

Weekly economic review

Alberta labour market on strong footing

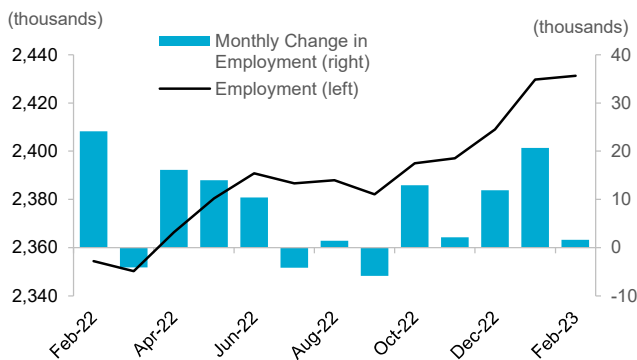
Employment

Employment holds on to gains

Alberta's labour market held up in February after posting strong gains to start the year. Employment remained relatively steady, with 1,600 jobs added in the month after January's outsized increase of almost 21,000 (Chart 1). Goods sector employment pressed on (+6,800), led by gains in manufacturing, natural resources, and utilities. After modest gains in the previous three months, the manufacturing sector added 7,500 jobs in February to exceed the pre-pandemic level. Meanwhile, service sector employment cooled in the month (-5,100) as declines in wholesale & retail trade and educational services were only partially offset by gains in transportation & warehousing and health care & social assistance. Despite modest gain in employment, the unemployment rate declined from 6.0% in January to 5.8%, as a dip in the participation rate (70.0% February) more than offset the ongoing growth in the working age population. For Canada, employment went up by 21,800 in February, led by gains in Ontario and British Columbia.

CHART 1: EMPLOYMENT SOLID IN FIRST TWO MONTHS IN 2023

Alberta Employment



Sources: Statistics Canada, Haver Analytics

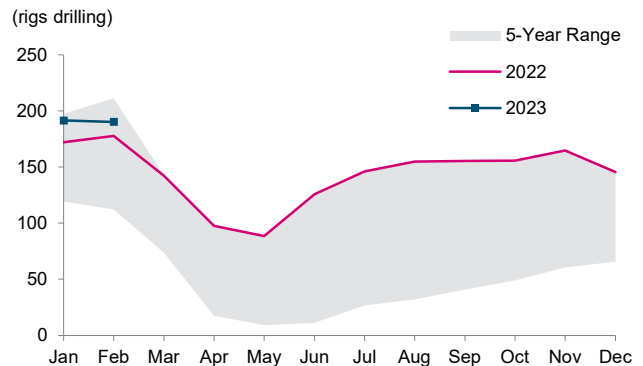
Rigs Drilling

Drilling remains strong

Alberta's drilling activity maintained momentum in February. The average number of rigs drilling stood at 190 in the month. While this was unchanged from January, it was up 7% year-over-year or y/y and the highest for the month since 2018 (Chart 2).

CHART 2: RIGS DRILLING STRONG IN ALBERTA

Number of rigs drilling and five-year seasonal range



Sources: Canadian Association of Energy Contractors (CAOEC)

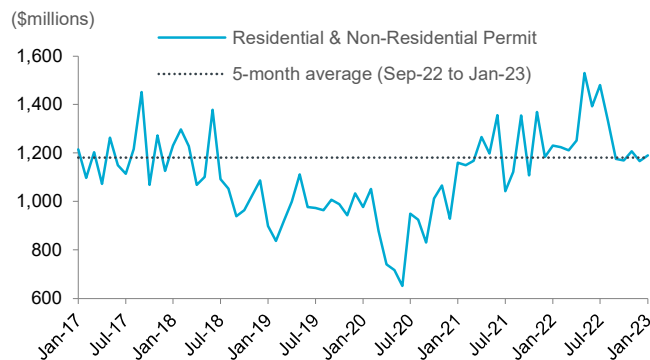
Building Permits

Residential intentions elevated

Building permits point to strong residential construction intentions in Alberta in January. The seasonally adjusted value of permits increased 2.1% month-over-month (m/m) to \$1.2 billion. Residential permits jumped (+8.2% m/m) with a large gain in multiple dwellings permits (+16% m/m) alongside a slight uptick in single permits (+0.8% m/m). However, falling non-residential permits (-9.9% m/m) tempered the growth. This was mainly due to a significant decline in commercial intentions (-27% m/m) in Calgary (-33% m/m). Regionally, the monthly gain was concentrated in the non-CMA regions, while gains in residential permits in the CMAs (Calgary, Edmonton, and Lethbridge) were offset or moderated by declines in non-residential permits. Although permit levels are lower than the highs of last summer (Chart 3), they remain well above the levels in 2018-2020.

CHART 3: BUILDING PERMIT VALUES HOLDING STEADY

Value of Building Permits in Alberta



Source: Statistics Canada, Haver Analytics

Consumer Confidence

Confidence remains subdued

Consumer sentiment remains muted in Alberta. The Conference Board of Canada's index of consumer confidence fell 3.5 points in February. Confidence eased as fewer Albertans were optimistic about their current and future financial situation, and most continue to believe that it is not a good time to make a major purchase. Consumer confidence has remained subdued since July 2022 as higher interest rates and persistent inflation have continued to weigh on household finances. Compared to a year ago, the index was down more than 13 points.

Business Formations

Incorporations up

Business formations are turning around after sliding in the second half of 2022. The number of new incorporations in Alberta increased for the second consecutive month. The seasonally adjusted business formations went up 3.7% m/m to an average of 4,292 in the three months ending in February. With the monthly increase, Alberta business formations were up 3.7% y/y.

Merchandise Exports

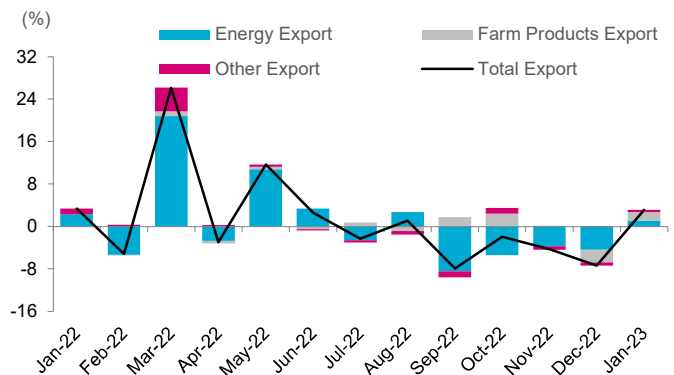
Exports rise

The value of Alberta's goods exports increased in January after declining over the previous four months. The value of merchandise exports went up by 3.1% m/m to \$15.6 billion (Chart 4). The gain was driven by an increase in non-energy product exports (+8.3% m/m), with 6 out of 11 non-energy product categories increasing in the month. The largest gain was in farm, fishing & intermediate food products (+24% m/m) as the solid harvest in 2022 and elevated prices continued to boost the value of products exported. Meanwhile, the value of

energy products exported increased (+1.4% m/m) for the first time since August 2022, mainly from higher crude oil export volumes. On a year-over-year basis, goods exports were up 8.3% in January.

CHART 4: EXPORTS UP WITH BOTH ENERGY AND NON-ENERGY EXPORT RISING

Merchandise Export from Alberta



Sources: Statistics Canada, Haver Analytics

Bank of Canada Rate Announcement

Bank of Canada holds policy rate

The Bank of Canada held its policy rate steady at its March meeting after eight consecutive increases, keeping the overnight target rate at 4.5%. The decision came after Canada experienced underwhelming economic growth in the fourth quarter of 2022 and ongoing moderation in inflation. While the slow growth was largely the result of slower inventory accumulation, higher interest rates appear to be weighing on household spending and business investment. Inflation has also eased, falling below 6% for the first time in 11 months in January. Although food, shelter, and services inflation remain elevated, the BoC expects that further slowing of domestic demand will alleviate inflationary pressures and moderate wage growth. The Bank of Canada is the first central bank in advanced economies to pause the rate hiking cycle.

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