

Weekly Economic Review

Strong output gains in energy and agriculture

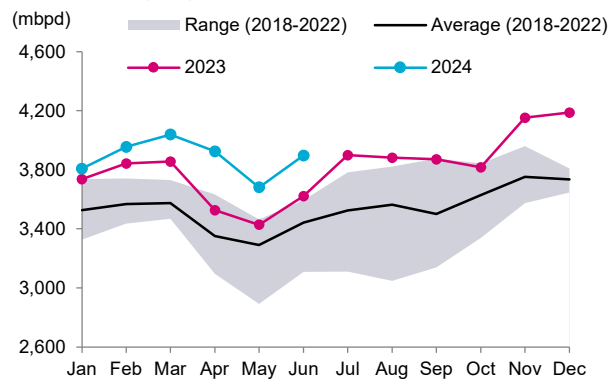
Supply and Disposition of Oil

Seasonal rebound in production

Oil production gained momentum in June after a seasonal slowdown. Alberta's total oil output advanced 5.8% month-over-month (m/m) to 3.9 million barrels per day (mbpd). The increase was entirely due to non-conventional production (+7.2% m/m) as synthetic oil production surged (+16% m/m) following the completion of seasonal maintenance, while bitumen output also improved (+2.7% m/m). Meanwhile, conventional oil output eased 0.9% m/m as gains in condensate and heavy oil production were outweighed by lower light and medium output. Oil production hit a record seasonal high for the eighth consecutive month (Chart 1) and was up 5.9% year-to-date (YTD).

CHART 1: PRODUCTION CONTINUES TO SET SEASONAL RECORDS

Alberta monthly oil production



Sources: Statistics Canada, Haver Analytics

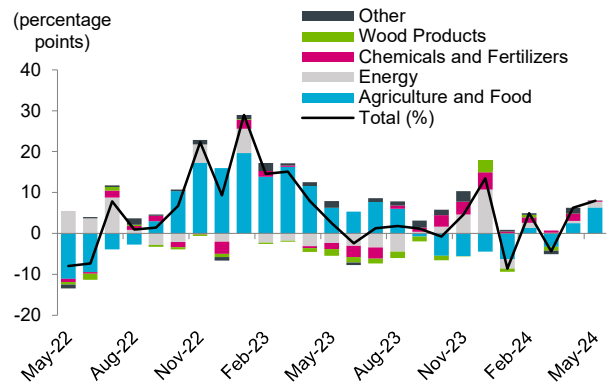
Railway Carloadings

Agriculture shipments lead increase

Railway carloadings continued to advance in May. Western Canadian railway carloadings stood at 176,776, up 8.0% year-over-year (y/y), as strength in agricultural carloadings continued (Chart 2). Shipments of agriculture and food (+28% y/y) leapt ahead as wheat (+53% y/y) soared and colza seeds (+43% y/y) gained momentum. The strength was not limited to agricultural carloadings. Energy (+4.0% y/y) carloadings rose on higher fuel oils and crude (+15% y/y), as well as gaseous hydrocarbons (+18% y/y) shipments. Meanwhile, chemicals and fertilizers (+1.0% y/y) continued to move higher, with persistent strength in potash carloadings (+2.8% y/y). With the widespread strength, railway carloadings rose 1.0% YTD.

CHART 2: AGRICULTURE LEADS MOMENTUM

Contributions to y/y growth in Western Canadian Carloadings



Sources: Statistics Canada, Haver Analytics

International Travel

Solid start to tourist season

The number of non-resident travellers arriving in Alberta soared higher in May. The seasonally adjusted number of non-resident travellers entering Canada through Alberta jumped 7.3% m/m to 112,282 – an all-time high (Chart 3). The gain was led by the ongoing momentum in U.S. travellers, while the number of non-US travellers increased after falling in five of the previous seven months. Meanwhile, the number of Canadians returning via Alberta advanced 5.7% m/m to 252,700, a seven-month high, as the number of Canadians returning from the U.S. and other countries rose. With the strong travel activity in 2024, the number of non-resident and Canadian travellers was up 15% YTD and 12% YTD, respectively.

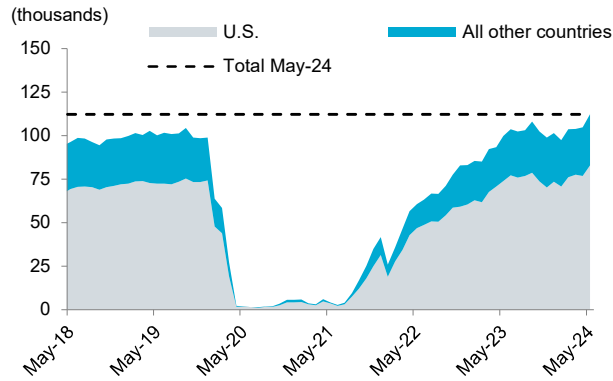
Building Construction Price Index

Construction cost pressures rising

Construction costs moved higher in the second quarter of 2024. Residential construction costs in Alberta grew (+1.5% quarter-over-quarter or q/q) for the fifth consecutive quarter. Prices continued to advance in Calgary (+1.8% q/q), while in Edmonton, they increased for the second consecutive quarter (+1.2% q/q). Alberta's non-residential construction prices also rose (+1.1% q/q) in the quarter, with similar gains in both major cities. Despite the quarterly increase, growth in non-residential prices was unchanged at 4.5% y/y. Meanwhile, residential price growth accelerated from 3.9% y/y in the first quarter to 5.3% y/y, with growth in Calgary (+7.3% y/y) being the strongest among Canada's major cities.

CHART 3: INTERNATIONAL TRAVELLERS HIT RECORD HIGH

International travellers entering Alberta by type (SA)



Sources: Statistics Canada, Haver Analytics

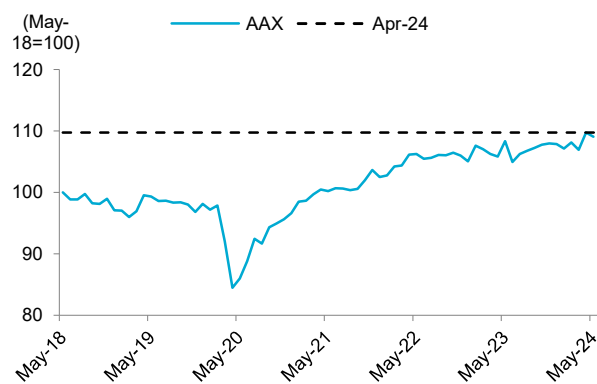
Alberta Activity Index

Activity takes a step back

The Alberta Activity Index (AAX) pulled back from record levels in May (Chart 4). The index fell 0.7% m/m, reflecting broad-based declines. Labour market activity declined as employment retreated after months of gains, outweighing an increase in earnings. Business activity also retreated as an uptick in new truck sales was overwhelmed by weakness in manufacturing shipments and wholesale trade, while energy sector activity eased with lower oil production. The household sector retracted as lacklustre retail sales more than offset an increase in housing starts. Despite the monthly decline, the AAX was up 0.7% y/y and 1.1% YTD.

CHART 4: ECONOMIC ACTIVITY TAKES A BREATH

Alberta Activity Index



Source: Alberta Treasury Board and Finance

Consumer confidence

Sentiment slides back

Alberta's consumer sentiment retreated in June, giving back all the gains of the previous month. The Conference Board of Canada's index of consumer confidence decreased by 8.4 points. Consumer sentiment towards current and future finances, job prospects, and the timing of major purchases all deteriorated. With the drop, consumer confidence was at the second lowest level since the start of the pandemic in early 2020.

GDP by Industry

Pick up in the goods sector

The Canadian economy expanded in May as the goods sector continued to rebound. Real GDP by industry rose 0.2% m/m as the activity in the goods sector improved (+0.4% m/m) for the second month in a row. The gains in the goods sector came from the manufacturing sector, which rose 1.0% m/m as many refineries across the country ramped up after undergoing maintenance in April. Conversely, maintenance at some upgrading facilities in Alberta weighed on mining, quarrying, and oil and gas (-0.6% m/m). Meanwhile, activity in the services sector was nearly unchanged (+0.1% m/m), as significant declines in retail (-0.9% m/m) and wholesale trade (-0.8% m/m) were offset by increases in other industries. Notably, the commencement of the Trans Mountain pipeline expansion boosted crude oil and other pipeline transportation (+1.5% m/m) output, which in turn lifted the transportation and warehousing industry (+0.1% m/m). With the monthly increase, real GDP by industry was up 1.1% y/y, led by the service sector (+1.4% y/y), while the goods sector posted modest growth (+0.1% y/y).

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

