

# Weekly Economic Review

## Oil production holding strong

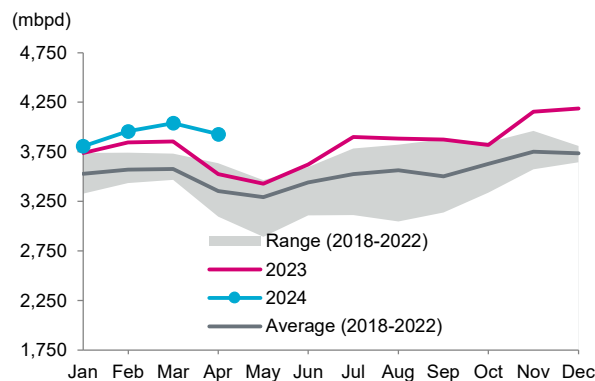
### Supply & Disposition of Oil

#### Robust seasonal gains continue

Alberta's oil production continued to set a seasonal record in April. While total oil production fell 2.8% month-over-month (m/m) to 3.9 million barrels per day (mbpd), it was the highest production for the month of April on record (Chart 1). Conventional output declined 0.5% m/m with lower production of heavy oil (-5.3% m/m), while non-conventional output fell as both synthetic and bitumen production pulled back. The production declines in the spring as the weather makes access more difficult and maintenance becomes more attainable. Despite the monthly decline, oil production was up 11% year-over-year (y/y) and 5.2% year-to-date (YTD).

#### CHART 1: PRODUCTION CONTINUES TO SET SEASONAL RECORD

Monthly oil production



Source: Alberta Energy Regulator

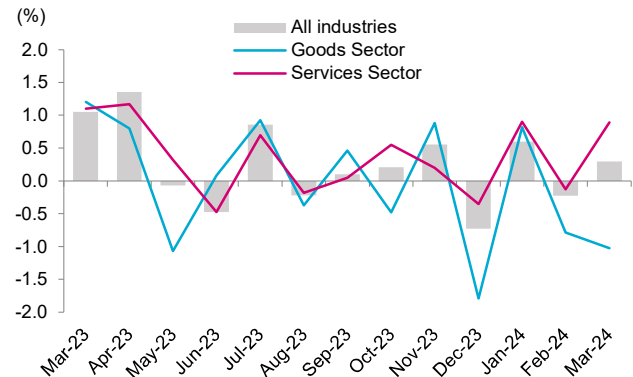
### Average Weekly Earnings

#### Services push earnings higher

Alberta's average weekly earnings (AWE) edged up in March on broad-based gains in the services sector. AWE increased 0.3% m/m to \$1,299 as higher service sector earnings overwhelmed lower earnings in the good sector (Chart 2). AWE in the services sector advanced 0.9% m/m to a new high with gains in 12 of the 15 industries. Meanwhile, earnings in the goods sector fell (-1.0% m/m) to a 17-month low, led by declines in manufacturing and construction. With the monthly increase, AWE were up 2.2% y/y, buoyed by growth in the services sector earnings (+3.7% y/y), while the goods sector earnings were down 1.6% y/y.

#### CHART 2: EARNINGS UP IN SERVICES

Monthly growth in average weekly earnings



Sources: Statistics Canada, Haver Analytics

### Food services & drinking places

#### Sales take a step back

Sales at Alberta's restaurants and bars pulled back in March after reaching an all-time high in the previous month. Seasonally adjusted sales at food and drinking places eased 1.9% m/m to \$1.0 billion. With the monthly decline, total sales growth slowed from 4.7% y/y in February to 4.3% y/y in March. The slowdown was widespread, with only sales at special food services (+19% y/y) accelerating.

### Consumer Insolvencies

#### Insolvencies move higher

The number of Albertans filing for insolvency advanced in April to a five-month high. A total of 1,680 insolvencies were submitted, 167 more than in March. While insolvencies have recently been volatile, they have increased in nine of the last twelve months. Over this period, 18,310 consumer insolvencies were filed, the most in any 12-month period.

### Business Barometer Index

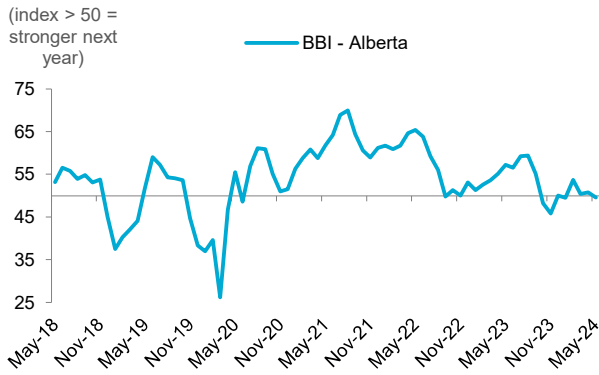
#### Long-term sentiment subsides

Sentiment among Alberta's small businesses slipped in May. The long-term business barometer index (BBI) fell 1.2 points to 49.6. This was the first time since January the index was below 50, indicating businesses expect weaker performance over the next 12 months (Chart 3). Meanwhile, the short-term index remained below 50.0 (48.0) for the ninth consecutive

month. The weakening outlook comes as insufficient demand and a shortage of skilled workers continue to limit growth, while at the same time, high taxes, electricity prices, and insurance costs remain major input constraints.

**CHART 3: ALBERTA'S LONG-TERM OUTLOOK TURNS NEGATIVE**

Long-term Business Barometer Index (BBI)



Source: Canadian Federation of Independent Business

**Business Insolvencies**

**Insolvencies elevated**

Businesses remain under pressure in Alberta, despite a small dip in insolvencies in April. A total of 25 Alberta based businesses filed for insolvencies. This was eight less than in March and the lowest level since December 2023. The pullback was solely due to a dip in proposals (-10), while bankruptcies (+2) ticked up. Over the last twelve months, 303 insolvencies were filled, the highest level since early 2013. Bankruptcies have been on the rise, accounting for just over half of those insolvencies.

**Industrial Product Price Index (IPPI)**

**Upward pressure from energy prices**

After a period of moderation, industrial product prices are on the rise. Canada's Industrial Product Price Index (IPPI) increased (+1.5% m/m) for the third consecutive month. The recent increases largely reflect higher prices for crude oil, which have lifted prices for energy & petroleum (+2.5% m/m) and chemical products (+1.3% m/m). Prices for primary non-ferrous metal products also surged (+8.3% m/m) in the month. These gains were partly moderated by lower prices for lumber and other wood products (-1.3% m/m). With the recent gains, the IPPI was up 1.4% y/y, the first y/y increase in seven months.

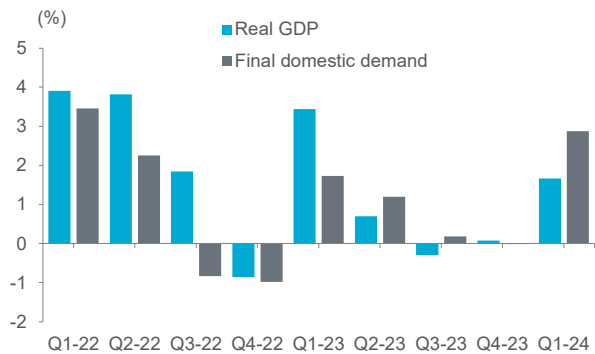
**GDP by Expenditure**

**Strong domestic activity**

The Canadian economy expanded at a solid pace in the first quarter of 2024. Canadian real GDP by expenditure increased 1.7% q/q annualized (a.r.) as consumer spending continued to grow and business investment partially recovered. Consumer expenditures edged up (+3.0% a.r.) on higher services spending, primarily telecommunications services, rent, and air transport. Meanwhile, business investment (+4.5% a.r.) bounced back after declining for two consecutive quarters, with strong growth in machinery and equipment led by the oil and gas sector. With these strong gains, final domestic demand increased 2.9% a.r., the fastest pace in two years (Chart 4). Trade contributed less to growth as exports rose at a more moderate pace and growth in imports accelerated.

**CHART 4: STRONG DOMESTIC ACTIVITY IN Q1-2024**

Real GDP and final domestic demand growth (q/q, annualized)



Sources: Statistics Canada, Haver Analytics

