

Weekly Economic Review

Alberta growth highest among the provinces

Provincial GDP by Industry

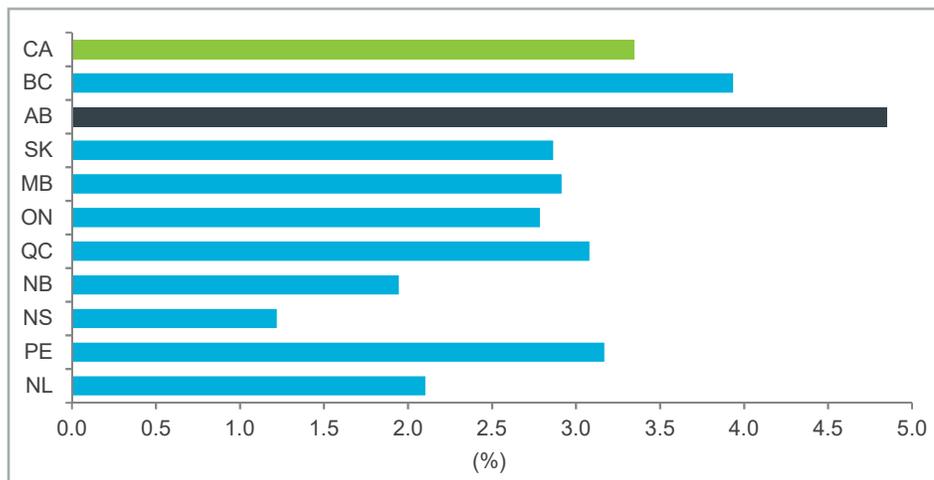
Energy sector propels economic growth

Alberta's economy rebounded in 2017 after two years of contraction. Real GDP by industry increased 4.9% in 2017 following declines of 3.6% in 2016 and 3.9% in 2015. The strong rebound was driven primarily by the recovery in the energy sector. Oil and gas extraction (+7.8%) and support activities for mining, oil and

gas posted solid gains, accounting for more than half of the 2017 growth. The robust recovery in the energy sector also lifted the manufacturing (+8.1%), wholesale trade, and transportation and warehousing industries. While growth was concentrated in energy and related sectors, nearly all industries expanded in 2017 except management of companies and non-residential construction. Overall, Alberta posted the strongest growth rate among the provinces (Chart 1), significantly outpacing the next fastest province (+3.9% for BC) and well above the national rate (+3.3%).

Chart 1: Alberta leads the provincial pack in 2017

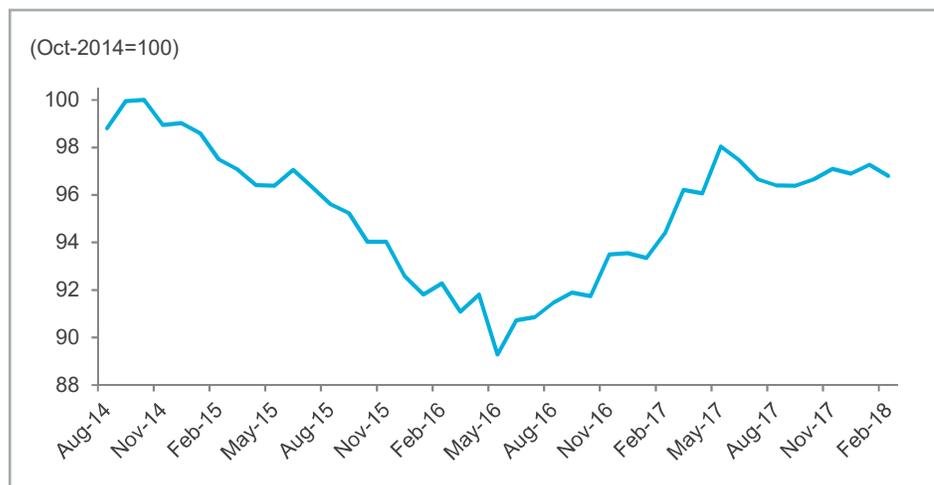
Provincial real GDP by industry growth, 2017



Source: Statistics Canada

Chart 2: Activity eases in February

Alberta Activity Index



Source: Alberta Treasury Board and Finance

Alberta Activity Index

Activity moderates from 2017 pace

Growth in the Alberta Activity Index (AAX) continues to moderate from the furious pace set in 2017. The index fell 0.5% month-over-month (m/m) in February as household and business activity losses outweighed labour market and energy sector gains. The index has held relatively steady since late 2017; however, year-over-year (y/y) growth moderated to 2.5% from 4.2% in January (Chart 2), reflecting a run-up in activity earlier in 2017. With activity well above recessionary lows, the AAX has recovered about two-thirds of its peak-to-trough losses.

Crude Oil Production

Bitumen output drives gains

Oil production in the province continues to rise. In March, it increased 0.9% m/m to 3.5 million barrels per day (Mbpd). Bitumen output, which increased for three consecutive months, surpassed the November high to hit a record of 1.8 Mbpd. Increases in conventional oil, which reached the highest level in 35 months, on the back of stronger light and medium oil and condensate output

also contributed to the overall increase in crude. These gains were moderated by a drop in synthetic crude as an upgrader was shut down for planned maintenances activities which will last until May. Although some producers were reporting challenges in the first quarter, provincial crude output was up 5.5% compared to the same period in 2017 as production ramps up at the recently completed Fort Hills oil sands mine (Chart 3).

Merchandise Trade

Alberta exports rebound

Exports from the province bounced back from a sharp drop in February. The value of Alberta exports rebounded 17% m/m to \$9.1 billion in March. The resurgence was broad-based, led by energy exports (+13% m/m) which were supported by the ramp up of oil production from a recently completed oil sands mine. Exports of farm and intermediate food products also rebounded (+49% m/m) after plunging in the previous month with ongoing rail transportation disruptions occurring throughout Western Canada. This, along with solid gains in chemical and consumer goods, pushed non-energy exports up (+26% m/m) to surpass the previous high set a year ago. Over the first three months of 2018, international exports were up 4.2% year-to-date.

Canadian Real GDP by Industry

Mining, oil and gas drives growth

The Canadian economy bounced back in February after a soft start to the year. Real GDP by industry grew by 0.4% m/m, with 15 out of 20 sectors posting gains. Growth was led by a rebound in the oil and gas extraction industry, as conventional production posted solid gains and non-conventional production returned to more normal level following

Contact

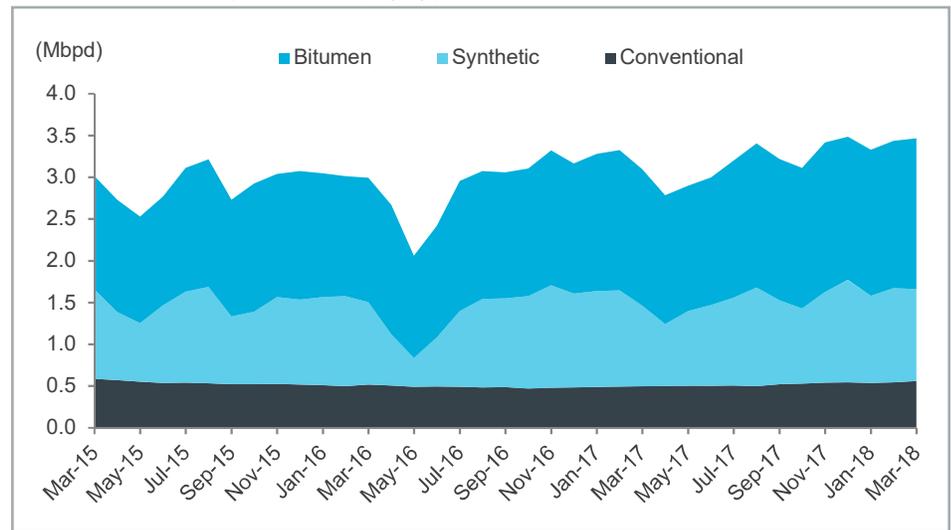
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a disruption at an oil sands upgrader in the previous month. Growth in the goods sector was further supported by gains in manufacturing, construction, and agriculture. Output in the services sector also grew, led by the professional and scientific, finance and insurance, and transportation and warehousing services. In contrast, the real estate and rental leasing industry declined for the second consecutive month, as the impact of new mortgage rules that took effect at the beginning of the year continued to linger. On a year-over-year basis, real GDP rose 3.0%.

Chart 3: Expansion spurs on bitumen production

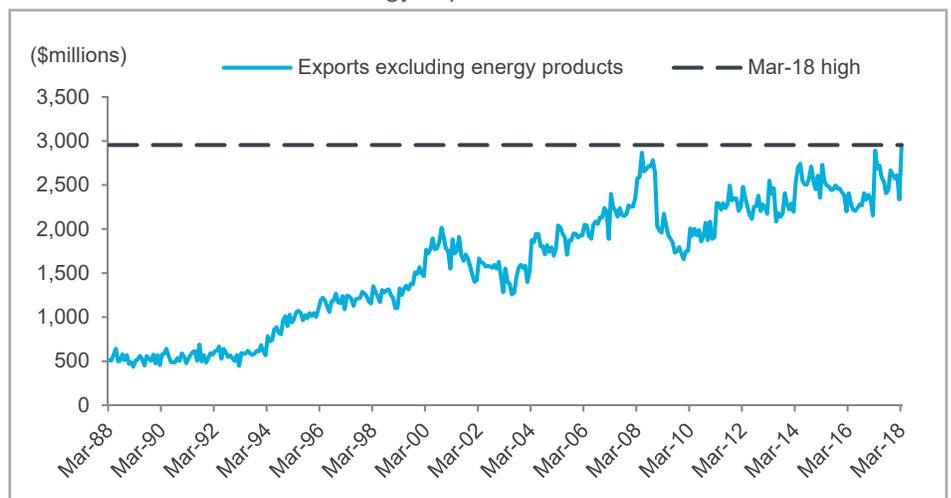
Alberta's crude oil production, by type



Source: Alberta Energy Regulator

Chart 4: Non-energy exports surge to new heights

Alberta's merchandise non-energy exports



Source: Statistics Canada

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