

# Weekly economic review

## Momentum continuing in Alberta's labour market

### Employment

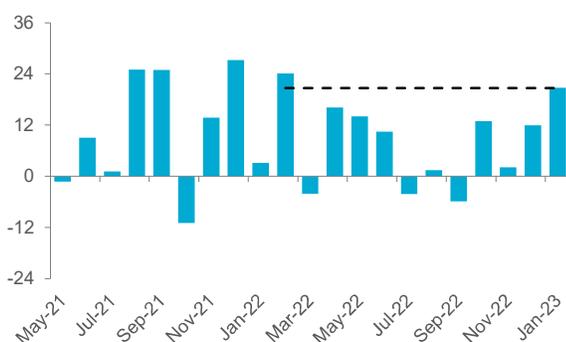
#### Strong labour market gains in January

Alberta's labour market continued to build off gains at the end of last year. Employment surged by 20,700 month-over-month (m/m) in January, the largest monthly gain since February 2022 (Chart 1). Goods sector employment jumped (+13,600), with gains in all industries, led by construction, utilities, and natural resources. Services sector employment also went up 7,100 m/m with gains in 6 out of 11 industries. The professional, scientific & technical services continued to be the strongest performer, adding 10,000 jobs in the month and almost 54,000 since last January. Wholesale & retail trade also increased, while employment in health care & social assistance rebounded from December's decline. Despite the strong employment gains, the unemployment rate increased from 5.6% to 6.0% as labour force swelled (+33,200) with the rapid population growth and surge in participation rate. The participation rate jumped 0.7 percentage points to an 11-month high of 70.3%. For Canada, employment surged in January (+150,000), with strong showings in Ontario and Quebec.

#### CHART 1: EMPLOYMENT ADVANCES IN JANUARY

Alberta monthly change in employment

(thousands)



Sources: Statistics Canada, Haver Analytics

### Building Construction Price Index

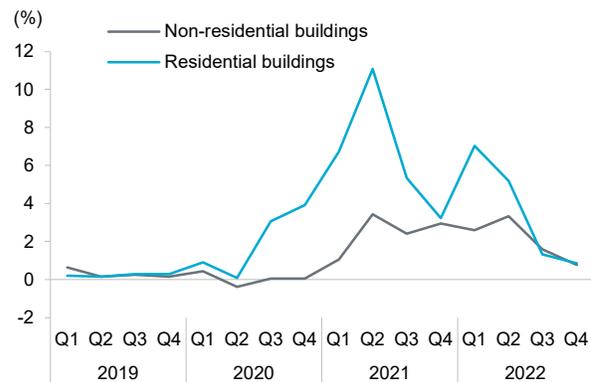
#### Pace of price growth slowing

Price increases for the construction of both residential and non-residential buildings continue to moderate. In the fourth quarter, Alberta's residential building construction price index increased 0.9% quarter-over-quarter (q/q), the lowest quarterly growth since early 2020 (Chart 2). Meanwhile, the

non-residential price index was up 0.8% q/q, the slowest quarterly gain in seven quarters. Even though price increases slowed towards the end of 2022, prices remain substantially higher than a year ago. Residential prices were up 15% year-over-year (y/y) and non-residential prices were up 8.5% y/y - rates last seen consistently during the 2006-2008 boom. In 2022, the construction price indexes for residential and non-residential building construction were up 21% and 11%, respectively.

#### CHART 2: CONSTRUCTION PRICE GROWTH SLOWS

Q/Q growth in building construction prices in Alberta



Sources: Statistics Canada, Haver Analytics

### Building Permits

#### Permits level off

Construction intentions in Alberta are holding steady. After a slight gain in November, the seasonally adjusted value of building permits declined 2.9% m/m to \$1.2 billion. The decline was concentrated in residential permits (-11% m/m) as both single and multiple dwellings retreated 11% m/m. Except for November's uptick, residential permits have eased since May 2022, with permits for singles declining to a 2-year low. Meanwhile, non-residential permits (+17% m/m) jumped as a surge in commercial intentions (+45% m/m) more than offset lower industrial (-58% m/m) and institutional & governmental (-21% m/m) permits. Over the last four months, permits have remained around \$1.2 billions. While lower than earlier in the year, this is well above levels seen through most of 2018-2020. With the strong gains, and particularly high number of residential permits through the spring and summer, the value of all permits was up 6.2% in 2022.

## Rigs Drilling

### A solid start to 2023

Alberta's drilling activity picked up as seasonal conditions allowed drilling across a wider area. The average number of rigs drilling rose by 46 to 191 in January which was the highest for the month since 2018 (Chart 3). With the monthly increase, rig count was up 11% y/y.

**CHART 3: STRONG START FOR RIGS IN 2023**

Number of rigs drilling and five-year seasonal range



Source: Canadian Association of Energy Contractors (CAOEC)

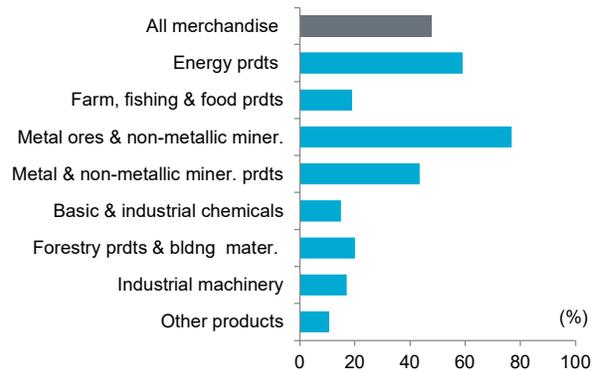
## Merchandise Exports

### Exports ease after reaching record levels

The value of Alberta's goods exports continues to retreat from record levels as commodity prices wane. The value of merchandise exports went down by 9.4% m/m to \$15.1 billion in December. The decline was driven by a decrease in energy products (-8.9% m/m) as oil export prices continued to moderate from record highs. The value of non-energy products also declined, led by lower exports of farm, fishing & intermediate food products which plunged (-28% m/m) after surging in the previous three months. Even with the drop, exports of farm, fishing & intermediate food products were 57% up in the fourth quarter and at an all-time quarterly high, largely due to high prices. Meanwhile, the results in other non-energy product categories were mixed, with 5 out of 11 posting small increases. On an annual basis, goods exports were up 48% in 2022 compared to 2021 (Chart 4) and reached an all-time high. However, total exports in real (or volume) terms rose by only 1.8% in 2022, indicating that the nominal increase was primarily due to higher prices. Exports to the U.S. were up 49%, and exports to other countries also improved 37% in 2022.

**CHART 4: STRENGTH ACROSS ALL CATEGORIES IN 2022**

Annual change in Alberta merchandise exports



Sources: Statistics Canada, Haver Analytics

## Business and Consumer Insolvencies

### Seasonal pull back in insolvencies

Alberta's consumer and business insolvencies slowed in December. Consumer insolvencies went down by 197 to 1,182 (-14% m/m), with both bankruptcies and proposals declining. However, compared to a year ago, consumer insolvencies were up 13%. Similarly, the number of businesses that initiated insolvencies in December fell by one, to 22, but this was 10 more than a year ago. Both business and consumer insolvencies increased over the year and on an annual basis. Business insolvencies rose 71% and consumer insolvencies increased 6.6% in 2022. However, this increase largely reflects the low levels in 2021 with the number of consumer insolvencies remaining below 2019 levels. Meanwhile, business insolvencies were only modestly higher than in 2019, but well below in all the years prior to 2012, despite the rapid interest rate hikes in 2022.

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