

Weekly economic review

Strong momentum continues in the labour market

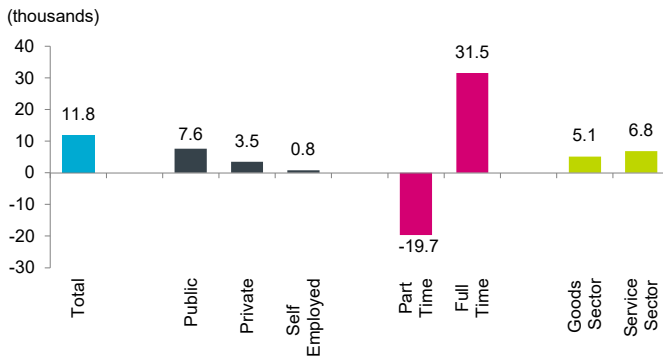
Employment

Surge in full-time lifts employment

Hiring in the province continued at a brisk pace in July. The Alberta economy added 11,800 jobs, with more people working in full-time positions (Chart 1). On an industry basis, goods sector employment grew 5,100 in the month, with gains in manufacturing, natural resources and agriculture overwhelming a pullback in construction. Services sector employment also advanced 6,800 month-over-month (m/m), led by hiring in accommodation & food services, finance, insurance & real estate, and health care & social assistance. On a year-over-year (y/y) basis, employment was up 3.5%, outpacing most provinces and the national average. Meanwhile, the unemployment rate moved up 0.4 percentage points to 6.1% in July, reflecting the strong growth in population and a rebound in the labour market participation rate.

CHART 1: MONTHLY GAIN LED BY SERVICE SECTOR AND FULL-TIME

Monthly change in seasonally adjusted employment (Jul-23)



Sources: Statistics Canada, Haver Analytics

Supply of Oil

Data issues result in a significant drop in reported oil production

Ongoing maintenance and incomplete data resulted in a massive decline in the reported amount of oil production in June. The Alberta Energy Regulator reported that oil production fell by 723,000 barrels per day (bpd) to 2.7 million

bpd, the lowest level since 2016 when the Fort McMurray wildfires impacted oil sands production. The reported decline was entirely in non-conventional output, with declines in both bitumen (-125,000 bpd) and synthetic production (-609,000 bpd). While this corresponds with planned maintenance and turnarounds, the actual amount of production was significantly higher in the month, as volumes from Suncor and Syncrude were not submitted due to the cyber attack in late June. Meanwhile, conventional oil production increased in June as condensate and light & medium production rebounded after recent fires impeded production.

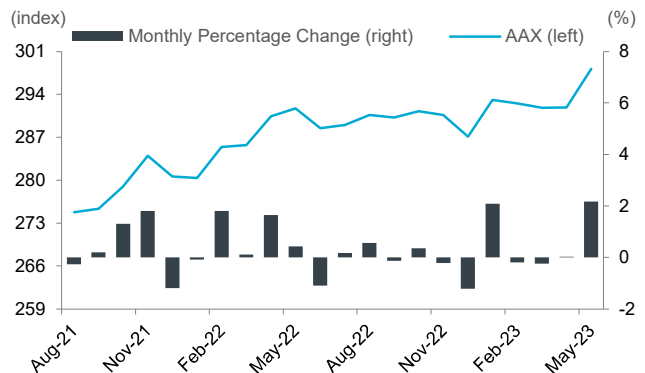
Alberta Activity Index (AAX)

Momentum picking up

The Alberta Activity Index (AAX) accelerated in May after hovering at almost the same level for the past three months. The index jumped 2.2% m/m to reach a historic high, buoyed by gains in the business and household sectors (Chart 2). Business sector activity led the increase, as wholesale trade (excluding petroleum and oilseeds & grains) rose to record levels in the month, while both manufacturing shipments and new truck sales remained elevated. The increase in the household sector was supported by record high retail sales and a surge in housing starts. Meanwhile, higher employment boosted labour market activity. The energy sector remained largely unchanged, as stability in drilling activity softened the decline in oil production. With the monthly increase, the AAX was up 2.4% year-to-date through May, with gains in all sectors.

CHART 2: AAX REGAINS MOMENTUM

Alberta Activity Index (AAX)



Source: Alberta Treasury Board and Finance

New Housing Price Index (NHPI)

Prices continue to move up in Calgary

Ongoing strength in Calgary continues to support new housing prices. The new housing price index (NHPI) for Alberta was unchanged in June, with higher prices in Calgary offset by lower prices in Edmonton. Prices for new homes in Calgary increased 0.6% m/m as both the land and the house-only component jumped to new highs. Meanwhile, declines in the house-only component continued to drag down prices in Edmonton. Compared to a year ago, the NHPI declined 0.8% as the moderation in Edmonton has more than offset rising prices in Calgary (Chart 3).

CHART 3: CALGARY REMAINS A SOURCE OF STRENGTH

Year-over-year change in NHPI by component and region, June-2023



Sources: Statistics Canada, Haver Analytics

Non-Residential Building Construction Price Index

Higher construction costs

The cost of non-residential building construction projects in Alberta continued to rise in the second quarter. The non-residential building construction price index increased 1.1% quarter-over-quarter (q/q), reflecting gains in both Edmonton (+0.7%), Calgary (+1.5%) and across all building types. While quarterly growth has picked up, it remains well below the pace seen in 2021 and the first half of 2022. On a year-over-year basis, growth has also slowed from 7.0% in Q1 to 4.6% in Q2.

Business Formations

Growing number of incorporations

The number of new incorporations in Alberta remains robust. Seasonally adjusted business formations increased 3.2% m/m to average 4,718 in the three months ending in July. Business formations have been strong in 2023, up 5.7% year-to-date.

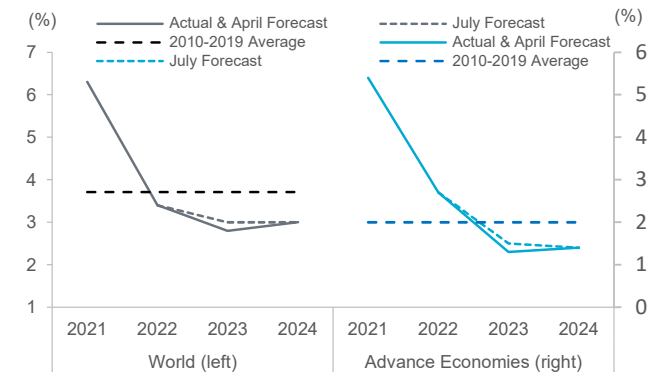
International Monetary Fund (IMF) Economic Outlook

Outlook improves for 2023

The IMF upgraded its global economic outlook for 2023 amid stronger-than-expected economic conditions. In the July 2023 World Economic Outlook (WEO) report, the IMF raised its 2023 global economic growth forecast from 2.8% to 3.0%, while the 2024 outlook remained unchanged (3.0%). The improvement came as economic conditions in advanced economies have been better than expected, and headwinds, such as the US debt ceiling debate and issues in the global banking system, have subsided. Despite the upgrade, growth prospects for 2023 and 2024 remained below historic growth expectations (Chart 4).

CHART 4: OUTLOOK IMPROVES BUT REMAINS MUTED

Annual world and advanced economy (AE) GDP growth



Sources: Statistics Canada, Haver Analytics

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