



# Labour Market Bulletin

Alberta

June 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

Alberta's labour market continued to improve during the three months April to June 2018, as employment in the province increased for a third consecutive quarter. At 2.33 million, employment was up 0.3% compared to the previous quarter, and up 1.6% compared to the second quarter of last year. Full-time employment advanced on the year (+45,100), while part-time employment retreated (-9,400). Average weekly hours for hourly employees increased by 2.6% between April 2017 and April 2018, the most recent data available. At 31.4 hours, working hours in Alberta remain well above the current national average (30.1).<sup>1</sup> Meanwhile, at \$1,153 per week, average earnings in Alberta remain the highest among provinces.<sup>2</sup>

Turning to category of worker, private-sector employment was up 0.5% (+6,600) compared to Q2-2017. Public-sector employment also increased on the year, up 4,300. It was the self-employed, however, who saw the largest increase; their ranks swelled by almost 25,000.<sup>3</sup>

### Alberta Quarterly Labour Force Statistics

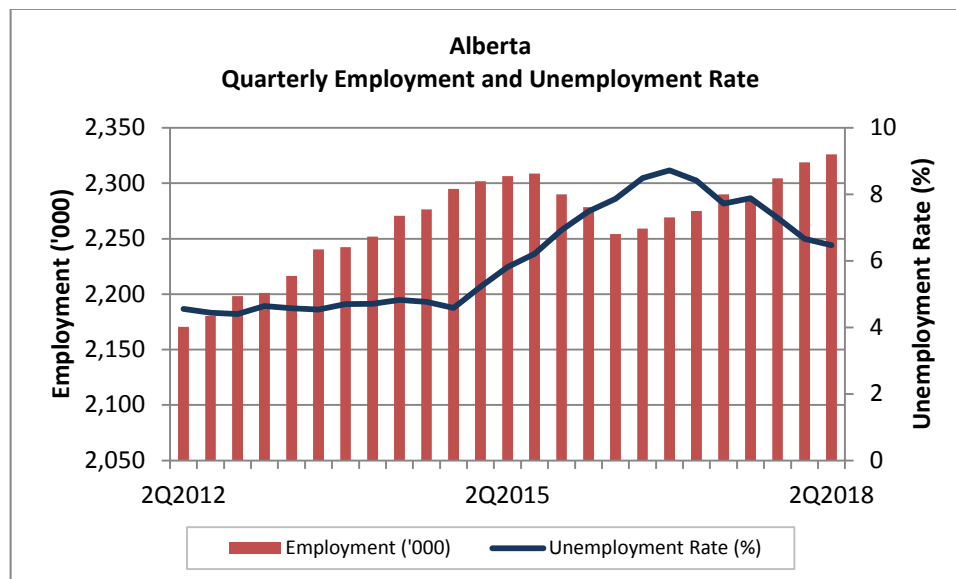
Seasonally Adjusted Data	2nd Quarter 2018	1st Quarter 2018	2nd Quarter 2017	Quarterly Variation		Yearly Variation	
				Number	%	Number	%
<b>Population 15 + ('000)</b>	3,463.4	3,450.5	3,425.1	12.9	0.4	38.3	1.1
<b>Labour Force ('000)</b>	2,486.7	2,484.3	2,481.9	2.4	0.1	4.8	0.2
<b>Employment ('000)</b>	2,325.9	2,318.8	2,290.1	7.1	0.3	35.8	1.6
Full-Time ('000)	1,917.5	1,910.3	1,872.4	7.2	0.4	45.1	2.4
Part-Time ('000)	408.4	408.5	417.8	-0.1	0.0	-9.4	-2.2
<b>Unemployment ('000)</b>	160.8	165.5	191.7	-4.7	-2.8	-30.9	-16.1
<b>Unemployment Rate (%)</b>	6.5	6.7	7.7	-0.2	-	-1.2	-
<b>Participation Rate (%)</b>	71.8	72.0	72.5	-0.2	-	-0.7	-
<b>Employment Rate (%)</b>	67.2	67.2	66.9	0.0	-	0.3	-

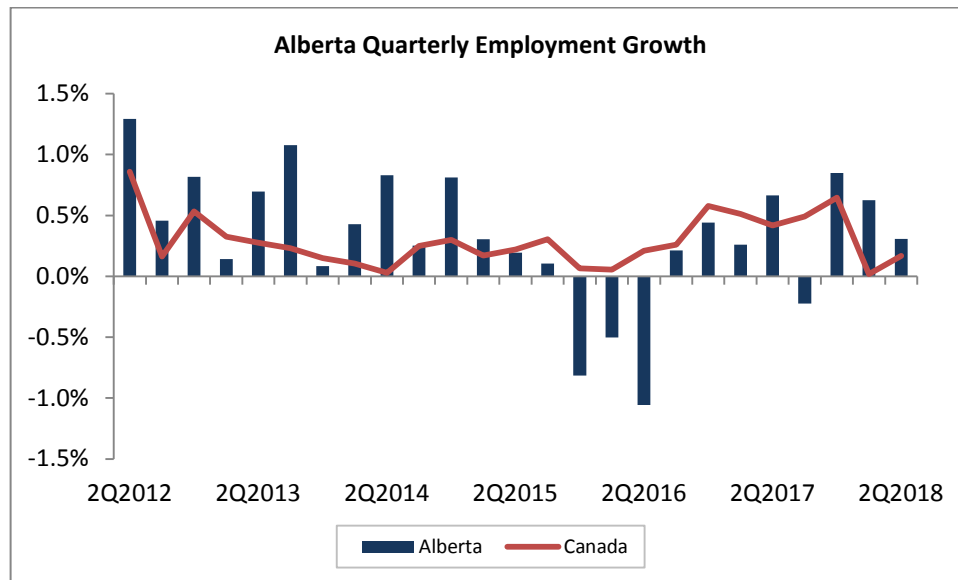
Note: Totals may not add due to rounding

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

At about 160,000, unemployment was almost 20% lower than it was one year ago. Accordingly, the provincial unemployment rate decreased to 6.5%, still the highest among western provinces – and higher than the national figure of 5.9% as well.

In the 12 months to April, the number of regular EI recipients in Alberta fell by 28.7%, the sharpest decrease among the provinces. In April 2018, just one-third of regular EI beneficiaries in the province were women. In contrast, women make up 45% of the Alberta labour force and represent 46% of the unemployed.<sup>4</sup> The low EI coverage rate for women is not unusual in Canada, as it results from differences in the number of hours typically worked.





**Alberta Quarterly Unemployment Rates, by Gender and Age**

Seasonally Adjusted Data	2nd Quarter 2018 (%)	1st Quarter 2018 (%)	2nd Quarter 2017 (%)	Quarterly Variation (% points)	Yearly Variation (% points)
	<b>Total</b>	6.5	6.7	7.7	-0.2
<b>25 years and over</b>	5.6	5.7	6.8	-0.1	-1.2
Men - 25 years and over	5.7	5.9	7.0	-0.2	-1.3
Women - 25 years and over	5.6	5.4	6.6	0.2	-1.0
<b>15 to 24 years</b>	12.1	13.1	13.4	-1.0	-1.3
Men - 15 to 24 years	12.3	15.7	17.3	-3.4	-5.0
Women - 15 to 24 years	11.7	10.2	9.1	1.5	2.6

Note: Totals may not add due to rounding

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

Looking at unemployment rates by major demographic grouping, only young women aged 15 to 24 saw an increased unemployment rate on the year (up 2.6 percentage points to 11.7%). This comes as employment of young women in the provinces – particularly in the goods producing sector – trends lower, and unemployment remains high. As for young men, their unemployment rate plummeted 5.0 percentage points on the year. However, while employment held steady and unemployment fell, almost 10,000 men aged 15 to 24 exited the labour market, and their population declined.

## 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)	
	Q2 2018	Q2 2017	Number	%	Q2 2018	Q2 2017	number	%
<b>Population 15 + ('000)</b>	171.0	167.5	3.5	2.1	3,292.5	3,257.6	34.9	1.1
<b>Labour Force ('000)</b>	112.8	110.7	2.1	1.9	2,383.1	2,382.9	0.2	0.0
<b>Employment ('000)</b>	101.5	97.7	3.8	3.9	2,231.0	2,198.7	32.3	1.5
Full-Time ('000)	85.1	80.5	4.6	5.7	1,839.5	1,796.5	43.0	2.4
Part-Time ('000)	16.4	17.2	-0.8	-4.7	391.5	402.2	-10.7	-2.7
<b>Unemployment ('000)</b>	11.2	13.1	-1.9	-14.5	152.1	184.2	-32.1	-17.4
<b>Unemployment Rate (%)</b>	10.0	11.8	-1.8	-	6.4	7.7	-1.3	-
<b>Participation Rate (%)</b>	65.9	66.1	-0.2	-	72.4	73.1	-0.7	-
<b>Employment Rate (%)</b>	59.4	58.3	1.1	-	67.8	67.5	0.3	-

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

Over 170,000 Métis and First Nations adults aged 15 years and over lived off reserve in Alberta during the second quarter (Q2) of 2018. Employment among that group stood at 101,500, up 3,800 (+3.9%) from a year earlier (Q2 2017). The increase was all in full-time positions (+4,600 or +5.7%), partially offset by a decrease in part-time employment (-800 or -4.7%).

The unemployment rate for Indigenous people living off reserve was 10.0% in Q2 2018, down 1.8 percentage points (pp) from the previous year. The participation rate slipped to 65.9%, 6.5 pp below that of the province's non-Indigenous population. The employment rate increased to 59.4% (+1.1pp), while the non-Indigenous population saw a more modest increase of 0.3pp.

## EMPLOYMENT BY INDUSTRY

In Q2-2018 employment in Alberta's goods-producing sector spiked 5.4% compared to the April-June period one year ago. By contrast, employment in the services-producing sector was little changed (+0.3%) – while declining outright on a quarterly basis.

### Alberta Quarterly Labour Force Statistics, by Industry

Seasonally Adjusted Data ('000)	2nd Quarter 2018	1st Quarter 2018	2nd Quarter 2017	Quarterly Variation		Yearly Variation	
				Number	%	Number	%
<b>Total employed, all industries</b>	2,325.9	2,318.8	2,290.1	7.1	0.3	35.8	1.6
<b>Goods-producing sector</b>	608.1	594.2	577.0	13.9	2.3	31.1	5.4
Agriculture	50.7	51.3	53.3	-0.6	-1.2	-2.6	-4.9
Forestry, fishing, mining, quarrying, oil and gas	155.2	152.7	144.0	2.5	1.6	11.2	7.8
Utilities	23.4	21.5	21.5	1.9	8.8	1.9	8.8
Construction	247.9	239.5	237.2	8.4	3.5	10.7	4.5
Manufacturing	131.0	129.1	121.1	1.9	1.5	9.9	8.2
<b>Services-producing sector</b>	1,717.8	1,724.6	1,713.1	-6.8	-0.4	4.7	0.3
Trade	332.6	335.8	333.4	-3.2	-1.0	-0.8	-0.2
Transportation and warehousing	137.9	142.1	139.5	-4.2	-3.0	-1.6	-1.1
Finance, insurance, real estate and leasing	105.7	110.5	108.7	-4.8	-4.3	-3.0	-2.8
Professional, scientific and technical services	182.6	178.4	175.9	4.2	2.4	6.7	3.8
Business, building and other support services	81.7	84.0	78.4	-2.3	-2.7	3.3	4.2
Educational services	161.5	158.8	158.2	2.7	1.7	3.3	2.1
Health care and social assistance	274.7	273.2	278.2	1.5	0.5	-3.5	-1.3
Information, culture and recreation	78.3	75.3	74.1	3.0	4.0	4.2	5.7
Accommodation and food services	145.4	149.4	149.4	-4.0	-2.7	-4.0	-2.7
Other services	109.3	112.2	116.2	-2.9	-2.6	-6.9	-5.9
Public administration	108.1	104.8	101.1	3.3	3.1	7.0	6.9

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey – Table T14-10-0355, formerly CANSIM 282-0088

Alberta's resource extraction industry (forestry, fishing, mining, quarrying, oil and gas) gained an estimated 11,200 positions year over year, with most increases occurring in the oil and gas sub-sector. Employment in the overall industry, which peaked at 182,000 in Q3-2014, remains about 15% below that level.

Oil prices have been on a roller coaster ride through the first six months of the year, with benchmark North American crude (WTI) fetching \$73.50 U.S. per barrel at the time of writing. This is WTI's highest price since December, 2014.<sup>5</sup> Regardless, oil's current price momentum – based on higher demand and lower supply – may not hold, if America's looming international trade war unfolds as threatened. A full-blown trade war could trim 0.4 pp off global economic growth and reduce oil demand worldwide.<sup>6</sup> However, while a destructive trade war seems increasingly likely, it is virtually impossible to predict in any detail how it will play out. Oil's strategic attributes might equally send prices soaring through the roof.

Meanwhile, U.S. shale oil production continues to surprise to the upside. The U.S. Energy Information Agency (EIA) estimates that total U.S. crude production will average 10.8 million barrels per day (b/d) in 2018, up 15% from 2017, with a further 11% increase expected next year.<sup>7</sup>

The exuberance in Texas is not mirrored in Alberta's oil patch, as Canadian firms have been hit by the export pipeline constraints that reduce producers' earnings as transportation costs rise. Rail and pipeline bottlenecks, which have become more acute over time, worsened earlier this year as the Keystone line was forced to operate at half capacity. In response, Calgary-based producers, Cenovus and CNRL, cut output, lowered exports, and increased their temporary storage. In 2018, capital investment in Alberta is expected to decline for a fourth consecutive year.

Nevertheless, recent export pipeline events have buoyed the industry mood. TransCanada's Keystone XL is slowly re-emerging as a viable option, even as Enbridge received approval from the State of Minnesota for a Line 3 replacement route very close to the one requested.<sup>8</sup> The prospects for Kinder Morgan's long delayed Trans Mountain pipeline expansion increased dramatically in late May, when the federal government effectively nationalized the project at a cost of \$4.5 billion – to widespread approval throughout Alberta.<sup>9</sup>

In fact, compared to May 2017, oil production in Alberta was up 16.5% in May (the most recent data available). Non-conventional (i.e. oil sands) output accounted for 83% of all oil production in the province that month. Oil sands production surged by 17%; conventional production increased more slowly.<sup>10</sup>

Looking at Alberta's other goods-producing industries, year over year employment gains were seen in all sectors except agriculture. Nevertheless, construction employment may take a hit later this year as major project work continues to scale back and the inventories of unsold new condominiums in Calgary and Edmonton continue to build. In May (the most recent data available) unabsorbed new housing units in Alberta's two major centres accounted for almost one-third of all large-city unabsorbed units in Canada.<sup>11</sup> Job gains in manufacturing were seen in fabricated metal products, due in large part to strong demand for custom drilling equipment.

While less significant than in central Canada, the imposition of U.S. tariffs on Canadian steel and aluminum is of material consequence in Alberta. The number of workers potentially and directly affected is relatively modest – about 3,000 workers province-wide, according to Census 2016. However, because Canada has retaliated and placed matching tariffs on imports of U.S. steel and aluminum, the dispute will drive up the input costs and threaten the viability of machinery manufacturing (about 16,000 workers) and of fabricated metal product manufacturing (about 24,000 workers) in the province.

Turning to the services-producing sector, significant employment gains were seen in professional, scientific and technical services (+6,700). Firms in this industry appear to be thriving under current conditions, as they typically provide services (e.g. payroll services) to companies wishing to cut overhead costs and outsource non-core functions. The many Albertans opting for self-employment (see page one) may also be clients of this industry. Alberta's information, culture, and recreation industry posted notable year over year employment gains (+4,800). In this case, hiring was concentrated in the amusement, gambling, and recreation sub-industry, perhaps an indication of increased discretionary spending in the province.

Over the past several years, overall hiring in the public sector has kept pace with provincial population growth and demographic needs. In Q2-2018, the combined employment gains in education, health services, and public administration totaled 6,800 (+1.3%). At about one-third the employment base, public sector hiring accounted for less than 20% of employment gains on the period.

## REGIONAL ANALYSIS

Over the past year, employment increased in all seven of Alberta's Economic Regions (ERs). On a percentage basis, Camrose-Drumheller led the province in job growth (+5.2%), followed by Banff-Jasper-Rocky Mountain House and Athabasca-Grand Prairie-Peace River, and then Red Deer.

### Alberta Quarterly Labour Force Statistics, by Economic Region

Not Seasonally Adjusted Data	Employment			Unemployment Rate		
	2nd Quarter 2018 ('000)	2nd Quarter 2017 ('000)	Yearly Variation (%)	2nd Quarter 2018 (%)	2nd Quarter 2017 (%)	Yearly Variation (% points)
<b>Alberta</b>	2,336.1	2,299.1	1.6	6.5	7.9	-1.4
<b>Economic Regions</b>						
Lethbridge - Medicine Hat	146.2	145.9	0.2	4.9	4.8	0.1
Camrose - Drumheller	106.5	101.2	5.2	4.4	7.7	-3.3
Calgary	895.7	892.3	0.4	7.1	8.6	-1.5
Banff-Jasper-Rocky Mountain House and Athabasca-Grand Prairie-Peace River	191.2	183.1	4.4	6.7	6.3	0.4
Red Deer	118.2	113.3	4.3	5.4	7.0	-1.6
Edmonton	794.1	779.7	1.8	6.6	8.2	-1.6
Wood Buffalo - Cold Lake	84.2	83.5	0.8	6.5	7.7	-1.2

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 increased a slim 0.2% compared to Q2-2017. At the same time, the unemployment rate edged upward (+0.1%). Notably, employment in oil and gas extraction retreated on the year. In recent developments, the Medicine Hat YMCA has been awarded the contract to take over operation of 11 before- and after school programs in School District No. 76 this fall. Previously each program was managed separately. In Taber, sugar beet growers and Lantic Sugar have signed a two-year contract extension. The extension includes a commitment to develop a rolling contract when the new pact expires in late 2020. The Lantic plant in Taber employs up to 250 workers during peak periods.

Employment increased sharply in **Camrose-Drumheller** year over year, as job gains in the goods-producing sector more than offset weakness among services-producing industries. At just 4.4%, the area unemployment rate is extremely low. In development news, ATCO has applied to the Alberta Energy Regulator to convert its Battle River Generating Station Unit Five to natural gas from coal. A new pipeline will be built to supply the converted generator. ATCO anticipates regulatory approval by September 2018 followed by a three-year design and construction timeline. Concurrently, Pembina Pipelines has received approval to construct a new rail terminal at its forthcoming \$120M propane extraction facility near Empress.

While overall employment increased in **Banff-Jasper-Rocky-Mountain House and Athabasca-Grande Prairie-Peace River**, the area saw a pullback in oil and gas extraction jobs from Q2-2017. This may have been related to local conditions, as parts of Alberta experienced an unusual amount of overland flooding this spring. In general, oil and gas activity in the Grande Prairie/Fox Creek has been on a tear. To the south, the tourism centres of Banff and Jasper enjoyed another banner year in 2018. In Jasper, Hostelling International Canada and Horizon North

Modular Solutions have started construction of a 157-bed hostel. The site will include two buildings dedicated to staff accommodation and an additional maintenance building.

**Red Deer** enjoyed healthy job growth in Q2-2018 (+4.3%). Moreover, at 5.4%, Red Deer's unemployment rate was the third lowest province-wide. Compared to Q2-2017, employment was down across most goods-producing industries, except for agriculture. On the services-producing side, employment growth was strongest in wholesale and retail trade, and in educational services. Looking ahead, Red Deer College is launching a two-year Justice Studies Diploma starting in fall 2018 partly in response to a local shortage of qualified corrections officers. The program will offer graduates the opportunity to begin entry-level jobs in corrections.

To the northeast, **Wood Buffalo-Cold Lake**'s Fort McMurray functions as the services hub for Alberta's oil sands region. In Q2-2018 employment in the Wood Buffalo-Cold Lake region stood at 84,200, while the unemployment rate was 6.5%. Counter to the general trend of reduced oil sands investments, China's state-owned Nexen Energy is going ahead with a \$400M expansion of its Long Lake project. The addition of new well pads and pipelines to the existing facility will enable the project to increase daily oil production by 26,000 barrels. In June, Syncrude Canada temporarily shut down the production of upgraded bitumen at its oil sands mine outside Fort McMurray. The shutdown, originally caused by a power outage, could stretch into August, taking as much as 300,000 barrels a day off the market.

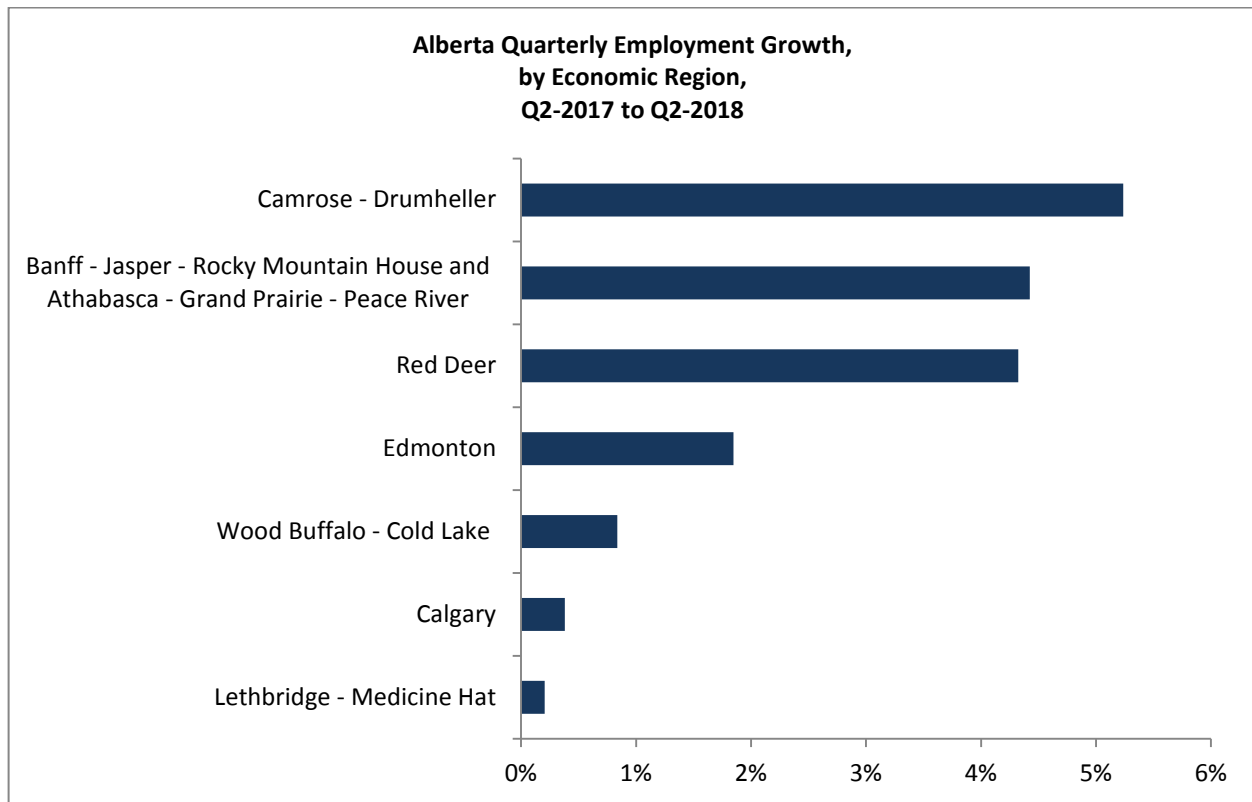
In Q2-2018 employment in the **Edmonton** region increased 1.8% year over year (+14,400) as job gains in the goods-producing sector outpaced hiring among services-producing industries. Despite this, the area labour market remains heavily dependent on the public sector service industries of health care, education, and public administration. Year over year, public sector job gains were an estimated 28,200 in Q2-2018 – meaning that in their absence, overall employment would have declined by 13,800 (-1.8%).

In Fort Saskatchewan, Calgary-based Inter Pipeline has begun the construction of its \$3.5 billion Heartland Petrochemical Complex. The project, which is expected to generate 13,000 direct and indirect jobs over four years, typifies recent efforts to diversify Alberta's economy. Inter will be constructing road bypasses and upgrading bridges in advance of the planned movement of modules scheduled for October 2018. Over 300 modules are being constructed across Alberta at sites in Edmonton, Fort Saskatchewan, and Grande Prairie.

In **Calgary**, employment increased marginally in Q2-2018 compared to the same period last year (+0.4%). While employment in the services-producing sector declined (-19,000), strong job growth was seen across nearly the entire goods-producing sector (+22,000). In a troubling development, the area labour force declined by 1.2%.

Amazon is looking to hire 1,000 full-time employees for its new fulfilment centre located near Calgary, and slated for opening later this year. The firm is searching for workers to package orders, manage human resources, and oversee mechanical and engineering components. In other news, Calgary-based WestJet has launched its ultra-low-cost carrier Swoop. The company has struck a deal with the Air Line Pilots Association that allows WestJet pilots to fly for Swoop at Swoop rates and conditions.





**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](http://www.statcan.gc.ca)

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<sup>1</sup> Statistics Canada, Table 14-10-0222-01 Employment, average hourly and weekly earnings (including overtime), and average weekly hours for the industrial aggregate excluding unclassified businesses, monthly, seasonally adjusted. Accessed July 6, 2018 <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410022201>

<sup>2</sup> Ibid

<sup>3</sup> Statistics Canada, Table 14-10-0288-01 Employment by class of worker, monthly, seasonally adjusted and unadjusted, last 5 months (x 1,000); Accessed July 6, 2018 <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410028801>

<sup>4</sup> Statistics Canada, Table 14-10-0011-01 Employment insurance beneficiaries (regular benefits) by province and territory, monthly, seasonally adjusted; Accessed July 6, 2018 <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410001101>

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<sup>5</sup> Nasdaq (July 9, 2018). Crude Oil: WTI (NYMEX). <http://www.nasdaq.com/markets/crude-oil.aspx?timeframe=6m>

<sup>6</sup> *Trump's trade war could destroy 4% of global trade: 'The threat to world growth is significant'*; Jim Edwards, Business Insider July 4, 2018; Accessed July 9, 2018. <http://www.businessinsider.com/statistics-trump-trade-war-global-trade-world-growth-gdp-2018-7>

<sup>7</sup> Energy Information Agency (EIA) Short Term Energy Outlook (STEO), June 12, 2018 outlook; Accessed July 9, 2018 <https://www.eia.gov/outlooks/steo/report/>

<sup>8</sup> *'It feels like a gun to our head': Minnesota regulators approve Enbridge Line 3 pipeline replacement*, June 28, 2018; Accessed July 9, 2018 <https://business.financialpost.com/commodities/energy/minnesota-regulators-seem-poised-to-approve-enbridge-line-3-pipeline-replacement>

<sup>9</sup> *Liberals to buy Trans Mountain pipeline for \$4.5B to ensure expansion is built*, May 29, 2018 ; Accessed July 6, 2018 <https://www.cbc.ca/news/politics/liberals-trans-mountain-pipeline-kinder-morgan-1.4681911>

<sup>10</sup> Government of Alberta, Economic Dashboard; as of June 29, 2018. Accessed July 10, 2018 <http://economicdashboard.alberta.ca/OilProduction>

<sup>11</sup> Statistics Canada, Table 34-10-0149-01 Canada Mortgage and Housing Corporation, absorptions and unabsorbed inventory, newly completed dwellings, by type of dwelling unit in census metropolitan areas; Accessed July 9, 2018 <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3410014901>