

Weekly Economic Review

Unemployment rate continues to move lower

Employment

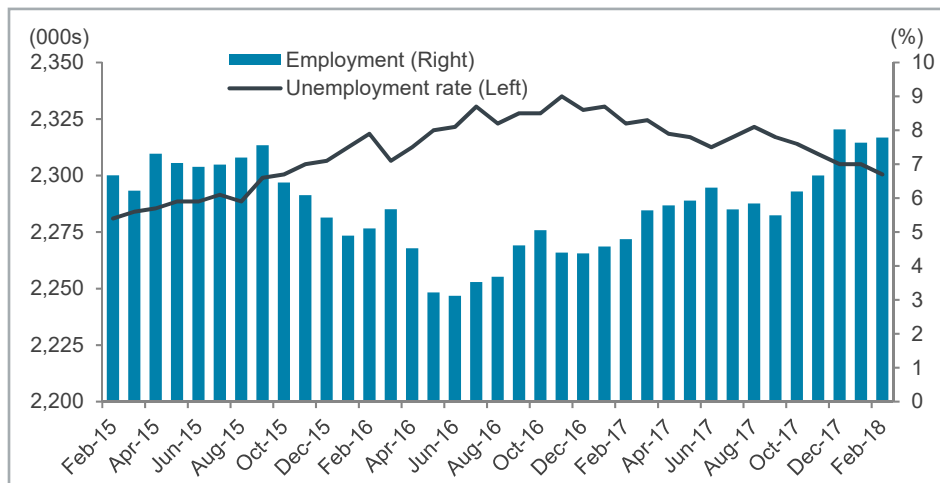
Employment maintains traction

Alberta's labour market edged forward in February. There was a gain of 2,300 jobs in the province (Chart 1), with employment gains and losses spread across industries. The rotation from part-time to full-time employment took a pause, as full-time positions pulled back after posting 40,600 gain in the last two months, while

part-time increased. The participation rate dropped to a 20-month low of 71.9%, and coupled with the jobs increase, pushed the unemployment rate down to 6.7%. This was the lowest rate since October 2015. Overall, the labour market continues to show steady improvement and has held the strong gains seen in the fourth quarter of 2017.

Chart 1: Unemployment rate drops after modest job gains

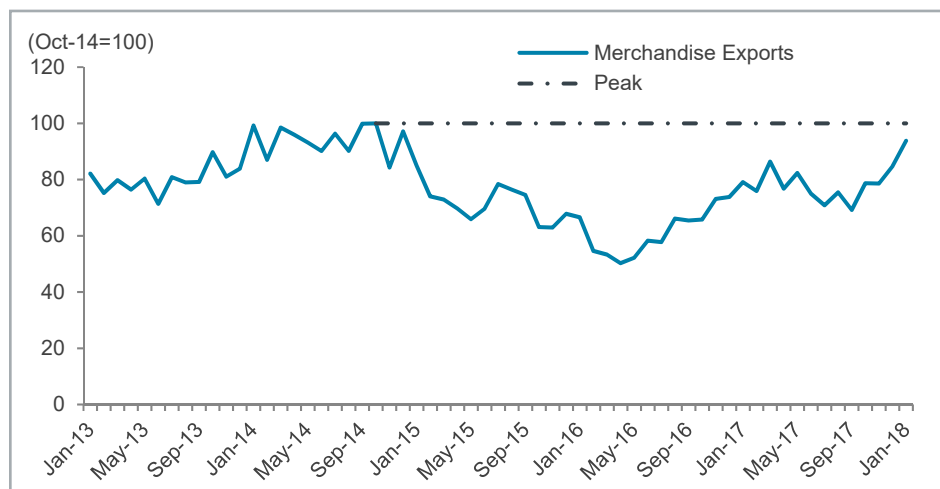
Monthly employment and unemployment rate in Alberta (SA)



Source: Statistics Canada

Chart 2: Exports closing in on a record high

Alberta merchandise exports index to cyclical peak



Source: Statistics Canada

Merchandise Trade

Energy exports on the rise

Exports continued to gain strength in January, following a jump in December. The value of merchandise exports in Alberta grew 11% month-over-month (m/m) to \$10 billion, which was only 6% below the pre-recession peak in October 2014 (Chart 2). Energy exports surged for a second straight month, up 14% m/m, boosted by higher crude oil volumes and natural gas export prices. Supporting the gains were agriculture and food products, which increased 13% m/m, while forestry products fell. Nationally, merchandise exports decreased 1.6% m/m to \$42 billion, as the declines were widespread among the provinces with the exception of Alberta and Saskatchewan.

Housing Starts

Housing starts ease

Homebuilders have gotten off to a slow start this year. Housing starts in February were around 24,300 (annualized), slightly lower than in January and much lower than for most of last year. The pullback was led by slowing momentum in singles, which touched a 13-month low. This was partially offset by an increase in multiples, reflecting gains in row and semi-detached homes. Regionally, activity improved in Edmonton and the rural areas, while it slowed in Calgary and other urban centers.

Crude Oil Production

Synthetic crude weighs on output

Oil production backtracked at the beginning of 2018 after reaching new heights in December 2017. Alberta crude oil production declined 4.6% m/m to 3.3 million barrels per day (Mbpd) in January. The majority of the decrease was due to a temporary power outage at an oil sands upgrader in northern Alberta, which lowered synthetic crude output (Chart 3). This decrease was partially offset by a pickup in bitumen, which grew 1.8% m/m after a dip in December. Conventional oil was also lower, driven by a third straight decline in condensate. Despite the monthly declines, output was up 1.5% from last January.

Rigs Drilling

Jump in drilling activity

After a steady start to the year, rig activity jumped in February, typically one of the busiest months for drilling. The number of rigs drilling in Alberta increased over 9% from January and 15% year-over-year (y/y) to average 216 rigs, the highest February level in four-years. Over half of the available rigs in the province were drilling, as the rig utilization rate increased to 52%. Meanwhile, across the rest of Canada, the rigs count improved by 13% y/y.

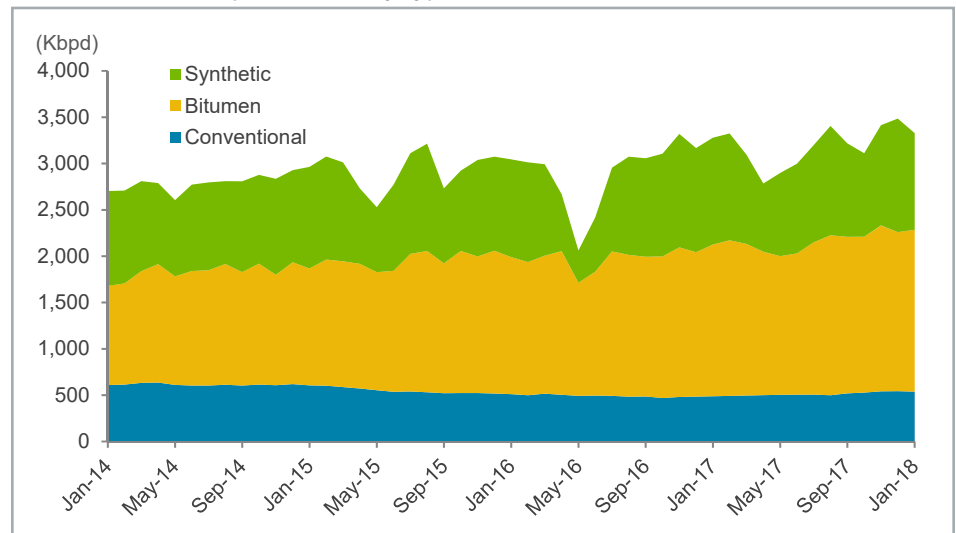
Building Permits

Residential permits ease back

Construction intentions continued to decline in the province. The value of Alberta building permits fell 3.4% m/m to \$1.1 billion in January, the third decline in the past four months (Chart 4). There was a pullback in residential permits, as weakness in multiples offset a slight increase in singles. Non-residential permits were up 12% m/m, lifted by increases in industrial and institutional permits, which bounced back from a 38-month low. Compared to twelve months ago, building permits declined 13% due to decreases in the value of non-residential and multi-unit permits.

Chart 3: Outage curtails synthetic production

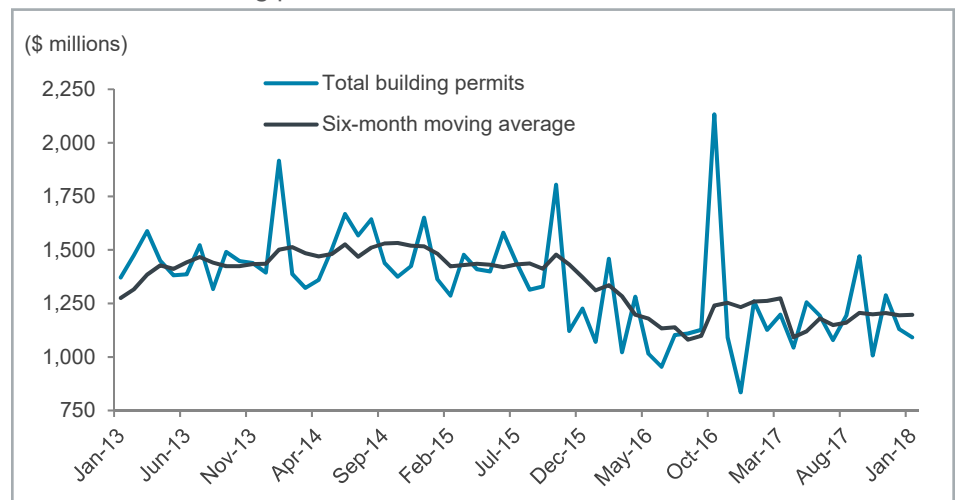
Alberta's crude oil production by type



Source: Alberta Energy Regulator

Chart 4: Building permits remain weak

Total value of building permits in Alberta



Source: Statistics Canada

Contact

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Please see the [Alberta Economy - Indicators at a Glance](#) for a snapshot of Alberta indicators.