

Weekly economic review

Strong economic growth in 2022

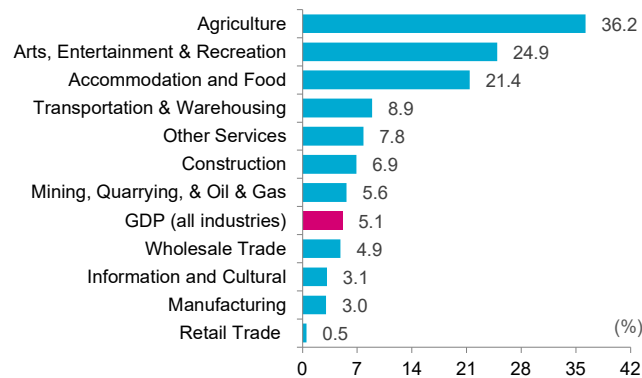
Alberta Real GDP by Industry

Real GDP fully recovers from pandemic

Alberta's economy gained momentum in 2022. Real GDP by industry increased 5.1% in 2022, up from the revised 4.9% growth in 2021. Growth was led by a large rebound in agriculture (36%) which more than recovered from the drought related weakness in 2021 (Chart 1). The continuing recovery in arts, entertainment, and recreation (25%), accommodation and food services (21%) and other services (7.8%) also boosted growth, but activity in these sectors remained below pre-COVID 2019 levels. Meanwhile momentum continued in mining, quarrying, and oil & gas (5.6%), construction (6.9%), wholesale trade (4.9%) and transportation and warehousing (8.9%). With the growth in 2022, Alberta's economy has fully recovered from the COVID declines and exceeded the 2014 peak for the first time.

CHART 1: GROWTH LED BY A STRONG REBOUND IN AGRICULTURE

Alberta's real GDP by industry, year-over-year per cent change



Sources: Statistics Canada, Haver Analytics

Employment

Employment holds steady

Alberta's labour market took a breather in April after expanding at a brisk pace in the first quarter. Employment dipped 1,900 month-over-month (m/m), weighed down by a decline in the services sector. The service sector shed 6,000 jobs after gaining nearly 22,000 jobs in March. The monthly decline was led by business, building, & other support services, trade, and finance, insurance, real estate & leasing. This was moderated by accommodation & food

services, which had its strongest monthly growth in over a year. In the goods sector, employment advanced 4,100 m/m with gains in construction and manufacturing overwhelming slight pullbacks in natural resources and utilities. Although the participation rate fell 0.2 percentage points to 69.8%, the labour force continued to expand, and the unemployment rate ticked up from 5.7% to 5.9%.

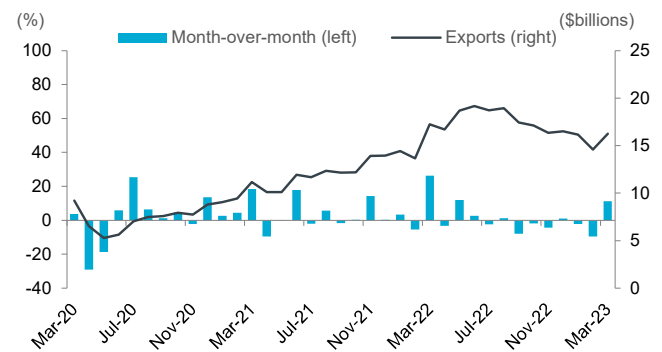
Merchandise Exports

Broad based rebound

Alberta's goods exports regained ground in March. The value of merchandise exports went up by 11% (m/m) to \$16.2 billion, fully recovering from last month's decline. The gains were widespread with exports up in 11 of 12 product categories (Chart 2). Energy products surged (+9.3% m/m) almost entirely due to higher crude oil export volumes. Non-energy exports were also up (+17.0% m/m), led by higher exports of farm, fishing & intermediate food products (+30% m/m), which was supported by many commodities, most notably, wheat and canola oil. Despite the large monthly gain, exports remain well below the record high reach last June and were down 5.9% y/y compared to March 2022 when exports spiked. The year-over-year declines were concentrated in forestry products & building materials and energy products with exports to the U.S. down 8.9% year-over-year (y/y), while exports to other countries improved 22% y/y in March.

CHART 2: EXPORTS REBOUND IN MARCH

Alberta merchandise exports



Sources: Statistics Canada, Haver Analytics

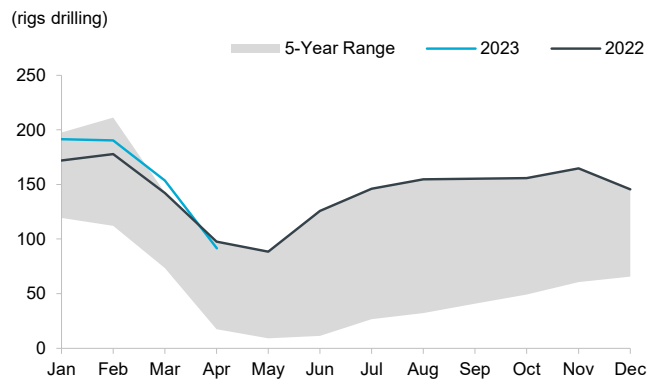
Rigs Drilling

Activity remains strong

Drilling activity in Alberta continues to be robust as it enters a seasonally weak period. The number of active rigs averaged 92 in April, 62 less than in March. The monthly decline is usual for this time of year and reflects the spring breakup period when access to drilling sites is impeded by weather and road conditions. While the number of rigs drilling was lower than a year ago, it remains near the high end of the five-year range (Chart 3) and is up 6% year-to-date (YTD).

CHART 3: RIG ACTIVITY IN ALBERTA REMAINS STRONG

Number of rigs drilling and five-year seasonal range



Source: Canadian Association of Energy Contractors (CAOEC)

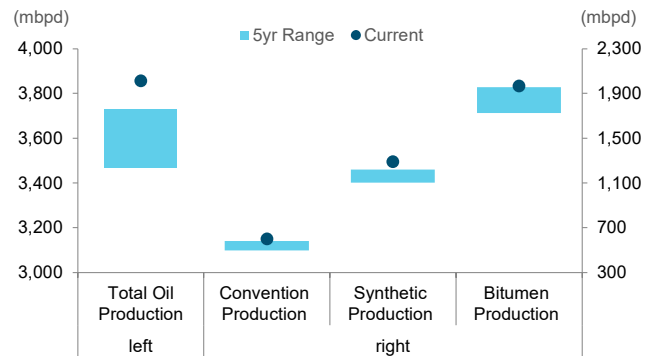
Supply & Disposition of Oil

Oil production near record highs

Alberta's oil output inches upwards for the second month towards the record level reached in November. Total oil production rose 0.4% m/m to 3.9 million barrels per day (mmbpd) in March. Non-conventional output (+0.3% m/m) increased as a gain in bitumen (+0.6% m/m) outweighed a slight decline in synthetic production (-0.1% m/m). Meanwhile, conventional oil production rose (+1.0% m/m), solely based on gains in light & medium production (+2.2% m/m). Total oil production has rebounded strongly since pulling back in late 2022, and with the monthly increase total oil production was 3.3% higher than a year ago. The growth has been widespread with gains in all types with seasonal levels of production at five-year highs.

CHART 4: SEASONALLY STRONG OIL PRODUCTION

Oil production by type vs 5 year range (March-23)



Sources: Statistics Canada, Haver Analytics

Monetary Policy

Modest rate hike

The Federal Reserve continues to raise rates at a moderate pace. The Federal Open Market Committee increased the target rate by 25 basis points (bps) this week. This was the third consecutive meeting with a 25 bps rate hike following last year's larger increases. With the FOMC raising rates ten times since March 2022, the target range for federal funds rate increased to 5.00-5.25% and the interest rate paid on the reserve balances to 5.125%, the highest level in 15 years. At the same time, the ECB raised its key interest rates by 25 bps after six consecutive rate hikes of 50 bps or more. With the current increase, the refinancing operations rate stood at 3.75%, up from 0% a year ago.

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