

Weekly economic review

Energy sector propels exports

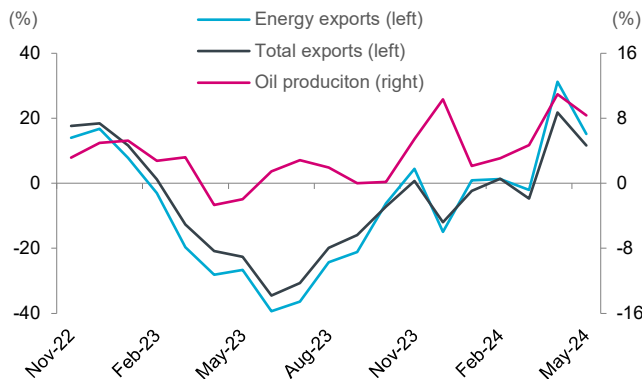
Merchandise Exports

Energy lifts exports

The value of Alberta's goods exports ticked up in May as strength in energy exports offset a sizeable decline in non-energy exports. The total value of merchandise exports moved up by 0.3% month-over-month or m/m to \$16.1 billion, a six-month high. Energy exports increased (+2.6% m/m) as export prices for oil moved up, and the TMX expansion boosted volumes. Meanwhile, non-energy (-7.1% m/m) exports plunged with declines in eight out of the eleven categories. While the declines were widespread, farm, fishing, & food products (-20% m/m) accounted for the bulk of the decline. With the ongoing strength in energy, total exports were up 12% year-over-year (y/y) (Chart 1) and 5.0% year-to-date (YTD).

CHART 1: EXPORTS GROWTH SUPPORTED BY OIL PRODUCTION

Alberta's merchandise exports and oil production y/y growth



Sources: Statistics Canada, Alberta Energy Regulator, and Haver Analytics

Supply & Disposition of Oil

Production strong despite maintenance

Alberta's oil production continued at seasonal record levels in May despite a significant impact from regular maintenance. Total oil production was down by 6.2% m/m to 3.7 million barrels per day (mbpd). The decline was concentrated in non-conventional oil (-7.2% m/m), and in particular synthetic oil, which slumped 17% m/m as many facilities were undergoing maintenance. Bitumen (-1.6% m/m) also edged down and conventional production slipped (-0.8% m/m) as a lower volume of light & medium more than offset gains in heavy oil and condensate. Despite the monthly decline, oil production set a new seasonal record for the seventh month in a row and was up 7.4% y/y.

Employment

Goods sector regains some ground

Employment partially recovered in June. Alberta's employment rose by 8,100 m/m, as the goods sector regained some of last month's large declines. Goods sector employment rose (+8,700 m/m) with gains in forestry, mining, oil and gas (+4,500) and agriculture (+4,400). Meanwhile, the services sector was largely unchanged (-600 m/m) as an increase in educational services (+8,400) was offset by declines in seven of the other ten industries. The increase in employment outpaced labour force growth and the unemployment rate eased from 7.2% in May to 7.1% in June. With the partial rebound, employment rose 2.7% y/y and wage growth remained strong (+4.5% y/y).

Rigs Drilling

Seasonal pick up in drilling

Drilling activity increased in June as the spring break-up season ended. The number of rigs drilling for the month increased by 24, to average 117. With the seasonal gain, rig activity continues to be similar to last year's (-1.1% y/y) level.

Business Insolvencies

Remain high

Alberta's business insolvencies increased in May. A total of thirty-three businesses initiated insolvencies, an increase of eight from April. While the number of proposals increased (+13 m/m), fewer businesses filed for bankruptcies (-5 m/m). Meanwhile, on a running 12-month basis, 318 businesses have filed for insolvencies, the most since September 2012 and up 27% y/y.

Consumer Insolvencies

Continue at an elevated pace

The number of Albertans filing for insolvency remained elevated in May. A total of 1,650 insolvencies were filed. While this was 30 fewer than in April, it was 113 more than in May of previous years. Despite the monthly volatility, insolvencies have steadily increased over the last three years, with a record 18,423 consumer insolvencies filed in the last 12 months. However, on a per-capita basis, the 12-month total was just below the high from early 2020.

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