

Weekly economic review

TMX completion boosts activity

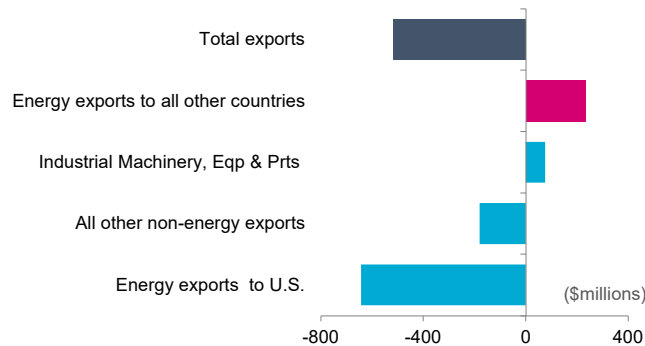
Merchandise Exports

Exports take a breather

The value of Alberta's goods exports fell back in June as the value of energy exports ticked down. The total value of international merchandise exports dropped 3.2% month-over-month (m/m) to \$15.7 billion, led by lower energy exports (-3.3% m/m). While energy exports to the U.S. declined 5.3% m/m due to lower crude oil volumes, energy exports to other countries soared 58% m/m with the increase in flow through the Trans Mountain pipeline system (Chart 1). Non-energy exports also eased (-2.9% m/m), with seven of the eleven product categories pulling back. Notably, industrial machinery, equipment and parts increased 23% m/m to reach a 15-month high. Despite the pullback, exports were up 4.4% year-to-date (YTD) due to strength in energy exports (+6.8% YTD).

CHART 1: ENERGY EXPORT TO OTHER COUNTRIES JUMPS

Monthly change in Alberta's merchandise exports



Sources: Statistics Canada, Haver Analytics

Rigs Drilling

Activity rises

Drilling activity surged in July. The number of rigs drilling for the month increased by 36 to average 153. The monthly gain was the largest in over a year, lifting drilling activity up 14% year-over-year (y/y) and to a ten-year seasonal high. After a slow start to the year, drilling activity remained strong through the spring break period and into the summer with the completion of the TMX expansion providing additional takeaway capacity.

Employment

Alberta's labour market losing momentum

Employment was little changed in July. Alberta's employment declined by 600 m/m, with a pullback in the services sector and in part-time positions. Services sector employment retreated (-5,100 m/m) with declines in seven of the eleven industries, led by accommodation and food services, as well as other services. Meanwhile, the goods sector advanced (+4,500 m/m) on the back of gains in construction and continued strength in forestry, mining, oil and gas. The unemployment rate was unchanged at 7.1%, as a sharp decline in the participation rate offset the continuing rapid growth in the source population. Despite the easing momentum, employment was up 2.2% y/y and wage growth remained strong (+4.2% y/y).

Global Purchasing Managers Index (PMI)

Manufacturing recovery stalls

Global manufacturing conditions deteriorated in July after recovering in the first half of the year. The Global PMI fell from 50.8 to 49.7, the first reading below 50 and indicating a contraction since December 2023. The decline came as factory output stalled and new export orders declined for the second consecutive month amid faltering demand and shipping constraints. Manufacturing selling price inflation moved down as global demand has moderated. Regionally, modest output expansion continued in the U.S. and China, while manufacturers in Canada and the Eurozone continued to struggle.

U.S. Employment

Labour market losing steam

The U.S. labour market cooled sharply in July. Nonfarm payroll employment rose 114,000 in the month – well below the average gain in the first (+267,000) and second (+168,000) quarters of the year. Meanwhile, the unemployment rate increased to 4.3%, up from a year ago (3.5%) and at the highest level since October 2021. Furthermore, growth in average hourly earnings continued to moderate, falling from 3.8% y/y in June to a three-year low of 3.6% y/y in July.

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