

Weekly Economic Review

Construction intentions soar

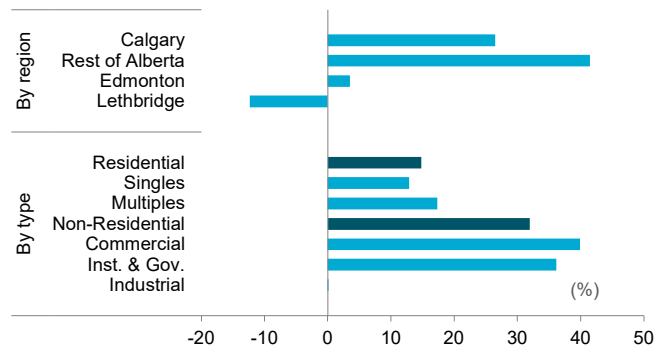
Building permits

Widespread strength

Alberta's construction intentions surged ahead in October with strong gains in most types and regions. The seasonally adjusted value of building permits rose 20% month-over-month (m/m) to \$1.5 billion, the second highest value in the last 15 months. Calgary (+27% m/m) and Alberta's non-CMA regions (+42%) posted the largest gains with jumps in commercial and residential permits (Chart 1). Meanwhile, Edmonton continued its upward momentum, growing 3.5% m/m, propped up by residential and institutional & governmental permits. Despite October's widespread gains, total permit values were down 1.9% year-to-date (YTD), with only Calgary (+11% YTD) posting gains.

CHART 1: GAINS IN CALGARY AND NON-CMA REGIONS

Month-over-month change in Alberta building permits



Sources: Statistics Canada and Haver Analytics

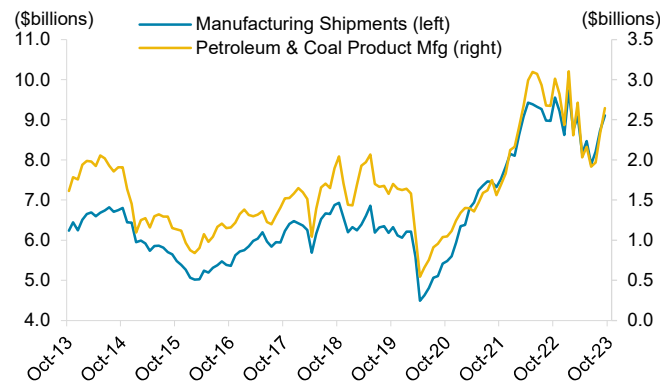
Manufacturing Shipments

Factory sales continue to rise

Factory sales in Alberta advanced for the third consecutive month in September. The value of manufacturing shipments rose 4.3% m/m to \$9.1 billion, an eight-month high (Chart 2). Non-durable goods sales (+3.5% m/m) increased, as a jump in petroleum & coal (+13% m/m) was supported by an uptick in food, which overwhelmed declines in chemicals and plastics. Durable goods sales (+6.3% m/m) also rose, with gains in 8 out of 10 categories, led by fabricated metals and machinery. Despite the monthly gain, the value of manufacturing shipments was down 3.7% YTD from last year's elevated levels, reflecting lower petroleum and coal prices.

CHART 2: ENERGY SHIPMENTS DRIVING FACTORY OUTPUT

Value of manufacturing shipments in Alberta



Sources: Statistics Canada and Haver Analytics

Merchandise Exports

Energy exports bounce back

The value of Alberta's merchandise exports increased in October as energy exports rebounded. The total value of merchandise exports increased 8.1% m/m to \$16 billion, the highest level since January. The value of energy product exports jumped 10% m/m to \$12 billion, an 11-month high, with higher prices and volumes of oil. Meanwhile, non-energy exports increased modestly (+1.2% m/m) as gains in consumer goods, agricultural products, and electronics offset declines in minerals and aircraft equipment. Even with the monthly increase, total exports were down 16% YTD, reflecting the higher prices and levels of 2022.

Alberta Activity Index

Activity continues to recover

The Alberta Activity Index (AAX) continued to recover after a temporary setback dragged down activity in June. The index increased for the third consecutive month, up 0.4% m/m in September. Activity in the household sector accelerated with strength in both housing starts and retail sales. In contrast, the energy sector eased as oil production held steady while rigs drilling fell in the month. Meanwhile, gains in new truck sales and manufacturing shipments propped up the business sector. Activity in the labour market also took a step back as higher average weekly earnings were offset by a large decrease in employment. The AAX was up 1.3% year-over-year (y/y) in September and 1.5% YTD.

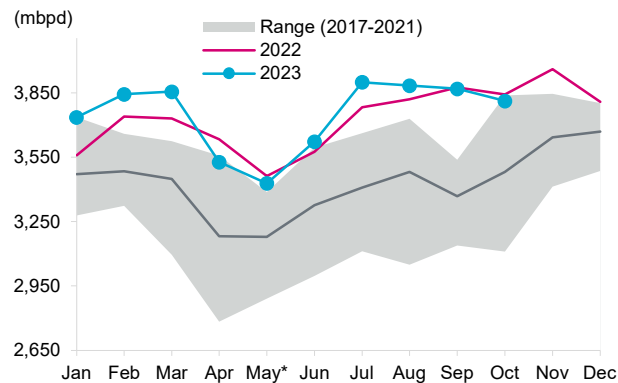
Supply & Disposition of Oil

Production eases but remains elevated

After setting record seasonal levels of production for much of the year, Alberta's total oil output eased in October. Total oil production moderated 1.5% m/m to 3.8 million barrels per day (mbpd). Non-conventional oil output (-2.0% m/m) pulled back with lower synthetic crude (-2.1% m/m) and bitumen (-2.0% m/m) production. This outweighed an uptick in conventional oil output (+1.6% m/m), which was supported by strength in light, medium, heavy, and condensate production. Despite the monthly decline, production remains robust, with October's output hovering near the five-year high. Despite heavier than normal maintenance in oil sands facilities earlier in the year, production was up 1.2% YTD, with gains in both non-conventional and conventional oil (Chart 3).

CHART 3: OIL PRODUCTION REMAINS STRONG

Monthly crude production



Source: Alberta Energy Regulator

Consumer Confidence

Sentiment inches up but is still weak

Alberta's consumer sentiment improved modestly in October. The Conference Board of Canada's index of consumer confidence rose 0.5 points. An uptick in sentiment towards job prospects and major purchases was largely offset by deterioration in current and future financial outlooks. Despite the mild improvement, consumer confidence remains weak, at the third lowest level since the pandemic.

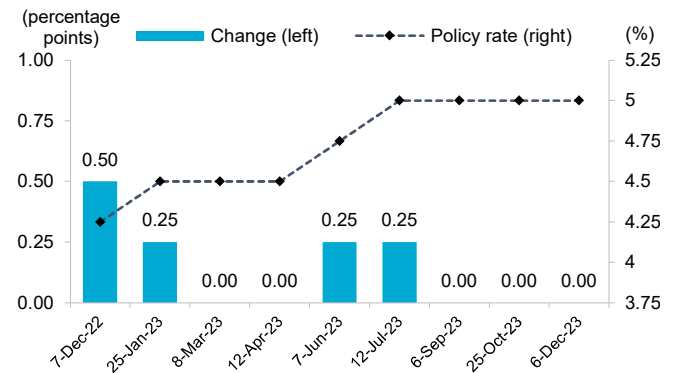
Bank of Canada Rate Announcement

On hold

The Bank of Canada (BoC) held rates steady this week for the third consecutive meeting (Chart 4). The BoC maintained the policy rate at 5.0% the highest level in 23 years. The BoC remained on hold as it waits for additional easing in core inflation and wage growth before changing course.

CHART 4: BOC REMAINS ON THE SIDELINE

Policy rate and change by BoC meeting date



Sources: Bank of Canada, Haver Analytics

Purchasing Managers Index (PMI)

Manufacturing output continues to decline

Global manufacturing conditions continued to be weak in November. The headline global PMI (49.3) was below 50, indicating contraction for the 15th month in a row. The weakness arose from lower output with falling new export orders amid weak demand. Measures of employment also remained subdued and decreased for the third consecutive month. While the survey indicated ongoing contraction in global manufacturing, there are some positive signs. Production continued to increase in the U.S and output growth resumed in China. Meanwhile, price growth for inputs and outputs eased with weak global demand and further normalization of supply chains.

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