Consumer inflation
Dip in gasoline prices dampen Alberta inflation

Consumer prices are rising at a slower pace. The consumer price index (CPI) rose 2.8% year-over-year (y/y) in October, down from 3.0% y/y in September. Inflation has slowed from the four-year peak of 3.5% in July as gasoline prices have retreated from a ten-year high. Despite the recent pullback, gasoline prices remain significantly higher than a year ago and continue to be a major driver of inflation, along with higher electricity prices (Chart 1). Excluding food and energy, core inflation also eased 0.2 percentage points to 1.6%. Core inflation remained modest as higher vehicle prices and mortgage interest costs were partially offset by lower prices for telephone service, travel accommodations and home replacement costs.

Employment Insurance
EI beneficiaries decline

The number of Albertans receiving regular Employment Insurance (EI) benefits continues to move lower. Seasonally adjusted EI beneficiaries fell 8.6% month-over-month (m/m) to 46,750 in September, the lowest level since April 2015. While the number of beneficiaries have declined consistently since peaking in 2016, the number of Albertans submitting EI claims has trended up after hitting a three-year low in March. Claims increased 8.4% m/m, more than reversing the previous month’s drop. They were also up 8.2% y/y.

Wholesale Trade
Sales slip in September

Wholesale trade eased for the second month in a row. Sales ticked down 0.4% m/m to $6.9 billion in September, led by declines in machinery, equipment and supplies, and the miscellaneous goods. This was partly offset by improvements in building materials and supplies, and motor vehicles and parts dealers (Chart 2). Despite the monthly decline, sales remained significantly higher than a year ago, up 5.3% y/y and near the pre-recession highs.
Retail sales
Retail sales propped up by gasoline sales
Retail sales improved modestly in September, staying close to the record high reached in May 2018. Sales edged up 0.5% m/m to $6.9 billion. Retail sales, which have held steady following gains in the first half of 2018, have been boosted by higher gasoline prices. While prices leveled off in September, gasoline station sales remained higher than year ago (Chart 3). Year-to-date (YTD), sales were up 2.6%. Excluding sales at gasoline stations, sales were up a modest 0.5% YTD as broad-based gains in most categories offset a pullback in sales at motor vehicle and parts dealers.

Non-Residential Building Construction Price Index
Construction prices higher
The price contractors charge to construct non-residential buildings continues to rise. The non-residential building construction price index rose (+1.2% quarter-over-quarter or q/q) in the third quarter of 2018, the ninth consecutive quarterly increase. Growth in non-residential costs picked up across all structure types, led by factory (+1.8% q/q) and warehouse (+1.7% q/q). The recent rise in contractor prices has been driven by higher iron and steel prices (Chart 4) which have jumped 14% since the end of 2017. Overall construction prices in the province were up 2.8% from a year ago, the fastest pace in over five years.

Corporate Profits
Insurance and wholesale trade boost third quarter corporate profits
Earnings for Canadian corporations continued on an upward trajectory in the third quarter of 2018. Corporate profits grew 3.9% q/q to $107.5 billion, reflecting broad-based growth. In the non-financial sector, profits gains in wholesale corporations and real estate and rental led the way. Profits in the oil and gas extraction and support services (+37.2% q/q) continued to rise from the recessionary lows to the highest level since the fourth quarter of 2014, but levels remain a small fraction of average quarterly profits earned before the downturn in 2014. In the financial sector, insurance companies’ profit growth led the way as fair valuations of actuarial liabilities decreased expenses. Year-to-date, corporate profits have grown robustly (+8.7%).

Chart 3: Retail sales approaching recent highs
Year-over-year growth in Alberta retail sales and retail sales excluding gasoline stations

Chart 4: Higher prices for steel boost non-residential construction costs
Quarter-over-quarter growth in Alberta non-residential construction costs and Canadian steel prices

Contact: Bijon Brown at 780.643.1876
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