



Labour Market Bulletin

Alberta

January 2019



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

In January, Alberta was one of only two provinces to see an employment decline compared to December 2018 (-15,500). At 2.33 million, employment in the province has slipped, at least somewhat, in four of the past five months. Full-time employment pulled back by 14,600 in January, while the number of Albertans working part-time hours declined by 900.

Alberta Monthly Labour Force Statistics

Seasonally Adjusted Monthly Data	January 2019	December 2018	January 2018	Monthly Variation		Yearly Variation	
				Number	%	Number	%
Population 15 + ('000)	3,498.9	3,493.9	3,447.3	5.0	0.1	51.6	1.5
Labour Force ('000)	2,495.7	2,501.7	2,489.4	-6.0	-0.2	6.3	0.3
Employment ('000)	2,326.4	2,341.9	2,315.7	-15.5	-0.7	10.7	0.5
Full-Time ('000)	1,904.4	1,919.0	1,918.8	-14.6	-0.8	-14.4	-0.8
Part-Time ('000)	422.0	422.9	396.8	-0.9	-0.2	25.2	6.4
Unemployment ('000)	169.3	159.8	173.7	9.5	5.9	-4.4	-2.5
Unemployment Rate (%)	6.8	6.4	7.0	0.4	-	-0.2	-
Participation Rate (%)	71.3	71.6	72.2	-0.3	-	-0.9	-
Employment Rate (%)	66.5	67.0	67.2	-0.5	-	-0.7	-

Note: Totals may not add due to rounding

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

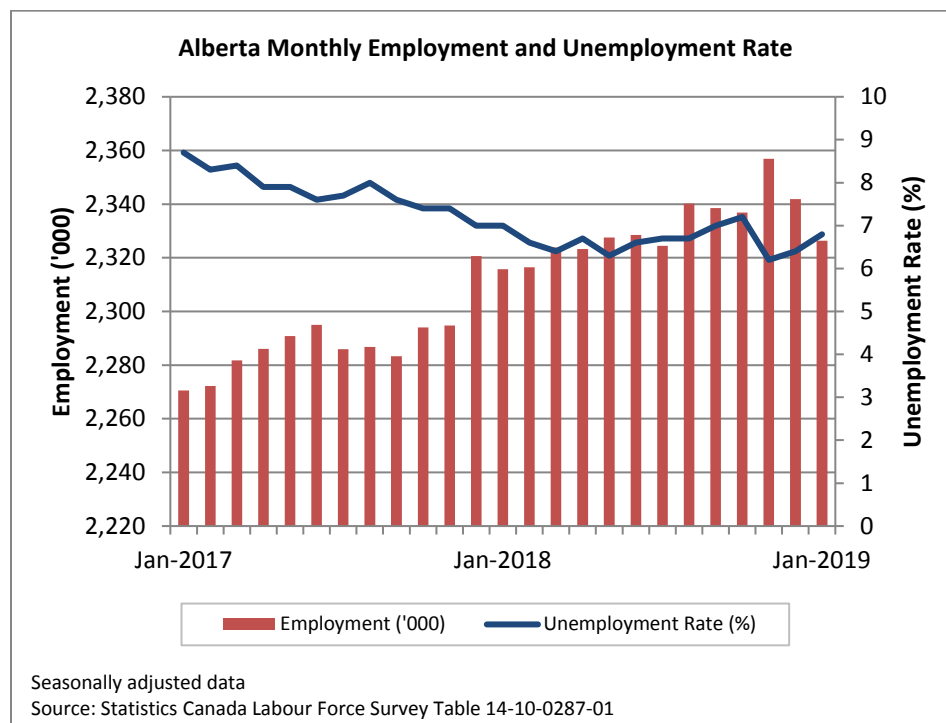
Taking a longer view, overall employment in the province was 0.5% higher than in January 2018 (+10,700). Private-sector employment increased by 2.5% (+37,200) which was largely offset by a huge tumble in self-employment took. At 1.523 million, private-sector employment was close to the multi-year high set in November 2018. Public-sector employment also increased year over year, up 6,300 (+1.5%).¹

Hourly-paid Albertans worked 31.4 hours on average in November 2018 (the most recent data available). This was second among provinces and higher than the corresponding figure nationwide (30.2 hours). Meanwhile, at \$1,154 per week, average earnings in Alberta remain the highest among provinces, despite having fallen four times in the previous 12 months.²

In November, the number of regular Employment Insurance (EI) beneficiaries edged downward to a multi-year low of 46,150. Year over year, the number of regular EI recipients in Alberta fell by 27% compared to a decline of 13% nationwide.³

Alberta's unemployment rate rose by 0.4 percentage points to 6.8% in January. It was the highest rate west of New Brunswick and exceeded the national average by a full percentage point. If not for the fact that 6,000 people exited the labour market, Alberta's unemployment rate would have been higher still in January.

More troubling still is the length of time an unemployed person remains without work in the province. In January, the average duration of unemployment was 23.9 weeks, the highest among all provinces.⁴



Unemployment by major demographic groupings

In January, the unemployment rates for youth aged 15 to 24 years and adults 25 years and over were all higher than the previous month, except for adult women (25 years and over), whose rate declined by 0.1 percentage points (pp). The survey results show further variations along gender lines. In the 25 years and over age group the unemployment rate for men was 1.4 pp higher than for women, while the unemployment rate for young men was 2.7 pp higher than for young women.

Alberta Monthly Unemployment Rates, by Gender and Age

Seasonally Adjusted Data	January 2019 (%)	December 2018 (%)	January 2018 (%)	Monthly Variation (% points)	Yearly Variation (% points)
Total	6.8	6.4	7.0	0.4	-0.2
25 years and over	6.1	5.8	6.1	0.3	0.0
Men - 25 years and over	6.7	6.0	6.2	0.7	0.5
Women - 25 years and over	5.3	5.4	5.9	-0.1	-0.6
15 to 24 years	11.8	10.8	12.9	1.0	-1.1
Men - 15 to 24 years	13.1	12.7	16.5	0.4	-3.4
Women - 15 to 24 years	10.4	8.6	8.8	1.8	1.6

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 January, Alberta's goods-producing sector accounted for more than one-quarter of total employment in the province, 4.6 percentage points above the national average. Employment in the goods-producing sector declined 1.5% on the month, compared to a loss of 0.4% for services-producing industries.

Alberta Monthly Labour Force Statistics, by Industry

Seasonally Adjusted Data ('000)	January 2019	December 2018	January 2018	Monthly Variation		Yearly Variation	
				Number	%	Number	%
Total employed, all industries	2,326.4	2,341.9	2,315.7	-15.5	-0.7	10.7	0.5
Goods-producing sector	591.9	601.2	594.3	-9.3	-1.5	-2.4	-0.4
Agriculture	45.7	48.4	50.8	-2.7	-5.6	-5.1	-10.0
Forestry, fishing, mining, quarrying, oil and gas	149.5	151.6	152.5	-2.1	-1.4	-3.0	-2.0
Utilities	21.9	23.8	21.3	-1.9	-8.0	0.6	2.8
Construction	237.5	241.2	240.4	-3.7	-1.5	-2.9	-1.2
Manufacturing	137.4	136.3	129.2	1.1	0.8	8.2	6.3
Services-producing sector	1,734.5	1,740.7	1,721.4	-6.2	-0.4	13.1	0.8
Trade	332.7	325.0	335.3	7.7	2.4	-2.6	-0.8
Transportation and warehousing	134.4	139.8	144.6	-5.4	-3.9	-10.2	-7.1
Finance, insurance, real estate and leasing	105.0	102.9	109.7	2.1	2.0	-4.7	-4.3
Professional, scientific and technical services	177.4	181.3	178.9	-3.9	-2.2	-1.5	-0.8
Business, building and other support services	92.2	92.4	84.2	-0.2	-0.2	8.0	9.5
Educational services	154.1	154.3	155.3	-0.2	-0.1	-1.2	-0.8
Health care and social assistance	285.3	289.5	269.4	-4.2	-1.5	15.9	5.9
Information, culture and recreation	77.1	77.3	75.7	-0.2	-0.3	1.4	1.8
Accommodation and food services	144.2	149.4	149.7	-5.2	-3.5	-5.5	-3.7
Other services	118.9	118.1	114.4	0.8	0.7	4.5	3.9
Public administration	113.1	110.6	104.2	2.5	2.3	8.9	8.5

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) lost 3,000 positions over the past year. At 149,500, the combined employment in these industries remains well below the 183,000 posted in September 2014. As Alberta's oil and gas firms struggle to remain competitive with their U.S. counterparts, it seems increasingly likely that some lost jobs may never return.

The oil industry

World oil prices collapsed during the final three months of 2018, with benchmark North American crude (WTI) falling as low as \$45 U.S. per barrel on fears of both overproduction and a slowing world economy. At the time of writing, WTI for next month delivery was trading at \$52 U.S. per barrel, down 5% from its 2019 high.⁵ While the Q4-2018 debacle was bad for WTI, it was even worse for Alberta's benchmark Western Canada Select (WCS), which dropped below the cost of production.

WCS – which is essentially oilsands bitumen plus an ultra-thin diluent – regularly sells for at least \$12 U.S. less than WTI. However, that differential got completely out of hand during late 2018, ballooning to as much as \$52 U.S. per barrel. The massive differential largely stemmed from the fact that, due to on-going development of the oilsands, producers in Alberta can now churn out more oil than existing infrastructure can handle. Pipeline take away was frequently over-subscribed last year, with in-province storage – an estimated 35 million barrels in total – eventually chock full as well. With pipeline transport – the safest and cheapest way of moving oil – more than spoken for, producers increasingly turned to shipments of oil by rail.

In a bid to further ramp up crude-by-rail transport, the Government of Alberta announced a massive order for rolling stock and locomotives in late November, even as one-half dozen firms voluntarily cut oil production.⁶ However, in the face of impending job losses and bankruptcies, the Government of Alberta then took even more drastic action.

In December, Alberta announced a mandatory 8.7% oil production cut (curtailment), with exemptions of 10,000 barrels per day for all producers. While the curtailment received broad approval from Albertans, it bitterly divided industry players. Regardless, the share prices of some firms rose immediately – as did the price of WCS. In late January, the Province reduced the overall curtailment from 325,000 barrels per day (bpd) to 250,000 bpd, on the basis that the storage glut had been clearing more quickly than expected.⁷

According to the Government of Alberta, provincial oil production in December was up 5.5% compared to December 2017, with oilsands production accounting for almost 85% of the total. Oil production in the province came to 1.274 billion barrels in 2018, up 9.7% compared to the previous year.⁸

Other goods-producing industries

Looking at Alberta's other goods-producing industries, monthly job losses were seen across the board in January, except in manufacturing, as staffing gains in food, chemical, and machinery manufacture offset job losses in other types of manufactured goods, including wood products.

Construction employment contracted on both a monthly and annual basis in January. In the most recent data available, spending on building construction in Alberta – including both new product and renovations – shrank by 16% in November 2018 compared to November the previous year.⁹ In December, completed but unsold

(unabsorbed) new housing units in Alberta's two major centres accounted for 37% of all large-city unabsorbed units Canada-wide.¹⁰

Petrochemical manufacturing in the province received a big boost in November as the Government of Alberta added \$600 million in royalty credits to an existing diversification program. The province received nearly two dozen applications for proposed projects, including Inter Pipeline's \$3.5 billion petrochemical complex currently under construction northeast of Edmonton and the nearby \$4.5 billion Canada Kuwait Petrochemical Company facility. In early February, Calgary's Pembina Pipeline Corporation announced a positive final investment decision for the latter project.

Services-producing industries

Turning to the services-producing sector, employment growth in wholesale and retail trade (+2.4%) and public administration (+2.3%) helped to partially offset widespread job losses. The finance, insurance, real estate and leasing industry also registered job gains on the month (+2.0%), led by hiring in rental and leasing services.

REGIONAL ANALYSIS

While most of the commentary above is focused on month to month change, the seasonally-unadjusted data available for regional analysis disallows short term monthly comparisons. As such, the following downplays the deterioration in Alberta's labour market during late 2018.

Over the past year, employment increased in four of seven Alberta regions. On a percentage basis, Edmonton led the province in job growth (+4.5%), followed by Red Deer (+2.8%) and Banff - Jasper - Rocky Mountain House and Athabasca - Grand Prairie - Peace River.

Alberta Monthly Labour Force Statistics, by Economic Region

3-Month Moving Averages Seasonally Unadjusted Data	Employment			Unemployment Rate		
	January 2019 ('000)	January 2018 ('000)	Yearly Variation (%)	January 2019 (%)	January 2018 (%)	Yearly Variation (% points)
Alberta	2,325.7	2,295.4	1.3	6.3	6.8	-0.5
Economic Regions						
Lethbridge - Medicine Hat	138.3	143.2	-3.4	5.4	6.6	-1.2
Camrose - Drumheller	91.1	98.0	-7.0	7.8	4.9	2.9
Calgary	896.1	891.6	0.5	6.9	7.5	-0.6
Banff - Jasper - Rocky Mountain House and Athabasca - Grand Prairie - Peace River	185.5	184.1	0.8	4.8	5.9	-1.1
Red Deer	120.6	117.3	2.8	4.4	5.5	-1.1
Edmonton	812.8	777.6	4.5	6.2	6.9	-0.7
Wood Buffalo - Cold Lake	81.3	83.6	-2.8	5.6	6.3	-0.7

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 dropped by 3.4% compared to January 2018, while the unemployment rate slipped 1.2 percentage points (pp). At 5.4%, Lethbridge-Medicine Hat's unemployment

rate was the third-lowest in the province. In a boost to agribusiness, Prairie Hills Fruits Ltd. is planning to build a berry processing and storage facility in Lethbridge County. Construction is scheduled to start this spring pending a final development permit. In January, Pembina Pipeline Corp. announced plans to build a \$120M propane stripping plant and adjacent rail loading facility near Empress, in northern Cypress County. Pembina plans to complete the work by the end of 2020.

Year over year, employment decreased by 7.0% in **Camrose-Drumheller** in January. At 7.8%, the region also has the highest unemployment rate provincially. In development news, Inter Pipeline is planning to build an 82-kilometre pipeline between Throne and an existing pipeline west of Halkirk later this year. Construction will include directional drilling of four road crossings in the County of Paintearth No. 18.

In what many Albertans hope is a sign of things to come, the National Energy Board has approved TransCanada's request to begin work on the North Spread of its Keystone XL Project. The approval covers winter 2019 clearing of trees and shrubs along the pipeline route's north section, starting at Hardisty.

Employment increased in **Banff-Jasper-Rocky-Mountain House and Athabasca-Grande Prairie-Peace River** in January (+0.8%), as the area saw a notable increase in construction jobs year over year. More broadly, employment gains in the services-producing sector offset job losses in agriculture, oil and gas extraction, and manufacturing. In energy news, Yangarra Resources Ltd. has an initial capital budget of \$100 million for 2019. The firm is planning to drill 24 wells near Rocky Mountain House this year. To the south, Pursuit, an adventure travel operator, is set to open a totally revamped Glacier Park Lodge in Jasper National Park this summer. The 32-guest room retreat is located on the Icefield's Parkway at the toe of the Athabasca Glacier that forms part of the Columbia Icefield.

Compared to January 2018, **Red Deer** enjoyed robust job growth in the first month of 2019 (+2.8%). Unemployment declined, and the unemployment rate fell accordingly (-1.1 pp). Job gains in construction and agriculture led the goods-producing sector. On the services-producing side, job growth was seen in health care and social assistance, and accommodation and food services. The discount retailer, Winners, is hiring staff for a new store located in Parkland Mall within Red Deer city limits. The store is set to open in late March, using about half the space occupied by the former Safeway. Parkland Mall has signed a long term lease with the firm.

To the northeast, **Wood Buffalo-Cold Lake's** Fort McMurray functions as the services centre for Alberta's oilsands operations. In January, employment in the Wood Buffalo-Cold Lake region stood at 81,300, down 2.8% on the year. Over the same period, the regional unemployment rate declined by 1.1 pp to 5.3%.

In a surprising turn of events, Fort McMurray's governing council is considering banning the remote 'man camps' that have long been a feature of the region. Hoping to kick start the city's struggling economy, the proposal would place a moratorium on any new large scale temporary housing of workers within 75 km of the city. Less surprisingly, industry representatives have been scathing in their assessment of the plan.¹¹

The **Edmonton** area labour market posted stellar results in January. Year over year, employment grew by over 35,000, with robust job growth seen in both the goods-producing and services-producing sectors. Combined-hiring in the public sector industries of health care and public administration totalled 28,100. The region's unemployment rate fell 0.7 pp, as employment gains (+4.5%) outpaced labour force growth (+3.8%).

As mentioned in the Industry section, the Canada Kuwait Petrochemical Corporation, a joint venture between Calgary-based Pembina Pipeline Corporation and the Kuwaiti firm, Petrochemical Industries Company K.S.C., is moving ahead with its \$4.5 billion plastic pellet manufacturing facility, located in Alberta's Industrial Heartland, just north of the Edmonton city limits. The project is expected to require roughly 3,000 jobs during the construction phase, followed by over 200 full-time jobs upon completion in 2023.

Unemployment in the **Calgary** labour market eased somewhat in January, with the area's unemployment rate dropping 0.6 pp on the year. The unemployment rate in the region now stands at 6.9%, the second highest province-wide. Significant employment gains were seen in health care and social assistance, and information, culture and recreation. In mid-December, Athabasca Oil Corp. announced a 25% cut to head office staff in Calgary - about 30 positions - while company executives are scheduled to take a 10% salary cut throughout 2019. Athabasca has a preliminary capital plan of between \$95M and \$110M for 2019, much lower than the \$190M for 2018.

The Government of Alberta has officially signed the contract to fund the first 20-kilometre segment of the \$4.65 billion Green Line LRT in Calgary. Construction of the Green Line could begin as early as 2020.

***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 14-10-0288-01 Employment by class of worker, monthly, seasonally adjusted and unadjusted; Accessed February 10, 2019 <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410028801>
- 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 February 10, 2019 <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 February 8, 2019 <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410001101>
- ⁴ Statistics Canada, Table 14-10-0056-01 Duration of unemployment, monthly, unadjusted for seasonality (no top-code); Accessed February 8, 2019 <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410005601>
- ⁵ Nasdaq (February 10, 2019). Crude Oil: WTI (NYMEX). <https://www.nasdaq.com/markets/crude-oil.aspx?timeframe=5y>
- ⁶ The Globe and Mail, CNRL joins producers cutting oil output amid crude price slump; November 2, 2018. Accessed November 2, 2018 <http://www.globeinvestor.com/servlet/ArticleNews/story/GAM/20181102/RBCDENCANANEWFIELDFINAL>
- ⁷ Global News, Alberta eases oil production cap by 75K barrels per day; January 30, 2019. Accessed February 8, 2019. <https://globalnews.ca/news/4907488/alberta-oil-production-cap-curtailment-change-notley/>
- ⁸ Government of Alberta, Economic Dashboard; as of December 7, 2018. Accessed December 10, 2018 <http://economicdashboard.alberta.ca/OilProduction>
- ⁹ Statistics Canada, Table 34-10-0175-01 Investment in Building Construction; December 2018. Accessed February 10, 2019 <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3410017501>
- ¹⁰ 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; December 2018. Accessed February 10, 2019 <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3410014901>
- ¹¹ Bloomberg, Fort McMurray fights man camps in latest headache for energy industry; January 30, 2019. Accessed February 11, 2019 <https://www.bnnbloomberg.ca/alberta-oil-town-fights-man-camps-in-effort-to-boost-population-1.1206489>