

# Weekly Economic Review

## Alberta labour market tightening

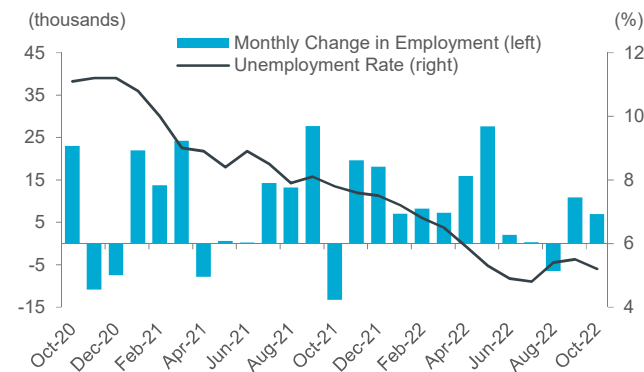
### Employment

#### Employment advances amid weak participation

Employment in the province continues to gain momentum. Employment increased 6,900 month-over-month (m/m) in October, building on the solid gain in September (Chart 1). Goods sector employment ticked up (+1,300 m/m) as gains in construction, agriculture, and manufacturing outweighed pullbacks in natural resources and utilities. Employment in the service sector also grew (+5,500 m/m), with increases in 8 out of 11 industries. Professional, scientific & technical services continued to be a source of strength, while employment in wholesale & retail trade, and accommodation & food services also went up. These gains were partially tempered by pullbacks in finance & insurance and transportation & warehousing. Despite strong population growth, the labour force shrunk as the participation rate fell back to recent lows. With the employment gains and lower participation rate, the unemployment rate dropped 0.3 percentage points to 5.2%.

**CHART 1: EMPLOYMENT ADVANCES IN OCTOBER**

Alberta monthly change in employment and unemployment rate



Sources: Statistics Canada, Haver Analytics

### Building Construction Price Index

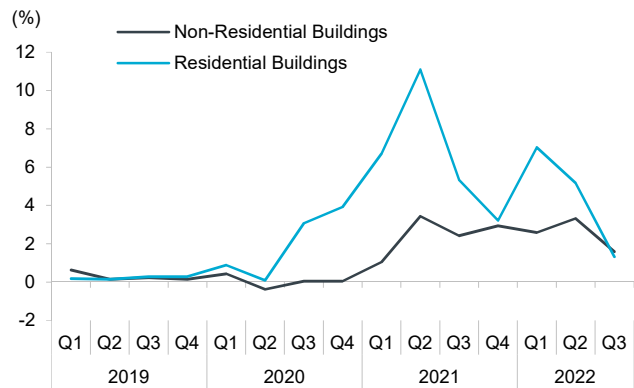
#### Growth in prices slowing

Prices for the construction of residential and non-residential buildings are rising at a slower pace (Chart 2). In the third quarter, Alberta's residential building construction price index increased 1.3% quarter-over-quarter (q/q), the lowest quarterly growth since early 2020. Meanwhile, the non-residential

price index was up 1.6% q/q, the slowest quarterly gain in six quarters. While non-residential prices have been slower to accelerate, they have increased since early 2021 at rates last seen consistently in the 2006-2008 boom. Even though price increases slowed, the construction price indexes for residential and non-residential building construction were up 18% and 11% year-over-year (y/y), respectively.

**CHART 2: CONSTRUCTION PRICE GROWTH SLOWS**

Q/Q growth in building construction prices in Alberta



Sources: Statistics Canada, Haver Analytics

### Building Permits

#### Permits ease from elevated levels

Construction spending intentions in Alberta continue to pull back from the five-year high reached in May. The value of building permits fell 12% m/m to \$1.2 billion in September, with declines in both residential (-14% m/m) and non-residential (-7.0% m/m) permits. Non-residential permits were lower largely due to a pullback in commercial intentions (-14% m/m), as declines in non-CMA regions and Edmonton overshadowed a gain in Calgary. Residential permits softened for the fourth month in a row, as the value of both singles (-16% m/m) and multiple dwelling buildings (-12% m/m) permits continued to retreat from a multi-year high. Despite the recent declines, the total value of building permits remained significantly higher than a year ago and up 9.6% year-to-date (YTD), with gains in all types except institutional & governmental permits.

## Consumer Confidence

### Consumer sentiment tumbles

Alberta's consumer sentiment fell again in October after briefly regaining ground. The Conference Board of Canada's index of consumer confidence dropped 13.4 points in the month. While more Albertans are optimistic about their job prospects, the broad-based inflationary pressures and rising interest rates continue to put pressure on households' current finances and dampen their sentiment surrounding future finances. The decline in Alberta exceeded the drop at the national level (-4.7 points), and both are back to levels last seen early in the COVID recovery.

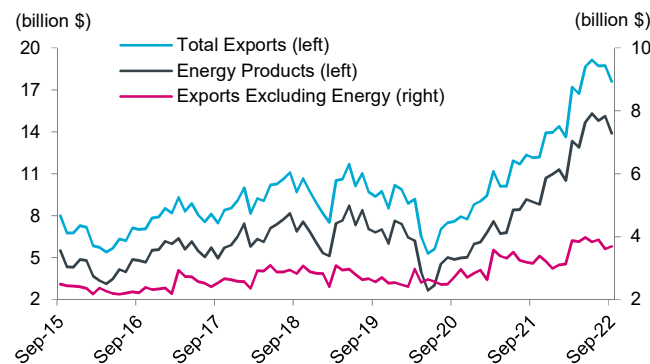
## Merchandise Exports

### Exports decline on energy products

Alberta's goods exports fell in September with lower volumes and prices of crude oil exports. The value of merchandise exports went down by 6.1% m/m to \$17.6 billion. The decline was driven entirely by lower energy exports (-8.1 m/m) (Chart 3), which far outweighed an increase in non-energy product exports (+2.1% m/m). Farm, fishing & intermediate food products (+48% m/m) led the gain in non-energy exports, as wheat (+44% m/m) and canola (+114% m/m) exports surged as harvest from the strong growing season began to move through the supply chain. On a YTD basis, goods exports were up 58%, with exports to the U.S. surging 62%.

### CHART 3: EXPORTS DOWN ON LOWER ENERGY PRODUCTS

Alberta's merchandise exports



Sources: Statistics Canada, Haver Analytics

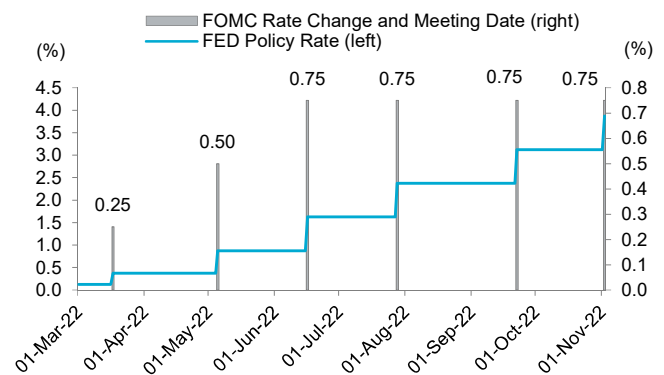
## FOMC Rate Announcement

### Federal Reserve Bank raises target rates

The Federal Open Market Committee (FOMC) raised interest rates again this week. They increased the target range for the federal funds rate by 75 basis points to 3.75-4.00% (Chart 4). This is the sixth rate increase in 2022, and the interest rate now paid on the reserve balances is at the highest level since 2008. The FOMC remains committed to curbing inflationary pressure. However, the committee will consider the cumulative impact of tightening, the lags with which monetary policy affects economic activity and inflation, and any new economic and financial developments in its future decisions.

### CHART 4: RAPID INCREASE IN THE TARGET RATE

Federal funds rate and rate hike decision dates



Sources: Federal Reserve, Haver Analytics

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