

Weekly Economic Review

Employment pulls back after strong gains

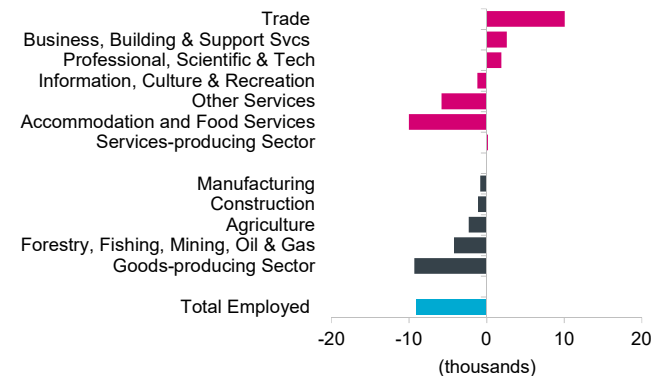
Employment

Fourth wave, goods sector weakness weigh on employment

Alberta's labour market recovery took a step back in October amid heightened public health measures in response to the fourth wave and ongoing goods sector weakness. Employment dipped 9,000 in October after gaining over 51,000 jobs over the previous three months. Employment in the services sector was nearly unchanged as employment losses in industries that continue to be impacted by public health measures, namely accommodation & food (-10,000 month-over-month or m/m) and other services (-5,800 m/m), were offset by strong gains in retail & wholesale trade (Chart 1). Meanwhile, weakness persisted in the goods sector, with declines in natural resources, agriculture and construction. Despite the monthly pullback, Alberta has gained more than 103,000 jobs since the start of the year. The unemployment rate fell 0.5 percentage points to 7.6% in October as labour force contracted. The labour force participation rate has been slower to recover, reflecting the ongoing impact of the pandemic on the labour market.

CHART 1: MONTHLY DECLINES CONCENTRATED IN IMPACTED SERVICE INDUSTRIES AND THE GOODS SECTOR

Monthly change in employment in Alberta by industry, October 2021



Sources: Statistics Canada, Haver Analytics

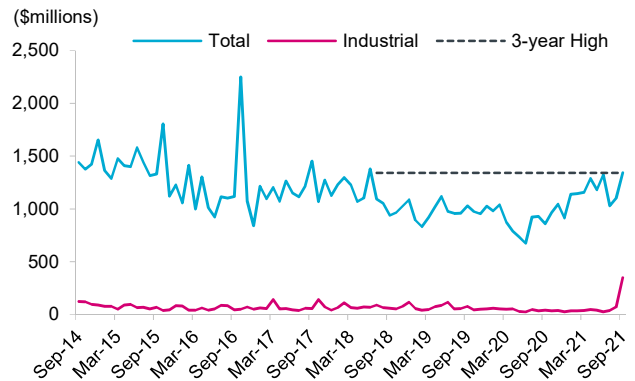
Building Permits

Calgary airport expansion lifts building intentions

Construction intentions surged to a three-year high with a spike in the value of industrial permits (Chart 2). The value of building permits in Alberta jumped 22% m/m to \$1.3 billion in September. The monthly gain was led by an increase in non-residential permits (+55% m/m), as a spike in industrial permits (+\$276 million or 383% m/m) offset declines in both commercial (-\$32 million) and institutional and government (-\$30 million) permits. The increase in industrial permits primarily reflected a \$400 million permit for the expansion of Calgary International Airport's Airside Maintenance Centre. Residential construction intentions were also up in the month, with a solid increase in multi-unit buildings and a slight uptick in single-family. Year-to-date (YTD), building permits were up 37%, with increases in all but institutional & governmental which have eased from last years elevated levels.

CHART 2: BUILDING PERMITS SUPPORTED BY A LARGE INDUSTRIAL PERMIT

Alberta building permits, by type



Sources: Statistics Canada, Haver Analytics

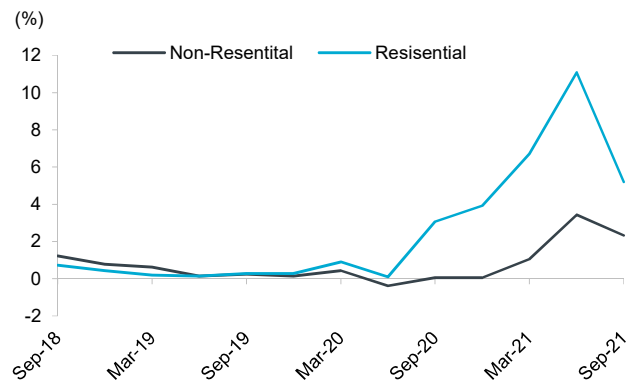
Business Construction Price Index

Growth slows but remains strong

The rate of growth in construction prices for both residential and non-residential eased in the third quarter. Residential building construction prices for Alberta grew 5.2% quarter-over-quarter (q/q), after rising 11.1% in the previous quarter. For non-residential construction, the aggregate Alberta price index increased 2.3% q/q, down from 3.4% at Q2 (Chart 3). Even with the slowdown, residential construction prices in Alberta were 30% higher than a year ago, with prices up 34% in Calgary, which was the highest among the 11 Canadian cities, and up 25% in Edmonton. For non-residential construction, the aggregate Alberta price index increased 7.0% y/y, led by Edmonton (+9.1% y/y), while the growth was more muted in Calgary (+4.9%).

CHART 3: CONSTRUCTION PRICE CONTINUE TO INCREASE BUT AT A SLOWER RATE

Quarter-over-quarter percentage change in Alberta Buildings Construction Price Indexes



Sources: Statistics Canada, Haver Analytics

Supply & Disposition of Oil

Production falls as bitumen output recedes from record levels

Alberta's oil output dipped in September as bitumen production pulled back from record levels. Total oil production was down 2.0% m/m to 3.5 million barrels per day as both non-conventional (-1.9% m/m) and conventional production (-2.1%) fell. While output fell across all categories, bitumen production accounted for the majority (76%) of the monthly decline as it pulled back after reaching a new record high in August. Overall, oil production in Alberta rose 9.5% YTD and was 22% higher relative to the pandemic-induced low reached in May 2020.

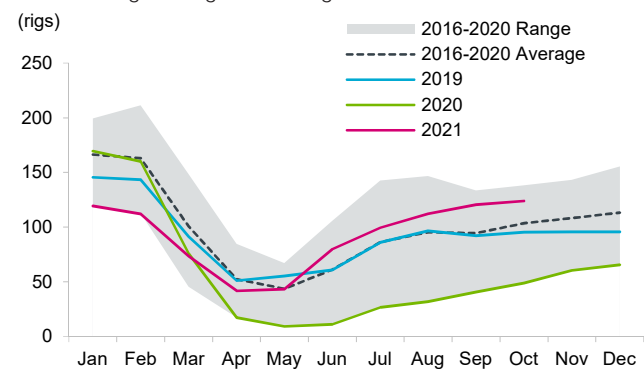
Rigs Drilling

Drilling activity solid

Drilling in Alberta continues to climb. The number of rigs drilling averaged 124 in October, three more than in September and significantly higher than the low levels seen last year. After a weak 2020-21 winter season, rigs drilling has turned a corner, and activity has now surpassed 2019 pre-pandemic levels for the fifth month in a row (Chart 4). On a YTD basis, rigs drilling in Alberta were up 57%, stronger than the rest of Canada and significantly higher compared to the U.S.

CHART 4: RIG COUNT REMAINS ABOVE 2019 LEVELS

Number of rigs drilling for oil and gas in Alberta



Source: Canadian Association of Energy Contractors (CAOEC)

Canadian Real GDP by Industry

Activity picks up as the economy reopens further

National economic activity increased in August with rising activity in the services sector. Canadian real gross domestic product (GDP) by industry rose 0.4% month-over-month (m/m), with growth in the services sector (+0.6% m/m) offsetting a slight decline in goods sector (-0.1% m/m). The services sector was boosted by further easing of public health measures across the country, resulting in large gains in the accommodation & food (+7.0% m/m) and arts, entertainment & recreation (+6.4% m/m) industries. Contrary to services, the goods sector declined for the second month in a row. Agriculture, forestry, fishing & hunting dropped 5.7% m/m, following a 5.5% decrease in July, as record-setting heat and drought conditions in Western Canada continued to impact production in the sector. Real Canadian GDP by industry remains 1.4% below pre-pandemic levels, with the services sector down 0.8% and the goods sector lagging 3.3% lower than the February 2020 level.

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