by 4.5%.³



Alberta Monthly Unemployment Rates, by Gender and Age

Seasonally Adjusted Data	February 2018 (%)	January 2018 (%)	February 2017 (%)	Monthly Variation (% points)	Yearly Variation (% points)
Total	6.7	7.0	8.2	-0.3	-1.5
25 years and over	5.7	6.1	7.4	-0.4	-1.7
Men - 25 years and over	5.7	6.2	8.0	-0.5	-2.3
Women - 25 years and over	5.7	6.0	6.7	-0.3	-1.0
15 to 24 years	13.1	12.8	13.4	0.3	-0.3
Men - 15 to 24 years	15.7	16.8	16.8	-1.1	-1.1
Women - 15 to 24 years	10.2	8.4	9.5	1.8	0.7

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 women aged 15 to 24 years, whose

rate increased 0.7 percentage points. On the year, the unemployment rate for young men decreased 1.1 percentage points. However, this apparent improvement came as employment declined and about 12,000 young men exited the labour market.

EMPLOYMENT BY INDUSTRY

Alberta Monthly Labour Force Statistics, by Industry

Seasonally Adjusted Data ('000)	February 2018	January 2018	February 2017	Monthly Variation		Yearly Variation	
				Number	%	Number	%
Total employed, all industries	2,316.8	2,314.5	2,271.8	2.3	0.1	45.0	2.0
Goods-producing sector	590.2	592.8	562.9	-2.6	-0.4	27.3	4.8
Agriculture	49.7	50.6	50.1	-0.9	-1.8	-0.4	-0.8
Forestry, fishing, mining, quarrying, oil and gas	153.0	152.2	142.1	0.8	0.5	10.9	7.7
Utilities	21.1	21.1	20.3	0.0	0.0	0.8	3.9
Construction	238.0	239.7	240.5	-1.7	-0.7	-2.5	-1.0
Manufacturing	128.4	129.2	109.9	-0.8	-0.6	18.5	16.8
Services-producing sector	1,726.6	1,721.7	1,708.9	4.9	0.3	17.7	1.0
Trade	336.2	335.1	331.0	1.1	0.3	5.2	1.6
Transportation and warehousing	143.5	145.2	140.4	-1.7	-1.2	3.1	2.2
Finance, insurance, real estate and leasing	110.1	109.7	104.6	0.4	0.4	5.5	5.3
Professional, scientific and technical services	176.6	179.0	181.7	-2.4	-1.3	-5.1	-2.8
Business, building and other support services	85.2	84.7	77.0	0.5	0.6	8.2	10.6
Educational services	161.1	154.4	156.5	6.7	4.3	4.6	2.9
Health care and social assistance	274.9	268.9	275.1	6.0	2.2	-0.2	-0.1
Information, culture and recreation	72.6	75.3	76.0	-2.7	-3.6	-3.4	-4.5
Accommodation and food services	149.2	150.3	145.7	-1.1	-0.7	3.5	2.4
Other services	111.9	115.0	120.2	-3.1	-2.7	-8.3	-6.9
Public administration	105.4	104.0	100.7	1.4	1.3	4.7	4.7

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 0.4% between January and February, while posting significant year over year gains (+4.8%). In comparison, employment gains in the services-producing sector were modest, both on the month (+.03%) and on an annual basis as well (+1.0%).

Alberta's resource extraction industry (forestry, fishing, mining, quarrying, and oil and gas) gained about 11,000 positions year over year, with most increases occurring in the oil and gas sub-sector. Nevertheless, at 153,000, employment in the broad industry remains well below the 183,000 posted in September 2014. Some economists now believe that many of those lost jobs will never return.⁴

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 recovering still. 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 stabilising – at least temporarily – in the low \$60 U.S. range.

However, as prices rose in 2017, American shale oil extraction returned to economic viability and by November, total U.S. production was at a record setting pace. In fact, current U.S. output is second only to that of Russia, worldwide. For now, Russia and the Saudi Arabian-led Organization of Petroleum Exporting Countries (OPEC) are still making the voluntary production cuts which underpin today's better prices. Despite those efforts, global production will almost certainly exceed consumption in 2018, such that the oil storage tanks which drew down for the past two years will once again be filling up.⁵

While U.S. drillers continue to ramp up, shale and tight-oil plays located in the Grande Prairie/Fox Creek area are following suit.⁶ On a year over year basis, volumes of conventional (non-oil sands) oil increased 10.6% in January (the most recent data available). At the same time, non-conventional (oil sands) production slipped 0.1%, for a net Alberta-wide gain of 1.5% overall.⁷

Progress on export pipelines has been glacial. Last November, TransCanada Corp.'s long dormant Keystone XL pipeline received approval from the State of Nebraska – albeit for a slightly altered route that has led to further delays.⁸ Meanwhile, Enbridge's Line 3 replacement project, running 1,650 kilometres from Alberta to Wisconsin, awaits a decision this April in Minnesota.⁹ The expansion of Kinder Morgan's Trans Mountain pipeline, long delayed by various challenges, is now about a year behind its latest schedule. Tensions over the pipeline, which reaches tidewater in Burnaby B.C., has escalated between the governments of Alberta and British Columbia and between pro- and anti-pipeline forces.¹⁰

Since the 2014 downturn, 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.¹¹ 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.¹²

Looking at Alberta's other goods-producing industries, year over year employment gains were seen in all sectors except agriculture (-0.8%) and construction (-1.0%). Construction employment is expected to take a further hit this year as major project work continues to scale back and the inventory of unsold new condominiums in Calgary and Edmonton remains high.¹³ Meanwhile, the manufacturing industry (+18,500 on the year) saw job gains in fabricated metal products due in part to strong demand for custom drilling equipment.

About a dozen Albertan communities remain on tenterhooks as the U.S. Department of Commerce continues with its forest sector trade action. In January the department applied preliminary tariffs on Canadian groundwood paper. Nevertheless, employment in wood product and paper manufacturing was higher in February than during the same month last year. To date, the softwood tariffs have caused little harm in Alberta, as U.S. demand for building products far exceeds their domestic supply. Demand in the U.S. remains elevated following last year's east coast hurricanes and west coast wildfires.¹⁴

Turning to the services-producing sector, significant annual employment gains were seen in wholesale and retail trade (+5,200) thanks to increased staffing at machinery and equipment wholesalers. By contrast, most

types of retail outlets shed jobs on the year – with the notable exception being car dealerships. Between them, car dealerships and food and beverage stores can account for roughly half of all retail sales on an annual basis. Year over year, sales at motor vehicle dealerships increased by 5% in December (the most recent data available) while sales at food and beverage stores declined by 1%.

Meanwhile, the finance, insurance, real estate, and leasing industry added jobs (+5,500 on the year), with the largest gains coming in renting and leasing services. Business, building, and other support services also saw employment gains (+8,200), particularly in such maintenance areas as pest control and janitorial services.

Employment in the accommodation and food services industry increased by 3,500 year over year, with all job gains coming in restaurants and bars. Employment in the broader industry peaked at about 158,000 in February 2015 but has yet to return to that level. Although international tourism has picked up in Calgary and the resort communities of Jasper and Banff, the steep drop in business travel province-wide continues to weigh on Alberta's accommodation industry.

After a considerable buildup throughout the provincial recession, hiring in the public sector has eased somewhat. Nevertheless, on an annual basis employment in educational services rose by 4,600 in February, while healthcare and social assistance was little changed. Public administration also saw substantial year over year hiring.

REGIONAL ANALYSIS

Over the past year, employment increased in six of seven Alberta regions. On a percentage basis, Camrose-Drumheller led the province in job growth (+4.1%), followed by Red Deer, and then Banff-Jasper-Rocky Mountain House and Athabasca-Grande Prairie-Peace River.

Alberta Monthly Labour Force Statistics, by Economic Region

3-Month Moving Averages Seasonally Unadjusted Data	Employment			Unemployment Rate		
	February 2018 ('000)	February 2017 ('000)	Yearly Variation (%)	February 2018 (%)	February 2017 (%)	Yearly Variation (% points)
Alberta	2,297.4	2,248.8	2.2	6.8	8.6	-1.8
Economic Regions						
Lethbridge-Medicine Hat	143.0	144.9	-1.3	6.9	6.6	0.3
Camrose-Drumheller	101.8	97.8	4.1	4.1	9.7	-5.6
Calgary	894.1	870.1	2.8	7.7	9.1	-1.4
Banff-Jasper-Rocky Mountain House and Athabasca-Grande Prairie-Peace River	187.0	180.9	3.4	5.3	7.7	-2.4
Red Deer	115.5	111.2	3.9	5.5	9.0	-3.5
Edmonton	772.5	762.8	1.3	6.7	8.4	-1.7
Wood Buffalo-Cold Lake	83.4	81.1	2.8	6.0	9.1	-3.1

Note: Totals may not add due to rounding

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

In Lethbridge-Medicine Hat, employment fell 1.3% compared to February 2017, with the area unemployment rate ticking up 0.3 percentage points. Employment in the oil and gas extraction industry, which has been

something of a bright spot, declined on a year over year basis. Looking ahead, International Petroleum Corporation is investing \$10.8 million this year on six wells in the Suffield block near Medicine Hat. First oil is expected in 2019, at which time injection or other enhanced recovery techniques may also be considered. In the aftermath of last fall's Kenow wildfire, Parks Canada will build a new \$7.6 million visitor centre in Waterton Lakes National Park. Construction is scheduled to start next year, with the opening planned for 2021.

Year over year, employment increased 4.1% in Camrose-Drumheller in February. At the same time, highly variable survey results suggest that the area's unemployment rate plummeted 5.6 percentage points. Job gains were concentrated in the services-producing sector, notably in educational services. WestJet Link, a new feeder service connecting smaller communities to WestJet's Calgary hub, will begin flights to and from Lloydminster on March 14, 2018¹⁵

As overall employment increased, the Banff-Jasper-Rocky-Mountain House and Athabasca-Grande Prairie-Peace River area saw a slight pullback in oil and gas extraction jobs compared to February 2017. Concentrated in the Grande Prairie/Fox Creek part of the region, oil and liquid-rich natural gas drilling has been on a tear, despite low prices for the natural gas portion.¹⁶ 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 next year. The Bear Street streetscape, or woonerf, is of Dutch design, such that pedestrians and cyclists get priority, but vehicles still have access to the roadway.¹⁷

Red Deer enjoyed good job growth in February (+3.9%). Moreover, at 5.5%, Red Deer's unemployment rate was third lowest province-wide. On the goods-producing side, job gains were led by oil and gas extraction, while on the services-producing side, employment growth was strongest in wholesale and retail trade. Calgary-based TransCanada had about 100 employees working on the Sundre Crossover Pipeline project in early February, with an additional 350 to 400 hires planned. The company estimates that the project will generate about \$4 million in spending in and around Sundre during the construction phase which is expected to wrap up in April.

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 February, employment in the Wood Buffalo-Cold Lake region stood at 83,400, up 2.8% on the year. Over the same period, the regional unemployment rate declined 3.1 percentage points to 6.0%. In Fort McMurray, construction is set to begin on the \$110 million Willow Square Continuing Care Centre, with a ground breaking ceremony slated for March. The work is expected to support about 240 jobs through to the centre's opening in spring 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 the participating First Nations for 25 years.

Employment in the Edmonton area increased by 1.3% compared to February 2017, as job growth across the goods-producing sector outpaced that of services-producing industries. Over the same period the region's unemployment rate fell 1.7 percentage points as the number of people working or looking for work declined on the year. With the Redwater Sturgeon refinery – Canada's first new Refinery in 30 years – now up and running, Alberta's Industrial Heartland is looking at still more major project development going forward.¹⁸ For example, Calgary-based Inter Pipeline will begin work on its \$3.5 billion Heartland Petrochemical Complex this

year. The project, which is expected to create 13,000 direct and indirect jobs over four years, typifies current efforts to diversify Alberta's economy.

In the Calgary region, overall employment growth outpaced Edmonton's, as job growth in the goods-producing sector was far stronger than among services-producing industries. Nevertheless employment gains were largest in two services-producing industries: accommodation and food services; and business, building and other support services. While Calgary's unemployment remains the highest in the province at 7.7%, labour force growth was far healthier than in Edmonton to the north.

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 construction 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 this fall. 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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