

Weekly Economic Review

Alberta leads Canada in job gains

Employment

Employment surges

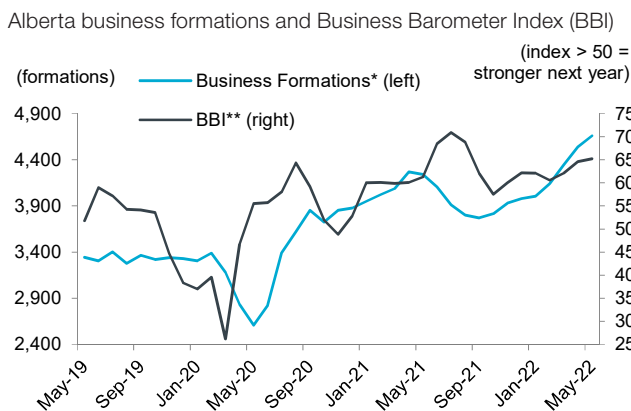
Alberta's labour market continued to tighten in May amid a surge in hiring. Employment jumped 27,600 month-over-month (m/m), driven by full-time and private sector jobs. The services sector continued to lead the way (+21,200 m/m), driven by professional, scientific & technical services, and transportation & warehousing. While some close contact industries – accommodation & food services and other services – saw healthy gains, these industries continue to lag behind in recovery. Meanwhile, the goods sector jumped (+6,300 m/m) after declining for three months, with gains in utilities, agriculture, and natural resources outweighing ongoing weakness in manufacturing. The unemployment rate dropped to 5.3%, partly due to the slow recovery in the labour force participation rate (69.3%). Moreover, the decline in Alberta's overall unemployment (-15,200 m/m) was fully attributable to long-term unemployment. Nationally, employment increased by 39,800, with growth in seven provinces, led by Alberta.

Business Formations

Incorporations gain momentum

Alberta incorporations rose in May for the eighth consecutive month as business sentiment improved (Chart 1). Business formations went up 2.7% m/m to average 4,659 in the three

CHART 1: INCORPORATIONS IMPROVE AS BUSINESS SENTIMENT RISES



Source: Corporate Registry System (CORES), Canadian Federation of Independent Business

* 3-Month Moving Average, SA

** 2-Month Moving Average, SA

months ending in May, reaching an all time high. The number of new incorporations in Alberta was up 5.4% year-to-date (YTD).

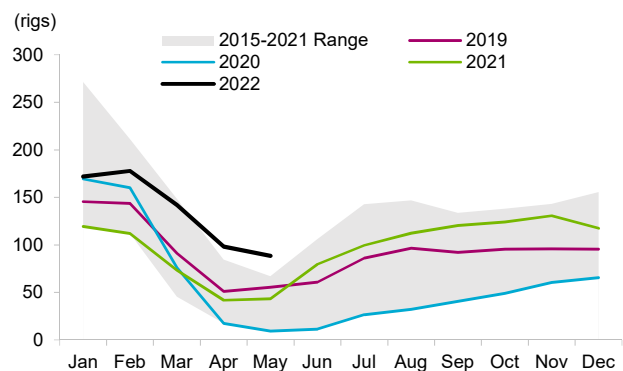
Rigs Drilling

Activity at an eight-year high for the season

Drilling activity slowed further in May but was at the highest for the month since 2014. The number of active rigs averaged 88, decreasing by 10 from April (Chart 2). However, this was a significant improvement from last year (+105% year-over-year or y/y). On a YTD basis, rigs drilling in Alberta went up 74%.

CHART 2: HIGHEST LEVEL OF DRILLING IN MAY SINCE 2014

Number of rigs drilling for oil and gas in Alberta



Source: Canadian Association of Energy Contractors (CAOEC)

Supply & Disposition of Natural Gas & NGLs

Production declines following a seasonal pattern

Alberta's natural gas and natural gas liquids output decreased in April as weather warmed up. Natural gas supply went down 6.6% m/m to 12.0 billion cubic metres, driven by 1.2% m/m decline in conventional gas well production. In the meantime, natural gas storage remained in the withdrawal mode (-653 million m³ m/m). Similarly, supply of natural gas liquids (NGLs) declined in April (-9.8% m/m), led by ethane. On a YTD basis, natural gas output stood 5.3% higher, while NGLs supply remained largely unchanged (-0.6%). Natural gas exports to other provinces were up 8.9% YTD. Meanwhile, international removals to the U.S. rose 1.3% YTD. Disposition of NGLs decreased within the province and removals from Alberta also went down.

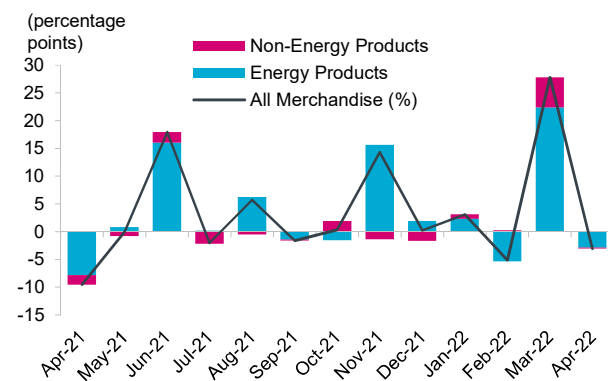
Merchandise Exports

Maintenance shutdowns weigh on energy exports

Alberta's goods exports retreated in April after soaring to a historical peak in March. The value of merchandise exports fell 3.1% m/m to \$16.9 billion, driven by lower energy exports (-3.7% m/m). Crude oil volumes decreased amid planned shutdowns for maintenance in April in the Alberta oil sands, particularly for upgrader facilities that produce synthetic crude oil (Chart 3). Non-energy exports also inched down (-0.9% m/m), led by declines in farm, fishing & intermediate food products (-9.6% m/m) that were tempered by gains in metal & non-metallic mineral products (+33% m/m). On a YTD basis, goods exports were up 57% on the back of higher volumes and prices.

CHART 3: MONTHLY DECLINE DRIVEN BY ENERGY

Contributions to month-over-month growth in exports by selected products



Sources: Statistics Canada, Haver Analytics

Business Insolvencies

Insolvencies largely unchanged

Alberta's business insolvencies remained on the same level in April. Sixteen businesses initiated insolvencies, a decline of 1 against March. The number of bankruptcies went down (-4 m/m) while proposals increased (+3 m/m). Meanwhile, Alberta's share of national business insolvency filings increased to 6.2%. Nationally, 60 fewer business insolvencies were filed in April, driven by decreases in Quebec and Ontario.

Consumer Insolvencies

Insolvencies go down

Alberta's consumer insolvencies went down in April, ending two months of increase. The number of Albertans that filed for insolvency declined 3.6% m/m to 1,305, with a drop in proposals outweighing an increase in bankruptcies. While down from the high in March 2021, consumer insolvencies were little changed (+0.6% y/y) in April even as the Bank of Canada increased its policy interest rate by 50 basis points to 1.0%. Nationally, consumer insolvencies dipped 13% m/m, with all provinces except Nova Scotia experiencing a drop.

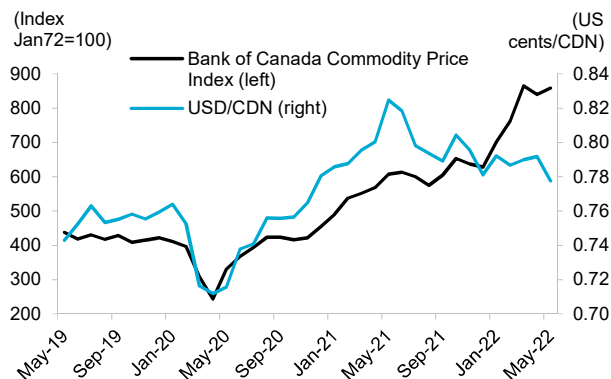
Exchange Rate

Loonie continues to depreciate against USD

The Canadian dollar (CDN) weakened against its U.S. counterpart (USD) in May as rising global demand for the "safe-haven" U.S. dollar offset the impact of surging commodity prices. Despite regaining some ground in the second half of the month, the Loonie went down 1.7% m/m to an average of 77.81 US¢/CDN\$. The attractiveness of the USD and the USD-denominated assets improved further among investors, with the U.S. nominal effective exchange rate appreciating 2.3% m/m and offsetting the combined effect of higher prices for commodities exported by Canada (Chart 4). Meanwhile, CDN strengthened against most other major currencies. YTD, the Loonie depreciated 1.4% against the USD.

CHART 4: STRONG COMMODITY PRICES NO LONGER PUSH CANADIAN DOLLAR UP

USD/CDN exchange rate and commodity prices



Sources: Bank of Canada, Haver Analytics

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