

Weekly Economic Review

Modest pickup in inflation

Consumer inflation

Inflation ticks up despite lower gasoline prices

After four consecutive monthly declines, Alberta's inflation rate edged up. Despite a decline in the price level from last month, the consumer price index (CPI) rose 2.1% year-over-year (y/y) in December, up 0.5 percentage points from a 10-month low set in November. Inflation accelerated as costs of telephone services (+11.1% y/y) were significantly higher compared with the deeply discounted prices last year. This, along with higher prices for inter-city transportation, electricity and fresh fruits and vegetables, more than offset the continuing decline in gasoline prices. These factors also pushed core inflation up to 2.1%. In 2018, consumer prices rose 2.4% after rising 1.6% in 2017.

Refined Petroleum Products

Refinery output near record level

Alberta refinery production held relatively steady near the record set in September. Production of refined petroleum products dipped 1.1% month-over-month (m/m) in October to 612,767 barrels of oil equivalent per day, led by decreases in still gas, aviator turbo fuel and diesel. These declines were moderated by higher heavy fuel oil, asphalt and motor gasoline output.

Business Formations

Moderation in number of formations

Incorporations in the province moderated towards the end of 2018. The number of businesses formed in the three-month period ending in December dipped 3.2% m/m to a 14-month low of 3,193. Although formations declined for a

second consecutive month, they remained 5.0% higher compared to a year ago. Overall in 2018, formations grew by 3.4%, following 6.0% growth in 2017.

Resale Housing

Housing market remains soft

Activity in the Alberta housing market remains muted. Seasonally adjusted home sales decreased 1.4% m/m to 4,284 units, slightly above the eight-year low set in October. Sales activity slowed in Edmonton and in the oil and gas regions of Grande Prairie, Fort Murray and Alberta West. While sales dipped, new listings edged up, and the months of inventory increased back to 7.9, an eight-year high. With an elevated number of listings, the average resale price fell (-0.5% m/m) for the third consecutive month, reaching the lowest level since January 2013.

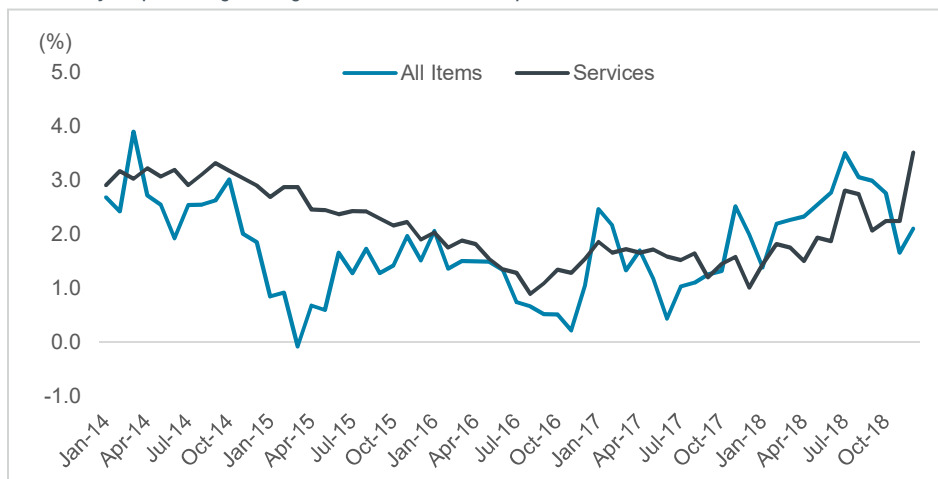
New Vehicle Sales

Sales remain subdued

New vehicle sales remain soft. Albertans purchased 17,339 new vehicles in November, 1,706 less than a year ago. Sales consistently declined year-over-year in 2018 after rebounding in 2017. Through the first 11 months of the year, sales were down 4.3%. The decline was primarily due to the ongoing weakness in car sales (-18.4% year-to-date) while truck sales held steady.

Chart 1: Consumer inflation ticks up with higher service inflation

Year-over-year percentage change in Alberta's consumer price index



Source: Statistics Canada

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