



ECONOMIC & LABOUR MARKET RESEARCH AND ANALYSIS PROJECT

CANADA ○ **ALBERTA** ○ **MEDICINE HAT & AREA**

Report No. 1

June 2010

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This report provides labour market and economic information prepared for use by the Economic Development Alliance of Southeast Alberta, Alberta Employment and Immigration, City of Medicine Hat, The Community Foundation of Medicine Hat & South-eastern Alberta, and Medicine Hat District Chamber of Commerce. The report aims to provide economic and labour market information pertaining to Medicine Hat and area in specific, as well as provincial and national information, relevant to the area. The information herein covers trends of data available for the month of June 2010.

ECONOMY

In a dynamic economy, actions and activities at national and provincial levels have most certain effects at local and regional levels. This section provides information for economic activity at the national, provincial and local levels, for the month of June 2010.

CANADA

OVERNIGHT INTEREST RATE

June 2010 started off with the Bank of Canada lifting the overnight rate to 0.5%. The raise was anticipated by many amid signs of the rebounding national economy. The raise of June 1 was the first raise since the lowest possible of 0.25 since April 2009. This move signals signs of prospering times, but the Bank of Canada also cautioned to monitor the global market, particularly Europe, which may impact the Canadian economy.

The raise of the overnight rate is supported by a strong Labour market report released by Statistics Canada later in the week.

GROSS DOMESTIC PRODUCT

National real GDP grew 6.1% in the first quarter. Proof of sustained growth was supported by the national labour market, which continued to create jobs at a rising rate. The composite leading index rose steadily.

CONSUMER PRICE INDEX

Consumer prices rose 1.4% in the 12 months to May, following a 1.8% increase in April. On a seasonally adjusted monthly basis, consumer prices declined 0.1% from April to May. . Data released for June shows Canada's CPI easing 0.1%, reducing the yearly rate to 1.0% from 1.4%.

The Prairie Provinces posted the largest declines in *household demand* and *manufacturing sales*, after leading growth for most of 2010. Manufacturing sales in April slipped 2.6% after five straight gains, led by a decline in receipts for *Alberta's oil refineries*. *Housing starts* dropped 22% in May, the most of any region, after steady gains early this year. *Retail sales* fell 1.9% after four straight gains.

ALBERTA

ECONOMY

The recession of 2008/9 had a particularly negative effect in Alberta, prompting the province's economy to contract for the first time since 1986 - the slump in certain sectors was more pronounced than others. The industries predominantly affected were: residential construction, oil and gas services, machinery manufacturing, and retail trade.

LABOUR FORCE:

In addition to losses in the particular industries, the recession also brought about a loss in workers, and the availability of workers, with Albertans moving out of the province. Interprovincial migration is Alberta's strong area of population growth, and remains low. However, it is picking up, although modestly. The first positive number reported in the end of the first quarter by Statistics Canada brings an end to the preceding two negative figures of the past quarters.

Alberta's economy was the slowest to recover among the Canadian provinces after the recession of 2008/9. Statistics released by Statistics Canada indicated a raise in restaurant spending, indicative of a desire to engage in discretionary

spending. Although the months leading to June 2010 witnessed a surge in Alberta's jobs, it did take until April for Alberta to add jobs.

Following two months of growth, employment in Alberta was little changed in June 2010. Based on the Labour force Survey for June 2010, employment in this province is up 0.8% (+15,000) from July 2009, the slowest growth rate of all provinces.

HOUSING

Housing starts in Alberta dropped in the month of June, possibly due to rise in interest rates.

BUILDING PERMITS

Both residential and non residential building permits' value declined. This is significant, since these figures are indicative of future construction levels. The decrease in permits is somewhat warranted, due to the slowdown in the resale market – if the resale market remains slow, developers will most likely be hesitant to build new homes. The expectation of rising mortgage rates will further fuel the likelihood of a decrease in potential homebuyers.

However, market rankings for trades and occupations in Alberta, published by the construction sector council's *Construction looking forward, Alberta (2009-2017)* indicate that there will be limited availability of workers for predominantly all construction related trades and occupations and the publication asserts that employers will need to compete to attract additional and appropriate labour.

Alberta's population is increasing, albeit slowly, especially interprovincial.

ECONOMY

June will most likely go down in history as the month when Mother Nature showed no mercy to the City of Medicine Hat and area. The flooding that deluged the region will have effects that will reverberate for months to come. The massive recovery effort at the federal, municipal and individual level will characterize the economy for the coming months. The losses to both property and businesses have been substantial. Local manufacturer IXL has been terribly impacted, forcing it to halt production at its facility. Not only will the temporary closure of a major local employer have effect on the local economy's output, but IXL will itself have to invest in its own recovery.

The effects of the floods will come to surface in the months of July and August, when recovery will get underway, after the

water has receded on the ground, and stopped from up above.

As a consequence of the weather, the crops have been detrimentally impacted, directly affecting the agricultural output and the labour force of the sector.

The resilient people will soon be engaging in recovery effort, investing in the bettering and adding to the economy. Construction will most likely be going up.

TABLE 1: MEDICINE HAT BUSINESS LICENSES

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
January	34	36	53	34	49	33	46	44	54	47	34
February	32	26	34	30	36	31	41	38	38	31	34
March	45	34	32	45	45	44	60	46	45	72	52
April	37	25	45	45	54	52	57	48	64	64	45
May	40	29	37	44	35	55	87	67	49	55	56
June	34	32	31	48	42	56	54	64	54	45	41
July	40	33	35	30	36	49	27	34	40	42	...
August	40	45	31	39	36	57	46	61	29	35	...
September	27	20	45	40	45	43	35	41	46	44	...
October	42	40	43	29	39	39	31	39	63	34	...
November	25	38	31	25	45	30	59	35	38	27	...
December	16	18	37	34	34	22	23	27	18	32	...
Total	412	376	454	443	496	511	566	544	538	528	262

Source: Month end statistics, Planning, building & development services department, City of Medicine Hat -June 2010

HOUSING

Housing market outlook published by CMHC projects that both 2010 and 2011 will see an upward trend in housing starts for Medicine Hat. Real estate volume for Medicine Hat has shown an upward trend.

Table 2: Medicine Hat Housing Forecast - New Construction

Housing Starts	2009	2010(F*)	% chg 2009/2010	2011 (F*)	% chg 2010/2011	YTD 2010	YTD 2009	% chg 2009/2010
Single-Detached	156	225	44.2	285	26.7	48	29	65.5
Multiple	131	200	52.7	225	12.5	8	61	-86.9
Total	287	425	48.1	510	20.0	56	90	-37.8

Source: Housing Market Outlook – Prairie Region Highlights, second quarter, 2010

Table 3: Medicine Hat Housing Forecast - Resale Market

	2009	2010(F*)	% chg 2009/2010	2011 (F*)	% chg 2010/2011	YTD 2010	YTD 2009	% chg 2009/2010
MLS sales	1,281	1,350	5.4	1,425	5.6	317	244	29.9
MLS average price	251,310	258,000	2.7	266,000	3.1	253,972	244,133	4.0

Source: Housing Market Outlook – Prairie Region Highlights, second quarter, 2010

Table 4: Medicine Hat Real Estate Volume

	Jun-09	May-10	Jun-10
RESIDENTIAL			
Single family house	33,040,650	22,693,520	16,388,800
Single family other	4,750,026	4,234,700	5,252,009
Residential other	1,415,400	974,500	1,226,800
NON-RESIDENTIAL			
Farms	360,000	845,000	0
Vacant land	0	686,400	0
Other	448,092	3,715,884	2,226,166
VOLUME	40,014,168	33,150,004	25,093,775
RESIDENTIAL			
Single family house	109	90	62
Single family other	30	23	27
Residential other	6	4	5
NON-RESIDENTIAL			
Farms	1	3	
Vacant land	0	5	
Other	2	6	10
SALES	148	131	104
listings placed	323	346	339
Year volume until	164,742,237	150,494,005	175,587,780

Source: Medicine Hat Real Estate Board, Monthly Statistical report, June 2009, May-June 2010

RENTAL

Medicine Hat experienced the most change among centres outside Calgary and Edmonton in terms of higher vacancy rates. The vacancy rate across all unit types rose to 10.7 per cent this April, an increase of 6.4 per cent from last year.

BUILDING PERMITS

Both the volume and number of building permits has increased in June 2010 from the month before. These numbers are important as they indicate future construction activity.

Table 5: Medicine Hat Issuance of Building permits

	Jun-09		Jun-10		Current year to date		Previous year to date	
	No	Amount	No	Amount	No	Amount	No	Amount
RESIDENTIAL								
Houses	11	2402000	20	5492000	102	25294000	48	9717000
Duplexes					2	366000	2	198000
Tri & four plexes					2	1302000	2	770000
Apartments	1	5760000			0	0	1	5760000
Manufactured homes			3	296000	8	777000		
RESIDENTIAL ALTERATIONS								
Garages	15	294000	20	333000	51	739000	54	718000
Alterations – apartments					3	705000	1	4000
Alterations - other	70	876000	57	421000	289	3832000	321	3503000
NON- RESIDENTIAL NEW BUILDINGS								
Commercial					5	7704000	7	7478000
Industrial					0	0		
Institutional					2	1067000	1	75000
NON-RESIDENTIAL ALTERATIONS								
Commercial	6	1272000	10	1082000	53	3959000	53	4843000
Industrial			1	16000	1	16000		
Institutional	7	10957000	3	249000	6	2654000	12	17464000
MISCELLANEOUS								
	110	21561000	114	7889000	524	48415000	502	50530000

Source: Month end statistics, Planning, building & development services department, City of Medicine Hat -June 2010

INDUSTRIES:

Tourism and hospitality: Potential impact will be reflected in hotel occupancy during the months of the wet season. Elkwater and Medicine Hat camping grounds remained closed longer than last year. People are forced to postpone their outdoor recreation.

Construction industry: Keeping the recovery from the floods in view, construction activity on the whole is expected to be higher for the coming months, whereas it was lower on the whole in June, due to the rains.

Manufacturing industry: IXL is been forced to put its production on hold. The coming months will put a financial cost on the disruption of the production activities at its facility.

Energy sector: Mild weather has decreased demand for energy, translating into lower prices and possibly lower production costs for businesses.

Retail sector: Flood recovery will translate in to better businesses by consumers.

NEWS HIGHLIGHTS: ECONOMY AND LABOUR

Alberta Climate Change and Emissions Management (CEMC) Corporation is awarding C\$37.5 Million in Funding for Renewable Energy Projects from Biofuels to Home Generation: of the award, C\$3 million will be allocated for the Medicine Hat Concentrating Solar Thermal Power Project. The purpose of this project is to install a hybrid energy system at the City of Medicine Hat power plant to evaluate the technology's potential in Alberta.

A human resources consulting firm asserts Alberta's energy companies should build talent within their own ranks before the next labour crunch hits rather than look outside when they're in the midst of a shortage. Assuming employment demand grows by four per cent annually, Mercer predicts Canada's energy sector will be short some 24,000 workers by 2014.

A study by the Petroleum Human Resources Council of Canada last month suggested the energy sector would need more than 100,000 workers by 2020 to support oil and gas activity.

However, the Alberta Federation of Labour remains skeptical that the province is on the verge of returning to a labour market where it's existing labour force would not be able to

handle the demands. Instead, the federation raises concerns about high-paying jobs leaving the province. It says that these concerns are well founded, given the large share of oilsands equipment being manufactured elsewhere and the high degree of oilsands processing taking place in the United States.

American power act is seen to translate into higher demand of natural gas and promotion of vehicles operating on gas.

Alberta's Health Services approved an \$11.2-billion spending plan which aims at better delivery of service and care for seniors. United Nurses of Alberta's showed its pleasure at the news of restrictions being lifted on hiring. It is said that this could see the addition of 450 new people this year, according to AHS. AHS has pledged to open 2,000 continuing care spaces by 2013.

News of a jump in the jobless rate has the Alberta Federation of Labour calling for a provincial stimulus plan, after numbers released indicate the province's jobless rate went up slightly to 6.7 per cent. AFL says the job crisis continues in Alberta and calls for the need to invest to create employment opportunities. AFL further states Alberta may be jeopardizing its modern economy by ignoring investment in the 'building blocks' of job creation, such as education and infrastructure.

Energy information Administration - EIA – project higher future demand for both liquid fuel and natural gas (22%, 44%).

Canadian association of oilwell drilling contractors project ongoing upward trend for Alberta's drilling activities for the remainder of 2010.

LABOUR MARKET TRENDS, BASED ON LFS AND STATISTICS CANADA DATA

Statistics Canada reported businesses hired 51,900 workers in June 2010, the fourth straight month of strong gains. The outlook for hiring remains positive. The Bank of Canada's Business Outlook Survey for Q2 showed a net 40% of business planned to increase hiring over the next 12 months, up 2 ppts from Q1.

Canadian firms are stimulating the fastest job growth in 23 years. The stark differences in labour markets will affect the outlook for the economy, interest rates and the Canadian dollar.

A number of Canadian sectors have already regained their job losses (professional, scientific and technical services; health care and social assistance; wholesale and retail trade; and education). Several others have made big strides (construction, resources and business services). Only manufacturing, which accounted for half of the total job losses, continues to suffer due to the high dollar and weak U.S. demand.

Compared with the previous two recessions, the recent slump in Canadian employment was much shorter and shallower and the recovery faster. Of the 417,400 net jobs lost in the recent downturn, 97% (or 403,000) have already been returned. Assuming moderate growth in July, employment will have regained all of its losses within one year.

Table 6: Labour force Survey Statistics - Canada

CANADA	May-10	Jun-10	Annual change	Annual percent change
in thousands (except rates)				
15 years and over, both sexes				
Population	27,651.80	27,696.60	404.3	1.5
Labour force	18,603.00	18,665.00	270.3	1.5
Employment	17,096.60	17,189.80	372.3	2.2
Employment full-time	13,835.70	13,884.60	345	2.5
Employment part-time	3,261.00	3,305.20	27.3	0.8
Unemployment	1,506.40	1,475.20	-102	-6.5
Participation rate	67.3	67.4	0	...
Unemployment rate	8.1	7.9	-0.7	...
Employment rate	61.8	62.1	0.5	...
Part-time rate	19.1	19.2	-0.3	...

Source: Statistics Canada, Labour Force Survey Estimates, June 2010

ALBERTA

Alberta has suffered much, and is taking much longer than its provincial counterparts to recover, especially in terms of employment. It is, however, gaining ground on strength in resources. In June, Alberta's unemployment rate edged up slightly, from 6.6% to 6.7%. This however, could be attributed to the injection to Alberta's labour force, which showed an

disturbing picture is in the loss of full-time employment. Alberta dropped 9,600 full-time jobs between May and June 2010.

"Alberta is clearly still feeling the impacts of the recession - unnecessarily," says Gil McGowan, President of the Alberta Federation of Labour. "Alberta was one of the only jurisdictions in the industrialized world to refuse to invest in economic stimulus. The result is we are lagging behind in recovery, especially where it counts the most, which is full-time employment," says McGowan.

Confidence levels among owners of Alberta's small and medium-sized business fell almost three points. The lowest levels of confidence emanated from business in the agriculture, construction and hospitality sectors.

Youth unemployment (15-24) remains stubbornly high at 11.7%, and aboriginal off-reserve unemployment remains at 15%, unchanged from a year ago.

In Budget 2010, the government of Alberta cut training programs by \$23 million, mostly for youth and aboriginal people.

Job creation totalling +90,000 – 5700 were in Alberta, and from this 5700, the majority were PT.

Although housing starts have been rising for the most part of the preceding months, the number is tapering off.

Table 7: Labour force Survey Statistics - Alberta

ALBERTA	May-10	Jun-10	Annual change	Annual percent change
in thousands (except rates)				
15 years and over, both sexes				
Population	2,917.8	2,924.1	60.3	2.1
Labour force	2,135.7	2,143.0	11.5	0.5
Employment	1,994.1	1,999.8	13.7	0.7
Employment full-time	1,657.9	1,648.3	15.0	0.9
Employment part-time	336.2	351.5	-1.4	-0.4
Unemployment	141.6	143.2	-2.2	-1.5
Participation rate	73.2	73.3	-1.1	...
Unemployment rate	6.6	6.7	-0.1	...
Employment rate	68.3	68.4	-1.0	...
Part-time rate	16.9	17.6	-0.2	...

Source: Statistics Canada, Labour Force Survey Estimates, June 2010

Both the labour force and the employment level of the city increased in June 2010 from the previous month, while simultaneously decreasing the unemployment rate.

Table 8: Labour force characteristics, unadjusted, Medicine Hat

MEDICINE HAT	June-09	May -10	June-10
in thousands (except rates)			
Population	59.7	60.7	60.8
Labour force	39.2	37.8	39.4
Employment	36.3	34.8	36.6
Unemployment	2.8	3.0	2.8
Not in labour force	20.5	22.9	21.4
Participation rate	65.7	62.3	64.8
Unemployment rate	7.1	7.9	7.1
Employment rate	60.8	57.3	60.2

Source: Statistics Canada, June 2010

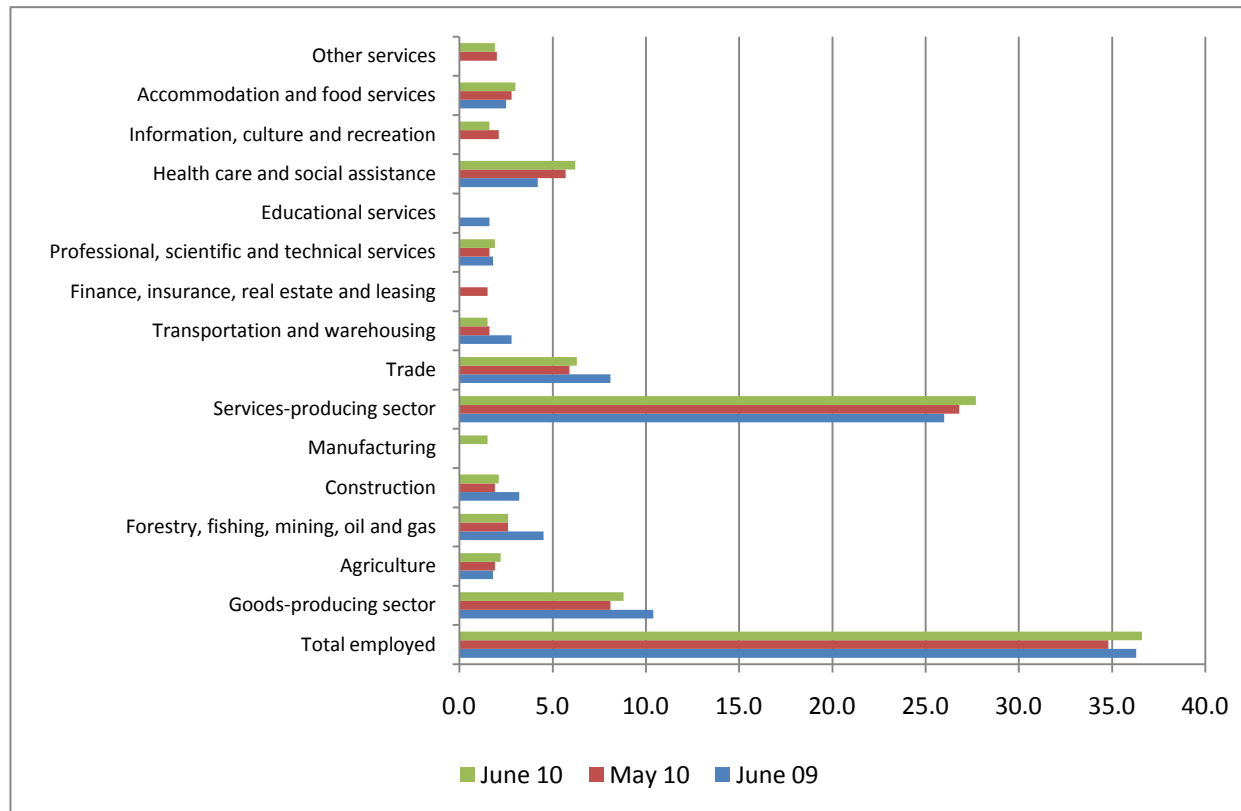
The number of total employed individuals has been increasing from the previous three months.

Figure1: Total Employed, Medicine Hat, 3-month moving average



Source: Statistics Canada, 2010

Figure2: Employed by industry, Medicine Hat, 3 month moving average



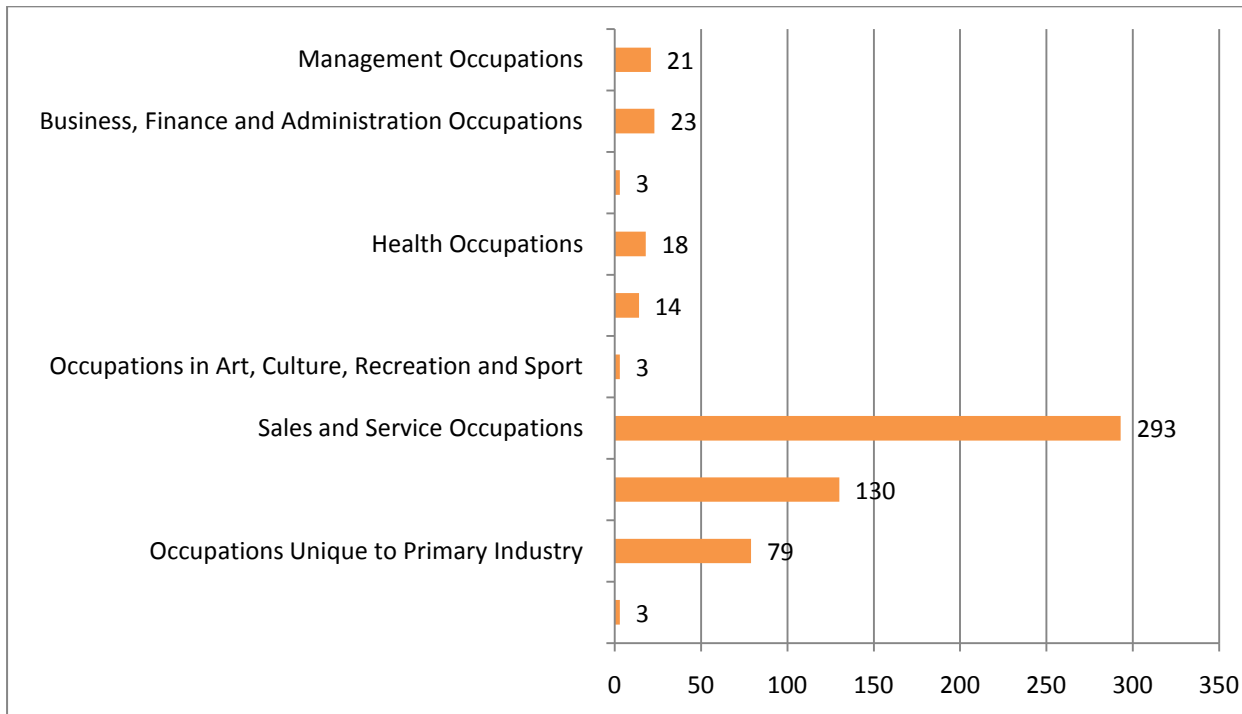
[Note: data absent for values below 1500]

Source: Statistics Canada, 2010

JOB BANK ANALYSIS

For Medicine Hat and area, there were a total of 587 positions listed on the Job Bank in the month of June 2010, accounting for 279 job listings.

Figure 3: Job Bank Number of Job postings for Medicine Hat and area by Occupation (NOC): N= 587



The following occupations were listed most at job Bank for the month of August 2010.

TABLE 2: JOB BANK 20 MOST ADVERTISED OCCUPATIONS FOR AUGUST 2010

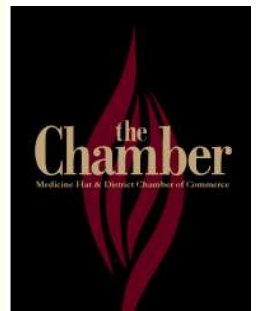
Occupation	NOC	FREQUENCY
Retail Salespersons and Sales Clerks	6421	29
Truck Drivers	7411	14
Food Counter Attendants, Kitchen Helpers and Related Occupations	6641	13
Sales Representatives - Wholesale Trade (Non-Technical)	6411	10
Construction Trades Helpers and Labourers	7611	10
Retail Trade Managers	621	9
Cooks	6242	9
Food and Beverage Servers	6453	8
General Office Clerks	1411	7
Community and Social Service Workers	4212	7
Oil and Gas Drilling, Servicing and Related Labourers	8615	7
Babysitters, Nannies and Parents' Helpers	6474	6
Grocery Clerks and Store Shelf Stockers	6622	6
Nursery and Greenhouse Workers	8432	6
Registered Nurses	3152	5
Heavy-Duty Equipment Mechanics	7312	5
Delivery and Courier Service Drivers	7414	5
Receptionists and Switchboard Operators	1414	4
Storekeepers and Parts Clerks	1472	4
Food Service Supervisors	6212	4

Source: Job Bank analysis, August 2010

Twelve percent of the positions listed on the Job bank for June 2010 accounted for Food Counter Attendants, Kitchen Helpers and Related Occupations (NOC 6641)

Table 9: Job Bank top 20 positions for June 2010

Occupation	NOC	POSITIONS
Food Counter Attendants, Kitchen Helpers and Related Occupations	6641	70
Retail Salespersons and Sales Clerks	6421	58
Nursery and Greenhouse Workers	8432	56
Construction Trades Helpers and Labourers	7611	32
Sales Representatives - Wholesale Trade (Non-Technical)	6411	29
Truck Drivers	7411	28
Light Duty Cleaners	6661	23
Cooks	6242	19
Security Guards and Related Occupations	6651	16
Oil and Gas Drilling, Servicing and Related Labourers	8615	15
Retail Trade Managers	621	15
Food and Beverage Servers	6453	14
Grocery Clerks and Store Shelf Stockers	6622	13
Babysitters, Nannies and Parents' Helpers	6474	11
Carpenters	7271	10
Technical Sales Specialists - Wholesale Trade	6221	10
Food Service Supervisors	6212	10
Nurse Aides, Orderlies and Patient Service Associates	3413	10
Heavy-Duty Equipment Mechanics	7312	9
Community and Social Service Workers	4212	7



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