



Labour Market Bulletin

Alberta

August 2020



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

Employment in Alberta barely changed in August, increasing by 9,700 (+0.4%), the majority (8,200) of gains came from full-time jobs. This is a significantly slower growth rate compared to July (+3.2%) and June (+5.4%). The province added 196,800 jobs between May and August, bringing employment to within 164,100 (-7%) of the pre-COVID February level, which is below the pace of national recovery. In August, employment across Canada was down by 5.7% compared to February.¹

For the second consecutive month, the number of people unemployed in the province decreased (-25,700; -8.1%).

Alberta Monthly Labour Force Statistics

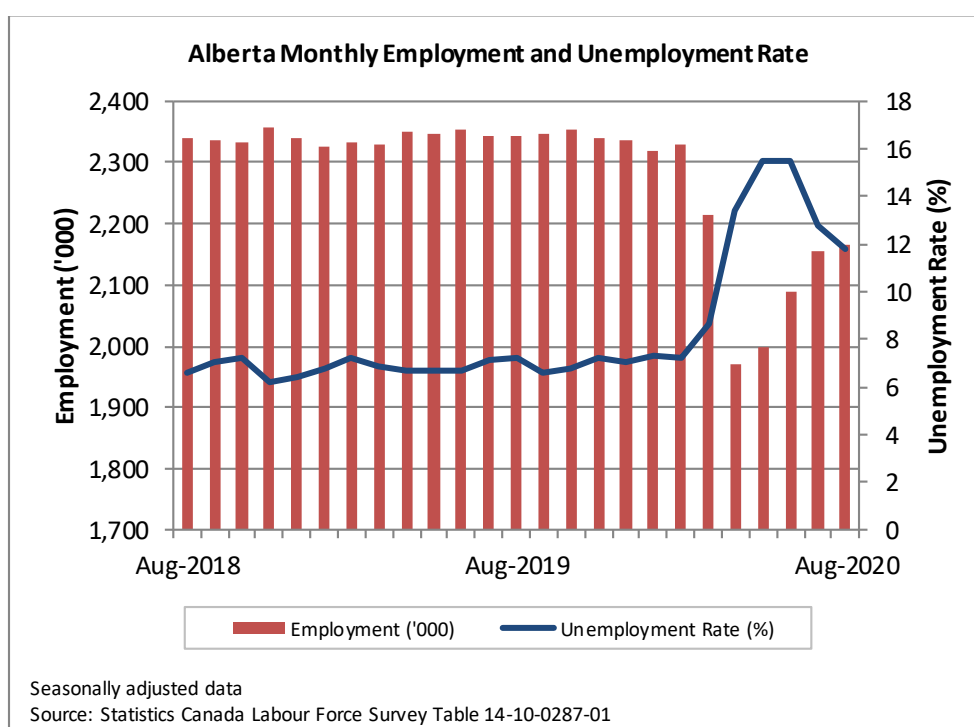
Seasonally Adjusted Monthly Data	August 2020	July 2020	August 2019	Monthly Variation		Yearly Variation	
				Number	%	Number	%
Population 15 + ('000)	3,580.1	3,578.0	3,534.0	2.1	0.1	46.1	1.3
Labour Force ('000)	2,456.2	2,472.2	2,525.1	-16.0	-0.6	-68.9	-2.7
Employment ('000)	2,165.8	2,156.1	2,342.7	9.7	0.4	-176.9	-7.6
Full-Time ('000)	1,756.1	1,747.9	1,916.4	8.2	0.5	-160.3	-8.4
Part-Time ('000)	409.7	408.2	426.3	1.5	0.4	-16.6	-3.9
Unemployment ('000)	290.4	316.1	182.4	-25.7	-8.1	108.0	59.2
Unemployment Rate (%)	11.8	12.8	7.2	-1.0	-	4.6	-
Participation Rate (%)	68.6	69.1	71.5	-0.5	-	-2.9	-
Employment Rate (%)	60.5	60.3	66.3	0.2	-	-5.8	-

Note: Totals may not add due to rounding

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

The unemployment rate continued to fall in Alberta, coming in at 11.8% in August. Although it is an improvement of one percentage point, it remains the second highest in the country, behind only Newfoundland and Labrador.² The small increase in employment helped bring down the unemployment rate, but the main reason for the drop was a decrease in the number of people searching for work. The labour force contracted by 16,000 (-0.6%) in August. Jobs have been slow to return to key industries, such as oil and gas, construction and trade, and as a result job seekers may once again be discouraged from looking for work.

Of those employed in the province, there were approximately 193,900 people who had lost all or most of their typical hours worked in August. This was down significantly from the peak in April; however, it was almost double the level in February when COVID-19 was hardly a blip on most people's radar. Alberta's labour underutilization rate³ was 22.4% in August, up from 13.3% in February. While there has been improvement in the last four months, the road to a full recovery will be a long one.



Unemployment by major demographic grouping

Youth unemployment was unchanged at a stubbornly high 27%, more than double what it was one year ago. In August, the unemployment rate among young women reversed trend and increased slightly (+0.4 percentage points) to 25.7%. Despite a drop in their unemployment rate, men under the age of 25 still had a higher unemployment rate (28.3%) compared to women of the same age group. At 10.3%, men 25 years and older also had a higher unemployment rate than women (8.6%).

Alberta Monthly Unemployment Rates, by Gender and Age

Seasonally Adjusted Data	August 2020 (%)	July 2020 (%)	August 2019 (%)	Monthly Variation (% points)	Yearly Variation (% points)
Total	11.8	12.8	7.2	-1.0	4.6
25 years and over	9.6	10.7	6.2	-1.1	3.4
Men - 25 years and over	10.3	11.4	7.3	-1.1	3.0
Women - 25 years and over	8.6	9.8	4.9	-1.2	3.7
15 to 24 years	27.0	27.0	13.7	0.0	13.3
Men - 15 to 24 years	28.3	28.6	16.5	-0.3	11.8
Women - 15 to 24 years	25.7	25.3	10.7	0.4	15.0

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 August, the services-producing sector led job growth, adding 20,500 (+1.3%). Meanwhile, employment in the goods-producing sector contracted by 10,800 (-2%). Job losses were most abundant in the resource extraction⁴ (-6,600) and agriculture (-6,100) industries.

Alberta Monthly Labour Force Statistics, by Industry

Seasonally Adjusted Data ('000)	August 2020	July 2020	August 2019	Monthly Variation		Yearly Variation	
				Number	%	Number	%
Total employed, all industries	2,165.8	2,156.1	2,342.7	9.7	0.4	-176.9	-7.6
Goods-producing sector	525.8	536.6	588.7	-10.8	-2.0	-62.9	-10.7
Agriculture	38.6	44.7	50.3	-6.1	-13.6	-11.7	-23.3
Forestry, fishing, mining, quarrying, oil and gas	125.1	131.7	138.3	-6.6	-5.0	-13.2	-9.5
Utilities	22.2	21.0	24.5	1.2	5.7	-2.3	-9.4
Construction	219.2	219.6	240.9	-0.4	-0.2	-21.7	-9.0
Manufacturing	120.8	119.6	134.8	1.2	1.0	-14.0	-10.4
Services-producing sector	1,640.0	1,619.5	1,754.0	20.5	1.3	-114.0	-6.5
Trade	318.6	310.3	338.5	8.3	2.7	-19.9	-5.9
Transportation and warehousing	121.3	121.4	138.3	-0.1	-0.1	-17.0	-12.3
Finance, insurance, real estate and leasing	107.5	109.4	105.6	-1.9	-1.7	1.9	1.8
Professional, scientific and technical services	184.3	171.3	187.7	13.0	7.6	-3.4	-1.8
Business, building and other support services	74.4	74.6	82.4	-0.2	-0.3	-8.0	-9.7
Educational services	144.9	142.0	157.7	2.9	2.0	-12.8	-8.1
Health care and social assistance	304.1	303.8	293.8	0.3	0.1	10.3	3.5
Information, culture and recreation	75.6	74.5	78.8	1.1	1.5	-3.2	-4.1
Accommodation and food services	114.5	111.4	141.4	3.1	2.8	-26.9	-19.0
Other services	97.1	101.3	114.2	-4.2	-4.1	-17.1	-15.0
Public administration	97.9	99.6	115.4	-1.7	-1.7	-17.5	-15.2

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey – Table 14-10-0355, formerly CANSIM 282-0088

Goods-producing industries

Many industries and businesses in the goods-producing sector were deemed essential and permitted to continue operating through the peak of the pandemic.⁵ Nevertheless, weak economic activity and persistent uncertainty weighed heavy on the sector and employment.

Employment in the **resource extraction** industries shrunk by 6,600 (-5%), erasing the gains from July. After hitting rock bottom in April, the price of oil has begun to rebound. In August, the average price of Western Canadian Select was US\$31.32.⁶ This is in part due to an increase in demand for oil nationally and globally. Albertan producers have also reduced their production, which has helped prevent a supply glut and stabilize prices. In June (the most recent data available), oil production in the province was down 12.2% on a year-over-year basis. Conventional oil was hit harder, with production falling 19.5%, whereas oilsands production, which made up 85.5% of all oil production, decreased by 10.8%.⁷

Capital spending on oil and gas extraction in the province is expected to be down roughly 30% from last year, at \$16.6 billion in 2020. This would be the lowest spending since 2006 and at least 58% lower than the ten year average. Before COVID-19, the projected capital spending was roughly the same as 2019 at approximately \$23.6 billion, which was already significantly below (-39%) the ten year average. A slump in capital spending in oil and gas extraction, which accounted for about half of the total capital spending in the province over the last decade, means the entire provincial economy suffers because of reduced construction and midstream petrochemical projects.⁸ In August, employment in Alberta was down by 19% from the ten year average.

Employment in the **construction** industry was little changed at 219,200 in August, down 400 (0.2%) from July and 9% on a year-over-year basis. In June, seasonally adjusted spending on building construction totaled \$1.73 billion, up slightly from the previous month but down 5.6% from February. Residential spending experienced a large drop in April (-38%) but bounced back by 50.6% in May and another 3.4% in June. Spending in June remains down by 4.9% from February and 6.9% compared to one year ago. In contrast, spending on non-residential buildings has experienced a long slide since 2015 and is down by nearly 14% on a year-over-year basis.⁹

Services-producing industries

The services-producing sector includes labour intensive and public-facing industries such as wholesale and retail trade, food and accommodation, and information culture and recreation. These industries were initially among the most impacted during the height of COVID-19 related closures. In recent months employment has begun to rebound but still remains well below levels one year ago. On the other hand, the sector also includes industries such as professional, scientific and technical services, as well as finance, insurance, real estate and rental leasing, in which work is not performed in close proximity and can often be done remotely. For these industries, employment in August was near pre-COVID levels from one year ago.

Employment in **wholesale and retail trade** increased by 8,300 (+2.7%) in August, however it remains down by 19,900 on a year-over-year basis. After steep declines in March and April, retail sales have begun to rebound, growing 19% in both May and June. By June, retail sales actually exceeded the values in February by \$182M (2.7%).¹⁰ It is yet to be seen whether strong sales will carry into the rest of the year or whether the surge was just pent up demand being released after stores were closed for six weeks.

In August, employment in the **food and accommodation** industry was 114,500, up 3.1% from July. The industry still has a long road to recovery ahead of it; on a year-over-year basis employment is down by 19%. Restaurants and cafes were allowed to continue operating through the height of the pandemic in March and April, so long as they only provided take-out and delivery services. Despite being allowed to stay open, sales were down dramatically. By May and June, sales improved, up 39% and 30%, respectively. However, on a year-over-year basis, sales were still down by over a quarter.¹¹

REGIONAL ANALYSIS

On an annual basis, employment is down in every economic region in Alberta. Banff-Jasper-Rocky Mountain House and Athabasca-Grande Prairie-Piece River (-14.3%) and Wood Buffalo-Cold Lake (-13.1%) saw the largest year-over-year percentage declines in employment. Meanwhile, Calgary had the highest unemployment rate (14.2%) among all Alberta regions. Despite the bleak statistics, there are signs of recovery in the regions with economic activity picking up and many construction projects nearing shovel ready status.

Alberta Monthly Labour Force Statistics, by Economic Region

3-Month Moving Averages Seasonally Unadjusted Data	Employment			Unemployment Rate		
	August 2020 ('000)	August 2019 ('000)	Yearly Variation (%)	August 2020 (%)	August 2019 (%)	Yearly Variation (% points)
Alberta	2,158.0	2,366.8	-8.8	13.5	7.2	6.3
Economic Regions						
Lethbridge - Medicine Hat	133.6	148.0	-9.7	8.6	7.1	1.5
Camrose - Drumheller	88.5	96.8	-8.6	13.4	5.6	7.8
Calgary	862.5	932.4	-7.5	14.2	7.4	6.8
Banff - Jasper - Rocky Mountain House and Athabasca - Grand Prairie - Peace River	162.3	189.3	-14.3	12.1	5.4	6.7
Red Deer	104.9	114.8	-8.6	12.9	7.3	5.6
Edmonton	733.1	801.4	-8.5	14.1	7.8	6.3
Wood Buffalo - Cold Lake	73.1	84.1	-13.1	11.8	6.3	5.5

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey – Table 14-10-0293, formerly CANSIM 282-0122

In August, employment in **Lethbridge-Medicine Hat** had fallen to 133,600 (-9.7%) and the unemployment rate jumped to 8.6%. The region, which has many existing and planned renewable energy projects, may be home to one more, however. RenuWell, in partnership with others, plans to convert between two and four abandoned oil and gas well leases to small-scale solar arrays in the Municipal District of Taber, as a part of a four year pilot program. The partnership group anticipates that they will clear regulatory hurdles in the fall and begin construction in the spring of 2021. Medicine Hat College is joining the partnership to put on a five-day 'rapid upskilling' program for oilfield construction workers so they can participate in the new construction.¹²

Year-over-year employment in **Camrose – Drumheller** fell by 8,300 (8.6%) in August to 88,500. The unemployment rate was 13.4%. Looking ahead, the construction industry will likely be a source of employment with new projects nearing shovel ready status. Of those includes Alberta Central East (ACE) Water Corporation's line expansion to communities across the Counties of Vermilion River, Two Hills and Minburn. Funding for the

project was secured with a combination of provincial and federal grants. Some design work needs to be finished, but it is expected that construction will start soon and be complete by late 2022.¹³

Banff – Jasper – Rocky Mountain House and Athabasca – Grande Prairie – Peace River has been severely impacted by COVID-19, with employment falling 14.3% from one year ago to about 162,300. The unemployment rate increased to 12.1%. The region is home to Banff National Park, which normally draws in approximately 4.2 million visitors every year. However, the loss of international tourism due to the COVID-19 pandemic has cut visitation by about 15% this summer. Hotel trade has dropped by around 50% since locals are less likely to spend the night. While the number of people visiting is better than the original forecast, the absence of big spending international tourists has hurt businesses. Canadians visiting from neighboring provinces are less likely to buy souvenirs and gifts, dampening retail trade and causing several businesses to close.¹⁴ There is good news on the construction side, as Alberta based developer Kineticon Resource Corp. has closed financing on the \$1.5B Cascade Power Project with their joint development partners. Construction of the natural gas-fired facility near Edson will start immediately, creating approximately 600 jobs during peak construction, with operations beginning in 2023.¹⁵

Employment in the **Red Deer** region was approximately 104,900, down 8.6% from one year ago. Meanwhile, the unemployment rate jumped to 12.9%. The Government of Alberta announced a project to twin and divide 66 kilometres of Highway 11 from Sylvan Lake to Rocky Mountain House. Construction on the \$120 million project, part of Alberta's Recovery Plan, is set to begin in the summer of 2021 and take approximately four years. Government officials estimate that it will create about 580 jobs.¹⁶

To the north-east, employment in **Wood Buffalo – Cold Lake** fell 11,000 (-13.1%) on a year-over-year basis and the unemployment rate increased to 11.8%. Discount airline, Flair Airlines, has expanded their services to include Fort McMurray. The airline is offering two flights a week starting from Toronto to Fort McMurray to Vancouver and Victoria before returning to Vancouver, Fort McMurray then Toronto. The President and CEO of the Wood Buffalo Economic Development Corporation hopes that this added connectivity is a step forward in the region's economic recovery, which has been hurt by low oil prices and reduced construction.¹⁷

Employment in the **Calgary** region dropped 69,900 (-7.5%) on a year-over-year basis to 862,500 and the unemployment rate increased to 14.2%. The Glenbow Museum in downtown Calgary is set to undergo a \$115 million renovation with a goal to make the space a cultural icon. Construction, which is expected to take over two years and create 650 jobs, could start as early as October and will consist of a complete interior and exterior makeover.¹⁸

In **Edmonton**, approximately 733,100 people were employed in August, down 8.5% from one year ago. The unemployment rate jumped 6.3 percentage points year-over-year to 14.1%. In August, Amazon's first fulfilment centre and second delivery station opened in the Edmonton region, creating more than 600 full-time jobs. Workers at the new one million square foot fulfilment centre near Leduc pick, pack and ship larger items for customers. The company now employs more than 2,500 employees in the province, with their fulfillment centre in Rocky View Country and two delivery stations in Calgary.¹⁹

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, Labour force characteristics by province, monthly, seasonally adjusted; August 7, 2020. Accessed August 7, 2020

² Ibid.

³ The recent underutilization rate is defined as the total of those unemployed, employed but working less than 50% of their regular hours and those not in the labour force but want to be working, expressed as a percentage of the potential labour force.

⁴ Forestry, fishing, mining, oil and gas

⁵ Government of Alberta, Essential Services; 2020. Accessed April 16, 2020 <https://www.alberta.ca/essential-services.aspx>

⁶ The Kent Group, Selected Crude Oil Prices – Monthly; September 3, 2020. Accessed September 3, 2020 <https://charting.kentgroup.com/>

⁷ Government of Alberta, Oil production; August 21, 2020. Accessed September 3, 2020 <https://economicdashboard.alberta.ca/OilProduction>

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¹¹ Statistics Canada, Monthly survey of food services and drinking places (x 1,000); August 25, 2020. Accessed September 3, 2020 <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=2110001901>

¹² Medicine Hat News, Company gets southeast Alberta go-ahead for a abandoned well solar plays; August 18, 2020. Accessed September 1, 2020 <https://medicinehatnews.com/news/local-news/2020/08/18/company-gets-southeast-alberta-go-ahead-for-abandoned-well-solar-plays/>

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