



Labour Market Bulletin

Alberta

July 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 retreated in July (-3,600), a continuation of the disappointing job growth seen so far this year. On the month, a surge in part-time jobs failed to offset a steep loss in full-time employment. Nevertheless, compared to July 2017, employment increased by 1.7%, well ahead of the corresponding figure Canada-wide (+1.3%).

Alberta Monthly Labour Force Statistics

| Seasonally Adjusted Monthly Data | July 2018 | June 2018 | July 2017 | Monthly Variation | | Yearly Variation | |
|-------------------------------------|--------------|--------------|--------------|-------------------|------|------------------|-------|
| | | | | Number | % | Number | % |
| Population 15 + ('000) | 3,473.0 | 3,467.8 | 3,431.2 | 5.2 | 0.1 | 41.8 | 1.2 |
| Labour Force ('000) | 2,491.3 | 2,489.9 | 2,478.6 | 1.4 | 0.1 | 12.7 | 0.5 |
| Employment ('000) | 2,324.6 | 2,328.2 | 2,285.0 | -3.6 | -0.2 | 39.6 | 1.7 |
| Full-Time ('000) | 1,896.3 | 1,918.0 | 1,860.0 | -21.7 | -1.1 | 36.3 | 2.0 |
| Part-Time ('000) | 428.3 | 410.2 | 425.0 | 18.1 | 4.4 | 3.3 | 0.8 |
| Unemployment ('000) | 166.7 | 161.7 | 193.5 | 5.0 | 3.1 | -26.8 | -13.9 |
| Unemployment Rate (%) | 6.7 | 6.5 | 7.8 | 0.2 | - | -1.1 | - |
| Participation Rate (%) | 71.7 | 71.8 | 72.2 | -0.1 | - | -0.5 | - |
| Employment Rate (%) | 66.9 | 67.1 | 66.6 | -0.2 | - | 0.3 | - |

Note: Totals may not add due to rounding

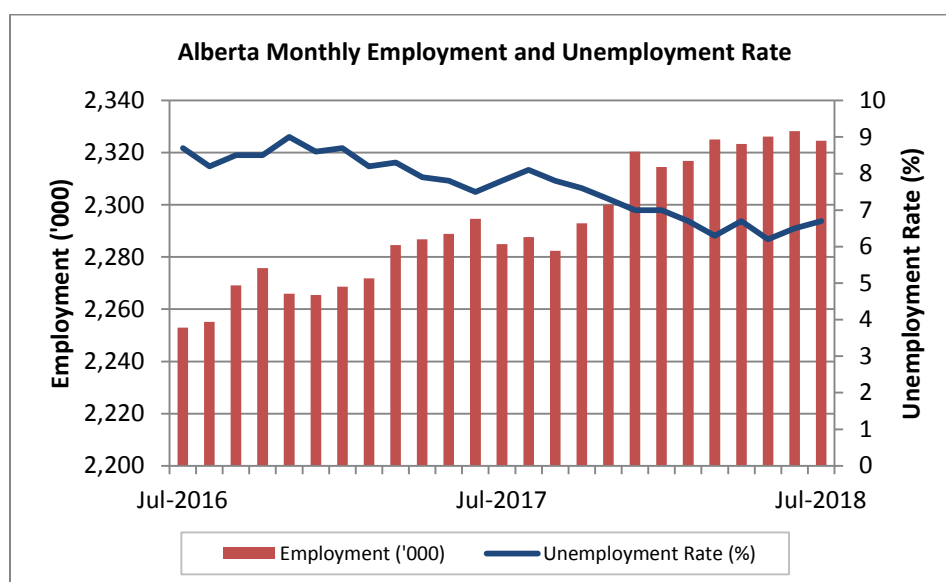
Source: Statistics Canada Labour Force Survey – Table 14-10-0287, formerly CANSIM 282-0087

On a month over month basis, Alberta's unemployment rate increased by 0.2 percentage points in July. At 6.7%, it remains the highest among western provinces, almost a full percentage point above the national average (5.8%). The length of time unemployed Albertans remain without work is also concerning. In July, the average duration of unemployment in Alberta was 19.5 weeks, third highest among provinces.¹

Hourly-paid Albertans worked 31.5 hours on average in May (the most recent data available). This was second among provinces and higher than the corresponding figure nationwide (30.3 hours). Meanwhile, at \$1,150 per week, average earnings in Alberta remain the highest among provinces.²

In May (again the most recent data available), regular Employment Insurance (EI) beneficiaries decreased for the 15th time in 17 months. Women comprised just one-third of regular EI beneficiaries in May, arguably an inequitable figure, given that women account for 45% of both the labour force and of unemployment in the province. EI coverage is particularly low for young women, who make up just 24% of all beneficiaries in the 15 to 24 years age group.³ These low rates of coverage for women are not unusual in Canada, as they result from differences in the number of hours typically worked.

Turning to category of worker, both private sector and public sector employment declined on the month. Year over year, all job-growth was accounted for by the self-employed, up 40,800.⁴



Unemployment by major demographic groupings

In July, the unemployment rates of most major demographic groups were lower than they were during the same month last year. One exception was young women aged 15 to 24 years, whose rate edged up 1.4 percentage points to 11.0%. This comes as the employment of young women in the province remains close to a 15-year low, particularly in goods-producing industries. As for young men, their unemployment rate decreased 0.5 percentage points on the year, while their employment dipped 3.0%.

Alberta Monthly Unemployment Rates, by Gender and Age

| Seasonally Adjusted Data | July 2018 (%) | June 2018 (%) | July 2017 (%) | Monthly Variation (% points) | Yearly Variation (% points) |
|---------------------------|---------------|---------------|---------------|------------------------------|-----------------------------|
| Total | 6.7 | 6.5 | 7.8 | 0.2 | -1.1 |
| 25 years and over | 5.9 | 5.7 | 7.2 | 0.2 | -1.3 |
| Men - 25 years and over | 5.9 | 5.5 | 6.6 | 0.4 | -0.7 |
| Women - 25 years and over | 5.9 | 6.0 | 7.9 | -0.1 | -2.0 |
| 15 to 24 years | 12.2 | 11.5 | 11.8 | 0.7 | 0.4 |
| Men - 15 to 24 years | 13.3 | 10.7 | 13.8 | 2.6 | -0.5 |
| Women - 15 to 24 years | 11.0 | 12.3 | 9.6 | -1.3 | 1.4 |

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 July, employment in Alberta's goods-producing sector was down 1.1% on the month, while up significantly from July of last year (+3.9%). In comparison, employment in the services-producing sector was up 0.2% on the month and up 1.0% year over year.

Alberta Monthly Labour Force Statistics, by Industry

| Seasonally Adjusted Data ('000) | July 2018 | June 2018 | July 2017 | Monthly Variation | | Yearly Variation | |
|---|-----------|-----------|-----------|-------------------|------|------------------|------|
| | | | | Number | % | Number | % |
| Total employed, all industries | 2,324.6 | 2,328.2 | 2,285.0 | -3.6 | -0.2 | 39.6 | 1.7 |
| Goods-producing sector | 601.6 | 608.5 | 579.2 | -6.9 | -1.1 | 22.4 | 3.9 |
| Agriculture | 49.2 | 48.7 | 52.9 | 0.5 | 1.0 | -3.7 | -7.0 |
| Forestry, fishing, mining, quarrying, oil and gas | 156.9 | 157.4 | 148.0 | -0.5 | -0.3 | 8.9 | 6.0 |
| Utilities | 23.2 | 23.5 | 22.4 | -0.3 | -1.3 | 0.8 | 3.6 |
| Construction | 244.0 | 251.6 | 235.2 | -7.6 | -3.0 | 8.8 | 3.7 |
| Manufacturing | 128.2 | 127.3 | 120.8 | 0.9 | 0.7 | 7.4 | 6.1 |
| Services-producing sector | 1,723.1 | 1,719.7 | 1,705.8 | 3.4 | 0.2 | 17.3 | 1.0 |
| Trade | 336.7 | 336.8 | 338.4 | -0.1 | 0.0 | -1.7 | -0.5 |
| Transportation and warehousing | 139.0 | 137.3 | 136.7 | 1.7 | 1.2 | 2.3 | 1.7 |
| Finance, insurance, real estate and leasing | 102.0 | 104.1 | 106.9 | -2.1 | -2.0 | -4.9 | -4.6 |
| Professional, scientific and technical services | 176.6 | 184.7 | 177.0 | -8.1 | -4.4 | -0.4 | -0.2 |
| Business, building and other support services | 82.0 | 82.8 | 86.2 | -0.8 | -1.0 | -4.2 | -4.9 |
| Educational services | 160.2 | 160.8 | 142.8 | -0.6 | -0.4 | 17.4 | 12.2 |
| Health care and social assistance | 276.9 | 273.9 | 276.9 | 3.0 | 1.1 | 0.0 | 0.0 |
| Information, culture and recreation | 79.9 | 79.0 | 72.6 | 0.9 | 1.1 | 7.3 | 10.1 |
| Accommodation and food services | 146.0 | 143.2 | 154.2 | 2.8 | 2.0 | -8.2 | -5.3 |
| Other services | 114.8 | 108.5 | 111.1 | 6.3 | 5.8 | 3.7 | 3.3 |
| Public administration | 109.0 | 108.7 | 103.1 | 0.3 | 0.3 | 5.9 | 5.7 |

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) gained 8,900 positions since last July, with most increases occurring in the oil and gas sub-sector. Nevertheless, at 156,900, the combined employment in these industries remains well below the 183,000 posted in September 2014. As Alberta's oil and gas firms grow accustomed to leaner staffing levels, some economists now believe that at least some of those lost jobs may never return.

Oil prices have been on a roller coaster ride year to date, with benchmark North American crude (WTI) trading above \$72 U.S. per barrel as of early July. Prices have fallen since then, with WTI fetching \$67.50 U.S. per barrel at the time of writing.⁵ Continued volatility seems almost guaranteed, as powerful forces threaten to take prices either much higher – or much lower. For example, a full-blown trade war could trim global economic growth by 0.5 percentage points by 2020, reduce oil demand worldwide, and send crude prices into a downward plunge.⁶ However, given today's elevated geopolitical risks, oil's strategic value 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 10.7 million barrels per day (b/d) in 2018, up 14% from 2017, with a further 9% increase expected next year.⁷

The exuberance in Texas is not being seen in Alberta's oil patch, however, as Canadian firms have been hit by export pipeline constraints that shrink producers' earnings as transportation costs rise. The result is a discount between WTI and Western Canada Select (WCS) – Canada's benchmark price for diluted bitumen – that reached \$35 Canadian per barrel in early August, a five-year high.

Because of the shortage of pipeline space, western Canadian producers have turned to shipments of oil by rail. In May (the most recent data available), railcar-loads of oil hit an all-time monthly high of 13,800, up 35% on the year.⁸ Pipeline bottlenecks, which have gradually become more acute, worsened in early 2018 as the Keystone line was forced to operate at half capacity. At that time, Calgary-based producers, Cenovus and CNRL, cut output, lowered exports, and increased their temporary storage. In 2018, capital investment in Alberta is on track to decline for a fourth consecutive year.

Still, some export pipeline news buoyed the industry mood. In June, Enbridge received approval from the State of Minnesota for a Line 3 replacement route very close to the one requested.⁹ While further court challenges can't be ruled out, Enbridge appears confident that Line 3 construction will be completed by the end of 2019.

In May, the outlook for Kinder Morgan's Trans Mountain pipeline expansion project was transformed, when the federal government purchased it for \$4.5 billion. The deal, still to be ratified by Kinder Morgan shareholders, was initially met with widespread approval in the province. That approval may have dimmed, however, when it was announced that construction costs will climb by \$1.9 billion, and that completion is now scheduled for December 2021.¹⁰ With the Line 3 replacement still a year and half away from becoming operational, and the wait time for Trans Mountain at least double that, it is more than likely that the WCS discount will remain troublesome.

Regardless, oil production in Alberta was up 13.2% in June when compared to June of last year. Non-conventional (i.e. oil sands) output accounted for 83% of all oil production in the province that month, with the volumes of oil sands and conventional product increasing at about the same rate.¹¹

Looking at Alberta's other goods-producing industries, year over year employment gains were seen across the board, except in agriculture, where abnormally dry and moderate drought conditions across much of southern Alberta may be limiting hiring. Construction employment will likely take a hit later this year, as the inventory of unsold new condominiums in Calgary and Edmonton remains high. In June, 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.¹² June also saw a decline in residential building permits in the province, both on the month and year over year.

Turning to the services-producing sector, employment in educational services spiked on the year (+17,400), more than accounting for all job gains in the entire services sector. Meanwhile, employment was also up in information, culture and recreation, led by a banner year in Alberta's film and sound recording industry.

Employment in accommodation and food services decreased by 8,200 on the year, as minor job gains in accommodation services failed to offset substantial 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. Although international tourism has picked up in Calgary and the resort communities of Jasper and Banff, the steep drop in business travel and in convention spending continues to weigh heavily in the province.

After a considerable buildup throughout the recession years of 2015 and 2016, hiring in the public sector continues to support overall employment levels. In addition to the surge in educational services mentioned above, year over year job gains were also seen in public administration (+5,900).

REGIONAL ANALYSIS

Over the past year, employment increased in five of seven Alberta regions. On a percentage basis, Camrose - Drumheller led the province in job growth (+4.9%), followed by Red Deer, and 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 | | |
|--|------------------------|------------------------|----------------------------|---------------------|---------------------|-----------------------------------|
| | July 2018 ('000) | July 2017 ('000) | Yearly Variation (%) | July 2018 (%) | July 2017 (%) | Yearly Variation (% points) |
| Alberta | 2,347.8 | 2,310.9 | 1.6 | 6.6 | 7.8 | -1.2 |
| Economic Regions | | | | | | |
| Lethbridge - Medicine Hat | 148.0 | 145.8 | 1.5 | 4.7 | 4.1 | 0.6 |
| Camrose - Drumheller | 107.1 | 102.1 | 4.9 | 4.5 | 7.1 | -2.6 |
| Calgary | 891.5 | 900.7 | -1.0 | 7.5 | 8.3 | -0.8 |
| Banff - Jasper - Rocky Mountain House and Athabasca - Grand Prairie - Peace River | 193.3 | 185.7 | 4.1 | 6.0 | 5.8 | 0.2 |
| Red Deer | 120.3 | 114.9 | 4.7 | 5.6 | 5.8 | -0.2 |
| Edmonton | 803.8 | 777.4 | 3.4 | 6.5 | 8.8 | -2.3 |
| Wood Buffalo - Cold Lake | 83.8 | 84.3 | -0.6 | 6.3 | 7.4 | -1.1 |

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 compared to July 2017 (+1.5%), with the unemployment rate also up (+0.6 percentage points). Employment in the oil and gas extraction industry declined. Looking ahead, the City of Medicine Hat is anticipating \$250M in new industrial development over the next 18 months or so, following recent announcements from firms in two new industries: Aurora Sun (cannabis production) and Hut 8 (bitcoin mining). Aurora estimates their facility will employ 450 and generate \$18 million in wages annually. In other news, Greengate Power Corporation has invested \$185M for two solar farms 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.

Year over year, employment increased 4.9% in **Camrose-Drumheller** in July. Survey results also indicate that the area's unemployment rate fell by 2.6 percentage points. At 4.5%, the region had the lowest unemployment rate in the province. 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 the business, building, and other support services industry. 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. In education, Clearview Public Schools will use its 2018-2019 Classroom Improvement Fund of \$362,000 to hire additional educational assistants and literacy consultants, and to provide targeted professional learning opportunities.

While overall employment increased in **Banff-Jasper-Rocky-Mountain House and Athabasca-Grande Prairie-Peace River** (+4.1%), the area saw a pullback in oil and gas extraction jobs compared to July 2017. In fact, employment in the services-producing sector more than offset a wide-spread retreat in goods-producing industries.

The pine beetle epidemic, that killed more BC timber than 10 years' worth of logging, is now well established in the Banff-Jasper-Rocky-Mountain House and Athabasca-Grande Prairie-Peace River region. For several years foresters have cut and burned infected stands near Hinton and Edson – where much of Alberta's commercial harvest takes place. Jasper National Park has not been so fortunate, as just under half of the park's 200,000-hectare pine forests have already been infected. Now the iconic forests are discolouring as trees die and their needles turn red. Nonetheless, Hostelling International Canada and Horizon North Modular Solutions have started construction of a 157-bed hostel in Jasper. The site will include two buildings dedicated to staff accommodation and one maintenance building.

Red Deer enjoyed healthy job growth in July (+4.7%). Moreover, at 5.6%, Red Deer's unemployment rate was the third lowest province-wide. Compared to July 2017, employment was down across most goods-producing industries, with agriculture the notable exception. On the services-producing side, employment growth was strongest in wholesale and retail trade. 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 centre for Alberta's oil sands operations. In July, employment in the Wood Buffalo-Cold Lake region stood at 83,800, down 0.6 percentage points on the year. Over the same period, the regional unemployment rate declined 1.1 percentage points to 6.3%. In Fort McMurray, construction is underway on the \$110 million Willow Square Continuing Care Centre. The work is expected to support about 240 jobs through to the centre's opening in spring 2020.

Nexen Energy is one of several firms looking to incrementally expand their oil sands operations. The \$400 million refresh of Nexen's Long Lake operations will include new well pads and pipeline connections to the existing facility. Daily oil production is expected to rise by 26,000 barrels by 2020.

After several grim months, the **Edmonton** labour market suddenly brightened in July. Employment across the region increased by 26,400 to just over 800,000. Combined hiring in the public sector industries of education, health care, and public administration totalled 30,600 – more than accounting for all job growth on the period. The region's unemployment rate fell 2.3 percentage points as employment gains (+3.4%) far outpaced labour force growth (+ 0.9%).

Construction activities at Inter Pipeline's \$3.5 billion Heartland Petrochemical Complex in Fort Saskatchewan continued to track on schedule and on budget in July. The project, which is expected to generate 13,000 direct and indirect jobs over four years, typifies recent efforts to diversify Alberta's economy.

According to the Realtors Association of Edmonton, home selling prices in the region are trending downwards. Single family home prices were down 2.4% while condominiums prices dropped 8.6% from June 2017.

After several buoyant months, the **Calgary** labour market suddenly dimmed in July. Overall employment dropped by 1.0% as stellar job growth across most goods-producing industries failed to offset deep job losses across the services-producing sector. While unemployment did ease, the region's labour force contracted by almost 20,000.

Cineplex Cinema Seton and VIP recently opened in Calgary with 1,900 seats, eleven auditoriums, a VIP lounge and four VIP auditoriums. The facility offers additional enhanced entertainment options such as UltraAVX and reclining D-BOX motion seats.

After breaking ground in October 2017, construction of the new Calgary Cancer Centre is well underway. The \$1.4 billion facility supports 1,500 construction jobs and is set to open in 2023. In other major project news, work on the final nine km leg of the Calgary Ring Road will begin next year, generating up to 2,600 construction jobs. When completed, the ring road will provide over 100 kms of free-flowing travel around the city.

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, Table 14-10-0056-01 Duration of unemployment, monthly, unadjusted for seasonality; Accessed August 10, 2018 <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410005601>

² 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 August 10, 2018 <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410022201>

³ Statistics Canada, Table 14-10-0011-01 Employment insurance beneficiaries (regular benefits) by province and territory, monthly, seasonally adjusted; Accessed August 10, 2018 <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410001101>

⁴ Statistics Canada, Table 14-10-0288-01 Employment by class of worker, monthly, seasonally adjusted and unadjusted, last 5 months (x 1,000); Accessed August 10, 2018 <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410028801>

⁵ Government of Alberta, Economic Dashboard; as of August 3, 2018. Accessed August 13, 2018 <http://economicdashboard.alberta.ca/OilProduction>

⁶ The Guardian, IMF warns Trump trade war could cost global economy \$430bn; July 16, 2018. Accessed August 13, 2018 <https://www.theguardian.com/business/2018/jul/16/imf-trump-trade-war-global-economy-us-tariff-weo>

⁷ Energy Information Agency (EIA), Short-Term Energy Forecast, August 7, 2018. Accessed August 13, 2018 <https://www.eia.gov/outlooks/steo/>

⁸ Statistics Canada, Table 23-10-0216-01 Railway carloadings statistics, by commodity, by region; monthly; May 2018. Accessed August 13, 2018 <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=2310021601>

⁹ Oilsands Magazine, Enbridge gets its preferred route for Line 3 replacement in Minnesota; June 29, 2018. Accessed August 10, 2018 <http://www.oilsandsmagazine.com/news/2018/6/29/enbridge-gets-its-preferred-route-for-line-3-replacement-in-minnesota>

¹⁰ CBC News, Cost to twin Trans Mountain pipeline could go \$1.9B higher, Kinder Morgan says, August 7, 2018. Accessed August 13, 2018 <https://www.cbc.ca/news/canada/calgary/kinder-morgan-trans-mountain-pipeline-costs-could-rise-completion-delayed-1.4776643>

¹¹ Government of Alberta, Economic Dashboard; August 3, 2018. Accessed August 13, 2018 <http://economicdashboard.alberta.ca/OilProduction>

¹² 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; June 2018. Accessed August 11, 2018 <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3410014901>