

Weekly economic review

Earnings regain ground

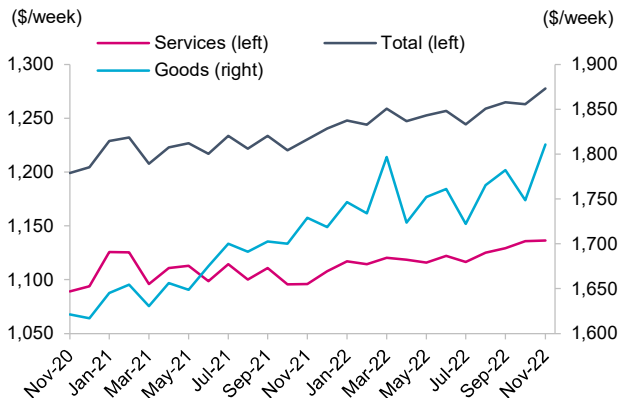
Average Weekly Earnings

Goods sector pushes earnings higher

Alberta's average weekly earnings (AWE) advanced in November after retreating in the prior month. AWE increased 1.2% month-over-month (m/m) to \$1,278, propped up by strong gains in the goods sector (Chart 1). Earnings in the goods sector reversed last month's decline (+3.5% m/m), led by mining, quarrying, and oil & gas extraction which surged to an all-time high. Construction also contributed to the gains. AWE in the services sector were muted by comparison (+0.1% m/m), with modest gains in 7 out of 15 industries. Earnings in transportation & warehousing went up for the third consecutive month while accommodation & food and other services both saw higher earnings and payroll employment. These were largely offset by declines in information & culture, education, and retail trade. With the monthly gain, overall AWE were up 2.5% year-to-date (YTD) with the goods sector (+4.9%) outpacing the services sector (+1.4%).

CHART 1: GOODS SUPPORT MONTHLY GROWTH

Average weekly earnings in Alberta by sector



Sources: Statistics Canada, Haver Analytics

Food Services and Drinking Places

Sales take a step back

Alberta's restaurant sales softened in November. Seasonally adjusted sales at food and drinking places declined 3.4% m/m and further down from September's record high. The decline was driven by lower sales at special food services, limited-service eating places, and full-service restaurants, while drinking places saw a slight uptick. Despite easing in the month, overall sales were up 16% year-over-year (y/y) and up 25% YTD, with solid gains in all types, reflecting the strong recovery post-pandemic and higher prices.

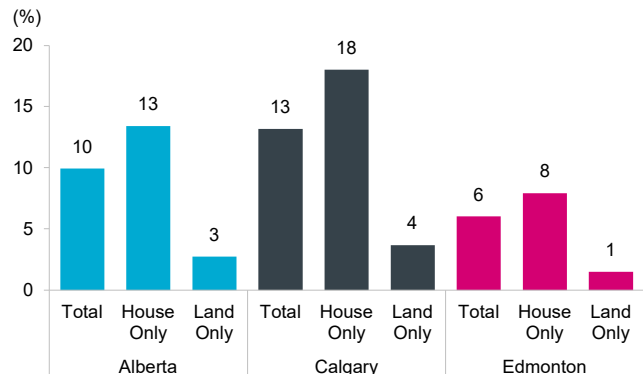
New Housing Price Index

New home prices stable

The Alberta new housing price index (NHPI) remained largely unchanged in December. The index ticked down 0.1% m/m, with lower prices in Edmonton outweighing an uptick in Calgary. After rapid gains in 2021 and early 2022, the index has retreated and was down 0.8% from June's all-time high. Despite the recent moderation, the index was up 9.9% y/y, outpacing the national change (+3.9% y/y), largely due to strong price growth in Calgary (+13% y/y) (Chart 2). On an annual basis, the Alberta index increased by 12% in 2022.

CHART 2: CALGARY SOURCE OF STRENGTH

Y/Y change in NHPI by component and region, Dec-2022



Sources: Statistics Canada, Haver Analytics

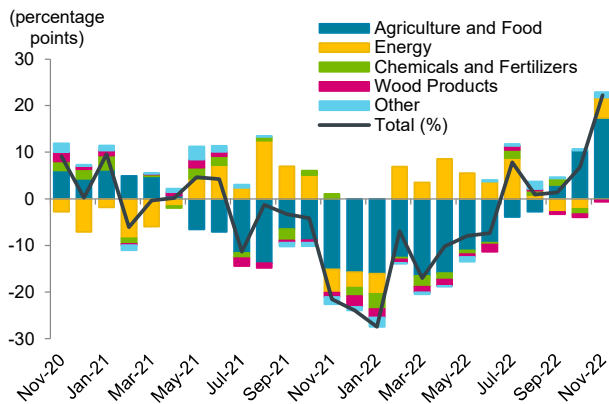
Railway Carloadings

Grains lead increase in carloadings

Railway carloadings jumped in November on the back of higher loadings of agriculture & food and energy. Western Canadian railway carloadings stood at 177,286 railcars, up 22% y/y – the highest year-over-year change since June 2014. This increase also reflects lower volumes reported during November 2021, with major disruptions to rail freight in the west amid flooding in British Columbia. An uptick in agriculture & food (Chart 3) was led once again by wheat (+93% y/y) and canola (+50% y/y), followed by energy products, particularly coal (+33% y/y). This growth was moderated by continued declines in fuel oils & crude petroleum (-18% y/y), lumber (-11% y/y), and several smaller categories. Overall, Western Canadian volumes of non-intermodal freight loadings were 4.3% lower YTD.

CHART 3: AGRICULTURE AND FOOD LEAD ANNUAL GAINS

Contributions to y/y growth in Western Canadian carloadings



Sources: Statistics Canada, Haver Analytics

Business Barometer Index

Sentiment ticks down

Small business sentiment retreated in January. The Alberta long-term Business Barometer Index (BBI) decreased 1.0 point m/m but remained at a healthy level. Likewise, Alberta's short-term outlook also went down 1.2 points m/m. Shortage of skilled labour was identified as the main reason that limits sales or production growth for Alberta's small businesses. As a result, majority of small businesses are not looking to change staffing plans, while there is an equal share of firms looking to hire and lay off staff. Nationally, the long-term BBI rose 0.5 points m/m, driven by Quebec, Prince Edward Island, and Newfoundland and Labrador.

International Travel

Travel slows

International travel eased in November but remained higher than a year ago. The seasonally adjusted number of non-residential travellers entering Canada through Alberta decreased 10% m/m to 53,952. This was 1.8 times more than a year ago, but only represented 55% of the number of trips observed in November 2019. Similarly, the number of returning Canadians via Alberta went down 14% m/m to 174,471 – 1.9 times more than a year ago, but only 71% of the November 2019 (pre-pandemic) level. While the level of travel remains subdued, it was significantly higher than last year, with both non-resident and resident travel up 5 times YTD, respectively.

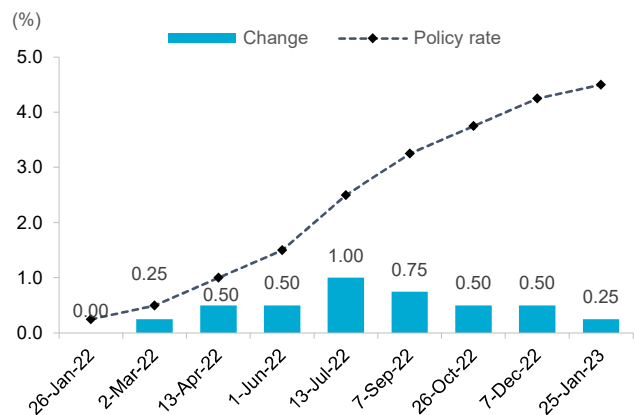
Monetary Policy

Bank of Canada raises rate

The Bank of Canada (BoC) continued its tightening cycle this week but expressed its intent to pause rate hikes conditionally. The BoC increased its target rate by 0.25 percentage points to 4.50% on Wednesday – the eighth and smallest hike since March 2022 (Chart 4). With inflation subsiding, the Bank expects to hold the policy rate at its current level while assessing the impact of cumulative rate increases over the past year. The BoC also updated its economic outlook for Canada. Real gross domestic product (GDP) is now forecast to grow 1.0% in 2023, a slight improvement from the October forecast. The Bank also trimmed its inflation expectations by 0.5 percentage points to 3.6% in 2023. However, the Bank noted strong domestic labour market, surge in commodity prices amid China re-opening and geopolitical developments in Europe as upside risks to inflation.

CHART 4: SMALLEST RATE HIKE SINCE MARCH 2022

Policy rate and change by BoC meeting date



Sources: Bank of Canada, Haver Analytics

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