

# Weekly Economic Review

## Drilling activity picking up

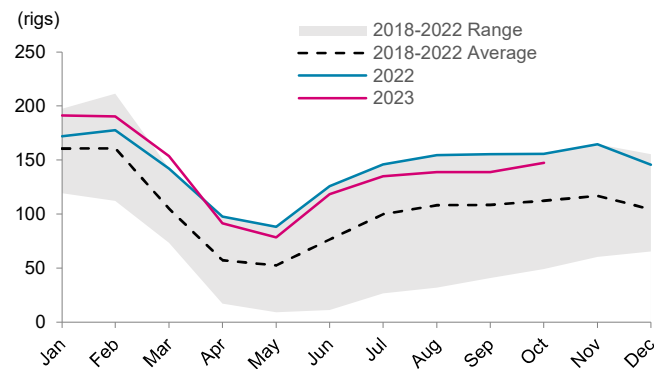
### Rigs Drilling

#### Activity inches up

Drilling activity in Alberta is picking up after holding steady over the past three months. The number of rigs drilling increased steadily through October and averaged 147, an increase of 9 from September. With the monthly gain, drilling activity moved closer to last years robust levels, but remained lower (-5.3% y/y) for the seventh month in a row (Chart 1). Year-to-date drilling activity is down a modest 2.2%, as the recent weakness has more than offset the solid start to the year.

**CHART 1: UPTICK IN DRILLING ACTIVITY**

Number of rigs drilled for oil and gas in Alberta



Source: Canadian Association of Energy Contractors (CAOEC)

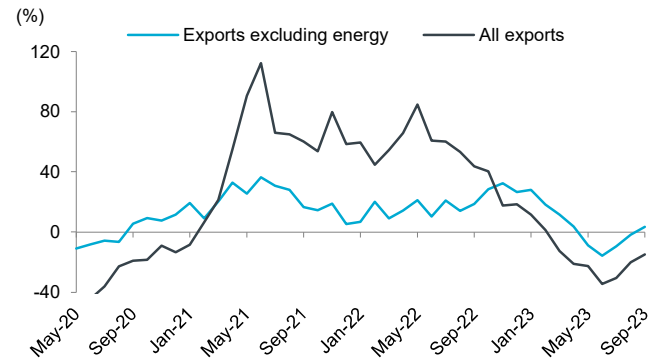
### Merchandise Exports

#### Energy exports weigh on exports

The value of Alberta's merchandise exports decreased in September with lower energy exports. Merchandise exports fell 2.0% month-over-month (m/m) to \$14.8 billion. The decline was entirely due to a 5.3% m/m decline in the value of energy products exported as lower volume of oil offset higher price and surge in natural gas volumes. The decrease in energy export can be partially attributed to seasonal refinery maintenance in the US. In contrast, non-energy exports jumped (+8.7% m/m) as a large gain in the agricultural sector offset declines in industrial machinery and forestry products. With the monthly decline, total exports were down 15% y/y (Chart 2). The large year-over-year decline largely reflects lower prices for energy products. Meanwhile, the value of non-energy exports were up 3.4% y/y supported by gains in farm & intermediate food products, consumer goods and industrial machinery & parts.

**CHART 2: NON-ENERGY EXPORTS HOLDING UP**

Year-over-year growth in merchandise exports



Sources: Statistics Canada, Haver Analytics

### Business Formations

#### Incorporations back at record

The number of incorporations being formed rebound in October to reach a new high. The seasonally adjusted business formations climbed 1.1% m/m to average 4,865 in the three months ending in October. The pace of incorporation has accelerated this year and based on a 3-month moving average, business formations were up 7.4 % year-to-date (YTD).

### Business Insolvencies

#### Insolvencies declining

Business insolvencies in Alberta remain subdued. A total of 18 businesses initiated an insolvency in September, five fewer than in August. The reduction was primarily driven by a decrease in the number of proposals (-7 m/m) while bankruptcies (+2 m/m) increased. Over the past 12-months, 237 businesses have become insolvent in Alberta. While this is up 20% y/y, it is similar to pre-COVID levels and well below the level recorded prior to 2012. In contrast, insolvencies and bankruptcies are on the rise at the national level and they were up 37% y/y.

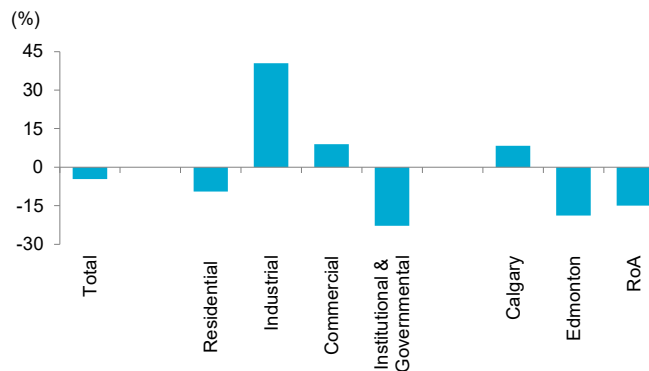
## Building Permits

### Construction intentions soften

Construction intentions in Alberta pulled back in September after being elevated over the summer. The seasonally adjusted value of building permits fell 5.7% m/m to \$1.2 billion, the lowest value since April. The pullback was concentrated in Calgary (-12% m/m), which saw a sharp decline in its commercial (-41% m/m) and multi-dwelling residential (-21% m/m) permits. Meanwhile permit values were up in Edmonton (+11% m/m), Lethbridge (+3.4% m/m), and for single residential and industrial buildings. Year-to-date (YTD), the value of permits was down 4.6% as gains in industrial permits and the recent strength in Calgary was overwhelmed by weakness in all other regions and in single residential and institutional & governmental (Chart 3).

**CHART 3: GROWTH IN PERMITS SUPPORTED BY CALGARY AND INDUSTRIAL PERMITS**

Year-to-date growth in building permits



Sources: Statistics Canada, Haver Analytics

## Consumer Insolvencies

### Insolvencies on the rise

The number of Albertans filing for insolvency continued to move higher in September. A total of 1,507 consumer insolvencies were submitted, 42 more than in August and 253 more than a year ago. The monthly growth was supported by an uptick in both proposals (+28 m/m) and bankruptcies (+14 m/m). While insolvencies have been volatile month-to-month, they have increased on a year-over-year basis since March 2023. The rise of insolvencies partly reflects the growing pressures on Alberta's consumers from rising prices and higher interest rates.

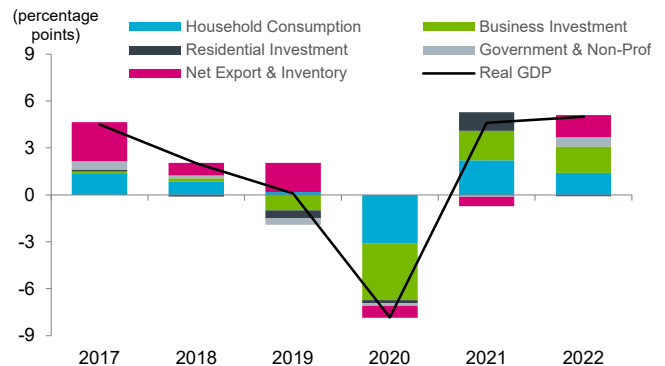
## Alberta Real GDP by Expenditure

### Rapid growth continued in 2022

Alberta's economic expansion maintained strong momentum in 2022. Real GDP by expenditure surged by 5.0%, led by the recovery in household consumption of services, non-residential investments, and a rebuild in inventories (Chart 4). Household consumption continued to expand in 2022 as service expenditures (+6.9% year-over-year or y/y) fully recovered from the COVID-19 pandemic. Investment in non-residential structures (+11% y/y) and machinery & equipment (+16% y/y) also continued to recover from the COVID lows and supported growth. In contrast, higher interest rates and prices weighed on goods consumption (-0.9% y/y) and investment in residential structures (-1.3% y/y). Lower consumption of goods, stronger imports, and better conditions for crop production led to higher non-farm and farm inventories in the province. However, with imports increasing at a faster pace (+7.0% y/y) than exports (+4.6% y/y), the change in net exports weighed on growth.

**CHART 4: GROWTH LED BY HOUSEHOLD CONSUMPTION AND BUSINESS INVESTMENT**

Contribution to Real GDP growth



Sources: Statistics Canada, Haver Analytics

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For current snapshot of Alberta indicators [Alberta Economy - Indicators at a Glance](#)