

Weekly Economic Review

Oil production sets a new record

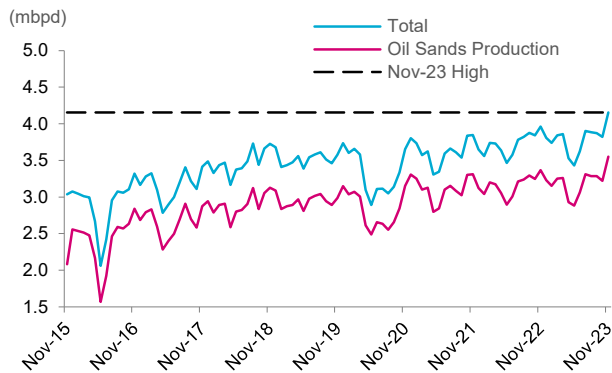
Supply & Disposition of Oil

Non-conventional drives production

Alberta's oil output surged to a record high in November. Total oil production jumped 8.8% month-over-month (m/m) to 4.16 million barrels per day (mbpd) as non-conventional (+10% m/m) output soared with higher synthetic crude (+29% m/m) and bitumen (+1.3% m/m). Conventional oil output increased modestly (+0.7% m/m) as strength in light, medium, and heavy oil production offset lower volumes of condensate. With the monthly surge, total oil production was up 4.9% year-over-year (y/y) from last year's level. Even with the sharp pullback earlier in the year due to wildfires and maintenance, total production was up 1.6% year-to-date (YTD).

CHART 1: GROWTH IN OIL SANDS LIFTS PRODUCTION TO A RECORD HIGH

Oil sands production



Sources: Alberta Energy Regulator

Rigs Drilling

Drilling activity slowed during the holidays

Alberta's rig drilling activity experience a large seasonal slowdown in December. The average number of rigs drilling decreased by 28 to 120. Most of the declines occurred in the second half of the month as crew's temporary shutdown for the holiday. While activity usually slows over the holidays, the decline was larger than most years (-18% y/y). It was also significantly bigger than the last year's pullback (-19). For all of 2023, rigs drilling averaged 138, down 4.2% from 2022 but the second strongest year since 2014.

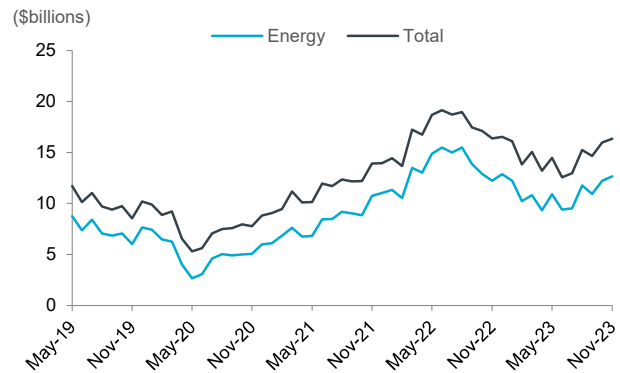
Merchandise Exports

Total exports propped up by energy

The value of Alberta's goods exports increased in November on the back of higher energy exports. The total value of merchandise exports went up by 2.3% m/m to \$16.3 billion, driven by energy product (+3.6% m/m). Meanwhile, non-energy exports moderated (-2.2% m/m) after advancing for four consecutive months, with 8 out of 11 non-energy product categories decreased. Waning agricultural sector exports (-6.8% m/m) outweighed the gain in the machinery and equipment sector (+7.3% m/m). Total exports were nearly unchanged from last year (-0.1% y/y), but on a YTD basis they were down 15%, dragged down by lower prices and values of energy (-19% YTD), chemical (-8.0% YTD), and forestry product (-31% YTD) exports.

CHART 2: ENERGY BOOSTING EXPORTS

Alberta's merchandise exports



Sources: Statistics Canada, Haver Analytics

Railway Carloadings

Grains lower than last year

Rail carloadings remained strong in October but failed to match last year's elevated levels. Western Canadian railway carloadings totalled 187,308 railcars, down 1.2% from October 2022. This was the first y/y decline in the past four months and was largely the result of fewer loadings of grains. Both wheat (-18% y/y) and colza seeds (-34% y/y) were significantly lower than last year's record. The pullback in gains was partially offset by significantly more cars of potash (+32% y/y) and coal (+15% y/y). Despite the y/y decline, total Western Canadian car loadings were up (+6.3% YTD).

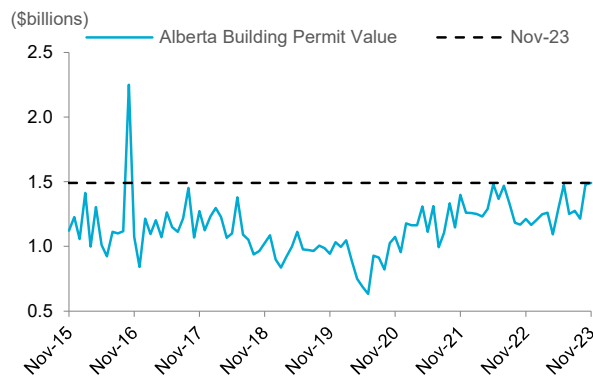
Building Permits

Edmonton's multi-dwellings building intention surge

Alberta's construction intentions inched forward in November. The seasonally adjusted value of building permits rose 0.9% m/m to \$1.5 billion, to a seven year high (Chart 3). The gain was mostly due to an enormous increase in multi-dwelling residential permits in Edmonton (+89% m/m). This surge offset decline in residential permits in Calgary and helped lift total residential permits (+5.3% m/m). It was also strong enough to offset a significant decline in non-residential permits (-7.7% m/m) across the province. With November's increase, permit values in Alberta were up 0.4% YTD.

CHART 3: PERMIT VALUES AT HIGHEST LEVEL SINCE 2016

Value of Alberta building permits



Source: Statistics Canada, Haver Analytics

Business Formations

Incorporation extends its peak

The number of businesses incorporating in Alberta continued at a brisk pace at the end of 2023. The seasonally adjusted (SA) business formations climbed 4.5% m/m to average 5,170 in the three months ending in December. The number of seasonally adjusted Alberta's business formation has increased for three successive months. With the recent gains and strong formation activity throughout this year, formations were up 28% y/y and 10% YTD.

Business Insolvencies

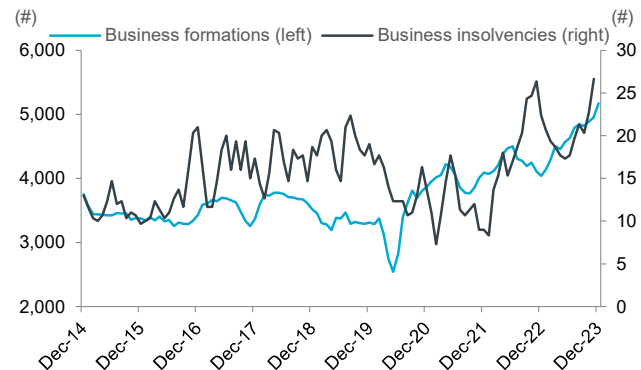
Insolvencies on the rise

Although incorporations finish the year on a strong note, Alberta's business insolvencies increased to an eleven-year high in November. A total of thirty-five businesses initiated insolvencies in the month, an increase of eight from October. The last time more than thirty businesses filed for insolvencies was in September 2022. Business insolvencies rose in 2023,

and on a running 12-month basis, they were up 12% y/y in Alberta, with increases in both bankruptcies (+4.5% y/y) and proposals (+22% y/y).

CHART 4: FORMATIONS HIT A RECORD BUT INSOLVENCIES ON THE RISE

Three-month moving average for business formation and insolvencies



Sources: Statistics Canada, Haver Analytics

Industrial Product Price Index (IPPI)

IPPI continues to moderate

Canada's Industrial Product Price Index (IPPI) fell in November. The IPPI edged down 0.4% m/m, led by a second consecutive decline in the prices for energy and petroleum products (-2.3% m/m). Prices of chemicals & chemical products (-0.9% m/m) and meat, fish & dairy products (-0.8% m/m) also eased, while prices of primary non-ferrous metal products advanced (+2.0% m/m) after six months of declines. With the monthly decline, the IPPI was down 2.3% y/y, led by lower prices of energy and petroleum products (-15.7% y/y).

Purchasing Managers Index (PMI)

Global manufacturing ends 2023 on a sour note

Global manufacturing business conditions remained weak in December. The headline global PMI was below 50 - indicating a month-over-month contraction - for the 16th consecutive month. The ongoing weakness comes as manufacturers continued to adjust to moderating demand. With new order declining, firms continued to scale back employment, purchases of inputs and production. Regionally, while factory output continued to expand in China, it declined in the U.S. at the fastest rate in six months and remained weak in the Eurozone.

Contact Asrafuzzaman at TB.FERFPublications@gov.ab.ca
For current snapshot of Alberta indicators [Alberta Economy - Indicators at a Glance](#)