

# Weekly Economic Review

## Alberta economic activity eases

### Alberta Activity Index

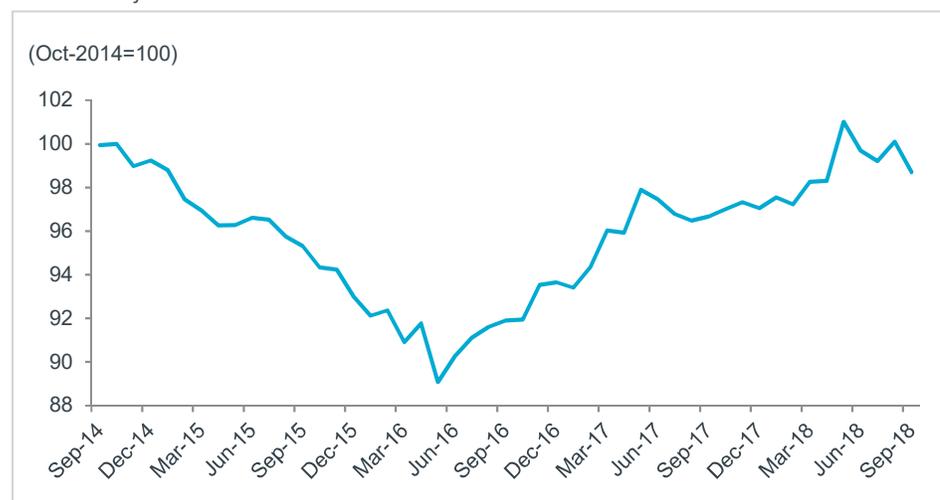
#### Housing activity weighs on activity

Economic activity in the province moderated in September. The AAX eased 1.4% month-over-month (m/m) reflecting broad-based declines. Housing starts, which accounted for nearly 40% of the monthly decline in the AAX, pulled back following back-to-back gains in the preceding months. There were also declines in average weekly earnings and oil production, with the latter

impacted by oil sands upgraders undergoing maintenance. These declines were partly offset by modest gains in manufacturing shipments. While the AAX has eased from the May 2018 peak it is still up 2.9% year-to-date (YTD), reflecting strength in the first half (Chart 1).

#### Chart 1: AAX giving back some of the gains

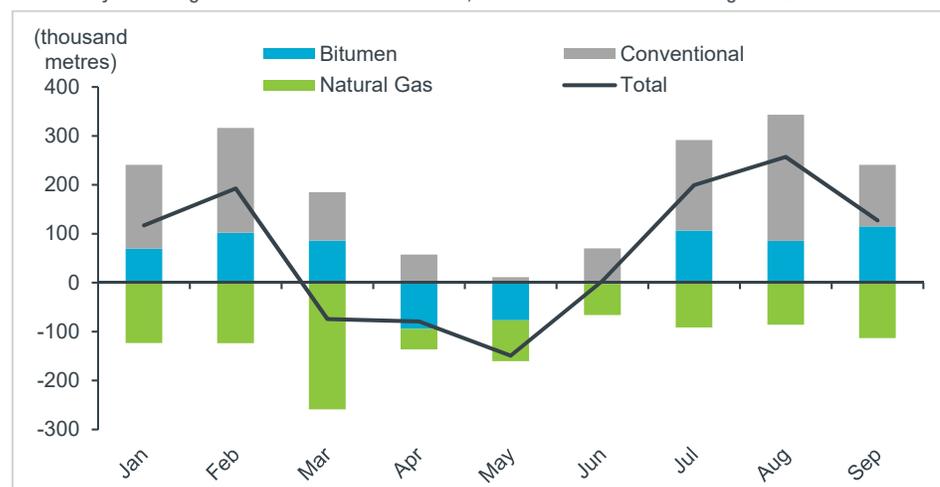
Alberta Activity Index



Source: Alberta Treasury Board and Finance

#### Chart 2: Growth in metres drilled driven by conventional and bitumen

Year-over-year change in metres drilled for bitumen, conventional oil and natural gas in 2018



Source: Alberta Energy Regulator

### Metres Drilled

#### Crude oil lifts metres drilled

Metres drilled for oil and gas in the province continues to be robust. Total metres drilled eased to 1.2 million metres in September from a six-month high in August but remained up 11% year-over-year (y/y). Growth was driven by metres drilled for both conventional (+29% y/y) and bitumen (+60% y/y) (Chart 2), which more than offset the decline in metres drilled for natural gas (-23% y/y). Overall, metres drilled was up 6.2% YTD, solely due to gains in oil.

### Farm Cash Receipts

#### Farm receipts pullback from record highs in 2017

Payments to Alberta farmers exhibited softness in the third quarter of 2018. Farm cash receipts fell 8.7% y/y to \$3.0 billion in the third quarter, largely due to weaker canola receipts, which were dampened by rail bottlenecks and a wet harvest. Still, canola remains the top crop revenue earner, accounting for almost 30% of total crop receipts. In contrast, livestock sales climbed to a three-year high in the third quarter and were up 7.1% y/y. Higher livestock receipts were fuelled by cattle and calf receipts.

## Average Weekly Earnings

### Earnings give back recent gains

Average weekly earnings (AWE) in Alberta pulled back in September after moving higher in the previous months. It decreased 1.5% m/m to \$1,145.30, reflecting lower earnings in both goods and service sectors. Goods sector AWE (-1.6% m/m) was largely dragged down by the mining oil and gas sector, which fell 5.4% m/m to reach the lowest level since August 2015. Construction also fell from an almost two-year high in June. Earnings in the service sector also declined after hitting a recent high August. Despite easing, AWE in many industries within the service sector remained at or near recent highs, such as finance and insurance, real estate, education and retail trade. With the monthly decline, earnings were essentially flat compared to a year ago, as weakness in the goods sector (-3.6% y/y) was offset by steady gains in the service sector (+2.2% y/y) (Chart 3).

## Job Vacancies

### Vacancies slip from 3½ year high

The number of job vacancies ticked lower after reaching a three and half year high. In the three months ending in August, there were 40,100 unfilled employment positions in Alberta, 1,900 less than in the previous month (Chart 4). Despite the monthly pullback, job vacancies were up slightly from a year ago and remained substantially higher than the low reached in December 2016. With fewer job openings and an increase in the number of unemployed, the unemployment-to-job vacancies ratio rose to 4.4 in August, up from 3.9 in July but down from 5.2 a year ago.

Contact: [Bijon Brown](#) at 780.643.1876

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

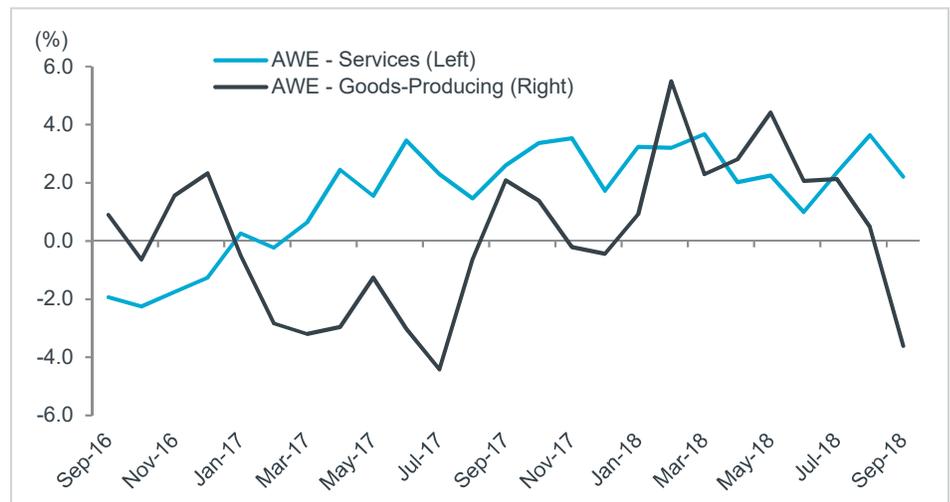
## International Travel

### Alberta entries increase in September

Visits by international travellers continue to increase. The seasonally adjusted number of visitors entering Canada via Alberta rose 1.6% m/m to 88,728 people in September. While visits have trended higher so far this year, the growth rate has significantly moderated as increased visits by US travelers has been partially offset by fewer overseas visitors. Year-to-date, visits were up 0.8% after growing 5.6% in 2017. Meanwhile, the number of returning Canadians entering Alberta bounced back (+5.7% m/m) following four consecutive months of decline. The gains of 4.8% YTD were due to the strong increase in the number of Canadians returning from the US.

### Chart 3: Pullback in goods sector earnings

Year-over-year change in Average Weekly Earnings by sector



Source: Statistics Canada

### Chart 4: Fewer job vacancies

Number of job vacancies



Sources: Statistics Canada