

Weekly Economic Review

Solid momentum in labour market

Employment

Full time and private sector drive job gains

Alberta's labour market advanced in April. Employment rose 15,900 month-over-month (m/m), driven by full-time and private sector jobs. The services sector continued to lead the way (+17,500 m/m), driven by wholesale & retail trade, and further supported by health care and transportation. Close-contact industries — information, culture & recreation and other services — continued to lag the recovery, while accommodation & food had a modest increase. After surging in January, goods sector employment dipped for the third consecutive month (-1,400 m/m), with broad-based declines outweighing a small uptick in agriculture. The unemployment rate dropped to 5.9%, partly due to the slow recovery in the labour force participation rate (69.2%). Nationally, employment increased by 15,300, with growth in five provinces, led by Alberta.

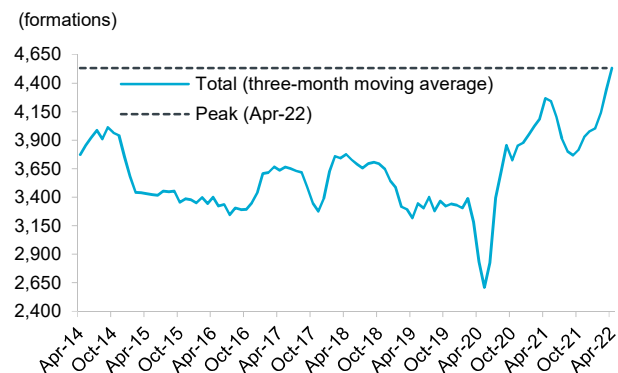
Business Formations

Incorporations shoot up

Alberta incorporations rose in April as public health measures were relaxed in the prior month and small business sentiment improved. Business formations went up 4.4% m/m to average 4,533 in the three months ending in April, reaching an all time high (Chart 1). The number of new incorporations in Alberta were up 4.2% year-to-date (YTD).

CHART 1: FORMATIONS AT HISTORICAL RECORD IN APRIL

Alberta business formations (SA)



Sources: Corporate Registry System (CORES), Alberta Treasury Board and Finance

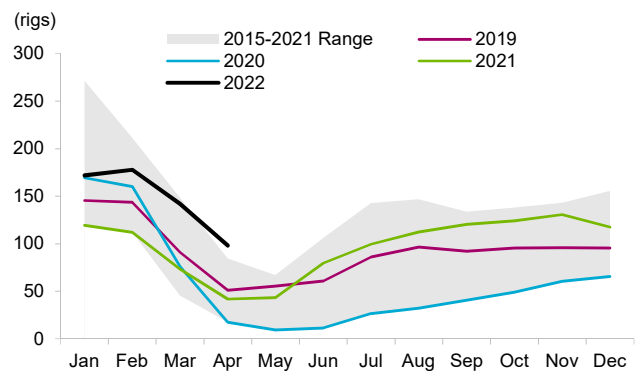
Rigs Drilling

Activity at an eight-year high for the season

Drilling activity slowed further in April but was the highest for the month since 2014. The number of active rigs averaged 98, falling 45% from March. However, this is a significant improvement from the 2021 low, +134% year-over-year (y/y), to monthly levels not seen since 2014 (Chart 2). On a YTD basis, rigs drilling in Alberta went up 70%.

CHART 2: HIGHEST LEVEL OF DRILLING SINCE 2014

Number of rigs drilling for oil and gas in Alberta



Source: Canadian Association of Energy Contractors (CAOEC)

Supply of Oil

Production halts as maintenance commences

Alberta's oil output was virtually unchanged in March, hovering above the five-year historical average for the month. Oil production remained at 3.7 million barrels per day. Supported by strong drilling activity, conventional oil production increased 3.4% m/m, led by strong gains in light and medium oil (+5.2% m/m). This was offset by a slight decline in non-conventional production (-0.5% m/m) as scheduled maintenance at major oil sands projects began and production of synthetic crude oil declined (-1.3% m/m), while bitumen output remained unchanged. On a YTD basis, oil production was up 0.8%, propped by conventional oil (+11% YTD).

Supply of Natural Gas & NGLs

Output rises

Alberta's natural gas and liquids output increased in March. Natural gas supply went up 5.1% m/m to 12.8 billion cubic metres (m3). Conventional gas well production, which accounts for most of natural gas production in the province, increased 12% m/m on the back of strong prices. In the meantime, natural gas storage remained in withdrawal mode in March (-686 million m3 m/m). Similarly, supply of natural gas liquids (NGLs) also jumped (+30% m/m). On a YTD basis, natural gas output stood 3.2% higher, while NGLs supply remained largely unchanged (-0.5%).

Merchandise Exports

Exports gain momentum

Alberta's goods exports soared in March after pulling back in February. The value of merchandise exports jumped 28% m/m to a new all-time high of \$17.5 billion. This increase was driven primarily by higher energy exports (+30% m/m), boosted by higher crude oil prices and volumes. Non-energy exports also rose 23% m/m to a record level, propelled by gains in forestry products & building & packaging materials (+50% m/m), basic & industrial chemical, plastic & rubber products (+22% m/m), and farm, fishing & intermediate food products (+21% m/m) due to both volume and price effects. On a YTD basis, goods exports were up 53%.

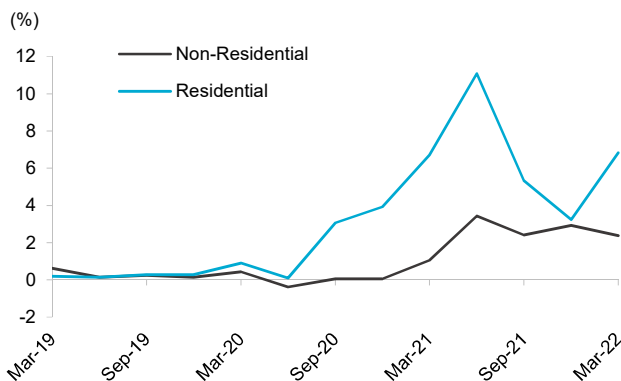
Building Construction Price Index

Growth accelerates for residential

The rate of growth in prices for residential construction surged in Q1, while non-residential posted a smaller increase (Chart 3). Alberta's residential building construction prices jumped 6.8% quarter-over-quarter (q/q) after rising 3.1% in the

CHART 3: RESIDENTIAL CONSTRUCTION PRICES LEAD GROWTH

Alberta's building construction price index, q/q percent change



Sources: Statistics Canada, Haver Analytics

previous quarter. With broad-based gains, growth was most pronounced in Calgary for single-detached and townhouses. Meanwhile, the non-residential price index was up 2.4% q/q, slightly below the 2.8% q/q increase in Q4 2021. Construction cost for industrial buildings and warehouses jumped the most. Year-over-year, prices for residential and non-residential building construction were up 29% and 12%, respectively.

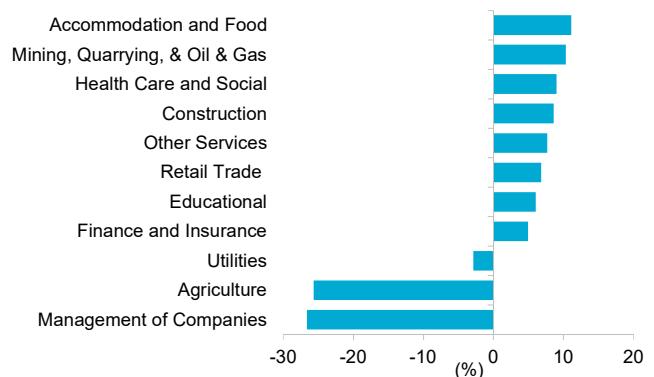
Alberta real GDP by Industry

Alberta economy bounced back in 2021

Alberta's real gross domestic product (GDP) rose in 2021 as many sectors emerged from a massive decline caused by the dual shock of the pandemic and collapse in oil prices in 2020. Alberta's real GDP by industry grew 5.1%, with most sectors rebounding from last year's depressed levels (Chart 4). Growth in goods-producing industries (+5.6%) was driven by mining, quarrying, and oil & gas extraction (+10%) on the back of strong recovery of energy prices. Residential building construction and renewable energy projects supported growth in construction (+8.6%). These gains were tempered by a steep decline in agriculture (-26%), following record heat and drought conditions in Western Canada. Within service-producing sectors (+4.7%), solid growth in finance & insurance and retail trade lifted output in these sectors above pre-pandemic (2019) levels. Accommodation & food (+11%) and arts & recreation (+4.7%) also improved in 2021, but remained below 2019 levels as public health measures held the recovery back. Despite the annual increase, real GDP by industry remained 3.3% below the 2019 level.

CHART 4: THE RESOURCE SECTOR LED GROWTH IN 2021

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



Sources: Statistics Canada, Haver Analytics

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