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C O N F I D E N T I A L

PROVINCIAL ANALYSIS AND CONSOLIDATION

OF

TREASURY BRANCH MANAGERS'

"ECONOMIC ASSESSMENT REPORTS"

AUGUST 31st, 1981

The Province of Alberta Treasury Branches
Office of the Superintendent

CONSTRUCTION (COMMERCIAL)

"BRANCHES REPORTING THE SAME OR INCREASED LEVELS
OF COMMERCIAL CONSTRUCTION ACTIVITIES IN THEIR AREAS"

	<u>CURRENT REPORT AUG. 31, 1981</u>	<u>PREVIOUS REPORT MAY 30, 1981</u>	<u>PREVIOUS REPORT FEB. 26, 1981</u>
PROVINCE (AVERAGE)	35%	35%	54%
NORTHERN DIVISION	33%	25%	55%
CENTRAL DIVISION	22%	29%	45%
SOUTHERN DIVISION	51%	52%	62%

On average, Commercial Construction activity, provincially, has stabilized at the level reported on May 30, 1981.

Branches in the Northern Division have reported a general improvement which is directly attributable to Government spending (schools, roads, etc.).

"BRANCHES REPORTING A SLOWDOWN"

	<u>CURRENT REPORT AUG. 31, 1981</u>	<u>PREVIOUS REPORT MAY 30, 1981</u>	<u>PREVIOUS REPORT FEB. 26, 1981</u>
PROVINCE (ALBERTA)	65%	65%	46%
NORTHERN DIVISION	67%	75%	45%
CENTRAL DIVISION	78%	71%	55%
SOUTHERN DIVISION	49%	48%	38%

The Central Division is the only area of the Province reporting a slowdown. It appears that many Businesses in the private sector have cancelled expansion plans because of the continuing cycle of high interest rates.

Province of Alberta Treasury Branches
Office of the Superintendent

August 31, 1981

CONSTRUCTION (PRIVATE)

"BRANCHES REPORTING THE SAME OR INCREASED LEVELS OF ACTIVITY"

	<u>CURRENT REPORT AUG. 31, 1981</u>	<u>PREVIOUS REPORT MAY 30, 1981</u>	<u>PREVIOUS REPORT FEB. 26, 1981</u>
PROVINCE (AVERAGE)	14%	21%	43%
NORTHERN DIVISION	10%	15%	34%
CENTRAL DIVISION	8%	21%	36%
SOUTHERN DIVISION	24%	27%	59%

There has been a definite, Province-wide reduction in this sector.

"BRANCHES REPORTING A SLOWDOWN"

	<u>CURRENT REPORT AUG. 31, 1981</u>	<u>PREVIOUS REPORT MAY 30, 1981</u>	<u>PREVIOUS REPORT FEB. 26, 1981</u>
PROVINCE (AVERAGE)	86%	79%	57%
NORTHERN DIVISION	90%	85%	66%
CENTRAL DIVISION	92%	79%	64%
SOUTHERN DIVISION	76%	73%	41%

As evidenced by all reports received from across the Province, the Housing Market has been virtually destroyed. With interest rates at their current levels, the majority of Albertans do not qualify for even a modest mortgage. The consequences of this will escalate monthly as mortgages come up for renewal.

Public pressure for Government intervention will intensify in the months ahead if rates do not subside.

August 31, 1981

BUSINESS"BRANCHES REPORTING THE SAME OR INCREASED BUSINESS ACTIVITY"

	CURRENT REPORT <u>AUG. 31, 1981</u>	PREVIOUS REPORT <u>MAY 30, 1981</u>	PREVIOUS REPORT <u>FEB. 26, 1981</u>
PROVINCE (AVERAGE)	28%	33%	65%
NORTHERN DIVISION	19%	22%	47%
CENTRAL DIVISION	27%	29%	73%
SOUTHERN DIVISION	38%	48%	76%

The strength previously reported in this section is gradually slipping as more Businesses are being affected by high interest rates, reduced sales, higher operating costs and the poor investment climate, in general, caused by uncertainty on matters relating to Resource Development.

"BRANCHES REPORTING A SLOWDOWN"

	CURRENT REPORT <u>AUG. 31, 1981</u>	PREVIOUS REPORT <u>MAY 30, 1981</u>	PREVIOUS REPORT <u>FEB. 26, 1981</u>
PROVINCE (AVERAGE)	72%	67%	35%
NORTHERN DIVISION	81%	78%	53%
CENTRAL DIVISION	73%	71%	27%
SOUTHERN DIVISION	62%	52%	24%

There has been a significant increase in the numbers of Branches reporting bankruptcies in this area and the number of Businesses that are encountering financial difficulties appears to be on the rise. High interest rates, inflation, increased operating expenses, slow sales and reduced margins are now affecting almost all Businesses.

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EMPLOYMENT

"BRANCHES REPORTING EMPLOYMENT TO STAY THE SAME
OR ANTICIPATE AN INCREASE IN JOB OPPORTUNITIES"

	<u>CURRENT REPORT AUG. 31, 1981</u>	<u>PREVIOUS REPORT MAY 30, 1981</u>	<u>PREVIOUS REPORT FEB. 26, 1981</u>
PROVINCE (AVERAGE)	67%	65%	71%
NORTHERN DIVISION	64%	55%	58%
CENTRAL DIVISION	65%	59%	76%
SOUTHERN DIVISION	78%	85%	82%

This would seem to reflect the public's optimism and confidence in the Province and its development potential.

"BRANCHES REPORTING AN INCREASE IN UNEMPLOYMENT"

	<u>CURRENT REPORT AUG. 31, 1981</u>	<u>PREVIOUS REPORT MAY 30, 1981</u>	<u>PREVIOUS REPORT FEB. 26, 1981</u>
PROVINCE (AVERAGE)	33%	35%	29%
NORTHERN DIVISION	36%	45%	42%
CENTRAL DIVISION	35%	41%	24%
SOUTHERN DIVISION	22%	15%	18%

Deterioration of the strength in the Commercial and Private Construction sectors, as well as in the Business Community, is not, as yet, affecting employment in the Province to any appreciable degree.