

Weekly Economic Review

Omicron weighs on consumer confidence but Alberta businesses resilient

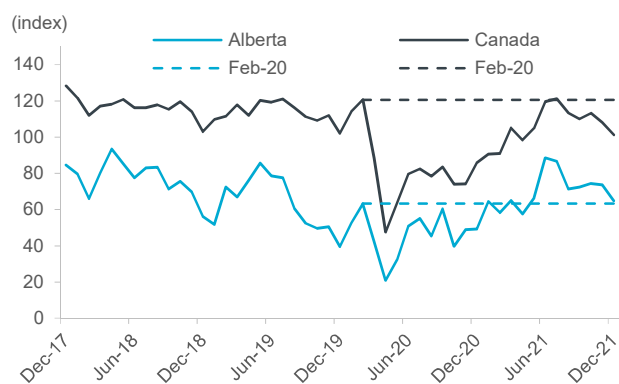
Consumer Confidence

Omicron fears weigh on consumer confidence

Alberta's consumer sentiment retreated in December but continued to hover around the pre-pandemic level. The Conference Board of Canada's index of consumer confidence slipped 8.9 points in December to the lowest level since May, as growing Omicron-induced concerns for future job prospects and current finances dampened consumer sentiment. Nationally, consumer confidence declined 7 points amid losses across all provinces (Chart 1).

CHART 1: CONSUMER CONFIDENCE RETREATS

Index of consumer confidence, 2014=100



Source: The Conference Board of Canada

Consumer Insolvencies

Insolvencies move up in November

Alberta's consumer insolvencies ticked up in November following October's decline. The number of Albertans that filed for insolvency increased 17% m/m to 1,287, with both bankruptcies and proposals rising. Despite this increase, consumer insolvencies in Alberta were down 9.4% from the 12-month high in March 2021, as employment prospects improved throughout 2021. Insolvencies remained up 7.5% YTD on account of consumer proposals more than offsetting the decline in consumer bankruptcies.

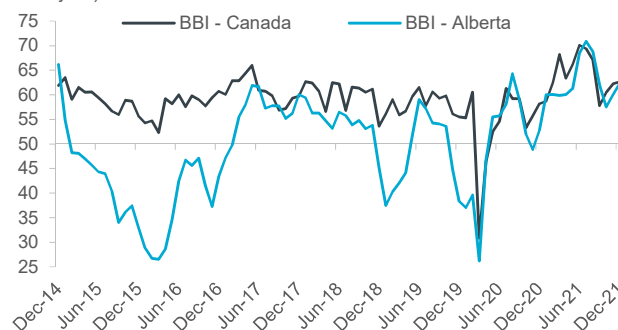
Business Barometer Index

Sentiment improves further

Despite concerns surrounding the Omicron variant, Alberta small business sentiment rose in December, building from November's increase (Chart 2). The Alberta Business Barometer Index (BBI) increased 2.2 points m/m, with improvements to Alberta's long- and short-term outlooks on the back of rising energy prices. Nationally, the BBI rose 0.4 points m/m, led by increases in Ontario (+4.6 m/m) and Nova Scotia (+2.6 m/m).

CHART 2: ALBERTA BBI CONTINUES INCHING UP IN DECEMBER

Long-term business barometer index (two-month moving average)
(index > 50 = stronger next year)



Source: Canadian Federation of Independent Business

Business Insolvencies

Insolvencies low

Business insolvencies are declining in the province. There were 5 insolvencies in November, a decrease of 5 from October 2021, and down 13 from November 2020. The number of bankruptcies (-4 m/m) and proposals (-1 m/m) went down. On a running 12-month basis, business insolvencies were down 37 in Alberta, with the decrease in bankruptcies (-46) more than offsetting the increase in proposals (+9). For November, Alberta accounted for 2.2% of Canada's business insolvencies, the lowest share since April 2016.

Business Formations

Incorporations up again

Alberta incorporations increased in December for the third consecutive month. Business formations went up 1.1% m/m to average 4,062 in the three months ending in December, following a 3.1% m/m increase in November. With the uptick, Alberta business formations were 18% higher in 2021 than a year ago, reaching a new annual peak of 47,864 formations.

Supply & Disposition of Natural Gas & NGLs

Output advances slightly

Alberta's natural gas and natural gas liquids output inched up in November ahead of the winter months. Natural gas supply went up 1.2% m/m to 11.8 billion cubic metres, following a 13.4% increase in October. Although conventional gas well production, which accounts for the majority of overall natural gas production in the province, went down (-1.0% m/m), withdrawals from natural gas storage led the overall increase. Production of all extracted natural gas liquids (NGLs), except ethane, went up in November. YTD, natural gas output stood 8.6% higher compared to the same period in 2020.

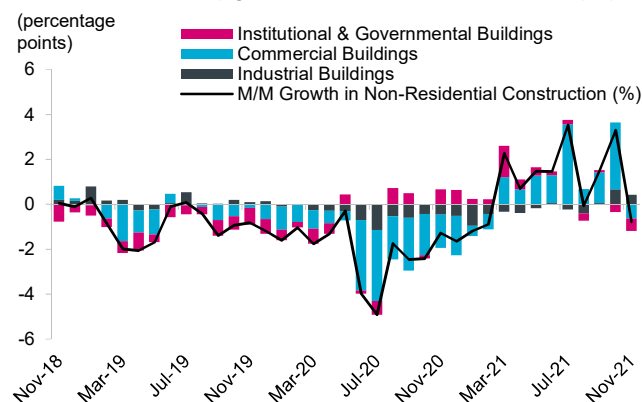
Investment in Non-Residential Building Construction

Easing commercial spending offsets industrial gains

Non-residential construction activity in Alberta ticked down in November. Investment in non-residential building construction dipped 0.8% m/m to \$606 million, led by declines in commercial (-1.0% m/m) and institutional & governmental (-2.0% m/m) spending. These declines were mostly offset by growth in industrial investment (+3.7% m/m), the third month in a row of growth (Chart 3). Regionally, gains in Calgary

CHART 3: INDUSTRIAL GAINS TEMPER MONTHLY DECLINE

Contribution to monthly growth in Alberta non residential inv. (SA)



Sources: Statistics Canada, Haver Analytics

(+0.7% m/m) and Lethbridge (+3.8% m/m) were countered by declines in Edmonton (-2.7% m/m) and rest of Alberta (-1.1% m/m). Despite the monthly decline, non-residential construction spending improved 9.9% y/y, but remained down 8.5% YTD.

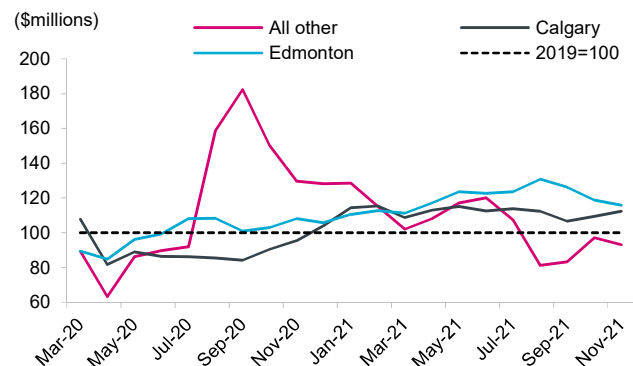
Residential Construction Investment

Multi-unit spending increases

Investment in residential construction remained held steady November. Residential construction spending increased 0.1% month-over-month (m/m) to \$1.2 billion in November, following October's increase. Spending on multi-unit buildings rose 5.1% m/m, but was tempered by a 2.7% decline m/m in single dwellings. Regionally, the increase in Calgary (+2.6% m/m) and Lethbridge (+10% m/m), was largely offset by a decline in Edmonton (-2.5% m/m). Year-to-date (YTD), investment in residential construction was up 15%, with strong gains in Edmonton and Calgary for both single and multi-unit dwellings (Chart 4).

CHART 4: SOLID GAINS IN MAJOR CITIES

Residential construction investment indexed to 2019, (SA)



Sources: Statistics Canada, Haver Analytics

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