

Weekly economic review

Energy exports push ahead

Merchandise Exports

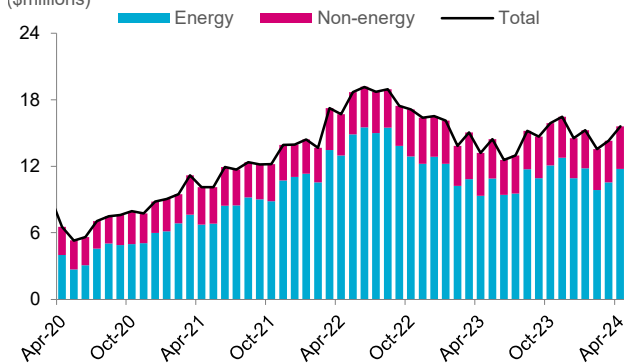
Exports leap on higher energy exports

The value of Alberta's goods exports jumped in April as the value of oil exports advanced. The total value of international merchandise exports leaped 9.2% month-over-month (m/m) to \$15.6 billion as energy exports soared 11% m/m to \$11.8 billion. Energy exports were boosted by higher oil prices and volumes, which offset weaker natural gas exports from lower export volumes. Non-energy exports also advanced (+2.7% m/m) as farm, fishing, and food products rebounded 13% m/m to a thirteen-month high. Year-to-date (YTD), the value of goods exports was up 0.8% driven by strong growth in energy products (+3.3%), which offset lower non-energy exports (-6.0%).

CHART 1: ENERGY EXPORTS LEAD GAIN

Alberta's merchandise exports

(\$millions)



Sources: Statistics Canada, Haver Analytics

Employment

Labour market retreats

Alberta's labour market continued to show signs of cooling in May. Employment fell 20,400 m/m, led by losses in full-time positions. Employment in the goods sector (-20,300 m/m) tumbled, with the weakness concentrated in the construction sector. Meanwhile, service sector employment (-200 m/m) was little changed as declines in five industries offset gain in the other six. The monthly decline in employment outpaced the pullback in the labour force, and the unemployment rate rose from 7.0% in April to 7.2% in May. Despite the easing conditions, employment has grown by 2.7% or 65,800 over the last 12 months, and wages growth accelerated to 5.3% y/y in May.

Alberta Activity Index

Activity takes a step back

The Alberta Activity Index (AAX) pulled back in March after reaching a nine-month high. The index declined 1.0% m/m as weakness in the business and household sectors overwhelmed ongoing gains in the labour market and energy sector. Business activity retreated as renewed weakness in manufacturing shipments and subdued wholesale trade activity overwhelmed an uptick in new truck sales. The household sector also moved down as housing starts retreated from a record high and retail sales remained muted. Meanwhile, the labor market continued the momentum as earnings advanced while employment edged down. Activity in the energy sector also continued to move forward amid stronger rigs drilling activity. Despite the monthly decline, the AAX was up 0.5% y/y and up 0.6% YTD.

Monetary Policy

Bank of Canada makes first rate cut

The Bank of Canada (BoC) cut its benchmark interest rate on Wednesday. The BoC reduced the rate by 25 basis points to 4.75%. This was the first time the BoC trimmed its policy rate since early 2020 and comes after holding the policy rate steady at 5.0% since July 2023. While the BoC was the first G7 central bank to cut interest rates, the European Central Bank also lowered its key interest rates by 25 basis points later in the week. Domestic banks followed suit and cut their prime lending rate from 7.20% to 6.95%. Despite the cut, the BoC policy rate is at a level last seen in 2001.