



Labour Market Bulletin

Alberta

August 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 2.34 million, employment in Alberta advanced smartly in August (+16,200), following a series of mostly disappointing job figures so far this year. On the month, full-time employment increased by 0.6%, while the number of Albertans working part-time hours increased by 1.2%. Compared to August 2017, employment increased by 2.3%, far outstripping the corresponding national figure (+0.9%).

Alberta Monthly Labour Force Statistics

Seasonally Adjusted Monthly Data	August 2018	July 2018	August 2017	Monthly Variation		Yearly Variation	
				Number	%	Number	%
Population 15 + ('000)	3,477.6	3,473.0	3,434.5	4.6	0.1	43.1	1.3
Labour Force ('000)	2,508.2	2,491.3	2,488.5	16.9	0.7	19.7	0.8
Employment ('000)	2,340.8	2,324.6	2,287.6	16.2	0.7	53.2	2.3
Full-Time ('000)	1,907.3	1,896.3	1,869.0	11.0	0.6	38.3	2.0
Part-Time ('000)	433.6	428.3	418.5	5.3	1.2	15.1	3.6
Unemployment ('000)	167.4	166.7	200.9	0.7	0.4	-33.5	-
						16.7	
Unemployment Rate (%)	6.7	6.7	8.1	0.0	-	-1.4	-
Participation Rate (%)	72.1	71.7	72.5	0.4	-	-0.4	-
Employment Rate (%)	67.3	66.9	66.6	0.4	-	0.7	-

Note: Totals may not add due to rounding

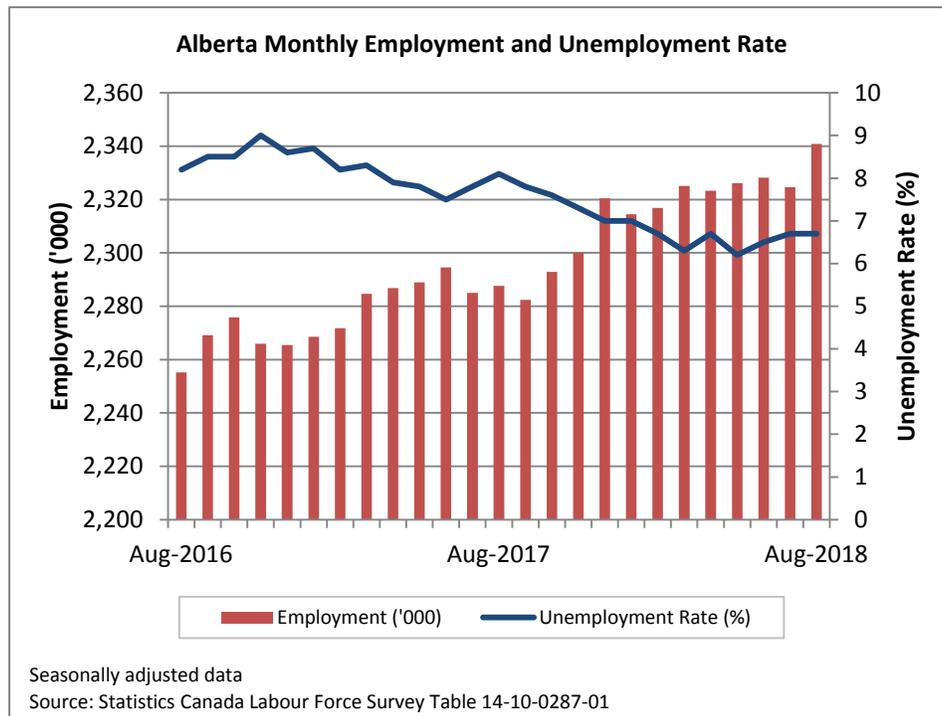
Source: Statistics Canada Labour Force Survey – Table 14-10-0287, formerly CANSIM 282-0087

On a month over month basis, Alberta’s unemployment rate was unchanged in August. At 6.7%, it remains the highest among western provinces and well above the national average (6.0%). Duration of unemployment, that is, the average length of time an unemployed Albertan remains without work, is also a concern. In August, the

average duration of unemployment in Alberta was 21.9 weeks, second only to Newfoundland and Labrador, among provinces.¹

Hourly-paid Albertans worked 31.4 hours on average in June (the most recent data available). This was second among provinces and higher than the corresponding figure nationwide (30.2 hours). Meanwhile, at \$1,143 per week, average earnings in Alberta remain the highest among provinces, despite having fallen for three consecutive months.²

In June (again the most recent data available), the number of regular Employment Insurance (EI) beneficiaries edged lower, continuing a downward trend that dates back almost two years. Women comprised just one-third of regular EI beneficiaries in June, 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 less than one quarter of all beneficiaries in the 15 to 24 years age group.³ While lowest in the Prairie provinces, low rates of EI coverage for women are not unusual in Canada. One reason for this is because qualifying for EI benefits can be difficult for part-time workers – and women typically account for about 65% of part-time work in the country.



Unemployment by major demographic groupings

In August, the unemployment rates for youth aged 15 to 24 years and for adults aged 25 years and over were all lower than they were during the same month last year. Compared to July 2018, there was no change for adults and little change for youth.

Alberta Monthly Unemployment Rates, by Gender and Age

Seasonally Adjusted Data	August 2018	July 2018	August 2017	Monthly Variation	Yearly Variation
	(%)	(%)	(%)	(% points)	(% points)
Total	6.7	6.7	8.1	0.0	-1.4
25 years and over	5.9	5.9	7.1	0.0	-1.2
Men - 25 years and over	5.9	5.9	7.0	0.0	-1.1
Women - 25 years and over	5.9	5.9	7.2	0.0	-1.3
15 to 24 years	11.8	12.2	14.3	-0.4	-2.5
Men - 15 to 24 years	13.7	13.3	16.2	0.4	-2.5
Women - 15 to 24 years	9.6	11.0	12.2	-1.4	-2.6

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 August, employment in Alberta's goods-producing sector was essentially unchanged on the month (+0.1%), while up significantly from August of last year (+3.2%). In comparison, employment in the services-producing sector advanced more steadily: up 0.9% on the month and up 2.0% year over year.

Alberta Monthly Labour Force Statistics, by Industry

Seasonally Adjusted Data ('000)	August 2018	July 2018	August 2017	Monthly Variation		Yearly Variation	
				Number	%	Number	%
Total employed, all industries	2,340.8	2,324.6	2,287.6	16.2	0.7	53.2	2.3
Goods-producing sector	602.3	601.6	583.4	0.7	0.1	18.9	3.2
Agriculture	49.0	49.2	49.5	-0.2	-0.4	-0.5	-1.0
Forestry, fishing, mining, quarrying, oil and gas	154.8	156.9	146.5	-2.1	-1.3	8.3	5.7
Utilities	23.6	23.2	22.1	0.4	1.7	1.5	6.8
Construction	246.6	244.0	241.0	2.6	1.1	5.6	2.3
Manufacturing	128.4	128.2	124.4	0.2	0.2	4.0	3.2
Services-producing sector	1,738.5	1,723.1	1,704.2	15.4	0.9	34.3	2.0
Trade	338.5	336.7	335.5	1.8	0.5	3.0	0.9
Transportation and warehousing	138.3	139.0	144.3	-0.7	-0.5	-6.0	-4.2
Finance, insurance, real estate and leasing	102.0	102.0	107.8	0.0	0.0	-5.8	-5.4
Professional, scientific and technical services	181.3	176.6	176.4	4.7	2.7	4.9	2.8
Business, building and other support services	88.3	82.0	83.5	6.3	7.7	4.8	5.7
Educational services	162.0	160.2	143.0	1.8	1.1	19.0	13.3
Health care and social assistance	278.4	276.9	269.5	1.5	0.5	8.9	3.3
Information, culture and recreation	78.7	79.9	72.6	-1.2	-1.5	6.1	8.4
Accommodation and food services	146.3	146.0	157.2	0.3	0.2	-10.9	-6.9
Other services	116.6	114.8	111.8	1.8	1.6	4.8	4.3
Public administration	108.1	109.0	102.6	-0.9	-0.8	5.5	5.4

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 8,300 positions since last July, with most increases occurring in the oil and gas sub-sector. Nevertheless, at 154,800, the combined employment in these industries remains well below the 183,000 posted in September 2014. As Alberta's oil and gas firms become accustomed to leaner staffing levels, it may be that at least some of those lost jobs never return.

Oil prices have been volatile year to date, with benchmark North American crude (WTI, i.e. West Texas Intermediate) trading at about \$68 U.S. per barrel at the time of writing.⁴ While powerful forces could take prices either much higher – or much lower – the U.S. Energy Information Agency (EIA) expects a period of relative price stability heading into 2019.⁵ International stockpiles of oil are much lower than they were four years ago, and OPEC (the Organization of Petroleum Exporting Countries) has demonstrated the wherewithal to lower production should prices take a downward plunge. At the same time, any sharp run up in price would trigger a rise in shale oil production in the U.S. While the number of active American rigs has been fairly constant in recent months, Texas shale drillers are finding new ways to increase the output of their best wells. Should prices climb, similar techniques could quickly be applied to second tier properties, resulting in higher output still.

In terms of oil prices, current U.S. trade actions appear to cut both ways. American sanctions against Iran – expected to take about one million barrels a day off the market by the end of the year – are supportive of higher oil prices. Tariffs on Chinese manufactured goods, however, are supportive of lower oil prices, due to their knock-on effect on the emerging market nations that supply China with its raw materials. Since those same emerging markets account for almost all of today's oil demand growth, one can assume that a full-blown U.S – China trade war will send crude prices downwards.⁶ Hopefully, that assumption will go untested, as such a level of economic disruption would hurt many around the globe.

Regardless of other trade issues, the industry growth and investment gains seen in Texas are conspicuously absent from Alberta's oil patch. 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 earlier this year. The discount between WCS – Canada's benchmark price for diluted bitumen – and WTI reached \$35 Canadian per barrel in early August, a five-year high.

Because of the shortage of pipeline space, Canadian producers are turning to shipments of oil by rail. In June, the number of railway carloads of fuel oil and crude petroleum in Western Canada hit 16,193 – a record high and about eight times the volume of ten years ago.

Canadian export pipeline aspirations now rest on: Enbridge's Line 3; TransCanada's Keystone XL; and the Trans Mountain expansion project, bought by the Federal government at the end of May. In August, shockwaves ripped through Alberta when the Federal Court of Appeal unanimously overturned Trans Mountain'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. The Federal Government has since reaffirmed its commitment to the project but has yet to announce plans for overcoming the latest setback.⁷

Regardless, oil production continues apace in Alberta. Output 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.⁸

Looking at Alberta's other goods-producing industries, year over year employment gains were seen across the board in August, except in agriculture, where abnormally dry conditions across much of southern Alberta likely curtailed hiring. Construction employment has remained remarkably strong, even as the overhang of unsold new condominiums in Calgary and Edmonton continues. In July, 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. Unabsorbed single detached units represented about 30% of all such units in the country. Unabsorbed condo type units represented 45% of national inventory.⁹

Turning to the services-producing sector, employment in educational services spiked on the year (+19,000), accounting for about half of all job gains sector-wide. At the same time, employment was also up in health care and social assistance (+8,900).

Employment in accommodation and food services decreased by 10,900 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. In Calgary, business groups have blamed minimum wage hikes for the steep job losses seen in that city's food services industry. In rebuttal, economist Trevor Tombe points out that the job losses are far more severe in Calgary than in Edmonton, for example, and that it would be odd for a Calgary-specific issue to be caused by a policy that is provincial in scope.¹⁰

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 and in health care and social assistance mentioned above, year over year job gains were also seen in public administration (+5,500).

REGIONAL ANALYSIS

Over the past year, employment increased in five of seven Alberta regions. On a percentage basis, Red Deer led the province in job growth (+5.0%), followed by Camrose - Drumheller, and Edmonton.

Alberta Monthly Labour Force Statistics, by Economic Region

3-Month Moving Averages Seasonally Unadjusted Data	Employment			Unemployment Rate		
	August 2018 ('000)	August 2017 ('000)	Yearly Variation (%)	August 2018 (%)	August 2017 (%)	Yearly Variation (% points)
Alberta	2,350.9	2,307.6	1.9	6.9	8.1	-1.2
Economic Regions						
Lethbridge - Medicine Hat	147.5	144.5	2.1	5.1	4.5	0.6
Camrose - Drumheller	105.2	100.4	4.8	4.4	8.0	-3.6
Calgary	888.6	898.2	-1.1	8.1	8.6	-0.5
Banff - Jasper - Rocky Mountain House and Athabasca - Grand Prairie - Peace River	194.2	186.6	4.1	5.9	6.0	-0.1
Red Deer	120.7	115.0	5.0	6.7	5.6	1.1
Edmonton	811.0	778.4	4.2	6.6	9.2	-2.6
Wood Buffalo - Cold Lake	83.7	84.5	-0.9	6.0	7.7	-1.7

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 was up 2.1% compared to August 2017, while the unemployment rate also inched higher (+0.6 percentage points). Employment in the oil and gas extraction industry was little changed. Looking ahead, Greengate Power Corporation has invested \$185 million for two solar farm projects 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. In health care and education news, Lethbridge College is expanding its Health Care Aide certificate program in response to strong learner demand. The college is also adding a new part-time online option.

Year over year, employment increased 4.8% in **Camrose-Drumheller** in August. At 4.5%, the region has 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 economic development, Prospect Human Services recently opened in Strathmore. The not-for-profit organization provides career and employment services to both job seekers and employers. In the oil and gas sector, Gibson Energy is building two new 500,000-barrel tanks at its Hardisty Terminal as part of a \$200-\$250 million capital program. The tanks are expected to be in service by the fourth quarter of 2019.

Employment increased in **Banff-Jasper-Rocky-Mountain House and Athabasca-Grande Prairie-Peace River** (+4.1%), as the area saw an increase in oil and gas extraction jobs compared to August 2017. More broadly, employment gains in the services-producing sector offset job losses in agriculture and in construction. In green energy news, Turning Point Generation has received regulatory approval for a stored hydro project to be built

near Hinton. Construction on the Canyon Creek Pumped Hydro Energy Storage Project is planned to start in spring 2019.¹¹

To the south, the chronic staff shortages that plague many Jasper businesses, have led Hostelling International Canada and Horizon North Modular Solutions to build a 157-bed hostel in the town. The site will include two buildings dedicated to staff accommodation and one maintenance building.

Red Deer enjoyed outstanding job growth in August (+5.0%) on an annual basis. Moreover, at 5.6%, Red Deer's unemployment rate was the second lowest province-wide. Compared to August 2017, employment declined across most goods-producing industries, however, with agriculture the notable exception. On the services-producing side, overall strong job growth was led by transportation and warehousing and 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 centre for Alberta's oil sands operations. In August, employment in the Wood Buffalo-Cold Lake region stood at 83,700, down 0.9% on the year. Over the same period, the regional unemployment rate declined 1.7 percentage points to 6.0%. 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.

In partnership with Caterpillar and Finning, Imperial Oil will begin experimenting with as many as seven autonomous hauler trucks at its Kearl oil sands site by the end of this year. Canadian Natural Resources also plans to start testing the technology.

The **Edmonton** region's labour market continued to improve in August. Year over year, employment across the region increased by 32,600 to just over 810,000, with job gains seen in both the goods-producing and services-producing sectors. Combined-hiring in the public sector industries of education, health care, and public administration totalled just under 30,000. The region's unemployment rate fell 1.7 percentage points as employment gains (+4.2%) far outpaced labour force growth (+1.4%).

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

Looking ahead, the Government of Alberta will be providing \$3.5M to ITU World Triathlon Series Edmonton to support hosting the 2020 ITU World Triathlon Grand Final. The five-day event is expected to generate about \$44.5M in economic activity in the region.

The **Calgary** area labour market struggled in August. Overall employment dropped by 1.1% as excellent job growth across most goods-producing industries failed to offset deep job losses across the services-producing sector. While unemployment did ease, roughly 15,000 people exited the labour market.

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.

Garmin Canada has opened its new headquarters in Cochrane, to the northwest of the City of Calgary. The facility has approximately 100 engineers and support staff who design and develop fitness, outdoor and wireless products.

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 (no top-code); 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 New York Mercantile Exchange (NYMEX), West Texas Intermediate Crude Oil (WTI). Accessed September 10, 2018 <https://www.nasdaq.com/markets/crude-oil.aspx>

⁵ Energy Information Agency (EIA), Short-Term Energy Forecast, August 7, 2018. Accessed September 10, 2018 <https://www.eia.gov/outlooks/steo/>

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 The Globe and Mail, Indigenous groups have ‘specific’ requests that could save Trans Mountain; September 7, 2018. Accessed September 7, 2018 <https://www.theglobeandmail.com/canada/article-indigenous-groups-have-specific-requests-that-could-save-trans/>

⁸ Government of Alberta, Economic Dashboard; August 3, 2018. Accessed September 10, 2018 <http://economicdashboard.alberta.ca/OilProduction>

⁹ 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; July 2018. Accessed September 10, 2018 <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3410014901>

¹⁰ The Star Calgary, Calgary's service-sector losses not necessarily because of minimum-wage hike; August 15, 2018. Accessed September 10, 2018

<https://www.thestar.com/calgary/2018/08/15/calgarys-service-sector-losses-not-necessarily-because-of-minimum-wage-hike.html>

¹¹ The Canadian Press, Alberta's first large-scale project to be built near retired open-pit coal mine at Obed; August 14, 2018. Accessed September 11, 2018

<https://www.cbc.ca/news/canada/edmonton/hydro-power-storage-project-near-jasper-approved-1.4784963>