



Labour Market Bulletin

Alberta

March 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

During the three months January through March (Q1 2018), employment in Alberta averaged 2.32 million, up from Q4-2017 and well ahead of the same period last year (+43,800). Full-time employment expanded during the year (+66,000), while part-time jobs declined on both the quarter and on the year.

Alberta Quarterly Labour Force Statistics

Seasonally Adjusted Data	1st Quarter 2018	4th Quarter 2017	1st Quarter 2017	Quarterly Variation		Yearly Variation	
				Number	%	Number	%
Population 15 + ('000)	3,450.5	3,441.4	3,414.4	9.1	0.3	36.1	1.1
Labour Force ('000)	2,484.3	2,485.8	2,483.9	-1.5	-0.1	0.4	0.0
Employment ('000)	2,318.8	2,304.4	2,275.0	14.4	0.6	43.8	1.9
Full-Time ('000)	1,910.3	1,885.2	1,844.3	25.1	1.3	66.0	3.6
Part-Time ('000)	408.5	419.2	430.7	-10.7	-2.6	-22.2	-5.2
Unemployment ('000)	165.5	181.4	208.9	-15.9	-8.8	-43.4	-20.8
Unemployment Rate (%)	6.7	7.3	8.4	-0.6	-	-1.7	-
Participation Rate (%)	72.0	72.2	72.7	-0.2	-	-0.7	-
Employment Rate (%)	67.2	67.0	66.6	0.2	-	0.6	-

Note: Totals may not add due to rounding

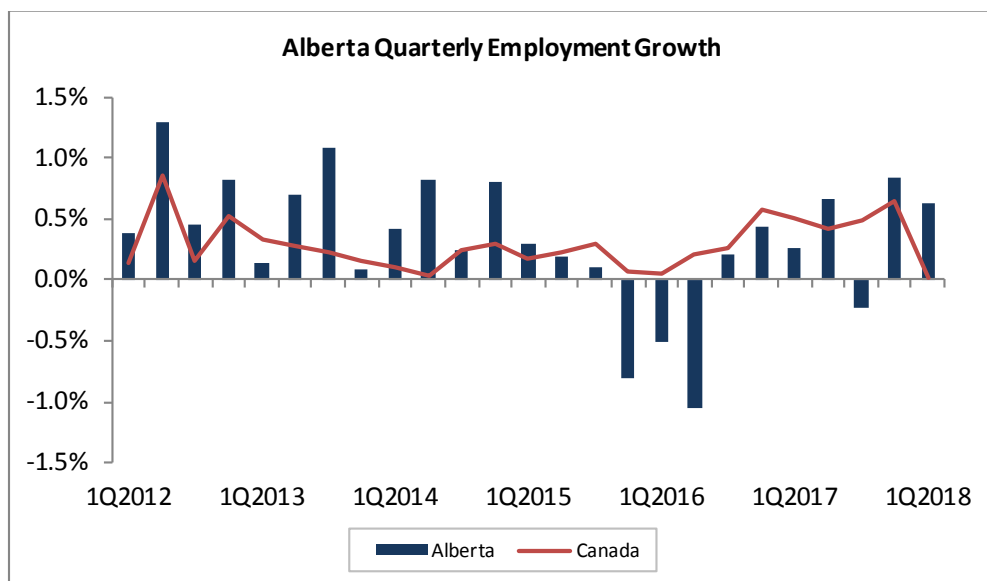
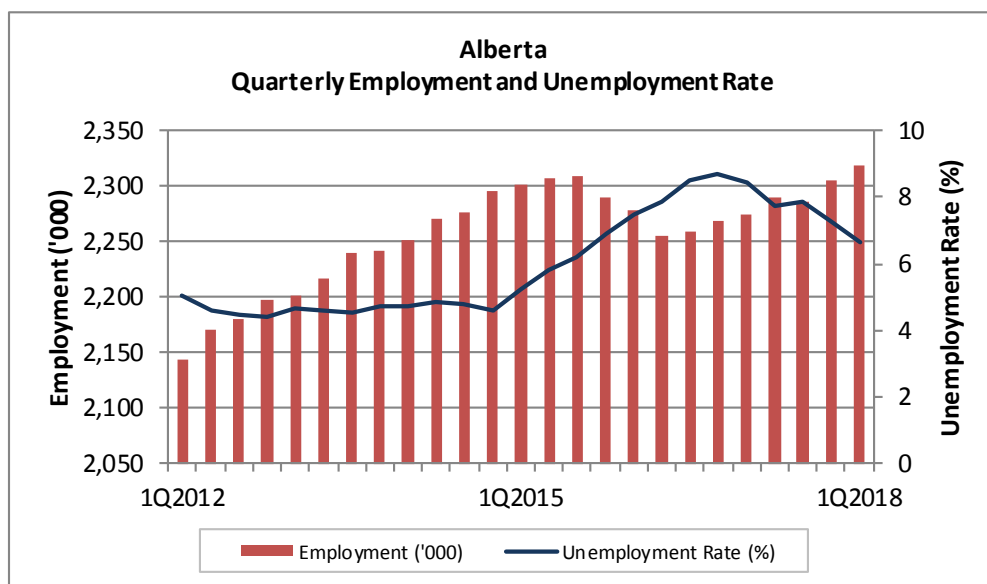
Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0087

Alberta's unemployment rate eased to 6.7% in the first quarter, still the highest rate among western provinces. While unemployment dropped sharply – down 20% on the year – Alberta's labour force growth has stalled, unchanged for the past six months.

At 31.3 hours, Alberta’s average work week for non-salaried workers lessened in January (the most recent data available). Still, this was well ahead of the corresponding figure nationwide (29.9 hours).¹ Meanwhile, at \$1,147 per week, average earnings in Alberta remained the highest among provinces.²

According to the most recent data, Employment Insurance (EI) beneficiaries in Alberta dipped 0.4% in January compared to the previous month. On a year over year basis the number of regular beneficiaries were down one-quarter compared to January 2017. Women comprised one-third of regular EI beneficiaries in January, a relatively low figure, given that women make up 45% of the provincial labour force and 42% of provincial unemployment.³

The number of private sector employees in Alberta increased in Q1-2018 compared to one year earlier (+1.5%), while public sector employment and self-employment increased 0.6% and 4.9%, respectively.⁴



Looking at the Q4-2017 survey results by major demographic grouping, unemployment rates were generally lower on both a quarterly and an annual basis. Only youth aged 15 to 24 years showed any variation on this, with the unemployment rate for young men up on the quarter, and the unemployment rate for young women up compared to Q1 of last year.

Alberta Quarterly Unemployment Rates, by Gender and Age

Seasonally Adjusted Data	1st	4th	1st	Quarterly	Yearly
	Quarter	Quarter	Quarter	Variation	Variation
	2018 (%)	2017 (%)	2017 (%)	(% points)	(% points)
Total	6.7	7.3	8.4	-0.6	-1.7
25 years and over	5.7	6.5	7.6	-0.8	-1.9
Men - 25 years and over	5.9	6.4	8.2	-0.5	-2.3
Women - 25 years and over	5.4	6.5	6.8	-1.1	-1.4
15 to 24 years	13.1	12.8	13.6	0.3	-0.5
Men - 15 to 24 years	15.7	14.9	16.9	0.8	-1.2
Women - 15 to 24 years	10.2	10.5	9.9	-0.3	0.3

Note: Totals may not add due to rounding

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

Labour market indicators for Indigenous people

Alberta - Labour Market Indicators for Indigenous People

3-month moving averages Seasonally unadjusted data	Indigenous		Yearly variation (Indigenous)		Non-Indigenous		Yearly variation (non-Indigenous)	
	Q1 2018	Q1 2017	number	%	Q1 2018	Q1 2017	number	%
Population 15 + ('000)	170.3	166.1	4.2	2.5	3,280.2	3,248.3	31.9	1.0
Labour Force ('000)	115.6	113.9	1.7	1.5	2,347.9	2,352.9	-5.0	-0.2
Employment ('000)	105.5	98.2	7.3	7.4	2,189.0	2,151.2	37.8	1.8
Full-Time ('000)	88.0	80.8	7.2	8.9	1,787.4	1,726.8	60.6	3.5
Part-Time ('000)	17.5	17.4	0.1	0.6	401.6	424.4	-22.8	-5.4
Unemployment ('000)	10.1	15.7	-5.6	-35.7	159.0	201.7	-42.7	-21.2
Unemployment Rate (%)	8.8	13.8	-5.0	-	6.8	8.6	-1.8	-
Participation Rate (%)	67.9	68.6	-0.7	-	71.6	72.4	-0.8	-
Employment Rate (%)	61.9	59.1	2.8	-	66.7	66.2	0.5	-

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

Roughly 170,000 Métis and First Nations adults aged 15 years and over lived off reserve in Alberta during the first quarter (Q1) of 2018. Of this population about 62% were employed, an improvement from the same three month period in 2017. Unemployment also declined on the year, as the unemployment rate eased to 8.8%.

Over the past year, there were positive announcements targeted towards the Indigenous community. In 2017, the Alberta government and the Métis Nation of Alberta signed a new 10-year framework agreement. Another provincial initiative, the Aboriginal Business Investment Fund (ABIF), has provided \$10 million to Indigenous community-owned businesses since 2016. In February 2018, the ABIF provided \$675,000 to help Beaver First Nation buy a bulldozer and expand its heavy equipment operation.

EMPLOYMENT BY INDUSTRY

Employment in Alberta's goods-producing sector surged 5.6% between Q1-2017 and Q1-2018. In contrast, employment gains in the services-producing sector were modest – up 0.7% on both a quarterly and year over year basis.

Alberta Quarterly Labour Force Statistics, by Industry

Seasonally Adjusted Data ('000)	1st Quarter 2018	4th Quarter 2017	1st Quarter 2017	Quarterly Variation		Yearly Variation	
				Number	%	Number	%
Total employed, all industries	2,318.8	2,304.4	2,275.0	14.4	0.6	43.8	1.9
Goods-producing sector	594.2	591.4	562.9	2.8	0.5	31.3	5.6
Agriculture	51.3	51.8	51.3	-0.5	-1.0	0.0	0.0
Forestry, fishing, mining, quarrying, oil and gas	152.7	149.5	140.2	3.2	2.1	12.5	8.9
Utilities	21.5	20.2	20.4	1.3	6.4	1.1	5.4
Construction	239.5	245.7	240.7	-6.2	-2.5	-1.2	-0.5
Manufacturing	129.1	124.2	110.4	4.9	3.9	18.7	16.9
Services-producing sector	1,724.6	1,713.1	1,712.0	11.5	0.7	12.6	0.7
Trade	335.8	338.7	332.0	-2.9	-0.9	3.8	1.1
Transportation and warehousing	142.1	143.1	139.1	-1.0	-0.7	3.0	2.2
Finance, insurance, real estate and leasing	110.5	110.9	105.1	-0.4	-0.4	5.4	5.1
Professional, scientific and technical services	178.4	180.7	181.6	-2.3	-1.3	-3.2	-1.8
Business, building and other support services	84.0	81.5	78.0	2.5	3.1	6.0	7.7
Educational services	158.8	153.6	156.9	5.2	3.4	1.9	1.2
Health care and social assistance	273.2	267.5	276.4	5.7	2.1	-3.2	-1.2
Information, culture and recreation	75.3	73.3	74.7	2.0	2.7	0.6	0.8
Accommodation and food services	149.4	144.9	145.9	4.5	3.1	3.5	2.4
Other services	112.2	112.3	121.1	-0.1	-0.1	-8.9	-7.3
Public administration	104.8	106.5	101.1	-1.7	-1.6	3.7	3.7

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 12,500 positions since Q1-2017, with most increases occurring in the oil and gas sub-sector. Employment in the broader industry, which peaked at 182,000 during Q3-2014, remains 19% below that level. The price of benchmark North American crude oil (WTI), which averaged \$51 U.S. per barrel in 2017, has traded above \$60 U.S. through the first quarter of 2018.

World oil production dipped last year because of voluntary cuts made by the Organization of Petroleum Exporting Countries (OPEC) and by Russia. Storage inventories also declined on an annual basis, leading

investors to bet on higher prices. As prices rose, however, production increased in other countries, notably the United States, and to a lesser extent Canada. Now more oil is expected to be produced than consumed in 2018, putting downward pressure on prices and likely slowing their rise.⁵

Optimism is somewhat muted concerning Alberta's energy sector. While both Suncor and Teck resources have filed proposals for future oil sands developments, investment dollars worldwide have been moving away from similarly capital intensive projects such as off-shore deep water operations. Instead, spending has been climbing in shorter term projects, especially in horizontally drilled tight oil and shale oil plays.

In early April the number of active drill rigs in the U.S. was up 20% compared to the same period last year. At the same time, the rig count in western Canada declined due to spring breakup. Despite the seasonal pullback, interest in Alberta's shale oil and gas plays remains strong. In 2017 provincial revenue from oil and gas land auctions tripled to \$505 million.⁶

The glacial progress on export pipelines is arguably the largest factor weighing against Alberta's energy sector. In 2017, shortly 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 for an altered route that has since led to further delays.⁷ Similarly, Enbridge's Line 3 replacement project, which runs from Hardisty, Alberta to Superior Wisconsin, awaits an April 2018 decision in Minnesota.⁸ 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., have escalated between the governments of Alberta and British Columbia and between pro- and anti-pipeline forces. Most recently, Kinder Morgan has announced that court-actions beyond May 31st will cause them to walk away from the project, citing undue risk for their shareholders.⁹

Looking at Alberta's other goods-producing industries, construction employment fell sharply on the quarter (-6,200) as large-scale energy projects including the Redwater Refinery and the Fort Hills oil sands mine wound down in earnest. Compared to Q1-2017, the manufacturing industry (+18,700) saw job gains in fabricated metal products and in paper.

About a dozen Albertan communities continue to wait for the other shoe to drop, as the U.S. Department of Commerce pursues its forest sector trade action. In January 2018, the department applied preliminary tariffs on Canadian groundwood paper. Nevertheless, employment in wood product and paper manufacturing was higher in Q1-2018 than during the same quarter 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.

Turning to the services-producing sector, significant year over year employment gains were seen in business, building, and other support services (+6,000), led by firms specializing in the management of other companies. The finance, insurance, real estate, and leasing industry also added jobs on the year (+5,400), with the largest gains coming in leasing services. Meanwhile, job gains were seen in wholesale and retail trade (+3,800), as both wholesale and retail staffed up modestly.

Employment in accommodation and food services increased on the year (+3,500). Employment in this industry peaked at about 158,000 in Q1-2015, but remains well below that level today. Although international tourism

has been an economic bright spot, booming activity in the premium resorts of Banff and Jasper has not come close to offsetting widespread cutbacks in business travel and corporate hospitality spending.

In Q1-2018, hiring in the public sector continued to slow down. Compared to Q1-2017, the combined employment of educational services, healthcare and social assistance, and public administration rose by just 0.4%. In 2015, the staffing of these three industries rose 9.5% on a combined annual basis. Since then growth has slowed, up just 2.6% in 2017.

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 (+6.1%), followed by Banff-Jasper-Rocky Mountain House and Athabasca-Grand Prairie-Peace River and then Wood Buffalo-Cold Lake.

Alberta Quarterly Labour Force Statistics, by Economic Region

Not Seasonally Adjusted Data	Employment			Unemployment Rate		
	1st Quarter 2018 ('000)	1st Quarter 2017 ('000)	Yearly Variation (%)	1st Quarter 2018 (%)	1st Quarter 2017 (%)	Yearly Variation (% points)
Alberta	2,297.8	2,251.9	2.0	6.8	8.8	-2.0
Economic Regions						
Lethbridge-Medicine Hat	141.7	143.3	-1.1	6.5	6.9	-0.4
Camrose-Drumheller	104.3	98.3	6.1	3.9	9.9	-6.0
Calgary	889.5	867.6	2.5	8.0	9.1	-1.1
Banff-Jasper-Rocky Mountain House and Athabasca-Grand Prairie-Peace River	191.2	181.4	5.4	5.1	7.8	-2.7
Red Deer	115.0	111.1	3.5	4.9	9.5	-4.6
Edmonton	772.1	769.5	0.3	6.8	8.8	-2.0
Wood Buffalo-Cold Lake	84.0	80.8	4.0	5.7	9.1	-3.4

Note: Totals may not add due to rounding

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

In Lethbridge-Medicine Hat, employment fell 1.1% compared to Q1-2017. The unemployment rate also fell, as the area's labour force shrank by 1,300. Hiring in the oil and gas extraction industry, which had been a bright spot for the area, declined compared to the same period one year prior. In a new development, Hut8 Mining Corp. has signed a \$100M power and land agreement with the City of Medicine Hat for the development of a cryptocurrency data centre by fall 2019. The project is expected to generate 100 construction jobs and over 40 full-time positions once operational.

Employment in Camrose-Drumheller, jumped sharply year over year, while both the population and labour force declined. Some job losses were seen in the goods producing sector, notably agriculture, although oil and gas hiring continued apace. Meanwhile, employment surged across the services-producing sector, led by job gains in transportation and warehousing. A portion of those jobs come as WestJet Link, a new feeder service connecting smaller communities to WestJet's Calgary hub, delayed first flights to and from Lloydminster until later this year. Still, two pipelines are under construction in the area, which has likely required additional

workers in the pipeline transportation sub-sector. At 3.9%, Camrose Drumheller had the lowest unemployment rate in the province during Q1-2018.

Employment in Banff-Jasper-Rocky-Mountain House and Athabasca-Grande Prairie-Peace River also advanced in the first quarter compared to Q1-2017. Job gains were distributed among the services-producing industries, as hiring in the oil and gas sector appeared to pause. This geographically large region contains Alberta's most active share of the Duvernay formation, an area well suited to the drilling techniques that have revolutionized oil production throughout the U.S.¹⁰ In early 2018, the Town of Grande Cache received the welcome news that the nearby metallurgical coal mine, shuttered in 2015, will likely reopen this summer. Meanwhile, about 140 kilometres to the southeast, the Town of Hinton received \$1.2M in combined federal and provincial funding for a geothermal project that could replace natural gas for heating.

In Red Deer, employment increased by 3.5% on the year, as both the labour force and unemployment declined. Job gains in the area were spread unevenly across both the goods-producing and services-producing sectors. Unemployment fell sharply during the year, with the region's unemployment rate down by half from Q1-2017. In a major regional development, Gen III Oil Corp. has signed a 20-year lease with Parkland Fuel Corp. for land in Bowden with plans to build a used oil re-refinery. The \$90M project is expected to employ 445 people during construction and 25 people once operational in 2019.

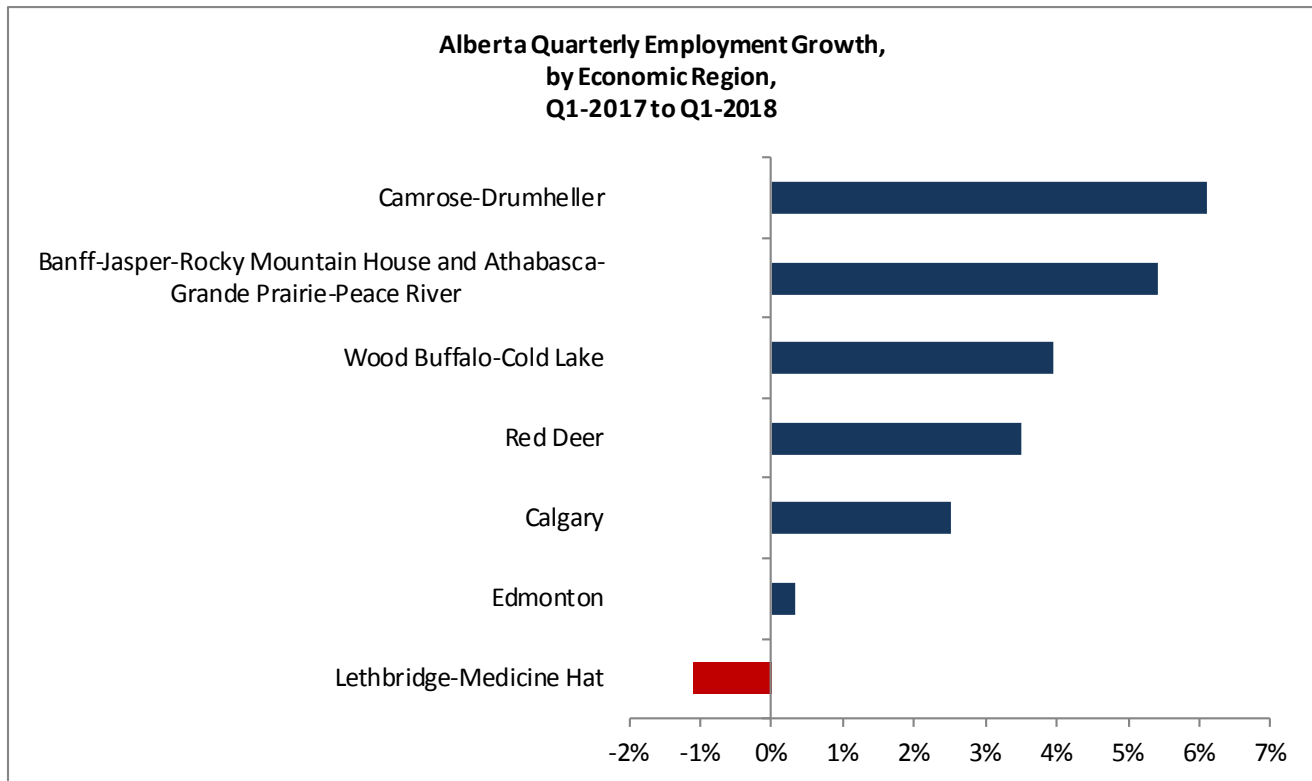
To the northeast, Wood Buffalo-Cold Lake's Fort McMurray continues its recovery from the wildfire of May 2016. In Q1-2018, employment in Wood Buffalo-Cold Lake increased to 84,000, while its unemployment rate dropped to 5.7%. Over the last year, Canadian firms such as Suncor and Cenovus, have increased their stakes in Alberta's oil sands, buying out the holdings of foreign owners. The two companies' fortunes have diverged of late, however, even as the discount between Alberta's most common oil sands blend (WCS) and benchmark North American oil (WTI) widened during the first three months of the year. While Suncor claims little exposure to the discount (it owns an oil refinery in Colorado), Cenovus has reduced production rates, and placed excess inventory in storage, in anticipation of better prices further down the road.

Employment in the Edmonton area was essentially unchanged in Q1-2018 (+0.3%), as job gains in the goods-producing sector (+4.8%) barely outweighed job losses among services-producing industries (-0.8%). While the first quarter was a challenging time for Edmonton's labour market, the region's unemployment rate did drop to 6.8%, 1.2 percentage points below that of Calgary. In December, Calgary-based, Inter Pipeline Ltd. gave final approval to move ahead with its \$3.5 billion Heartland Petrochemical Complex next to the City of Edmonton. Site prep through the first three months of the year included driving more than 3,000 pilings into the ground. The project is expected to create 13,000 direct and indirect jobs over four years.

In Calgary, overall employment grew at a healthy clip on the year (+2.5%), led by very strong growth in the goods-producing sector. By contrast, the region's services-producing industries shed jobs on the year, particularly the three public sector service industries of education, health care, and public administration.

In construction news, work has begun 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 six years. Meanwhile, Amazon will break ground on a new distribution warehouse near Balzac, 25 kilometres north of Calgary, later this fall. The project is expected to generate 150 construction jobs and 750 full-time positions upon completion. This comes as Bentall Kennedy

and investment partners continue to develop a large industrial facility in Balzac, the first major speculative development in the region since the early 2015 downturn.



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, January 2018; Accessed April 6, 2018 <http://www5.statcan.gc.ca/cansim/a26?id=2810049>

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, January 2018. Accessed April 6, 2018 <http://www5.statcan.gc.ca/cansim/a26?id=2760022>

⁴ Statistics Canada, CANSIM Table 282-0089; Labour force survey estimates (LFS), employment by class of worker and sex, seasonally adjusted and unadjusted, March 2018; Accessed April 6, 2018 <http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=2820089>

⁵ Energy Information Agency (EIA) Short Term Energy Outlook (STEO), March 6, 2018; Accessed April 9, 2018 <https://www.eia.gov/outlooks/steo/report/>

⁶ Alberta Energy, Petroleum and Natural Gas Sales Statistics; 2017 Calendar Year File; Accessed October 10, 2017

⁷ BOE Report, Keystone XL pipeline opponents appeal Nebraska route approval, January 5, 2018; Accessed January 8, 2018 <https://boereport.com/2018/01/05/keystone-xl-pipeline-opponents-appeal-nebraska-route-approval/>

⁸ 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>

⁹ CBC News, Notley demands 'concrete action' from Ottawa to get Trans Mountain pipeline moving; April 8, 2018. Accessed April 9, 2018; <http://www.cbc.ca/news/canada/edmonton/kinder-morgan-puts-brakes-on-trans-mountain-pipeline-activities-1.4610626>

¹⁰ CBC News, Alberta's beleaguered energy sector is making a comeback; November 29, 2017; Accessed January 8, 2018 <http://www.cbc.ca/news/canada/calgary/oil-alberta-energy-duvernay-formation-capital-investment-1.4424667>