

# Weekly Economic Review

## Alberta's manufacturing strong start to 2018

### Manufacturing Shipments

#### Petroleum and chemicals boost factory sales

Alberta's manufacturing sector continues to post strong growth. The value of manufacturing shipments rose 1.1% month-over-month (m/m) to \$6.3 billion in January, the sixth consecutive monthly increase. The increase was driven by rising shipments of petroleum and coal, and chemical products (Chart 1). Sales of petroleum and coal products rose 5.4% m/m and have risen 36% since July 2017, bolstered by the recovery in refined product prices. Meanwhile, chemical shipments jumped 6.4% m/m to reach a nine-year high, boosted by resin and synthetic rubber which rebounded to an all-time high. Conversely, shipments of wood products continued to retreat from the October 2017 high, falling for the third month in a row despite robust prices for lumber. Compared to the previous year, manufacturing shipments were up 11% and have recovered nearly three quarters of the recession declines.

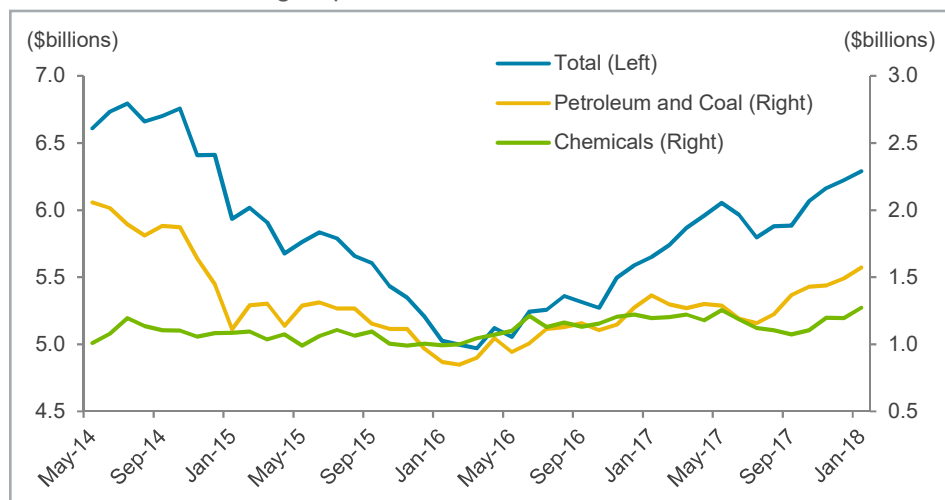
### Refined Petroleum Products

#### Output continues to grow

After a dip in November, refinery output bounced back to end 2017 near a record high. Following seasonal maintenance shutdowns, Alberta's total production of refined petroleum products increased 4.0% m/m to 537 thousand barrels equivalent per day in December. Output rose in all major products with diesel, gasoline and aviation turbo fuel all gaining ground. The Sturgeon Refinery, the first new refinery built in Canada in over 30 years, produced its first barrel of diesel at the end of 2017.

**Chart 1: Petroleum and chemicals lift manufacturing shipments**

Alberta's manufacturing shipments



Source: Statistics Canada

### Resale Housing

#### Resale activity returns to more modest levels

Alberta resale housing market continued to cool following a surge in activity at the end of last year. Seasonally adjusted home sales declined 7.7% m/m to 4,618 units in February. Home sales have slowed for two months in a row after the new mortgage rules, and rising interest rates pulled sales forward. The decline was province-wide with 10 of the 11 regions reporting lower sales. Despite the monthly drop, sales are in line with the levels seen throughout most of 2017. New listings also fell for the second month in a row while the average resale price increased 0.8% to \$397,733.

### National Balance Sheet

#### Household net worth jumps higher

Canadian household net worth continued to improve in the fourth quarter of 2017. After modest gains in the previous two quarters, growth in net worth accelerated, to 2.1% quarter-over-quarter, as the strong stock market performance boosted the value of investments, insurance and pension assets. The value of residential real estate also rose after being virtually unchanged in the previous two quarters. Meanwhile, household debt continued to grow although the pace of growth slowed. With slower growth in household debt, the debt to income ratio was roughly unchanged at 170.4% which is still close to record high set in the previous quarter.

### Contact

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