

Weekly Economic Review

Alberta labour market holding up

Employment

Service sector offsets lagging goods

Alberta's labour market held steady in July. Employment was relatively unchanged (+300 m/m). Employment in the services sector expanded (+3,000 m/m), with increases in public administration, trade, and accommodation & food services moderated by declines in business, building & other support services, and finance & real estate industries. The goods sector continued to lag (-2,700 m/m), with ongoing weakness in manufacturing outweighing the gains in natural resources and utilities. Gains in the private sector and full-time positions offset losses in the public sector, self-employment, and part-time jobs. Since December 2021, Alberta has added 68,200 jobs, with nearly all the growth in the private sector and a rotation from part-time to full-time employment. While there was little change in monthly employment in July, the unemployment rate dropped to 4.8% as the labour force participation rate eased to a 14-month low. Nationally, employment slid by 30,600, largely due to a decline in Ontario.

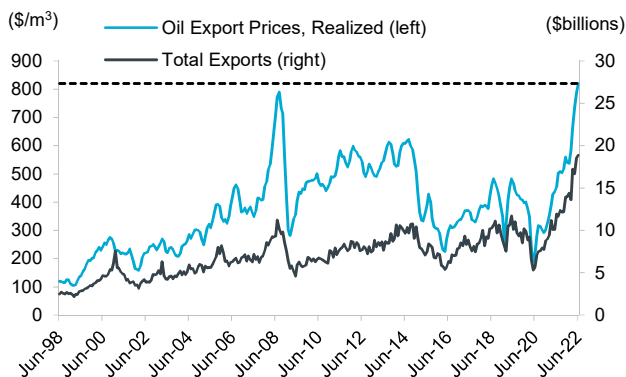
Merchandise Exports

Oil prices push exports higher

Alberta's goods exports inched up in June following a solid jump in May. The value of merchandise exports went up 1.8% m/m to \$18.9 billion. The monthly increase was driven by a higher value for energy exports (+3.0% m/m) as the realized Canadian dollar price of crude oil exports hit record levels (Chart 1) and volumes increased. Excluding energy, exports

CHART 1: OIL EXPORT PRICES AT A 30-YEAR HIGH

Alberta's total merchandise exports and oil export prices



Sources: Statistics Canada, Haver Analytics

retreated 2.7% m/m due to lower exports in multiple categories, particularly farm, fishing & intermediate food products (-8.9% m/m) and forestry products & building & packaging materials (-7.4% m/m). On a year-to-date (YTD) basis, goods exports were up 61%, on large due to higher prices.

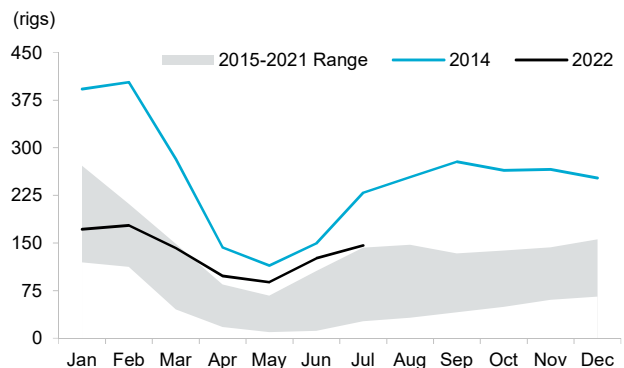
Rigs Drilling

Activity remains at an eight-year high

Drilling activity continues to improve with strong prices. The number of active rigs averaged 146 in July, up 20 from June. This marked the fourth consecutive month with seasonal activity at an eight-year high (Chart 2). On a YTD basis, rigs drilling in Alberta were up 67%.

CHART 2: RIGS AT HIGHEST LEVEL SINCE 2014

Number of rigs drilling for oil and gas in Alberta



Source: Canadian Association of Energy Contractors (CAOEC)

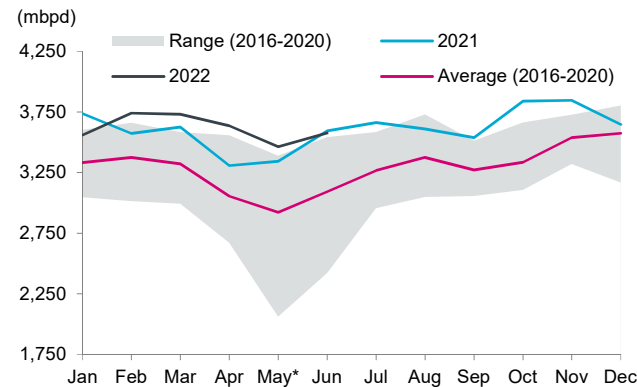
Supply of Oil

Oil production bounces back up

Alberta's oil output increased in June after retreating slightly in the previous month. Oil production rose 3.2% m/m to 3.6 million barrels per day (Chart 3). The monthly gain was led by synthetic crude (+9.8% m/m) as production ramped up after maintenance at major oil sands producers. Meanwhile, conventional oil production remained at strong levels, approaching the 2014 high for the month of June. Overall, total oil production was up 2.4% YTD, propped by conventional oil production (+12% YTD).

CHART 3: OIL PRODUCTION ABOVE HISTORICAL RANGE

Monthly crude production in Alberta



Source: Alberta Energy Regulator

Supply of Natural Gas

Seasonal declines in output

Alberta's natural gas output decreased further in June following a seasonal pattern. Natural gas supply declined 5.2% m/m to 10.6 billion cubic metres. Conventional gas well production, which accounts for most of the natural gas production in the province, declined 4.9% m/m. While production slowed, natural gas inventories continued to rise, reflecting a steep slowdown in withdraws. Conversely, supply of NGLs rose 5.5% m/m, led by ethane. On a YTD basis, natural gas output stood 4.6% higher, while NGLs supply was down 2.1%.

Building Permits

Single permits keep construction intentions buoyant

Spending intentions on construction in Alberta declined in June but remained well above 2019 levels. The value of building permits decreased 8.1% m/m to \$1.4 billion, with pullbacks for both non-residential (-13% m/m) and residential (-5.9% m/m) permits. Weaker industrial (-18% m/m) and commercial (-19% m/m) intentions weighed on the non-residential sector, with commercial permits (the largest non-residential component) easing in Edmonton, Lethbridge, and Alberta's non-CMA regions. Meanwhile, residential permits declined on the back of a contraction for multiple dwelling buildings (-14% m/m), while singles saw modest growth. Despite the monthly decline, building permits were up 18% from last year and 7.4% YTD, buoyed by strong commercial and residential permits.

Building Construction Price Index

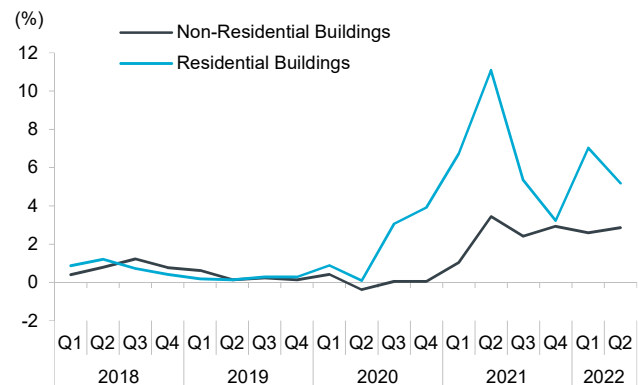
Construction prices continue to move higher

Prices for the construction of residential and non-residential buildings continue to rise at a rapid pace in the second

quarter. Alberta's residential building construction price index increased 5.2% quarter-over-quarter (q/q) after jumping 7.0% in the previous quarter. Residential construction prices have been rapidly rising since the second half of 2020, when lumber prices surged and supply chain distributions intensified. Meanwhile, the non-residential price index was up 2.9% q/q, with gains of similar magnitudes across every sub-component. Non-residential prices have been slower to accelerate, but have increased since early 2021 at quarterly rates last seen in the 2006-2008 boom (Chart 4). Year-over-year, the construction price index for residential and non-residential building construction were up 22% and 11%, respectively.

CHART 4: SOLID CONSTRUCTION PRICE GROWTH

Q/Q growth in building construction prices in Alberta



Sources: Statistics Canada, Haver Analytics

Consumer Confidence

Consumer sentiment continues to slide

Alberta's consumer sentiment plunged for the second consecutive month. The Conference Board of Canada's index of consumer confidence declined 13.8 points in July. Broad-based inflationary pressures and rising interest rates have put pressure on households' current finances and dampened their sentiment surrounding future finances. With the recent pullback, consumer confidence is 25.4 points below February 2020 level but still up 17.1 points from the April 2020 low. Nationally, consumer confidence fell 6.6 points, and it is now 47.9 points below the February 2020 level, with most provinces back near levels last seen early in the COVID recovery.

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