

# Weekly Economic Review

## Earnings recover in 2017

### Average Weekly Earnings

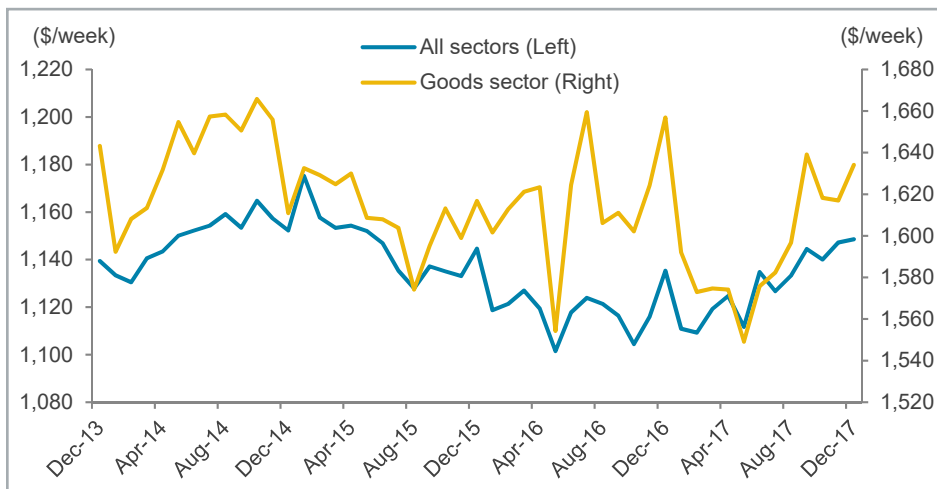
#### Earnings extend gains at year-end

Earnings in the province continued to edge higher in December, hitting the highest level since May 2015. Average weekly earnings (AWE) grew by 0.1% month-over-month (m/m) to reach \$1,149, as a rebound in the goods sector more than offset lower earnings in the service sector, which pulled back from

a nearly three-year high in November. AWE has gained ground since mid-2017, supported by a resurgence in the goods sector and ongoing gains in the service sector (Chart 1). Following two years of decline, AWE grew 1.0% overall in 2017.

**Chart 1: Rebound in goods sector earnings lift AWE in the latter half of 2017**

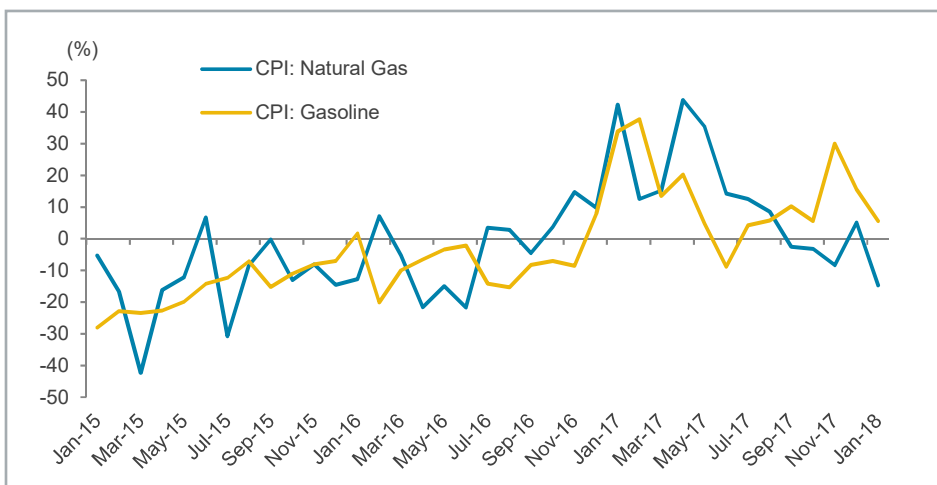
Alberta average weekly earnings



Source: Statistics Canada

**Chart 2: Moderating energy prices cool inflation in January**

Year-over-year change in consumer price index



Source: Statistics Canada

### Consumer Price Index

#### Energy prices dampen inflation

Consumer inflation in Alberta slowed for the second consecutive month after hitting a three-year high in November. The consumer price index (CPI) rose 1.4% year-over-year (y/y) in January, down from an increase of 2% in December. Inflation moderated as natural gas prices fell (-14.7% y/y), along with prices for telephone services (-3.8% y/y) and furniture (-5.5% y/y). These offset higher electricity prices (+15.7% y/y). Gasoline prices also rose at a slower pace (+5.6% y/y) following double-digit increases in the previous two months (Chart 2). Excluding energy, consumer inflation was unchanged at 1.3%, supported by faster growth in prices for food purchased from stores (+2.5% y/y) and services (+1.5% y/y).

Nationally, inflation also cooled to 1.7%, down from 1.9% in December. BC and Ontario were the only provinces to record faster inflation in January.

### Retail Sales

#### Motor vehicles weigh on sales

Retail sales continued to slow after surging in the first half of 2017. They fell for the fourth time in the last six months, down 0.5% m/m to \$6.7 billion in December. As a result, year-over-year gains in the fourth quarter moderated (+6.4%). This reflected slower growth in sales at motor vehicle and parts dealers and general merchandise store. Sales of clothing and clothing accessories also fell, partly due to lower prices.

These were partly offset by a pick-up in growth in electronics and appliance, and building materials and garden supplies stores (Chart 3). Overall in 2017, retail sales were up 7.6%, boosted by strong sales at gasoline stations and motor vehicle and parts dealers earlier in the year.

## Wholesale Trade

### Broad gains lift activity in 2017

Wholesale activity ended the year on a strong note. The value of wholesale trade increased 0.9% m/m to \$6.8 billion, as sales were higher in four out of seven industries. Building materials and supplies continued to strengthen, while sales of food and beverages, machinery and equipment, and miscellaneous categories improved. Conversely, as reflected in retail trade, sales at motor vehicle and parts wholesalers dropped 10% m/m to reach the lowest level since November 2016. Household goods sales also remained weak. Overall in 2017, sales rose 11% to \$79.4 billion after declining in the previous two years, with sales increasing in almost all categories (Chart 4).

## New Housing Investment

### Seasonal slowdown in investment

Investment in new housing declined in the fourth quarter as construction activity slowed with seasonal patterns. New housing investment fell for the third month in row, down 9.2% m/m in December. The year-over-year gains eased to 15.7%, down from a peak of 25.6% reached in August. The slowing momentum was most pronounced in singles and doubles. In 2017, investment in new housing increased 7.3%, largely reflecting robust gains in singles and doubles earlier in the year.

## Contact

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

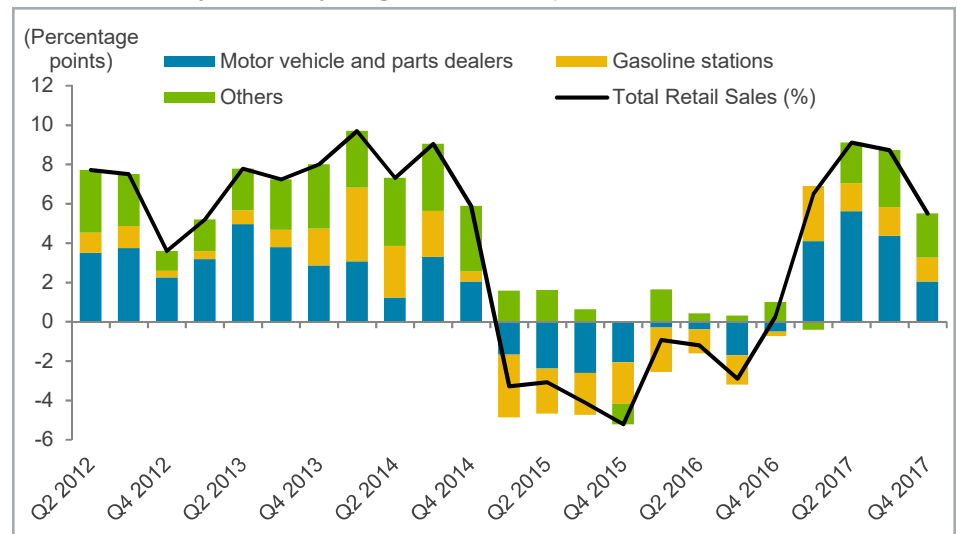
## Job Vacancies

### Job vacancies pull back from recent high

After surging in the first half of 2017, the number of job vacancies has edged lower. There were 36,400 unfilled employment positions Alberta in the three-month period ending in November, 2,400 fewer than the previous period. While job vacancies pulled back from the recent high in August, the level remained well above the December 2016 low. The number of unemployed Albertans for every job vacancy also continued to come down to 4.6 in November.

**Chart 3: Slower growth in vehicle sales partly offset by other categories**

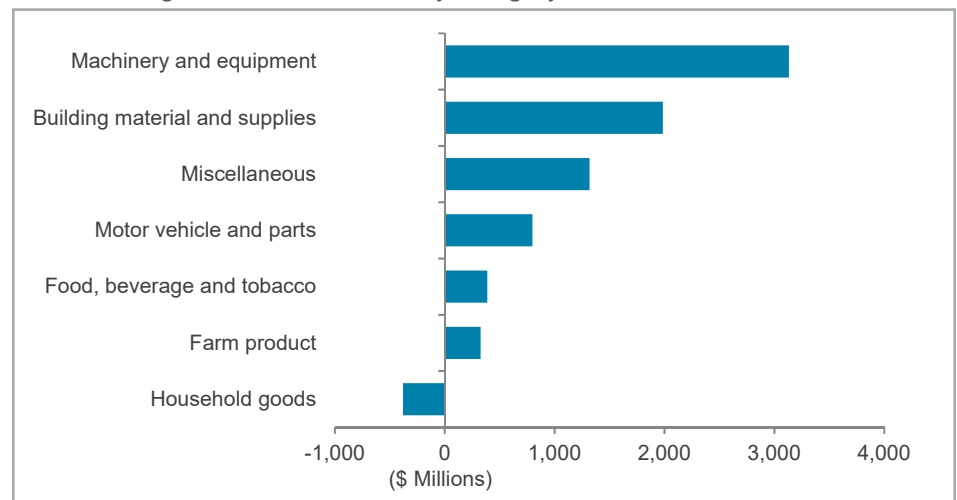
Contribution to year-over-year growth in unadjusted retail sales



Source: Statistics Canada

**Chart 4: Widespread growth in wholesale trade in 2017**

Annual change in wholesale trade by category



Source: Statistics Canada