

Weekly Economic Review

Alberta labour market takes a pause

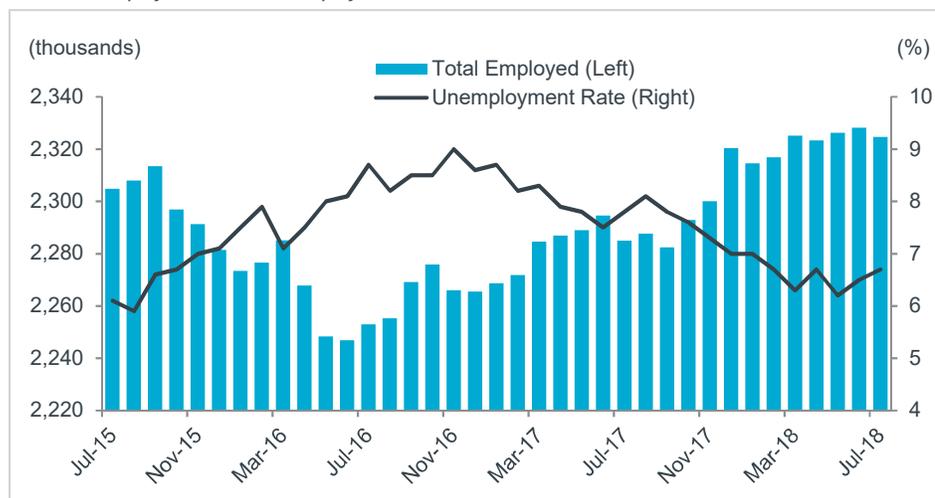
Employment

Construction and technical services drag down employment

Employment eased in July after steady gains in the first half of the year. It was down 3,600 (Chart 1). The monthly declines were concentrated in the construction and professional, scientific and technical services sectors. A large drop in full-time positions was moderated by gains in part-time, reflecting a

Chart 1: Alberta employment takes a breather as unemployment ticks up

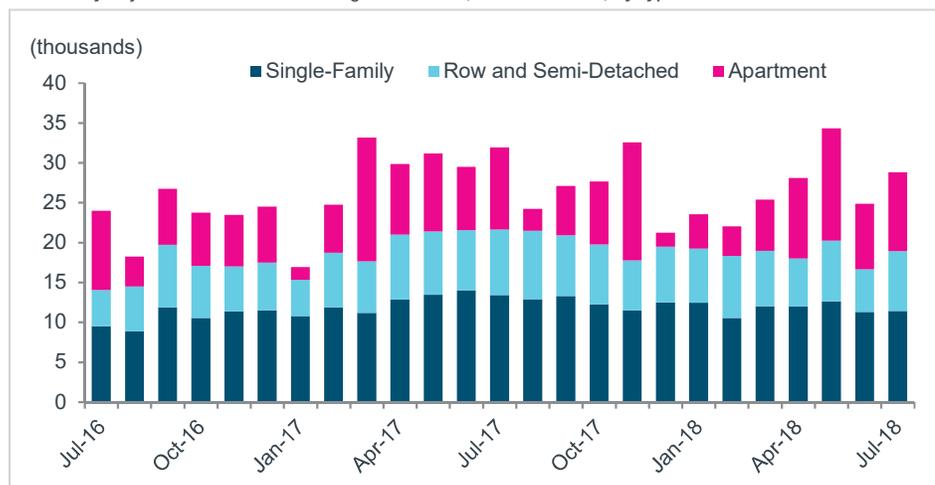
Alberta unemployment rate and employment level



Source: Statistics Canada

Chart 2: Multi-unit housing starts bounce back

Seasonally adjusted annualized housing starts in 10,000+ centres, by type



Source: Canadian Mortgage and Housing Corporation

national trend in July. Private sector employment also declined but was offset by continued strength in self-employment, which jumped to a new high. With the labour force expanding alongside easing employment, the unemployment rate edged up 0.2 percentage points to 6.7%. Despite the monthly weakness, Alberta's labour market continues to hold up following significant improvements last year. Overall, the province has added 4,200 jobs so far this year, a 1.7% increase from last year.

Housing starts

Solid month for new construction

Housing starts rebounded in July after a sharp pullback in June. They jumped 15.1% month-over-month (m/m) to a seasonally adjusted annual rate of 30,106 units (Chart 2). While all types of housing starts increased, the gain was primarily driven by a strong rebound in row and apartment units. Regionally, starts surged in smaller urban centres and in Edmonton, where they reached a 10-month high. Meanwhile, activity eased in Calgary as starts on single-family homes fell and multi-unit starts were unchanged. Year-to-date (YTD), housing starts have averaged 28,200 (annualized).

New house price index

New house prices tick up

Prices for new homes in Alberta increased slightly in June. The new housing price index (NHPI) edged up 0.2% m/m after holding steady for the past two months. Rising construction costs helped to lift the house-only component (+0.2% m/m), the first increase in seven months. Land prices were also up (+0.1% m/m), with higher prices in Edmonton and stable prices in Calgary. With the monthly increase, new home prices in Alberta are up slightly from a year ago (+0.2% y/y).

Building permits

Commercial intentions lift non-residential building

Construction permits issued by Alberta municipalities rose marginally for the second consecutive month in June. The value of building permits in Alberta rose 0.5% m/m to \$1.2 billion, as a spike in non-residential building intentions was partially offset by a decline in the residential sector. While all non-residential categories recorded gains, the monthly increase was largely boosted by commercial permits in Edmonton (Chart 3), reflecting a \$250 million permit to complete the hotel in the Ice District. Institutional and governmental permits increased slightly, retracing some the decline in the previous month. It appears that non-residential permits have turned a corner after bottoming out at the end of 2017. Meanwhile, residential building permits pulled back in June as both single-family and multi-unit intentions dipped. Overall, building permits are up 2.6% YTD, largely reflecting strength in the residential sector.

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

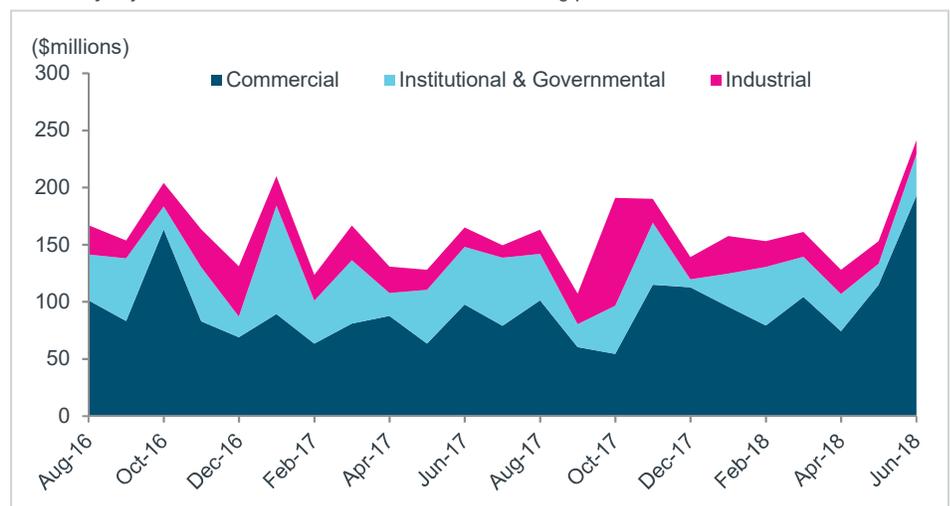
Rigs drilling

Pick-up in drilling activity

Rigs drilling for oil and gas in Alberta picked up in July, reflecting both a seasonal uptick and annual growth. The number of rigs drilling in Alberta averaged 143, a monthly increase of 37 rigs and a 20% increase from the previous year (Chart 4). The rig utilization rate climbed to 34%, within the 2010–2014 range for this time of year. Year-to-date, rigs drilling was up 6.7% in Alberta but down 9.7% in the rest of provinces.

Chart 3: Hotel permit in Ice District boosts Edmonton permits

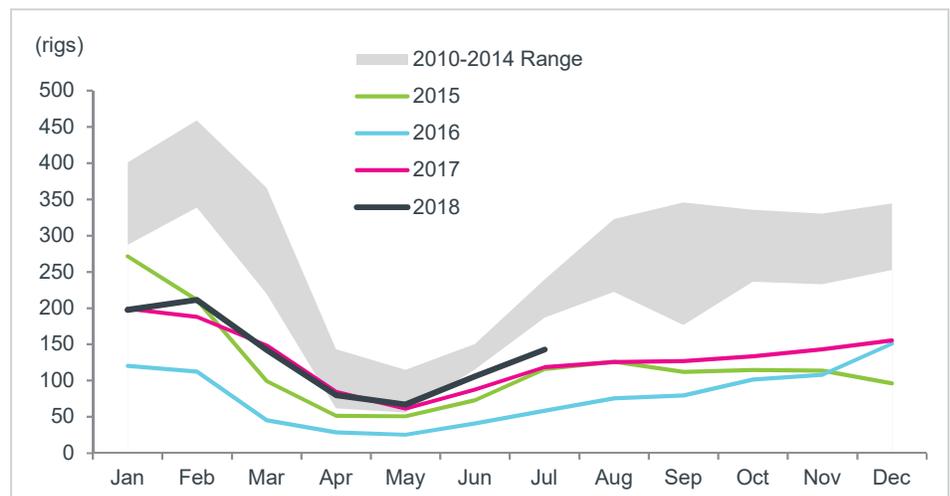
Seasonally adjusted value of Edmonton non-residential building permits



Source: Statistics Canada

Chart 4: Robust growth in Alberta drilling

Number of rigs drilling for oil and gas in Alberta



Source: Canadian Association of Oilwell Drilling Contractors