

Weekly Economic Review

Labour market takes a breather

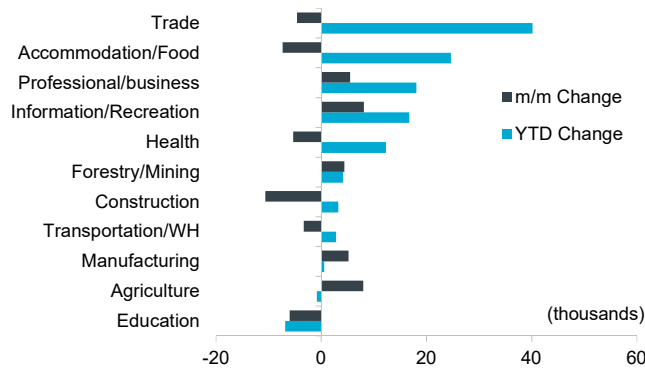
Employment

Construction and service sector weigh on employment

Alberta's labour market took a step back following solid gains in the first half of the year. Employment declined 6,500 month-over-month (m/m) in August, the first monthly decline this year. Service sector employment fell (-14,000 m/m) after growing for six consecutive months, led by a drop in accommodation and food services which continued to lag behind the recovery from COVID-19. Education, health care & social assistance, and wholesale and retail trade also retreated from recent highs. Conversely, goods sector employment expanded (+7,400 m/m) as gains in agriculture, manufacturing, and natural resources outweighed a sizeable contraction in construction. Both private and public sector employment fell in the month but were partly offset by higher self-employment, while hiring in part-time positions was tempered by a decline in full-time work. With the decline in monthly employment and a growing labour force, the unemployment rate jumped from 0.6 percentage points to 5.4%.

CHART 1: EMPLOYMENT EASES IN AUGUST

YTD and m/m change in Employment by Industry



Sources: Statistics Canada, Haver Analytics

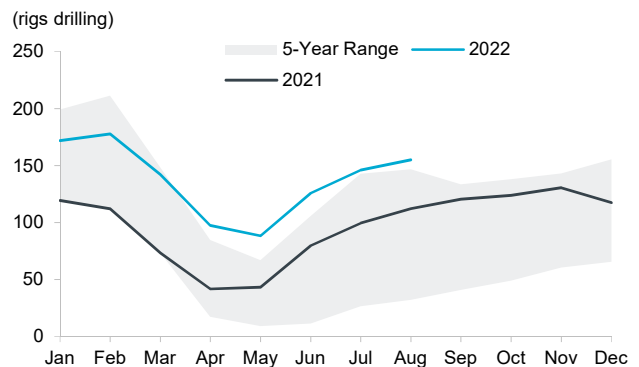
Rigs Drilling

Activity remains at eight-year highs

Drilling activity remains strong and on pace for the strongest year since 2014. Average number of rigs drilling rose by nine (09) in August to 155 (Chart 2). While activity typically increases over the summer, the monthly gain was enough to keep seasonal activity at an eight-year high for the fifth month in a row. Compared to a year ago, the number of rigs drilling was up 38%, and they are up 62% year-to-date (YTD).

CHART 2: RIGS DRILLING REMAINED STRONG IN AUGUST

Number of rigs drilling and five-year seasonal range



Source: Canadian Association of Energy Contractors (CAOEC)

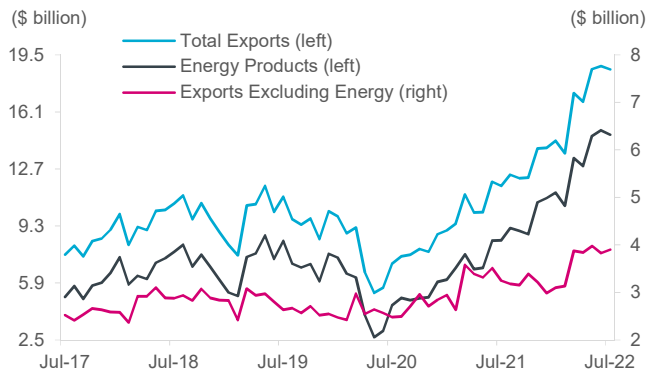
Merchandise Export

Exports ease amid receding energy prices

Alberta's goods exports edged down in July after reaching a new high in June. The value of merchandise exports was down by 1.0% m/m to \$18.6 billion (Chart 3). The monthly decline was driven by lower energy exports (-1.7% m/m) as prices pulled back during the month. Excluding energy, exports were up by 1.9% m/m, with gains in farm, fishing & food products (+21% m/m), industry machinery & parts (+14% m/m), and consumer goods (+10% m/m). These gains were partially tempered by a decline in forestry products (-11% m/m) and metal ores & non-metallic minerals (-31% m/m) exports. On a YTD basis, goods exports were up 61%, led by an 82% gain in energy exports.

CHART 3: NOMINAL EXPORTS REMAINED ESSENTIALLY FLAT OVER LAST TWO MONTHS

Alberta's merchandise exports



Source: Statistics Canada, Haver Analytics

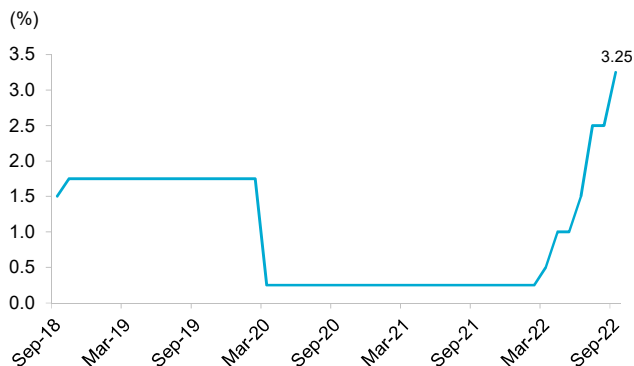
Bank of Canada Rate Announcement

Another increase in Policy Rate

The Bank of Canada (BoC) increased its overnight target rate for the fifth time since March. The target rate rose 0.75 percentage points to 3.25% on Wednesday (Chart 4). BoC's decision to tighten the monetary policy came in response to persistently high and broadening inflation. While headline inflation eased in July, the BoC pointed to continued rise in core inflation measures and elevated inflation expectations. The BoC also indicated that further tightening is likely needed to achieve its 2% inflation target as the Canadian economy continues to show signs of excess demand and a tight labour market, which will continue to exert inflationary pressures.

CHART 4: A 75 BASIS POINT RATE INCREASE, FIFTH MOVE THIS YEAR

Bank of Canada's overnight target rate



Sources: Bank of Canada, Haver Analytics

Business Insolvencies

Insolvencies up in 2022

The number of businesses filing for insolvencies in Alberta held fairly steady but remained higher compared to last year. There were 21 businesses that initiated insolvencies in July, roughly unchanged from June. Over the past 12 months, 171 businesses have filed for insolvency in Alberta, up 14% from the very low levels a year ago. Business insolvencies have started to move up in 2022 all across Canada, after experiencing a steady decline since 2019.

Consumer Insolvencies

Insolvencies pull back

Alberta's consumer insolvencies dropped in July. The number of Albertans filing for insolvency fell 11% m/m to 1,168, with both bankruptcies and proposals declining. Despite the decrease, insolvencies were up 8.7% year-over-year (y/y). The trend was similar at the national level, with consumer insolvencies falling in the month but up 18% y/y.

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

