

Weekly Economic Review

Alberta labour market moves ahead

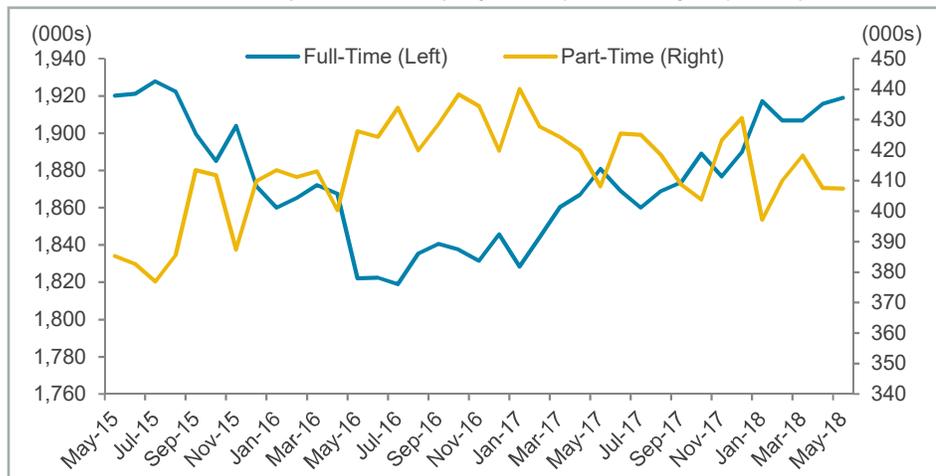
Employment

Full-time positions drive gains

After a pause in April, Alberta's labour market posted modest gains in May. There were 2,900 jobs added as the rotation to full-time employment continued (Chart 1). Full-time employment increased by 3,200 jobs while part-time employment was virtually unchanged. Most of the gains were concentrated in the service sector (+2,700), which regained some ground after April's decline.

Chart 1: Transition to more full-time work continues

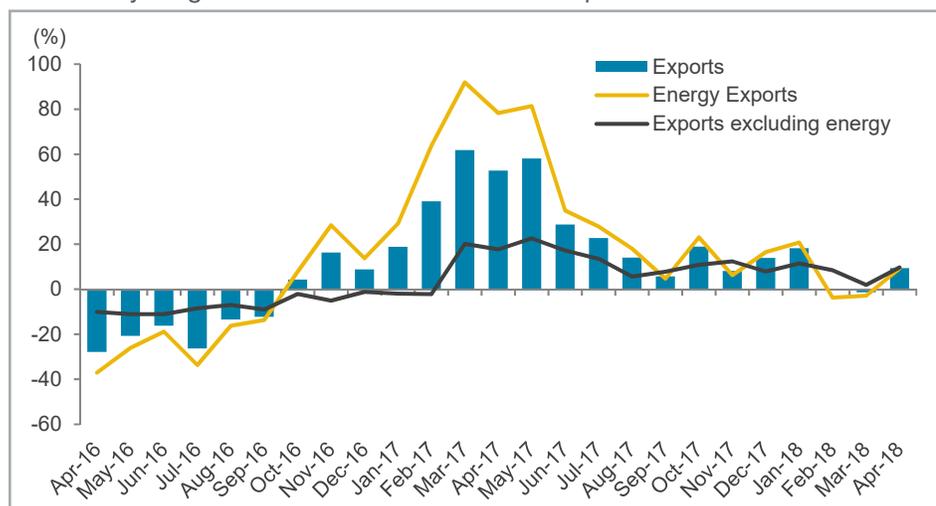
Alberta full-time versus part-time employment (seasonally adjusted)



Source: Statistics Canada

Chart 2: Exports improve from a year ago

Year-over-year growth in Alberta merchandise exports



Source: Statistics Canada

Meanwhile, the recovery in the goods sector paused in May as declines in manufacturing and agriculture offset gains in construction and mining, oil and gas. The participation rate fell 0.4 percentage points to 71.6%, the lowest level since May 1993. With the increase in employment and decrease in the participation rate, the unemployment rate dropped 0.5 percentage points in May to 6.2%, the lowest level since August 2015.

Merchandise Trade

Exports hold fairly steady

Exports eased slightly in April but held on to most of the gains from the previous month. The value of Alberta merchandise exports edged down 1.4% month-over-month (m/m) to \$9.0 billion. The declines were driven by chemicals and plastics (-7.4% m/m), which pulled back from a record high from the previous month, and energy products (-2.1% m/m). Moderating the decline was a surge in forestry products, which posted back-to-back gains to hit a new high, along with solid gains in agri-foods, metal and non-metallic minerals products. Compared to the previous year, exports were up 9.4% (Chart 2).

Rigs Drilling

Rigs up

The number of rigs drilling in the province hit a seasonal low in May as spring breakup came to an end. However, the pace of year-over-year growth picked up. There was an average of 67 active rigs drilling for oil and gas in Alberta, a four year high for the month of May. The rigs count was up a solid 9.1% from last year and improved 2.4% year-to-date (YTD). In the rest of Canada, the number of active rigs increased 10% y/y to average 25 rigs; however it remained down 8.1% YTD.

Crude Oil Production

Maintenance weighs on output

Lower synthetic crude output dragged down overall production in April. It fell 8.6% m/m to 3.2 million barrels per day (MMbpd). Most of the decline was in synthetic crude (-24% m/m) as an oil sands upgrader went offline for scheduled maintenance. Nevertheless, the drop is typical for this time of year, as synthetic production is lower in the spring (Chart 3). Bitumen output also pulled back after hitting a record high in the previous month. Conversely, conventional oil continued its steady climb upwards, rising nine out of the past eleven months. Despite the monthly drop, total production remained up 7.4% YTD.

Building Permits

Residential permits ease in April

Permits issued by Alberta municipalities decline in April. The value of building permits decreased 4.5% m/m to \$1.2 billion. The majority of the drop was due to multi-family permits which retreated from a 17-month high in the previous month. This drop was partially offset by increases in single-detached and non-residential permits. Despite the monthly drop, construction intentions remained up 15% from a year ago. Overall in the first four months of 2018, buildings permits improved 4.4% over the same period last year, lifted by the residential sector.

Real GDP by Expenditure

Household sector weighs on Canadian growth

Canadian GDP growth continued to cool in the first quarter of 2018. The economy expanded at a seasonally adjusted annualized rate (SAAR) of 1.3%, down from torrid pace of 4.0% from the first quarter of last year (Chart 4).

Contact

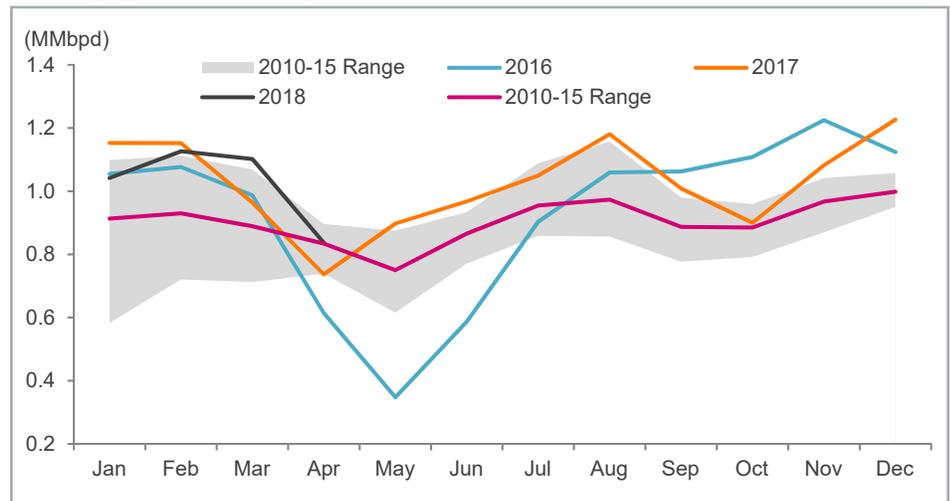
[Daniel Letcher](#)

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The moderation in growth has due to a deceleration in household spending and a decline in residential investment. Household consumption grew at an annualized rate of 1.1%, the slowest pace since the first quarter of 2015, while lower resale housing activity coincided with mortgage rules changes, which came into effect in January, and higher interest rates. Export growth was hampered by transportation issues. On the other hand, there was a notable pickup in non-residential business investment.

Chart 3: Springtime weakness in synthetic output

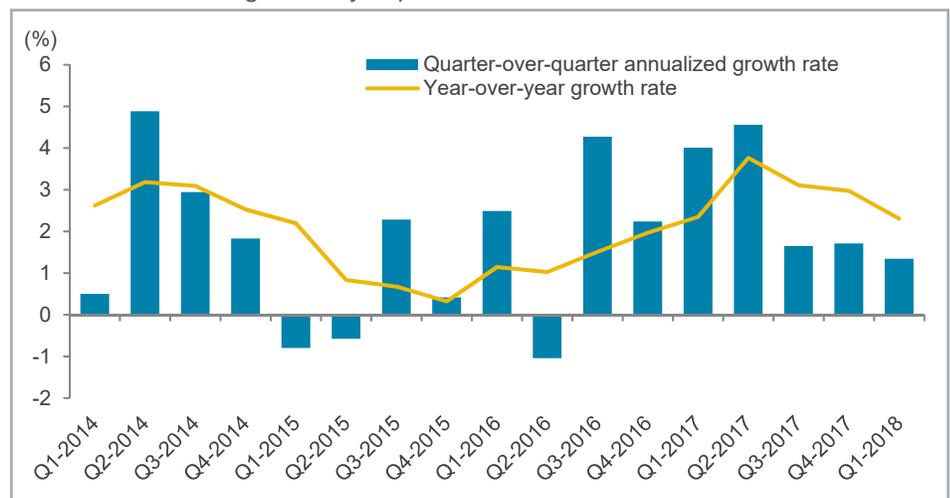
Monthly synthetic crude production



Source: Alberta Energy Regulator

Chart 4: Economic growth continues to moderate in first quarter

Canadian real GDP growth by expenditure



Source: Statistics Canada

Please see the [Alberta Economy - Indicators at a Glance](#) for a snapshot of Alberta indicators.