

Weekly Economic Review

Alberta inflation stalls, retail sales plunge amid COVID-19

Consumer Price Index

Inflation turns negative with lower energy prices

Alberta's inflation rate tumbled for the third month in a row as gasoline prices plunged. Alberta's inflation rate fell by 1.2 percentage points to -0.5% year-over-year (y/y) in April. The inflation rate turned negative for the first time since March 2015 as energy prices fell. Over the last two months, gasoline prices dropped more than 30% in Alberta's largest cities, to levels not seen since January 2004. Demand for oil remained weak as a result of limited travel and temporary business closures due to the COVID-19 pandemic. Excluding energy, Alberta's inflation rate slowed from 2.1% y/y in March to 1.8% y/y in April, as ongoing growth in food prices and vehicle insurance premiums were moderated by lower prices for telephone service, homeowners replacement and traveller accommodations.

Retail Sales

Sales plunge at non-essential retailers

Sales at Alberta retailers plunged in March as many stores shut down or limited the number of customers or hours in the second half of the month as a result of the COVID pandemic. Overall, retail trade dropped 13% month-over-month (m/m) to \$5.9 billion, led by large declines at retailers selling non-essential and discretionary items that were impacted the most by virus-containment measures. Sales at motor vehicle and parts dealer, furniture and home furnishings, clothing and accessories sporting goods, hobby, book and music were all significantly lower than a year ago (Chart 1). Conversely, food and beverage stores, and general merchandise saw sales improve compared to a year ago. Compared to last year, retail sales were down 14%.

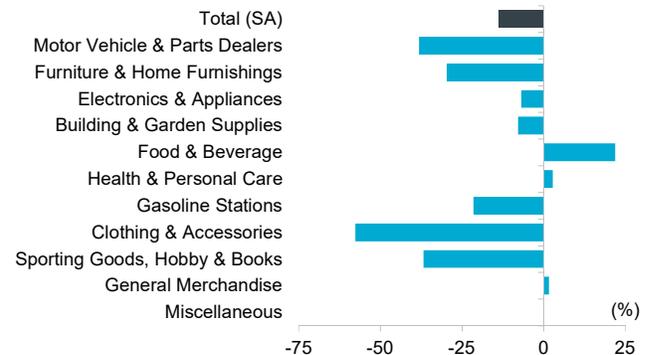
New House Price Index

Prices holding steady in 2020

Prices for new homes in Alberta eased slightly in April. The new home price index (NHPI) decreased by 0.2% m/m, with prices edging lower in both Calgary and Edmonton. Despite the dip, prices in April were in line with those in December and January as rebounding prices in Edmonton have offset easing prices in Calgary. In Edmonton, prices have improved marginally since falling to a 13-year low in November.

CHART 1: SALES PLUNGE AT NON-ESSENTIAL SHOPS

Year-over-year growth in Alberta retail trade by industry



Source: Statistics Canada

Conversely, prices in Calgary slipped to a six-year low. While prices for new homes have held relatively steady in 2020, they have been trending down over the last five years from the December 2014 peak.

Wholesale Trade

Decrease in wholesale trade

COVID-19 weighed on wholesale activity in March. The value of wholesale trade eased 1.5% m/m to \$6.5 billion, led by lower sales from machinery and equipment, motor vehicle and parts, and building materials and supplies wholesalers. Many of these wholesalers experienced business disruptions due to COVID-19. Meanwhile, consumer stockpiling moderated the total decline and led to surges in food and beverage and personal and household goods sub-sectors. Overall, wholesale trade was down 2.0% in the first three months of 2020 relative to last year, led by declines in machinery and equipment, and motor vehicles and parts.

Contact [Daniel Letcher](mailto:daniel.letcher@treasury.ca) at 780.427.8845

For current snapshot of Alberta indicators [Alberta Economy - Indicators at a Glance](#)