

# Weekly Economic Review

## Alberta activity reaches post-recession high

### Alberta Activity Index

#### Activity jumps up

The Alberta Activity Index (AAX) ended the first quarter on a high note. The AAX jumped 0.9% month-over-month (m/m) in March to surpass the previous post-recession high reached in May of last year. Growth was widespread with only earnings and wholesale trade declining (Chart 1). Year-over-year (y/y) growth

moderated to a solid 2.1% following a torrid pace last year. The AAX has recovered about three-quarters of peak-to-trough losses.

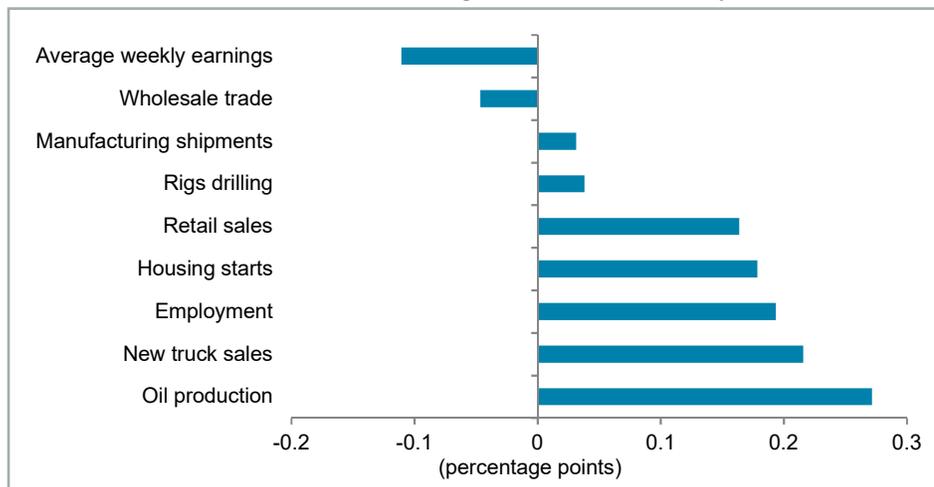
### Average Weekly Earnings

#### Earnings tick down

After reaching a three-year high, earnings retraced some gains in March. Average weekly earnings (AWE) decreased 0.4% m/m to \$1,149, pulled down by a reversal in the mining, oil and gas industry (-7.7% m/m). This decline was partly offset by increases in construction and manufacturing, and the continued strength in the services sector (+0.4% m/m) (Chart 2). Services sector earnings have increased in seven of the last eight months, led by retail trade and management of companies, which both jumped to new highs. Overall earnings were up 2.6% y/y.

### Chart 1: Growth nearly widespread during the month

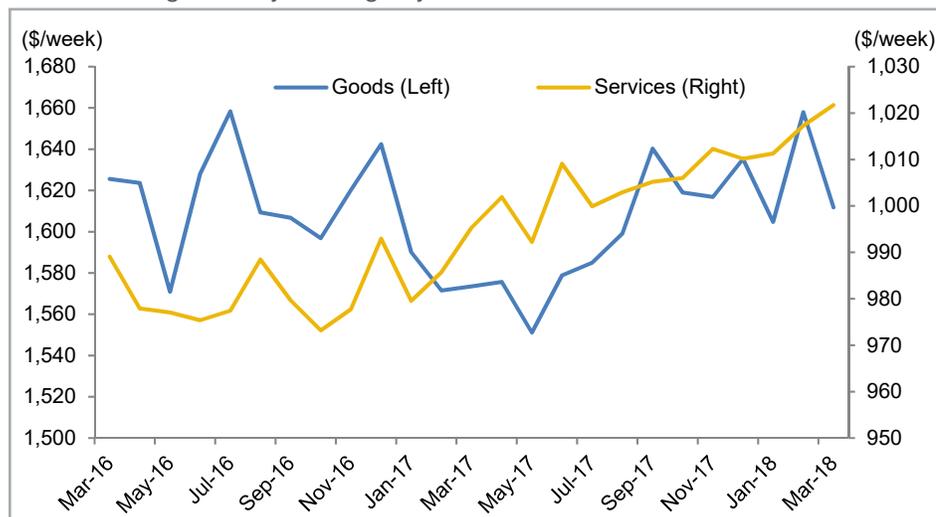
Contribution to month-over-month change in the Alberta Activity Index, March 2018



Source: Alberta Treasury Board and Finance

### Chart 2: Service earnings improve, while goods earnings retreat

Alberta average weekly earnings by sector



Source: Statistics Canada

### Job Vacancies

#### Unfilled jobs reaching post-recession peak

Job vacancies in Alberta are increasing after stalling in late 2017. The number of unfilled jobs increased by 3,000 m/m to reach 38,700 positions in the three-month period ending in February. With vacant jobs reaching close to the post-recession peak of 39,100 in August and fewer unemployed, the number of unemployed Albertans for every job vacancy plunged to 4.3, down substantially from the peak of 8.4 in December 2016.

### Farm Cash Receipts

#### Farm payments ease

Farm cash receipts posted a seasonal increase in the first quarter of 2018. However they fell back from last year's record level. Cash receipts in Alberta totalled \$3.9 billion, a 5.7%

y/y decline. Crop receipts fell 9.4% y/y, as canola payments dropped from a year ago along with lower payments for dry pea and lentils. Direct payments were also lower (-32% y/y) as crop insurance payouts eased. On the other hand, livestock sales increased 3.7% y/y, driven by higher cattle and calves and dairy product sales. Despite the year-over-year decline, cash receipts remained elevated, with the four-quarter moving average near all-time highs (Chart 3).

**Metres Drilled**

**Natural gas retreats**

Metres drilled fell off in March, weighed down by the continuing retreat in natural gas. There was a total of 1.1 million metres drilled for oil and gas in March, down 26% from February and 8.5% from a year ago. Metres drilled for natural gas experienced the largest annual decrease in over two years (Chart 4). In contrast, metres drilled for oil was up 27% y/y as bitumen metres set a new high of 300,683 metres, and conventional metres remained solid. Year-to-date, total metres drilled improved 4.8% over the same period from 2017 due primarily to gains in oil.

**Railway Carloadings**

**Rail back on track**

Goods shipped by rail bounced back in March as capacity constraints alleviated. Western Canadian carloadings jumped 29% m/m in March to 170,366 railcars after falling 16% m/m in February. Most major commodities improved month-over-month, led by fuel oils and crude shipments, which were lifted to a 12-month high. There has been a backlog of shipments waiting to be moved by rail this winter as rising oil sands production, a large harvest on the prairies and harsh winter weather

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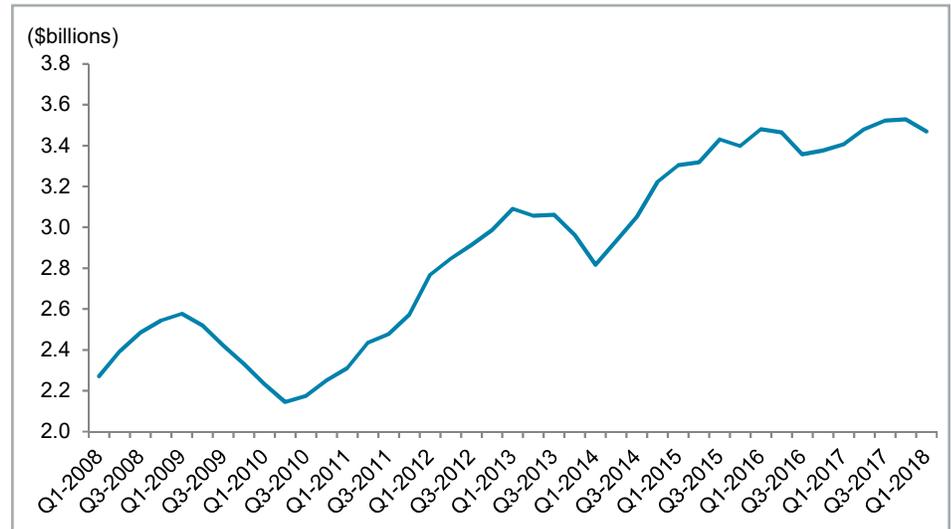
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Please see the [Alberta Economy - Indicators at a Glance](#) for a snapshot of Alberta indicators.

stretched rail crews to their limits. This backlog eased somewhat in March; even so the backlog continues and will take time to fully clear. Capacity constraints during the first quarter weighed on total carloadings, which were down 1.8% compared to the same period in the previous year, led lower by agriculture and wood product shipments.

**Chart 3: Farm cash receipts remain elevated**

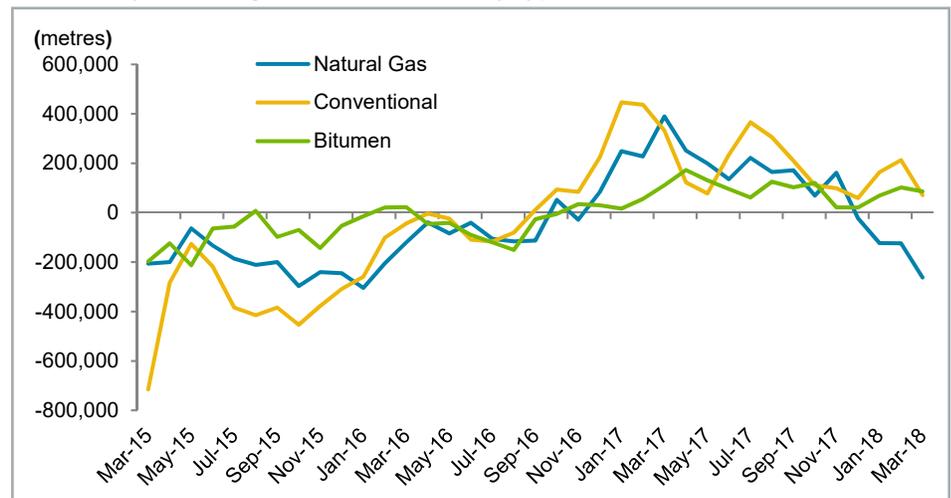
Alberta farm cash receipts, four-quarter moving average



Source: Statistics Canada

**Chart 4: Solid gains for oil while natural gas pulls back**

Year-over-year change in metres drilled by type



Source: Alberta Energy Regulator