

HOUSING MARKET

The housing market boom continues with the level of transactions in Alberta reaching a record in April.

Pent-up demand, low interest rates, higher disposable income thanks to the government income-support measures and changes in housing preference continue to be the main drivers.

Some cooling has been observed in recent months while the number of new listings increased, easing some of the shortages in some markets.

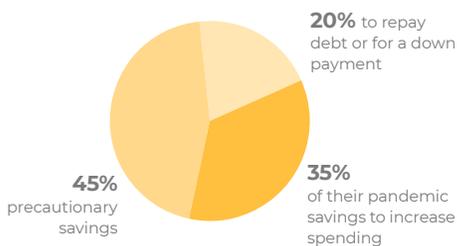
Nevertheless, house prices in Alberta continue to grow at their fastest pace since the collapse of oil prices in 2015.

The housing market is expected to remain strong in 2021. Nevertheless, some cooling should be expected, as would-be sellers enter the market to profit from higher prices.

Alberta's housing market remains one of the most affordable nationally and is much less sensitive to changes in interest rates than those in central Canada, like Toronto, Montreal, or Ottawa.

HOUSEHOLDS

Households have accumulated sizeable saving during the pandemic, estimated at \$150bn*.



* A recent survey by the Bank of Canada on intended use of accumulated savings

The same survey also shows that most of the increase in spending will be on restaurants, other social activities and on travel – sectors that have been the hardest hit by the pandemic.

However, household debt is also increasing at a rapid pace, pushed higher by rapid increases in mortgage debt.

Q2 Quarterly Economic Summary 2021

Brought to you by Alberta Central's Chief Economist Charles St-Arnaud

The third wave of COVID-19 infections in spring 2021 led to the re-imposition of restrictions and to a contraction in economic activity. However, as seen during the second wave, activity in the hard-to-distance sectors was the main casualty while other sectors of the economy fared better.

Despite a slow start, the immunization of the population is making significant progress, with almost 70% of the population having received at least one dose and 40% fully immunized.

As a result, the Canadian economy is set to reopen during the summer, with many provinces gradually removing their COVID-related restrictions. This could mark the beginning of a sustainable recovery where the hard-to-distance sectors can finally recoup the losses due to the pandemic.

This will translate into solid growth and job gains in the coming months, especially in the sectors held back by the restrictions. Nevertheless, it may be more than a year before those sectors return to their pre-pandemic level of activity and employment.

Overall, growth in the coming quarters in Alberta is expected to be strong, supported by the reopening of the economy, a positive tailwind from improved commodity prices in both energy and non-energy sectors, and recovery in the hardest-hit sectors of the economy.

LABOUR MARKET

Despite about 14,000 job losses due to the third wave of the pandemic, Alberta's labour market has proven more resilient than in the rest of the country.

The main impact from the third wave has been to reverse the jobs gained in the hard-to-distance sectors since the second reopening of the economy in February.

With most of the restrictions on economic activity being removed, we should expect robust job gains in the coming months, especially in the sectors affected by the pandemic.



14,000

Job losses

COMMODITY PRICES

Commodity prices have increased significantly since the start of the year.

Reaching \$75/Bbl



Based on WTI

Oil prices have increased almost **60%** since the start of the 2021.



Wheat **35%**
Canola **50%**

Based on the Bank of Canada commodity prices

Agricultural product prices have increased by about **30%** since the start of the 2021.

The overall increase in commodity prices will improve revenues in those sectors, leading to income gains, supporting business and consumer confidence.