

Weekly economic review

Drilling activity remains strong

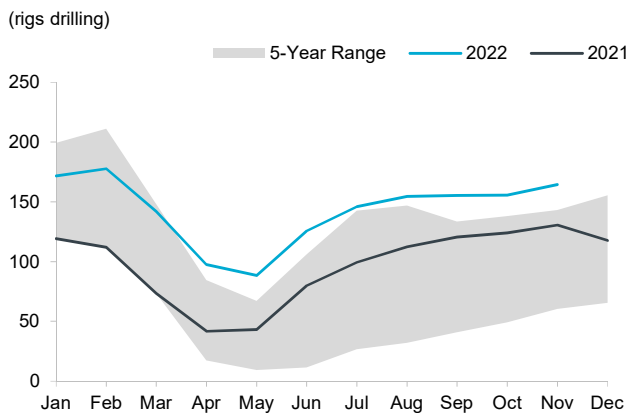
Rigs Drilling

Drilling strong entering winter

Drilling activity in Alberta remains robust entering the winter drilling season. The average number of rigs drilling increased by 9 to 165 in November. While a monthly increase is typical for this time of the year as accessibility improves, the level of activity is at the strongest seasonal level since 2014 (Chart 1). The momentum has been quite strong throughout the year and compared to a year ago, the rig count was up 26%, and up 50% year-to-date (YTD).

CHART 1: DRILLING REMAINS EIGHT YEAR HIGH

Number of rigs drilling and five-year seasonal range



Source: Canadian Association of Energy Contractors (CAOEC)

Building Permits

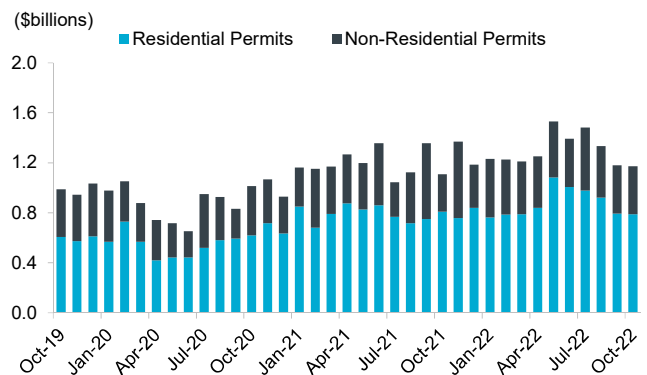
Building intentions holding up

Spending intentions on construction in Alberta remained fairly steady in October. The value of building permits dipped 0.6% month-over-month (m/m) to \$1.2 billion (Chart 2). The decline came as residential permits (-0.9% m/m) softened for the fifth month in a row, as the value of both singles (-1.1% m/m) and multiple dwelling buildings (-0.6% m/m) permits eased. Meanwhile, non-residential permits remained unchanged.

A surge in commercial intentions (+17% m/m), with gains in Alberta's non-CMA regions and Calgary, was completely offset by lower intentions for industrial and institutional & governmental construction. Even though the value of permits are lower than levels seen in the summer, they remain significantly higher than the pre-COVID and a year ago levels. With the growth in 2022, intentions are up 9.1% YTD, with gains in all but institutional & governmental permits.

CHART 2: BUILDING INTENTIONS STEADY

Alberta building permits, by type



Sources: Statistics Canada, Haver Analytics

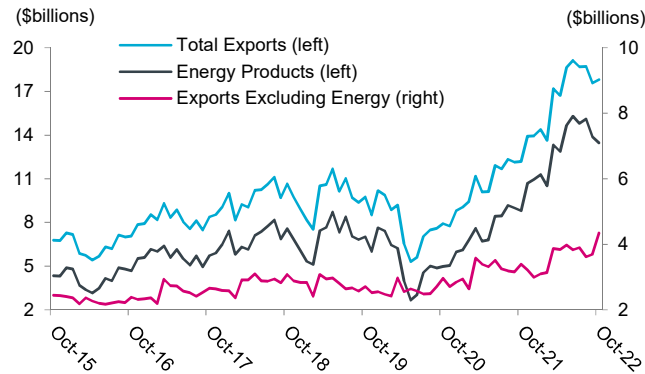
Merchandise Exports

Farm products boost total exports

Alberta's goods exports increased in October supported by higher grain exports. The value of merchandise exports went up by 1.4% m/m to \$17.8 billion (Chart 3). The gain was led by a surge in wheat and canola exports, which lifted farm, fishing & intermediate food products exports up 44% m/m. Basic & industrial chemicals (+11% m/m), metal & non-metallic mineral products (+39% m/m) and several other non-energy products contributed to the monthly gain. Meanwhile, energy exports declined 2.7% m/m with lower crude oil export prices. On a YTD basis, export are up 57% with energy exports up 74% and non-energy exports up 16%.

CHART 3: NON-ENERGY SECTOR BOOST EXPORT

Alberta's merchandise exports



Sources: Statistics Canada, Haver Analytics

Business Formations

Pace of incorporation slows

Alberta incorporations decreased in November. Business formations went down 3.7% m/m to average 4,144 in the three months ending in November. Despite the monthly decline, the number of new incorporations in Alberta were up 5.5% y/y, as well as 9.3% higher YTD.

Consumer Insolvencies

Insolvencies remain subdued

The number of Albertans filling for insolvency remains muted despite the rapid increase in interest rates. A total of 1,227 Albertans submitted a bankruptcy or consumer proposal in October. This was 27 (-2.2% m/m) less than the previous month, as a pullback in proposals outweighed an uptick in bankruptcies. While consumer insolvencies remain higher than a year ago, they are well below 2019 levels, when interest rates were significantly lower.

Business Insolvencies

Insolvencies decline

Alberta's business insolvencies also went down in October. 22 businesses initiated insolvencies, a decrease of 12 against September 2022. The number of bankruptcies rose (+6 m/m) while proposals decreased (-18 m/m). Meanwhile, Alberta's share of national business insolvency filings also went down to 7.3%. On a running 12-month basis, business insolvencies are up 42% in Alberta, and up 33% in Canada overall.

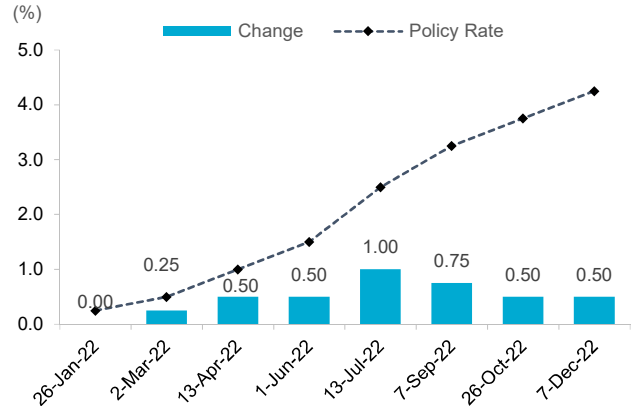
Bank of Canada Rate Announcement

Seventh rate hike in 2022

The Bank of Canada (BoC) continued to increase interest rates aggressively. The BoC target rate rose 0.5 percentage points to 4.25% on Wednesday. This was the sixth consecutive meeting with an oversized rate hike, and seventh meeting in a row with a hike (Chart 4). The decision to tighten the monetary policy came in response to persistent inflationary pressure. However, for the first time since tightening began, the BoC signaled the possibility of a slowdown or even pause to the hiking cycle.

CHART 4: SEVENTH CONSECUTIVE MEETING WITH A RATE INCREASE

Policy rate and change by BoC Meeting date



Source: Bank of Canada, Haver Analytics

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