

Weekly economic review

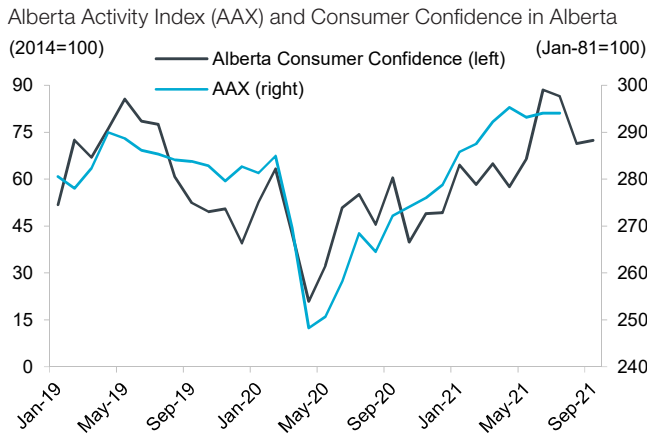
Confidence and activity remain at solid levels

Consumer Confidence

Confidence holds up in Alberta

Alberta's consumer confidence held up despite the onset of the fourth wave and the anticipation of new health measures heading into the fall. The Conference Board of Canada's index of consumer confidence inched up one point in September, following a 15-point plunge in August. The improvement came as Albertans felt better about their current situation. However, this was dampened by declining confidence in their future finances, employment prospects and desire to make major purchases. While the level of confidence has pulled back since June, it remains well above levels experienced during and before the pandemic (Chart 1). The national index fell for the second month in a row as the fourth wave and additional restrictions swept across the country.

CHART 1: CONSUMER CONFIDENCE AND ALBERTA ACTIVITY INDEXES REMAIN ABOVE PRE-COVID LEVELS



Sources: Conference Board of Canada, Treasury Board and Finance

Alberta Activity Index

Activity holds steady in July

Economic activity in Alberta was flat from June to July. The Alberta Activity Index (AAX) was unchanged month-over-month (m/m), following a 0.3% m/m increase in June. Labour market activity moved higher as the economic reopening lifted employment and average weekly earnings. However, this was offset by declines in other components, led by general business activity. Energy sector activity also retreated from

its recent high as a pullback in the number of rigs drilling overshadowed growth in oil production. Overall, the AAX stood 9.7% higher year-to-date (YTD), with the majority of its sub-components recovering beyond their pre-pandemic levels.

Average Weekly Earnings

Growing momentum

Average weekly earnings (AWE) jumped to a 14-month high in July amid broad-based employment gains. AWE were up 2.1% m/m to \$1,240, the highest level since May 2020, when the initial shock of the pandemic sent earnings surging with the massive losses in low-paying jobs. The gains were widespread, with higher earnings in 16 of the 20 subsectors. In the goods sector, the increase was led by the mining, oil & gas, and construction subsector where earnings climbed to a record high. The increase in the services sector was supported by continuing improvements in industries that were heavily impacted by restrictions, along with rebounds in many other industries. YTD, earnings were up 1.8%, led by the services sector (+2.7% YTD), while earnings in the goods sector remain flat due to weakness at the start of the year.

Supply & Disposition of Oil

Production hampered by maintenance

Alberta's oil output dipped marginally in August, reversing some of the previous month's gain. Oil production was down 1.6% m/m to 3.6 million barrels per day. The decline followed a 2.1% gain in July and was entirely due to a 12% decline in synthetic crude oil (SCO) production, primarily caused by planned maintenance at the Suncor refinery. Meanwhile, bitumen production was largely unchanged, while conventional production picked up for the second month in a row. Overall, oil production in Alberta was up 9.2% YTD, with strong growth in non-conventional (+11% YTD) production overwhelming a modest decline in conventional (-1.0% YTD).

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