

Weekly Economic Review

Alberta labour market moderates

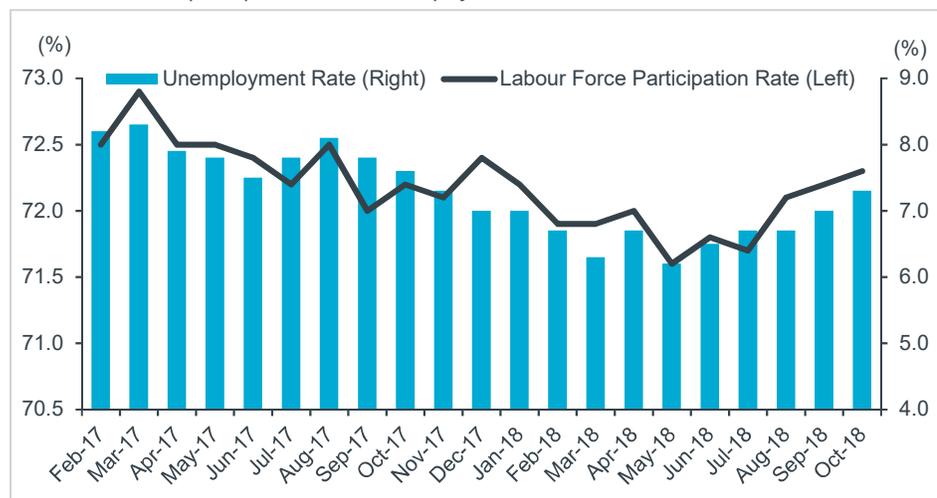
Employment

More people look for work amid easing employment

Alberta employment dipped for the second month in a row in October following a surge in August. It fell by 2,700 month-over-month (m/m) as private sector employment retreated (-9,000) from a three-year high while self-employment resumed growth (+7,500) after two consecutive months of decline. Continued gains in full-time work (+8,600) were overshadowed by a drop in part-time

Chart 1: Participation rate and unemployment rate move in tandem

Alberta labour force participation rate and unemployment rate



Source: Statistic Canada

Chart 2: Activity ticks higher

Alberta Activity Index



Source: Alberta Treasury Board and Finance

positions (-11,300). The labour force participation rate ticked up to a 10-month high of 72.3%. This along with the modest job decline pushed the unemployment rate 0.3 percentage points to 7.3% (Chart 1). The unemployment rate has trended up since May 2018 as more Albertans entered the workforce and look for work. Nevertheless, overall employment continued to track higher than last year (+42,300) on broad-based gains led by private sector and full-time employment.

Alberta Activity Index

Activity resumes growth

The Alberta Activity Index (AAX) rebounded in August after posting back-to-back declines (Chart 2). The AAX increased 1.0% m/m as seven out of nine indicators recorded monthly gains. The broad-based rebound in activity was led by employment and new truck sales, which accounted for two-thirds of the monthly growth. There was also a pickup in the household sector while the energy sector remained relatively unchanged. With the monthly increase, the year-over-year (y/y) growth accelerated to 3.9% from 2.3% in June, partly reflecting last summer's dip in activity. The AAX was up 3.0% year-to-date (YTD).

Railway Carloadings

Railcars thundering on the tracks

Rail traffic in Western Canada continues to go full steam ahead. The number of carloadings surged 11% y/y to a record 174,413 railcars, exceeding the previous

high set in May 2014. The surge in shipments was broad-based across commodities, with nearly half of the increase in fuel oils and crude (+73% y/y). Shipments of potash and canola have also supported the gains. Carloadings were up by a modest 4.7% YTD, reflecting transportation-related bottlenecks earlier in the year.

Metres Drilled

Metres bolstered by oil

Metres drilled for oil and gas in the province continued to rise over the summer drilling season. Total metres drilled hit a six-month high of 1.4 million metres in August, up for a third consecutive month (Chart 3). Drilling growth continued to be concentrated in crude oil, which grew 43% y/y, led by a surge in conventional oil and supported by solid gains in bitumen. Meanwhile, natural gas remained weak as it fell for the ninth consecutive month (-18% y/y). Overall, metres drilled was up 5.1% YTD, solely due to gains in oil.

Merchandise Trade

Weaker refinery demand weighs on exports

Exports retreated from the 10-year high posted in August. The value of merchandise exports fell 11% m/m to \$9.7 billion in September. Lower prices combined with weaker refinery demand in the US, especially in the Midwest, due to maintenance-related shutdowns weighed on energy exports (Chart 4). Non-energy products also eased 2.8% m/m. There were declines in nine out of twelve categories, led by basic chemical, plastics and rubber products, which pulled back

Contact: [Bijon Brown](#) at 780.643.1876

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

after two consecutive months of growth. Despite the monthly drop, exports remained up 30% y/y.

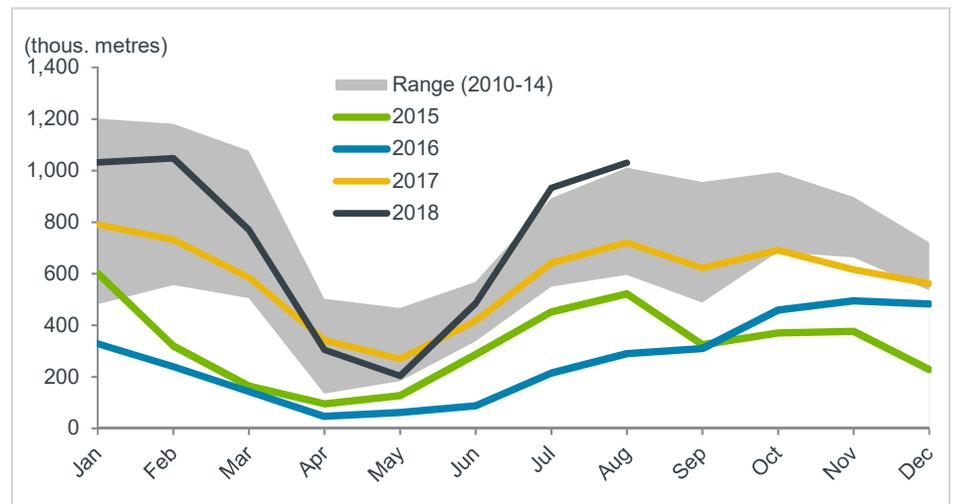
GDP by Industry

Rising oil sands production bolsters Canadian GDP growth

Canada's real gross domestic product grew for the seventh consecutive month in August. It increased 0.1% m/m with growth concentrated in a few industries, led by mining and oil and gas extraction (O&G) and finance and insurance. In particular, growth in the O&G sector was fuelled by rising oil sands production which lifted Alberta crude oil production to an all-time high. Growth in equity markets and rising bond yields contributed to growth in the finance and insurance industry. Conversely, dips in manufacturing and construction industries weighed most heavily on monthly growth. Overall, real GDP by industry increased 2.5% year-over-year (y/y).

Chart 3: Metres drilled for crude oil near historical highs

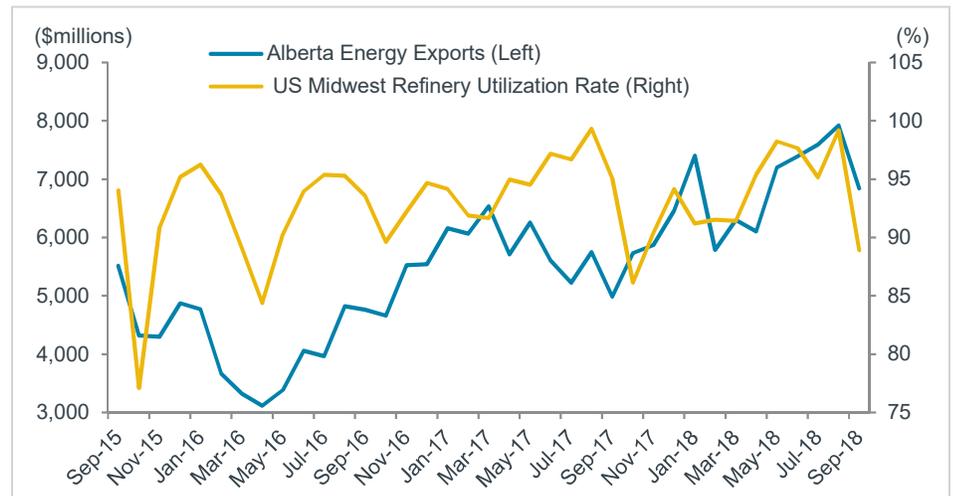
Metres drilled for crude oil



Source: Alberta Energy Regulator

Chart 4: Energy exports ease on weaker US Midwest demand

Alberta energy exports and US Midwest refinery utilization



Sources: Statistics Canada, U.S. Energy Information Administration