

Weekly Economic Review

New housing investment continues to recover

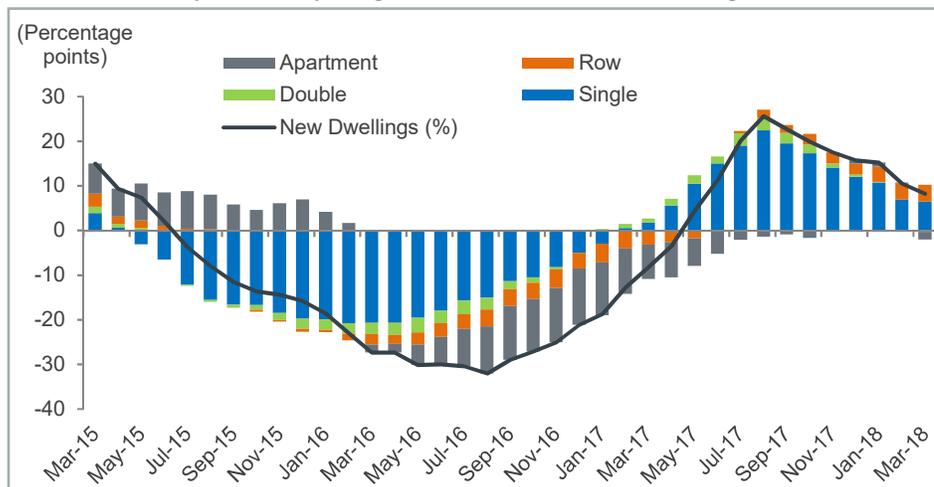
New Housing Investment

Gains continue in March

Investment in new housing construction increased for the second month in a row, rising 0.5% month-over-month (m/m) in March. The monthly increase was driven by investment in row units, which have been strong throughout the winter, and a modest uptick in singles. Meanwhile, investment in semi-detached and apartment

Chart 1: Growth in singles and rows remain robust

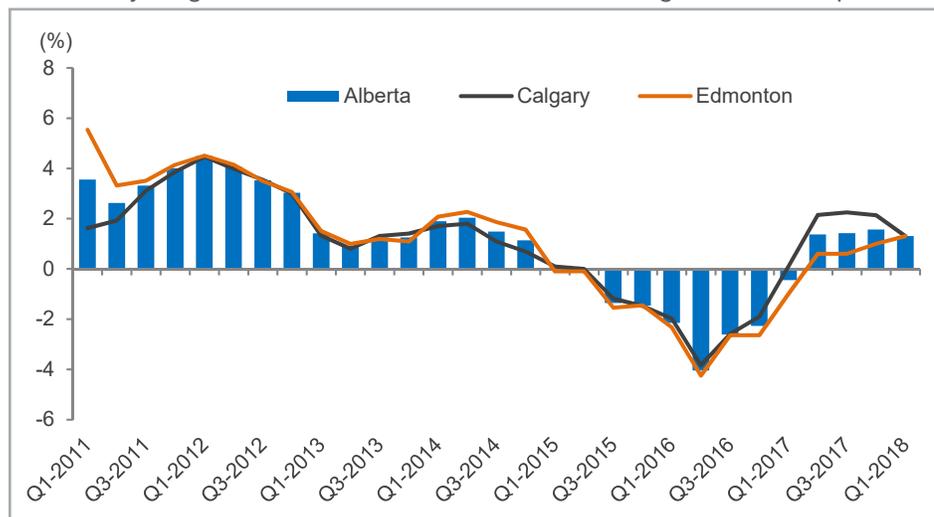
Contribution to year-over-year growth in nominal new housing investment



Source: Statistics Canada

Chart 2: Construction costs continue to recover

Year-over-year growth in Alberta non-residential building construction prices



Source: Statistics Canada

units declined, reversing February's gains. On an annual basis, new housing investment was up 8.2% year-over-year (y/y) driven by solid growth in single-family and row dwellings (Chart 1).

Non-residential Building Construction Price Index

Contractor prices improving

Construction inflation in Alberta inched higher at the start of 2018. In the first quarter, the non-residential building construction price index (NBCPI) grew 0.4% quarter-over-quarter (q/q) (Chart 2), reflecting higher contractor prices for all structure types. In particular, construction costs for industrial building rose at the fastest pace since first quarter of 2012 (+0.9%). Regionally, the cost of constructing a non-residential building increased in both Calgary and Edmonton. Year-over-year cost growth accelerated in Edmonton but slowed in Calgary from the third quarter of 2017. Construction prices rose 1.3%, slower than the national composite (+2.7%) and remain slightly below the average 2014 growth rates. Despite recent gains, construction prices remain 1.8% below pre-recession levels.

Wholesale Trade

Sales tick down

After three straight monthly gains, wholesale trade sector took a breather in March. The value of wholesale trade in Alberta edged down 0.7% m/m to \$6.7 billion (Chart 3), reflecting declines in four of the seven subsectors. The decline was most pronounced in machinery and equipment, which fell for a second month in a row (-2.6%). Personal and household goods also slumped (-5.3%). These declines were mitigated by continued gains in building materials and supplies and a pickup in food and beverages and motor vehicles

and parts. Despite the monthly decline, wholesale trade were up 8.5% in the first quarter over the same period last year, reflecting gains in building materials, machinery and equipment, and farm products.

Employment Insurance

El claims dip to a three-year low

The number of Albertans applying for Employment Insurance (EI) dropped significantly in March. The number of EI applications declined 8.9% m/m and 10.4% y/y to 20,970, the lowest level since January 2015 (Chart 4). Both initial and renewal claims have declined, as initial claims fell to its historical range but renewal claims remained elevated. With fewer claims submitted, the number of Albertans receiving regular EI benefits continued its downward trend that began in late 2016.

International Travel

Non-resident visitors rise

International travellers landing in Alberta rose for a second consecutive month in March. The number of non-resident visitors entering Canada via Alberta increased 6.7% y/y to 93,839. US visitations continued to be strong, posting growth of 9.2% while overseas visitations saw a modest increase of 1.4%.

Corporate Profits

Canadian profits near record levels

Earnings of Canadian corporations bounced back in the first quarter of 2018. Corporate profits grew 2.7% to \$99.3 billion, reflecting growth in the finance and insurance and manufacturing sectors, with the latter climbing to a new record high. Manufacturing profits were driven by petroleum and coal products and primary metal manufacturing. The increase in primary metal manufacturing in the quarter was attributable to strong commodities prices. The oil and gas extraction industry recorded losses, following a gain in the previous quarter, in part due to a significant widening of the light-heavy oil price differential.

Chart 3: Wholesale trade hovering near 3-year high

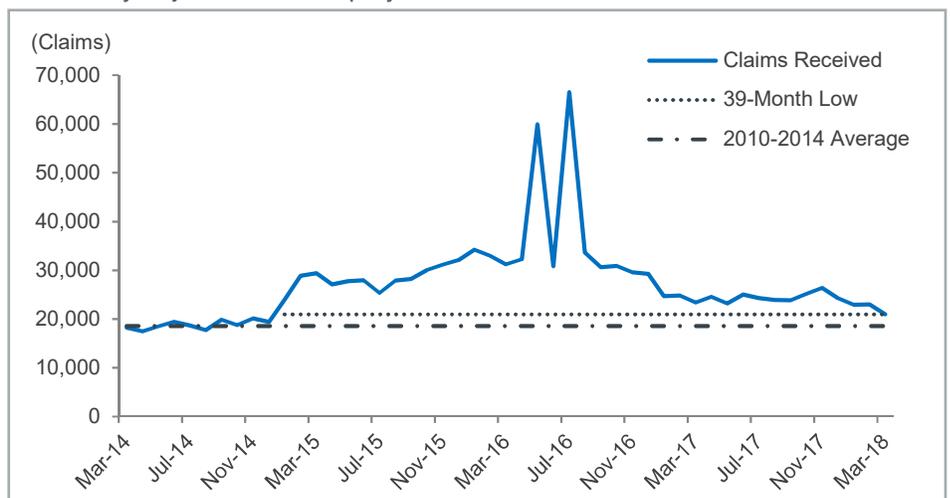
Value and growth of wholesale trade in Alberta (Seasonally Adjusted)



Source: Statistics Canada

Chart 4: Claims approaching pre-recession levels

Seasonally adjusted total employment insurance claims received



Source: Statistics Canada

Contact

Bijon Brown

780.643.1876

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