

Weekly Economic Review

Third wave weighs on Alberta's labour market

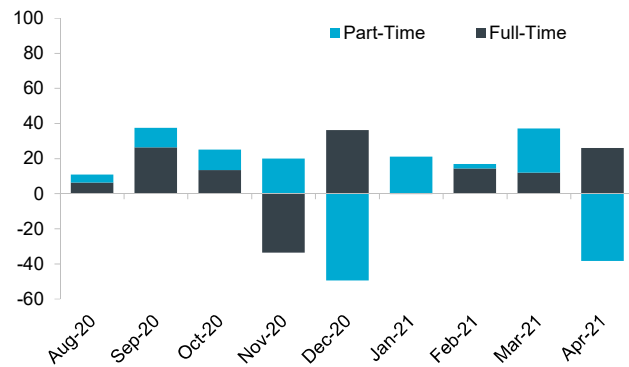
Employment

Service jobs fall with stronger health measures

Alberta's headline employment pulled back in April following strong gains in the first quarter. The province lost 12,600 jobs. A decline in service jobs (-13,900) was driven by industries primarily impacted by tightened public health measures—trade and accommodation & food services. In addition, transportation & warehousing fell and educational services pulled back slightly after posting strong gains in the first quarter. Meanwhile, goods-sector employment edged higher, as gains in manufacturing (+7,100) tempered declines in agriculture (-2,700) and natural resources sector (-2,400). Despite losing part-time jobs (-38,400), Alberta added 25,900 full-time positions in April, the third consecutive monthly gain (Chart 1). The unemployment rate fell slightly to 9.0, as some people chose not to search for work.

CHART 1: PART-TIME POSITIONS RETREAT WITH NEW RESTRICTIONS

Alberta monthly employment change (seasonally adjusted)
(thousands)



Sources: Statistics Canada, Haver Analytics

Building Construction Price Index

Residential construction prices surge

Prices for residential construction continued to soar in the first quarter of 2021, while rising moderately for non-residential buildings. Alberta's residential building construction price index jumped 7.5% quarter-over-quarter (q/q), propelled by higher demand for larger living spaces along with rising costs due to an ongoing shortage of construction materials. Calgary posted the largest increase in residential prices in Canada, while Edmonton ranked fourth out of the 11 CMAs.

Meanwhile, the non-residential index inched up 1.2% q/q. Compared to a year ago, residential and non-residential building construction prices grew 15% and 0.9%, respectively.

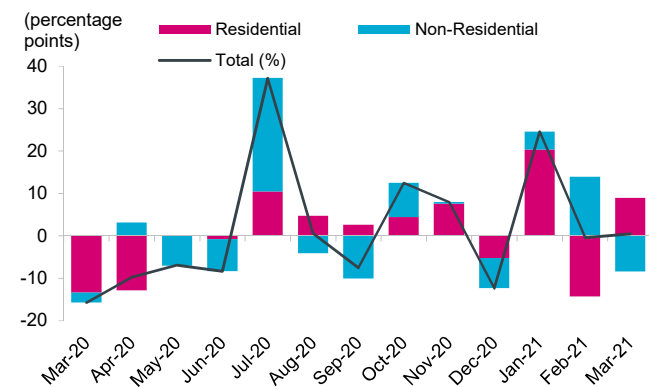
Building Permits

Intentions tick up

Alberta construction intentions inched up in March with a jump in residential permits. The value of building permits was up 0.5% month-over-month (m/m) to \$1.1 billion (Chart 2). Residential permits surged 15% m/m, driven by multiple-dwellings (+41% m/m) and supported by single-dwelling (+4.1% m/m) permits. These gains were almost completely offset by non-residential permits, which retreated after back-to-back increases over the previous two months. Institutional & governmental intentions declined following a surge in permits for welfare homes in February, but remained elevated. Similarly, commercial intentions fell sharply (-18% m/m) after reaching the highest level since December 2019 in the previous month, and overshadowed a small gain in industrial permits. Overall, construction intentions in Alberta gained momentum in the first quarter of 2021 and grew 18% year-to-date (YTD).

CHART 2: INTENTIONS INCH UP WITH A JUMP IN RESIDENTIAL PERMITS

Contributions to m/m change in Alberta building permits (seasonally adjusted)



Sources: Statistics Canada, Haver Analytics

Oil Production

Output rises with higher bitumen production

Alberta's oil output rebounded with broad-based gains in March. Oil production ticked up 1.5% m/m to 3.6 million barrels per day, following a 4.4% decline in February. The gain was

fairly widespread, led by bitumen production, which surpassed its pre-pandemic February 2020 level by 3.3%. After slowing in the previous two months, conventional output grew with higher light & medium production, but remained 12% lower compared to last year. These increases were tempered by a pullback in synthetic crude oil (SCO) production due to some maintenance-related and unplanned outages in the month. Overall, oil production in Alberta was up 0.9% YTD, driven by a 7.5% YTD increase in SCO output.

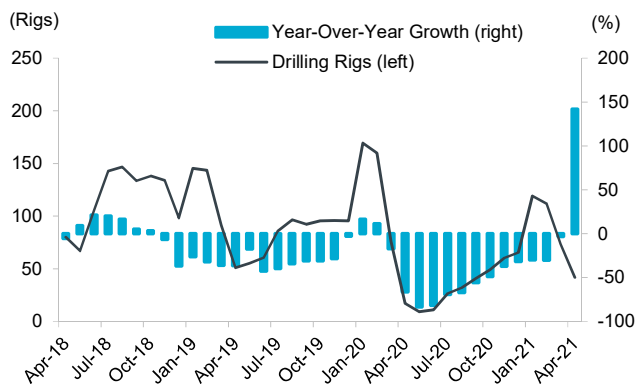
Rigs Drilling

Seasonal dip in activity

Alberta's drilling activity slowed again due to seasonal factors. The number of rigs drilling averaged 42 in April, 31 fewer than in March, but milder relative to the historical average per cent decline for the month. The rig utilization dropped from 22% in the previous month to 13%. Despite the seasonal monthly decline, rigs drilling in Alberta were 142% higher than the depressed level last year as the COVID-19 pandemic was unravelling (Chart 3). They still remained 18% lower YTD.

CHART 3: RIG ACTIVITY POSTS A SEASONAL DECLINE

Number of rigs drilling for oil and gas in Alberta



Source: Canadian Association of Oilwell Drilling Contractors (CAODC)

Merchandise Exports

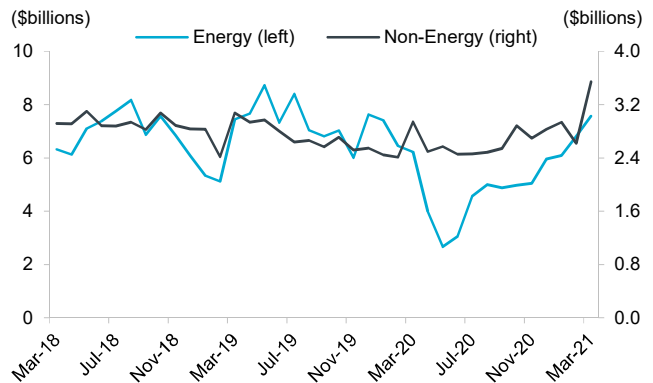
Exports surge with broad-based gains

Alberta's exports soared in March, driven by strong increases across all major product categories. The value of merchandise exports jumped 18% m/m to \$11.1 billion, after rising 4.4% in February. The surge was a result of big gains in both energy and non-energy exports (Chart 4). The value of energy exports rose 11% m/m, as oil export volumes climbed to the highest level in fourteen months, supported by rising energy prices. Non-energy exports were even more upbeat as they grew to the highest level on record, with significant

increases in every sub-category. With the strong monthly growth, Alberta's goods exports finished the first quarter of 2021 up 21% and were up 6.1% YTD.

CHART 4: WIDESPREAD GAINS IN MARCH

Alberta merchandise exports



Sources: Statistics Canada, Haver Analytics

Business Formations

Incorporations rise higher

Alberta incorporations continued to rise in April. Business formations jumped 6.1% m/m to average 4,526 in the three months ending in April, following a 4.4% increase in March. With its sixth consecutive monthly gain, the number of new incorporations in Alberta remained at record highs and 13% above its previous September 2014 peak.

Canadian GDP by industry

Recovery in services catching up to goods sector

Canadian real gross domestic product (GDP) by industry posted gains in February as the service sector continued to rebound. GDP climbed 0.4% m/m, the tenth consecutive monthly growth. Growth was concentrated in the services-producing sectors (+0.6% m/m), while the goods-producing sectors contracted (-0.2% m/m) for the first time since April 2020. Retail trade (+4.5% m/m) and accommodation & food services (+3.5% m/m) led gains in the services sectors with several provinces easing lockdown measures in the month. Meanwhile, goods-producing industries fell with losses in mining, quarrying and oil & gas extraction (-2.8% m/m) and manufacturing (-0.9% m/m), offsetting an increase in construction (+2.0% m/m). Despite recovering consistently from a decade-low in April, national economic activity stood 2.2% below the February 2020 level.

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