

Weekly Economic Review

Construction intentions remain robust

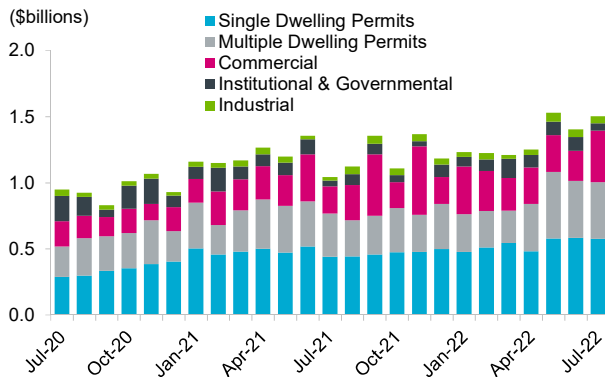
Building Permits

Commercial permits jump

Spending intentions on construction in Alberta went up in July following the decline in the previous month. The value of building permits increased 7.1% month-over-month (m/m) to \$1.5 billion, with the large gain in non-residential permits (+29% m/m) outweighing the slight pullback in residential permits (-1.0% m/m). The gain in non-residential permits was solely due to soaring commercial (+73% m/m) intentions across the province (Chart 1). Meanwhile, institutional & governmental permits pulled back (particularly in Edmonton), and industrial intentions eased. Residential permits softened with small contractions for both singles (-1.3% m/m) and multiple dwelling buildings (-0.7% m/m). The value of building permits has continued to grow since the June 2020 low, and they were up 12% year-to-date (YTD) with gains in all types except for institutional & governmental permits.

CHART 1: COMMERCIAL PERMITS DRIVE GAINS IN JULY

Alberta building permits, by type (SA)



Sources: Statistics Canada, Haver Analytics

Consumer Confidence

Consumer sentiment bounces back

Alberta's consumer sentiment regained some ground after the sharp contraction in June and July. The Conference Board of Canada's index of consumer confidence jumped 9.3 points in August. The gain came as optimism surrounding future and current finances improved modestly with inflationary pressures easing. Despite the gain, consumer confidence is 16.1 points below the February 2020 level and 41.3 points below the post-COVID high in mid 2021. Nationally, consumer confidence inched up 2.3 points and is now 45.6 points below the February 2020 level.

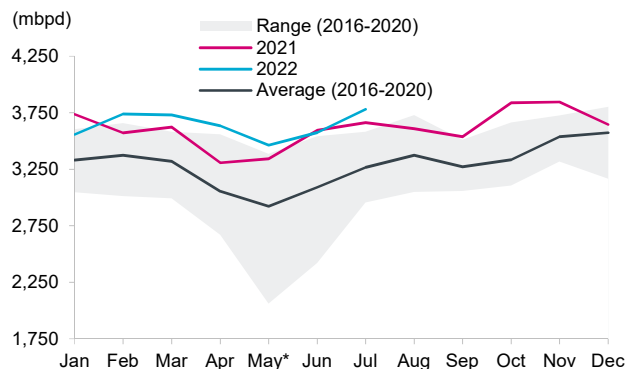
Supply of Oil

Bitumen lifts oil production

Alberta's oil production continues to expand. Oil production increased 5.8% m/m to 3.8 million barrels per day in July. The gain was led by non-conventional oil (+6.7% m/m) due to a surge in bitumen (+9.0% m/m) production which hit an all-time high. Meanwhile, conventional oil production remained strong and ticked up in the month. With the monthly increase, total oil production remained above the 5-year maximum (Chart 2). Overall, total oil production was up 2.5% year-to-date (YTD), propped by strong gains in conventional oil and bitumen.

CHART 2: OIL PRODUCTION ABOVE HISTORICAL RANGE

Monthly crude production



Source: Alberta Energy Regulator

Supply of Natural Gas

Output ticks up

Alberta's natural gas output increased in July, following a dip in June. Natural gas supply increased 4.7% m/m to 11.1 billion cubic metres. Conventional gas well production, which accounts for the majority of overall natural gas production in the province, rose by 7.2% m/m. Natural gas inventories continued to rise, as storage remained in the net injection mode, which is typical for this time of year. The supply of natural gas liquids (NGLs) also rose 4.3% m/m, led by propane. On a YTD basis, natural gas output stood 4.0% higher, while NGLs supply was down 1.7%.

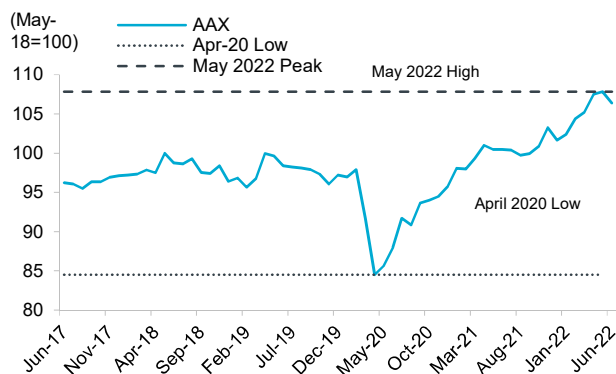
Alberta Activity Index

Activity retreats

The Alberta Activity Index (AAX) dipped in June after reaching a historical high in May (Chart 3). The index fell 1.3% month-over-month (m/m) as activity slipped in all sectors. The household sector led the decline, dragged down by lower housing starts and retail sales. The energy sector pulled back despite the seasonally strong number of rigs drilling. General business sector activity decreased as pullbacks in new truck sales and wholesale trade overshadowed a slight growth in manufacturing shipments. Labour market activity also dipped as softer earnings outweighed rising employment. Despite the first monthly decline since December last year, the AAX remained 6.1% higher YTD.

CHART 3: ACTIVITY RETREATS IN JUNE BUT REMAINS HIGH

The Alberta Activity Index



Source: Alberta Treasury Board and Finance

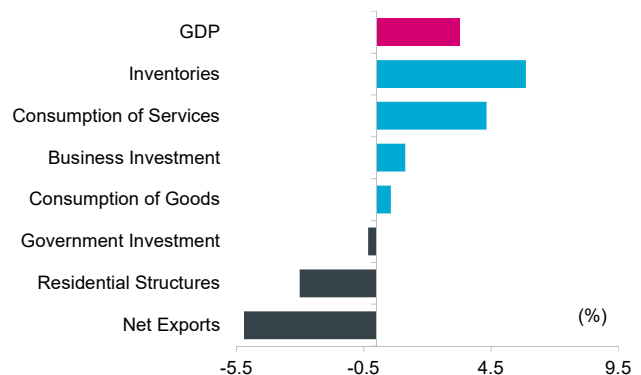
Canadian Real GDP by Expenditure

Spending on services and inventories spurs growth

The national economy continued advancing in the second quarter of 2022. Canadian real GDP posted a 3.3% annualized gain, the fourth consecutive quarterly gain. Gains were led by household consumption (+9.7%), propped up by higher post-COVID services spending, and investment in inventories. Investment in non-residential structures and machinery & equipment also contributed to the overall monthly growth, supported by higher capital spending in Alberta's oil and gas sector. These gains were tempered by pullbacks in net exports and residential investment (Chart 4), the latter weighed down by higher interest rates.

CHART 4: INVENTORIES AND CONSUMPTION OF SERVICES LEAD GROWTH

Canada Q2 GDP, contribution to growth by category



Sources: Statistics Canada, Haver Analytics

Contact Ceilidh Ballantyne at TBF.ERFPublications@gov.ab.ca
For current snapshot of Alberta indicators [Alberta Economy - Indicators at a Glance](#)