



Labour Market Bulletin

Alberta

September 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

Labour market results in Alberta were mixed for the three months July to September 2018. Employment growth came in at +0.4%, up from +0.3% during Q2-2018. However, unemployment also increased in Q3-2018, as more people entered the job market looking for work.

At 2.33 million, employment is now 80,000 above Q2-2016, the low point for employment during the recent provincial recession. Both full-time and part-time employment advanced on the year, +37,300 and +12,200 respectively.

Average weekly hours were up 1.9% in July 2018 compared to the same month last year (the most recent data available). At 31.8 hours, working hours in Alberta remain well above the current national average (30.2).¹ Meanwhile, at \$1,148 per week, average earnings in Alberta remain the highest among provinces.²

Turning to category of worker, private-sector employment was up 1.4% (+20,800) compared to Q3-2017. Public-sector employment also increased on the year, up 5,800. It was the self-employed, however, who saw the largest increase, as their ranks swelled by 23,000.³

At about 170,000, unemployment is down 46,000 from Q4-2016, the all-time high point for unemployment in Alberta. Accordingly, the provincial unemployment rate is much lower at 6.8%, down 1.1 percentage points on the year.

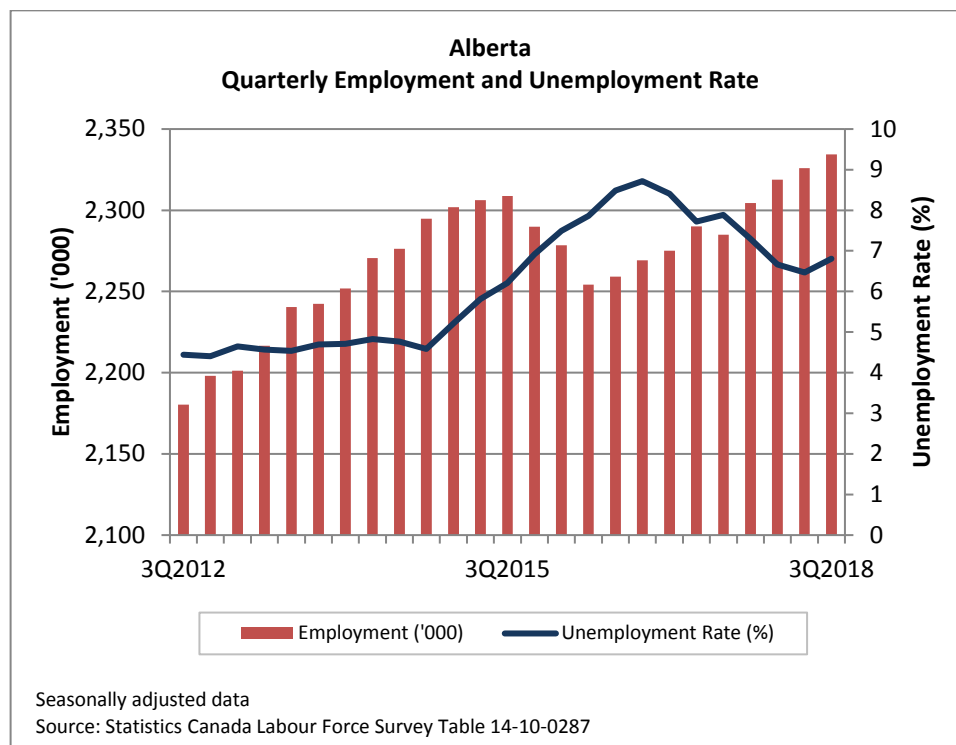
In the 12 months to July, the number of regular EI recipients in Alberta fell by 22%; compared to a decline of 11% nationwide.

Alberta Quarterly Labour Force Statistics

Seasonally adjusted data	3rd Quarter 2018	2nd Quarter 2018	3rd Quarter 2017	Quarterly Variation		Yearly Variation	
				Number	%	Number	%
Population 15 + ('000)	3,477.6	3,463.4	3,434.1	14.2	0.4	43.5	1.3
Labour Force ('000)	2,504.8	2,486.7	2,480.7	18.1	0.7	24.1	1.0
Employment ('000)	2,334.4	2,325.9	2,285.0	8.5	0.4	49.4	2.2
Full-Time ('000)	1,904.9	1,917.5	1,867.6	-12.6	-0.7	37.3	2.0
Part-Time ('000)	429.6	408.4	417.4	21.2	5.2	12.2	2.9
Unemployment ('000)	170.4	160.8	195.6	9.6	6.0	-25.2	-12.9
Unemployment Rate (%)	6.8	6.5	7.9	0.3	-	-1.1	-
Participation Rate (%)	72.0	71.8	72.2	0.2	-	-0.2	-
Employment Rate (%)	67.1	67.2	66.5	-0.1	-	0.6	-

Note: Totals may not add due to rounding

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





Alberta Quarterly Unemployment Rates, by Gender and Age

Seasonally adjusted data	3rd Quarter 2018 (%)	2nd Quarter 2018 (%)	3rd Quarter 2017 (%)	Quarterly Variation (% points)	Yearly Variation (% points)
	Total	6.8	6.5	7.9	0.3
25 years and over	6.0	5.6	7.1	0.4	-1.1
Men - 25 years and over	6.1	5.7	6.9	0.4	-0.8
Women - 25 years and over	5.8	5.6	7.4	0.2	-1.6
15 to 24 years	12.3	12.1	12.8	0.2	-0.5
Men - 15 to 24 years	14.0	12.3	14.8	1.7	-0.8
Women - 15 to 24 years	10.4	11.7	10.5	-1.3	-0.1

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 for youth (15 to 24 years of age) and for workers in the 25 years and over age range, both men and women saw decreased unemployment rates compared to Q3-2017. This comes as youth employment gains remain elusive across much of the country. In Alberta the number of young adults either working or looking for work declined by 6,000 compared to the same period last year.

Labour Market Indicators for Indigenous People

Over 170,000 Métis and First Nations adults aged 15 years and over lived off reserve in Alberta during Q3-2018, representing roughly 5% of the total adult population. Employment among that group stood at 100,300, up 1.1% from a year earlier (Q3 2017). The increase was all in full-time positions (+7,200), largely offset by a decrease in part-time employment (-6,100).

The unemployment rate for Indigenous people living off reserve was 12.0% in Q3 2018, down 1.9 percentage points (pp) from the previous year. The participation rate slipped to 66.6%, 6.2 pp below that of the province's non-Indigenous population. The employment rate decreased to 58.6% (-0.2pp), while the non-Indigenous population saw an increase of 0.7pp.

In the Economic Region of Lethbridge - Medicine Hat, the Kainai First Nation is building 25 modular homes in a warehouse in Standoff, Alberta. The \$6.5M project, which is providing full-time employment for 45 First Nation members, is being funded by CMHC, Indigenous and Northern Affairs Canada and Blood Tribe Housing.⁴

Alberta - Labour Market Indicators for Indigenous People

3-month moving averages Seasonally unadjusted data	Indigenous		Yearly variation (Indigenous)		Non-Indigenous		Yearly variation (non-Indigenous)	
	Q3 2018	Q3 2017	number	%	Q3 2018	Q3 2017	number	%
Population 15 + ('000)	171.4	168.7	2.7	1.6	3,306.2	3,265.4	40.8	1.2
Labour Force ('000)	114.0	115.2	-1.2	-1.0	2,405.5	2,379.1	26.4	1.1
Employment ('000)	100.3	99.2	1.1	1.1	2,243.7	2,194.2	49.5	2.3
Full-Time ('000)	86.0	78.8	7.2	9.1	1,855.6	1,819.9	35.7	2.0
Part-Time ('000)	14.3	20.4	-6.1	-29.9	388.2	374.2	14.0	3.7
Unemployment ('000)	13.7	16.0	-2.3	-14.4	161.7	184.9	-23.2	-12.5
Unemployment Rate (%)	12.0	13.9	-1.9	-	6.7	7.8	-1.1	-
Participation Rate (%)	66.6	68.3	-1.7	-	72.8	72.9	-0.1	-
Employment Rate (%)	58.6	58.8	-0.2	-	67.9	67.2	0.7	-

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

EMPLOYMENT BY INDUSTRY

In Q3-2018 employment in Alberta's goods-producing sector was up 3.5% compared to the July to September period one year ago. By comparison, employment in the services-producing sector increased at half that rate (+1.7%).

Alberta Quarterly Labour Force Statistics, by Industry

Seasonally adjusted data ('000)	3rd Quarter	2nd Quarter	3rd Quarter	Quarterly Variation		Yearly Variation	
	2018	2018	2017	Number	%	Number	%
Total employed, all industries	2,334.4	2,325.9	2,285.0	8.5	0.4	49.4	2.2
Goods-producing sector	603.0	608.1	582.8	-5.1	-0.8	20.2	3.5
Agriculture	48.2	50.7	51.4	-2.5	-4.9	-3.2	-6.2
Forestry, fishing, mining, quarrying, oil and gas	155.3	155.2	147.3	0.1	0.1	8.0	5.4
Utilities	23.9	23.4	21.9	0.5	2.1	2.0	9.1
Construction	246.3	247.9	240.0	-1.6	-0.6	6.3	2.6
Manufacturing	129.3	131.0	122.3	-1.7	-1.3	7.0	5.7
Services-producing sector	1,731.5	1,717.8	1,702.2	13.7	0.8	29.3	1.7
Trade	336.1	332.6	336.4	3.5	1.1	-0.3	-0.1
Transportation and warehousing	138.8	137.9	141.9	0.9	0.7	-3.1	-2.2
Finance, insurance, real estate and leasing	103.3	105.7	107.7	-2.4	-2.3	-4.4	-4.1
Professional, scientific and technical services	180.7	182.6	176.1	-1.9	-1.0	4.6	2.6
Business, building and other support services	85.5	81.7	84.3	3.8	4.7	1.2	1.4
Educational services	158.5	161.5	143.9	-3.0	-1.9	14.6	10.1
Health care and social assistance	277.6	274.7	272.7	2.9	1.1	4.9	1.8
Information, culture and recreation	79.0	78.3	71.4	0.7	0.9	7.6	10.6
Accommodation and food services	146.6	145.4	153.7	1.2	0.8	-7.1	-4.6
Other services	115.5	109.3	111.2	6.2	5.7	4.3	3.9
Public administration	109.9	108.1	103.0	1.8	1.7	6.9	6.7

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 8,000 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 continued to trend upwards throughout 2018, with benchmark North American crude (WTI) fetching \$74.50 U.S. per barrel at the time of writing.⁵ However, unlike previous price recoveries, this one has not led to huge new capital investments in Alberta's oil patch nor in a frenzy of hiring. That's been happening in American oilfields, as U.S. shale oil production continues to surprise to the upside.

U.S. crude oil production is on track to average 10.7 million b/d in 2018, a 14% increase in just one year. Production growth is expected to slow to 7% in 2019 as surging output begins to test the limits of existing

infrastructure.⁶ Nevertheless, Texas shale drillers are still finding new ways to increase the output of their best wells. Should prices continue to climb, similar techniques could be applied to second tier properties, resulting in higher production still.

Regardless, oil's worldwide price momentum – based on higher demand and lower supply – may not hold, if America's looming international trade war unfolds as threatened. While U.S. action is ultimately directed towards China, many emerging market nations are already suffering collateral damage. A full-blown trade war could trim 0.4 pp off global economic growth and reduce oil demand growth worldwide.⁷ However, in the short term, American trade actions against Iran have served to boost the price of oil.

The industry growth and investment gains seen in Texas have largely been missing in Alberta. Canadian firms have been hit by a shortage of pipeline space, compounded by a loss of competitiveness vis-a-vis the U.S. corporate tax cuts announced in early 2018. Moreover, in the U.S., the largest refinery capable of processing diluted Canadian bitumen has been closed for refit. As a result, the differential between WCS – Canada's benchmark price for diluted bitumen – and WTI was an astonishing \$58 Canadian per barrel at the time of writing – higher than the price of WCS itself (\$38 Canadian/barrel). Should this continue, October will be only the second month ever during which the WTI/WCS differential, aka 'the bitumen bubble', has exceeded the price of WCS.⁸

Because of the shortage of pipeline space, Canadian producers are turning to shipments of oil by rail. In July, the number of railway carloads of fuel oil and crude petroleum in Western Canada hit 17,413 – a record high and over eight times the volume of ten years ago.⁹

In August, shockwaves ripped through Alberta when the Federal Court of Appeal unanimously overturned the newly nationalized Trans Mountain pipeline expansion project's 2016 approval. The Court faulted the National Energy Board (NEB) for failing to consider the project's effects on local marine life. It also faulted the Crown for failing to adequately consult First Nations communities. In response, the Federal Government has given the NEB until February 28, 2019 to review the environmental effects of increased tanker traffic in B.C.'s southern waters. Moreover, while declining to appeal the Appeal Court decision to the Supreme Court, the Government appointed retired Supreme Court judge Frank Iacobucci to lead a new round of consultations with the 117 Indigenous communities along the proposed route. No time lines have been placed on the consultation process.

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.¹⁰

Looking at Alberta's other goods-producing industries, year over year employment gains were seen across the board, except in agriculture, where 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, housing starts across the province dropped to 22,300, the lowest figure this year.¹¹ Arguably this is a good thing, as over-building can also distort the housing market.

Turning to the services-producing sector, significant year over year employment gains were seen in professional, scientific and technical services (+4,600), led by legal services. Firms across the broader industry appear to be

thriving under current conditions, as they typically provide services to companies wishing to cut overhead costs and/or to outsource support functions. The many Albertans opting for self-employment may also be clients. Alberta's information, culture, and recreation industry also posted notable year over year employment gains (+7,600). New hiring was concentrated in broadcasting and telecommunications and in the motion picture and sound recording sub-industry.

Over the past several years, overall hiring in the public sector has kept pace with provincial population growth and demographic needs. In Q3-2018, the combined employment gains in education, health services, and public administration totalled 26,400 (+5.1%). At about one-third the employment base, public sector hiring accounted for over 50% of employment gains on the period.

REGIONAL ANALYSIS

Over the past year, employment increased in five of seven Economic Regions (ERs) in Alberta. On a percentage basis, Red Deer led the province in job growth (+6.6%), followed by Banff-Jasper-Rocky Mountain House and Athabasca-Grand Prairie-Peace River, and then Edmonton.

Alberta Quarterly Labour Force Statistics, by Economic Region

Seasonally unadjusted data	Employment			Unemployment Rate		
	3rd Quarter 2018 ('000)	3rd Quarter 2017 ('000)	Yearly Variation (%)	3rd Quarter 2018 (%)	3rd Quarter 2017 (%)	Yearly Variation (% points)
Alberta	2,348.1	2,297.2	2.2	6.9	8.0	-1.1
Economic Regions						
Lethbridge - Medicine Hat	147.0	142.6	3.1	4.8	5.1	-0.3
Camrose - Drumheller	102.3	99.4	2.9	5.2	8.0	-2.8
Calgary	889.7	890.7	-0.1	8.2	8.6	-0.4
Banff-Jasper-Rocky Mountain House and Athabasca-Grand Prairie-Peace River	191.8	183.8	4.4	5.2	5.8	-0.6
Red Deer	121.5	114.0	6.6	7.2	5.7	1.5
Edmonton	812.9	781.9	4.0	6.5	8.7	-2.2
Wood Buffalo - Cold Lake	82.8	84.7	-2.2	5.9	7.3	-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 increased a healthy 3.1% compared to Q3-2017. At the same time, the unemployment rate edged downward (-0.3 percentage points) and at 4.8% is now the lowest in the province. Of note, employment in oil and gas extraction edged up on the year. In recent developments, the Native Friendship Centre in Lethbridge is one of four locations sharing a \$400,000 provincial grant targeting opioid abuse. The funding will support opioid-awareness training and the hiring of four specialized support workers known as navigators. Meanwhile, Capital Power has started site preparations for the \$325M Whitla Wind Farm south of Bow Island, roughly halfway between Lethbridge and Medicine Hat. The project is expected to have as many as 200 workers on site next spring.

Employment increased by 2.9% in **Camrose-Drumheller** year over year, as job gains in the goods-producing sector more than offset weakness among services-producing industries. At just 5.2%, the area unemployment rate is well below the provincial average (6.8%). In development news, Gibson Energy is building two new 500,000 barrel tanks at its Hardisty Terminal as part of its \$200-\$250M capital program. The tanks are expected to be in service by the fourth quarter of 2019.

On the educational front, Bow Valley College is launching an incubator space and mentorship hub for start-ups, at the Strathmore Campus Entrepreneur Centre. The learning hub provides up-and-coming entrepreneurs with tools to grow their businesses.

Overall employment increased in **Banff-Jasper-Rocky-Mountain House and Athabasca-Grande Prairie-Peace River** (+4.4%). The area also saw renewed growth in oil and gas extraction employment, welcome news as the Grande Prairie/Fox Creek area has been one of the few bright spots for conventional oil extraction in recent years. 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 heady job growth in Q3-2018 (+6.6%). However, unemployment also grew, as even more people entered the labour force looking for work. Compared to Q3-2017, employment was down across most goods-producing industries, except for agriculture. On the services-producing side, employment growth was strongest in business, building and other support services, and in educational services. Looking ahead, Alberta Health Services (AHS) has started construction on a new Community Health Centre in Lacombe. It is unclear whether the new facility, which will open in 12 to 18 months, will create more AHS staffing opportunities.

To the northeast, **Wood Buffalo-Cold Lake**'s Fort McMurray functions as the services hub for Alberta's oil sands operations. In Q3-2018 employment in the Wood Buffalo-Cold Lake region stood at 82,800, while the unemployment rate was 5.9%. 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 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.

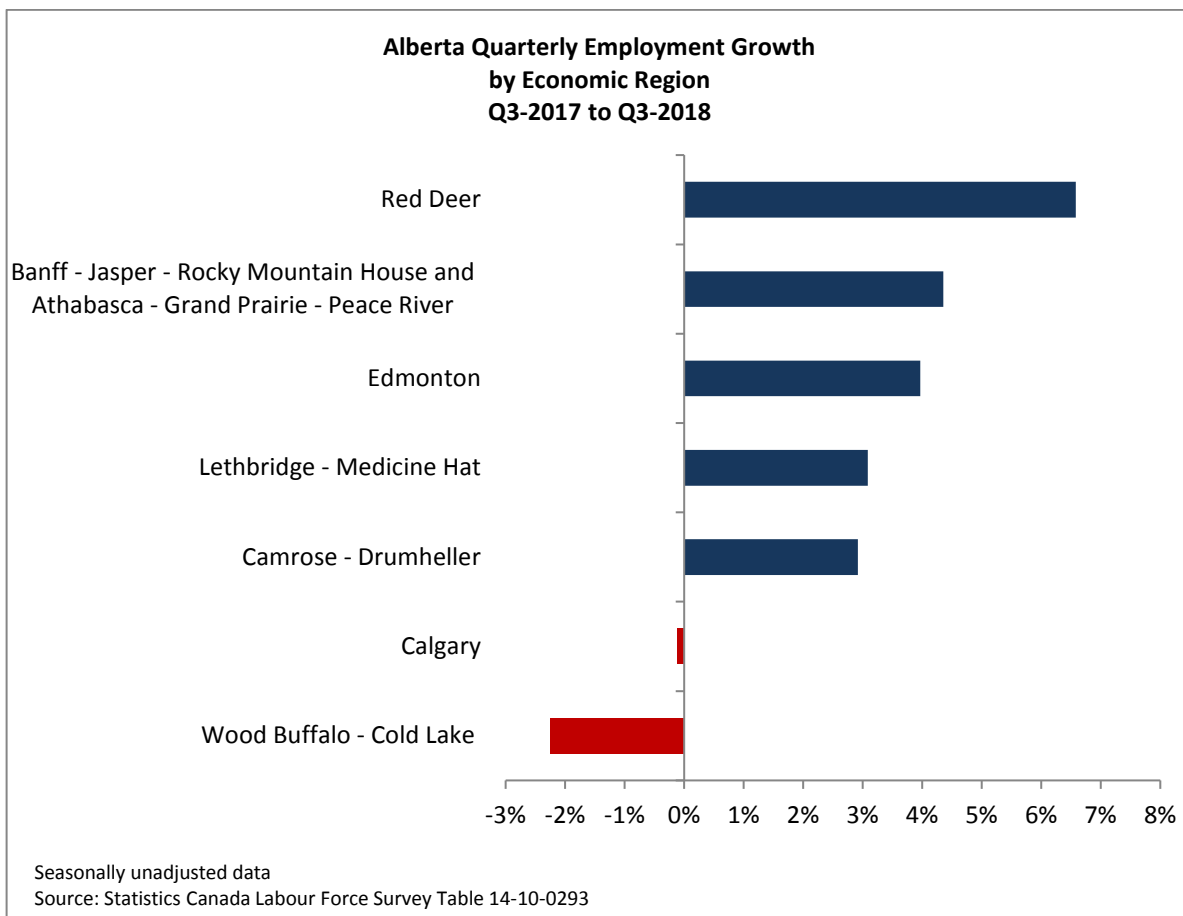
In Q3-2018 employment in the **Edmonton** region increased 4.0% year over year (+31,000) as job gains in the goods-producing sector were outpaced by hiring among services-producing industries. The regional labour market remains heavily dependent on the public sector service industries of health care, education, and public administration. Year over year job gains in the public sector were an estimated 26,500 in Q3-2018 – accounting for 85% of all employment growth. 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 green initiative.

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.

In **Calgary**, employment decreased marginally in Q3-2018 compared to the same period last year (-0.1%). While employment in the services-producing sector declined (-10,000), job growth was seen in the goods-producing sector (+9,000). In a troubling development, population surged on the year, while the labour force contracted.

Calgary-based ENMAX Corporation has been busy in its home town and surrounds. The Government of Canada has committed \$1.4M to an ENMAX project that will make Calgary's power grid more resilient and efficient. The project will enable power to flow both ways throughout the downtown core. Meanwhile, Genesis Place, a multi-purpose recreational facility in Airdrie, is set to have the largest solar-panelled rooftop in the country. The City of Airdrie will purchase the system at a cost of about \$2.06M from ENMAX 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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¹ 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 October 6, 2018 <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410022201>

² Ibid

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

⁴ CBC News, Housing project brings 25 new homes, 45 full-time jobs to Kainai First Nation; September 19, 2018. Accessed October 9, 2018 <https://www.cbc.ca/news/canada/calgary/blood-tribe-housing-project-1.4829067>

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

⁶ Energy Information Agency (EIA) Short Term Energy Outlook (STEO), September 11, 2018; Accessed October 9, 2018 <https://www.eia.gov/outlooks/steo/report/>

⁷ 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>

⁸ Baytex Energy, Historical WCS Pricing, July 2018. Accessed October 9, 2018 http://www.baytexenergy.com/files/pdf/Operations/Historical_WCS_Pricing_July_%202018.pdf

⁹ Statistics Canada, Table 23-10-0216-01, Railway carloadings statistics, by commodity, by region, monthly. Accessed October 9, 2018 <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=2310021601&pickMembers%5B0%5D=1.3>

¹⁰ Government of Alberta, Economic Dashboard; as of June 29, 2018. Accessed October 8, 2018 <http://economicdashboard.alberta.ca/OilProduction>

¹¹ 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>