

Weekly Economic Review

Alberta consumer sentiment resilient

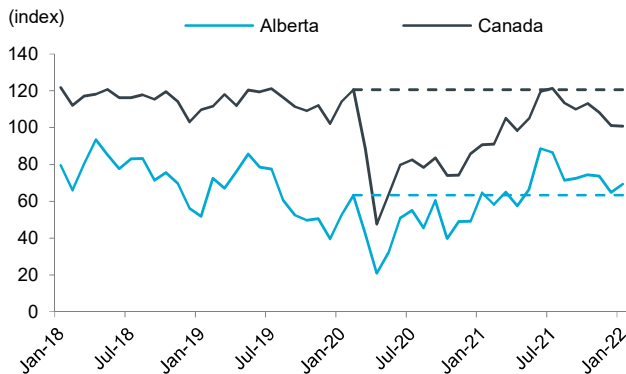
Consumer Confidence

Consumer sentiment upbeat

After two months of decline, Alberta's consumer sentiment ticked up in January and remained above the pre-pandemic level (Chart 1). The Conference Board of Canada's index of consumer confidence gained 4.5 points in January, as higher provincial vaccination rates improved sentiment surrounding future finances and job prospects. Nationally, consumer confidence retreated 0.6 points, weighed down by losses in Quebec, BC, and Ontario.

CHART 1: ALBERTA CONFIDENCE BUCKS NATIONAL TREND IN DECEMBER

Index of consumer confidence, 2014=100



Source: The Conference Board of Canada

Consumer Insolvencies

Insolvencies retreat in December

Alberta's consumer insolvencies trended down in December following November's increase. The number of Albertans that filed for insolvency declined 19% month-over-month (m/m) to 1,044, with both bankruptcies and proposals falling. With this dip, consumer insolvencies were down 27% from the 12-month high in March 2021, as job prospects improved throughout the year. On an annual basis, consumer insolvencies were up 6.6% in 2021 over 2020, on account of consumer proposals more than offsetting the decline in consumer bankruptcies.

Business Formations

Incorporations unchanged

Alberta incorporations in January remained at December's level. Business formations inched down 0.1% m/m to average 4,052 in the three months ending in January, following a 1.0% m/m increase in December. However, the number of new incorporations in Alberta was up 2.6% year-over-year (y/y), as well as 20% higher relative to the pre-pandemic February 2020 level.

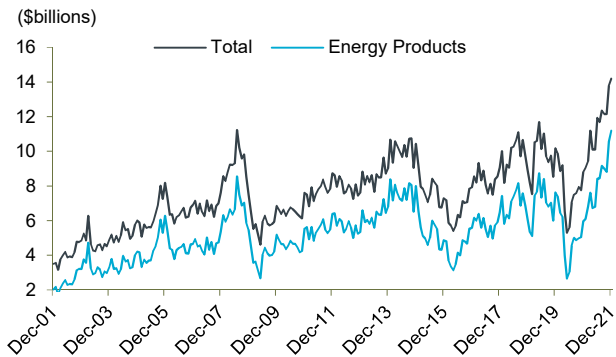
Merchandise Exports

Energy products propel exports

Alberta's goods exports surged in December to new heights (Chart 2), despite the severe disruptions caused by the BC floods and the onset of Omicron. The value of merchandise exports increased 3.1% m/m to \$14.2 billion, driven by higher energy exports (+5.9% m/m) on the back of higher volumes. Outside of energy, exports declined 6.4% m/m, with 7 out of 11 non-energy products declining, particularly consumer goods. On an annual basis, goods exports were up 50% in 2021 compared with 2020 and 18% above 2019, posting increases across most categories of goods. In 2021, exports to the US were up 58% while exports to other countries increased 6.6%.

CHART 2: TOTAL EXPORTS AND ENERGY EXPORTS HIT NEW HIGH

Alberta's international merchandise exports



Sources: Statistics Canada, Haver Analytics

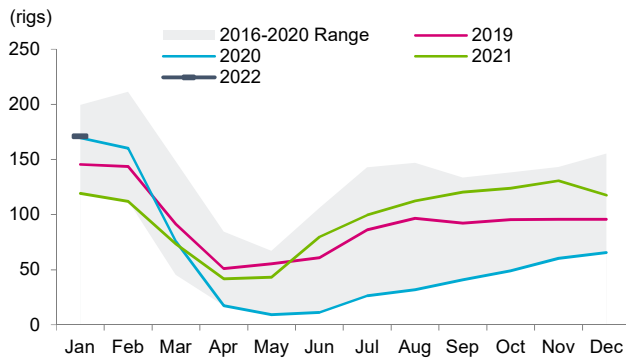
Rigs Drilling

Seasonal uptick in drilling activity

Rigs drilling jumped in January in the wake of the holiday season slowdown. The number of active rigs averaged 171, above the January 2021 low and back to pre-pandemic levels (Chart 3). On a year-to-date (YTD) basis, rigs drilling in Alberta was up 43%.

CHART 3: RIG COUNT REMAINS HIGHER THAN PREVIOUS 2 YEARS

Number of rigs drilling for oil and gas in Alberta



Source: Canadian Association of Energy Contractors (CAOEC)

Supply & Disposition of Natural Gas & NGLs

Output surges

Alberta's natural gas and natural gas liquids output jumped in December as the province braved a prolonged festive cold snap. Natural gas supply went up 12.3% m/m to 13.2 billion cubic metres, following a 1.2% m/m increase in November. Although conventional gas well production, which accounts for the majority of overall natural gas production in the province, increased only marginally (+0.6% m/m), withdrawals from natural gas storage drove the overall increase. Production of all extracted natural gas liquids (NGLs), was also up in December. On an annual basis, natural gas output was 8.0% higher in 2021 compared to 2020.

Investment in Non-Residential Building Construction

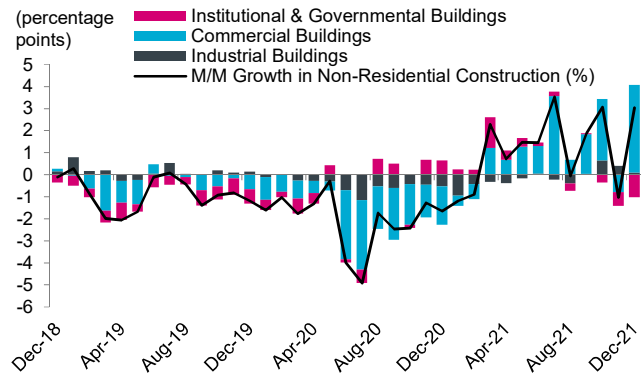
Commercial spending leads construction activity

Non-residential construction activity in Alberta improved in December. Investment in non-residential building construction went up 3.0% m/m to \$624 million, impelled by increases in commercial (+6.5% m/m) and industrial (+0.8% m/m) spending (Chart 4). These gains more than offset the decline

in institutional & governmental investment (-3.8% m/m). Regionally, Calgary led the charge (+8.0% m/m), as the BMO convention centre expansion boosted commercial spending. Lethbridge saw a slight uptick, while Edmonton and rest of Alberta declined marginally. Although growth turned a corner in the second half of the year, on an annual basis, spending in 2021 remained down 6.8% compared to 2020 and down 22% compared to pre-pandemic 2019.

CHART 4: COMMERCIAL GAINS LEAD MONTHLY GROWTH

Contributions to monthly growth in Alberta non-residential inv (SA)



Sources: Statistics Canada, Haver Analytics

Residential Construction Investment

Input prices drive annual growth

Investment in residential construction advanced in December. Alberta residential construction spending increased 2.2% m/m to \$1.3 billion in December, following November's slight rise. Spending on single dwellings rose 2.3% m/m while multi-unit building spending advanced 1.9% m/m. Regionally, the decline in Edmonton was more than offset by an increase in Calgary, Lethbridge, and Alberta's non-CMA regions. In 2021, nominal investment in residential construction was up 14.1% compared to 2020, with strong gains in Edmonton and Calgary for both single and multi-unit dwellings. However, these gains were driven by surging construction costs, and the real value of residential construction investment contracted by 9.0% in 2021.

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