

Weekly Economic Review

Manufacturing shipments jump higher

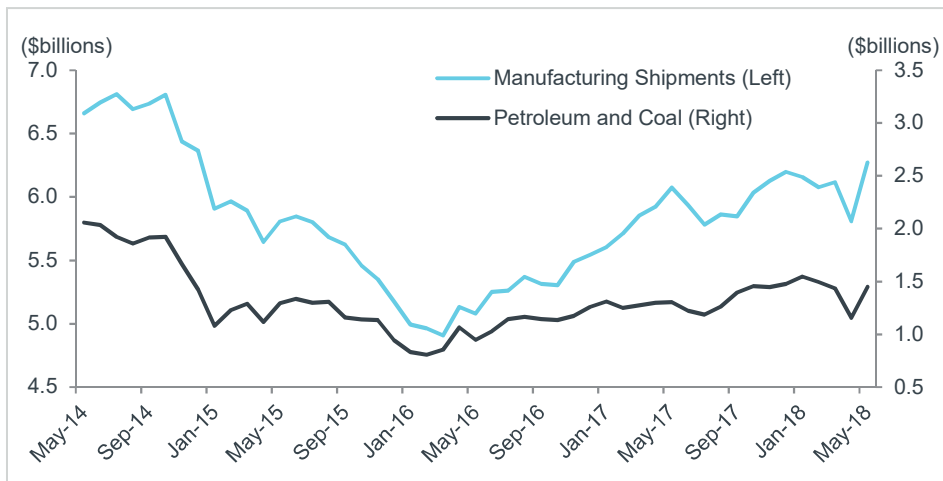
Manufacturing Shipments

Shipments propelled higher by rebounding refinery output

Manufacturing shipments rebounded in May to reach the highest level since December 2014. The value of Alberta's manufacturing shipments increased 7.9% month-over-month (m/m) to \$6.3 billion (Chart 1). Petroleum and coal shipments (+25% m/m) accounted for over half the gain as some refineries came back online following maintenance-related shutdowns in the previous month. Excluding petroleum and coal, factory sales in Alberta rose 3.7%.

Chart 1: Alberta manufacturing shipments jump as refineries return online

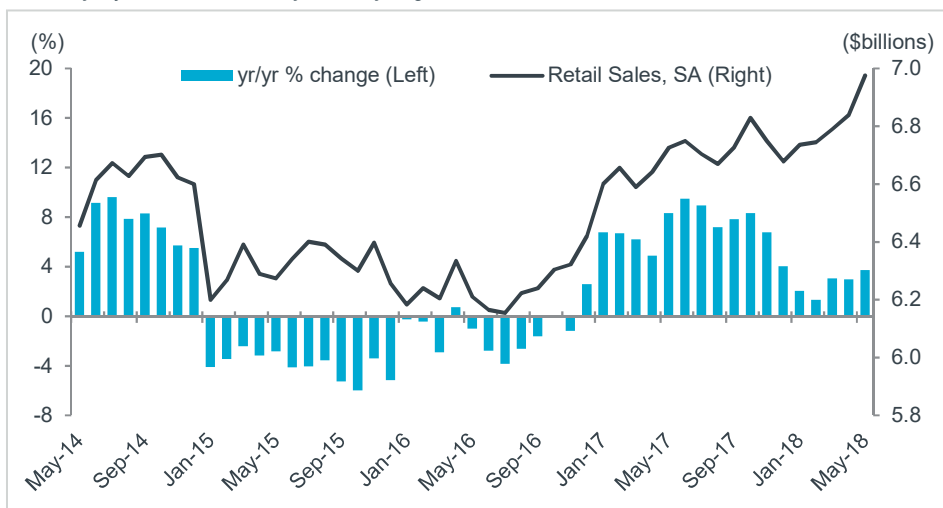
Seasonally adjusted manufacturing shipments



Source: Statistics Canada

Chart 2: Alberta Retail sales accelerate

Seasonally adjusted retail sales and year-over-year growth



Source: Statistics Canada

Compared to twelve months ago, sales were up 3.3%, as both output and prices increased.

Retail Sales

Sales pick up

Retail sales posted a strong increase in June following modest gains in the past four months. They surged 2.0% m/m to \$7.0 billion (Chart 2) with gains posted across nearly all spending categories. Compared to a year ago, retail sales were up 3.7%, led by stronger sales at building materials and garden supplies stores and higher gasoline prices which lifted receipts at gasoline stations. Year-to-date, sales were up 2.6% with nearly all categories contributing to growth.

Consumer Price Index

Consumer inflation accelerates

Inflation in Alberta accelerated in June to the highest rate since October 2014. The consumer price index (CPI) rose by 2.8% year-over-year (y/y), up from 2.6% in May driven by higher energy prices. Both gasoline (+32.8% y/y) and electricity (+23.9% y/y) prices were significantly higher than a year ago. Excluding energy, inflation remains modest at 1.5% y/y as lower prices for telephone service and furniture offset higher prices for clothing.

Employment Insurance

EI beneficiaries declining

The number of Albertans receiving regular Employment Insurance (EI) benefits continued to decline down 5.8% m/m to 52,840 in May. Beneficiaries have fallen

consistently since the October 2016 peak as EI claims have stabilized at lower levels. After averaging over 30,000 in 2016, EI claims have hovered around 24,000 since January 2017, with a total of 24,080 claims filed in May (Chart 3).

Resale Housing

Sales activity remain stable

Alberta's resale housing market took a step forward after recording declines earlier in the year. Home sales improved for the second month in a row in June, up 2.8% m/m to 4,438 units (Chart 4).

The improvements follow four months of declines after mortgage rule changes took effect in January. Sales moved higher in Calgary while activity in Edmonton and the rest of the province was relatively flat. The average resale price also improved for the second month in a row, up \$5,048 to \$390,518. Year-to-date, sales were 6.3% lower than a year ago reflecting fewer transactions in Calgary and Edmonton.

Non-Residential Building Construction

Spending trends lower

Non-residential building investment fell 2.6% quarter-over-quarter (q/q) to \$2.4 billion in the second quarter of 2018. Spending has trended down since the third quarter of 2015, led by ongoing weakness in commercial construction activity which is down over 30% from the peak. Although institutional investment also eased, it remains at elevated levels. Industrial investment increased for the second straight quarter.

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

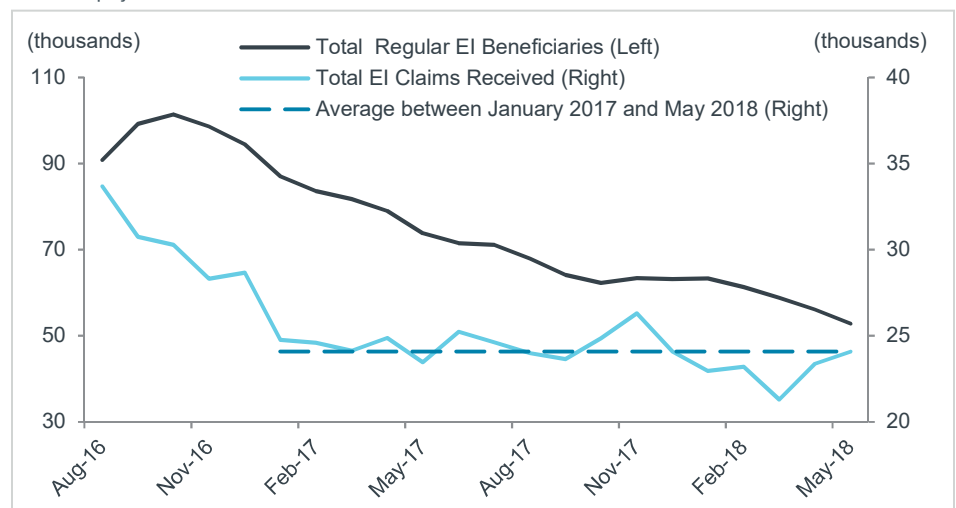
World Economic Outlook

Global outlook unchanged

The International Monetary Fund (IMF) left its global economic forecast unchanged. IMF expects global economic growth of 3.9% in 2018 and 2019. Despite this, forecasts for many advanced countries such as Japan, UK and the euro area were revised down reflecting weaker-than-expected growth in the first half. Rising interest rates, a stronger US dollar, and higher oil prices have also resulted in a weaker outlook for some emerging markets while increasing the outlook for some oil exporting nations. The growth outlook for both the U.S. (2.9% and 2.7%) and Canada (2.1% and 2.0%) were reaffirmed for 2018 and 2019.

Chart 3: Beneficiaries continue to decline as claims are stable

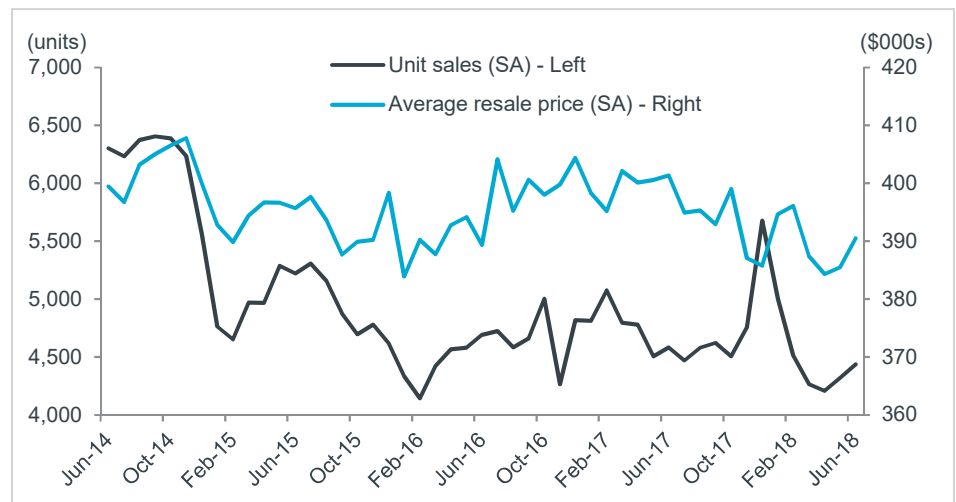
Alberta employment insurance claims and beneficiaries



Source: Statistics Canada

Chart 4: Alberta home resales and average resale price stable

Seasonally adjusted unit sales and average resale price



Source: The Canadian Real Estate Association