

Weekly economic review

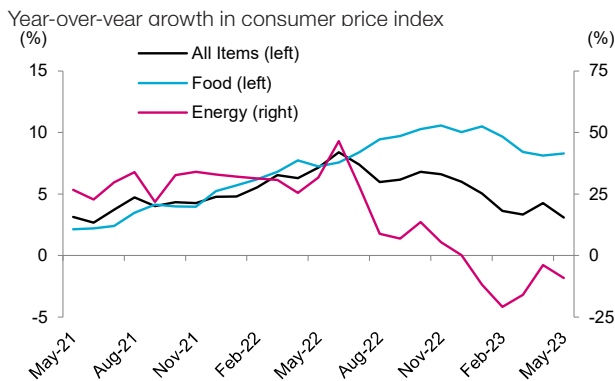
Inflation continues to cool with energy prices

Consumer Price Index

Gasoline prices down sharply

Consumer inflation in Alberta dropped to its lowest level since June 2021. The consumer price index increased 3.1% year-over-year (y/y) in May, down from 4.3% y/y in April (Chart 1). The decline in the annual inflation rate was largely due to gasoline prices, which were significantly lower than a year ago when commodity prices jumped following Russia's invasion of Ukraine. Meanwhile, food inflation remained elevated, rising from 8.1% y/y in April to 8.3% y/y in May. Excluding food and energy, core inflation pulled back one percentage point to 3.3% y/y, its lowest level since February 2022. Core inflation has been slower to ease as higher mortgage interest costs have offset moderating annual growth in most other products and services.

CHART 1: ENERGY PULLS HEADLINE INFLATION DOWN



Source: Statistics Canada and Haver Analytics

Average Weekly Earnings

Earnings gain momentum

Average weekly earnings (AWE) in Alberta advanced for the second consecutive month to a new high. AWE increased 1.1% month-over-month (m/m) to \$1,284, with gains in both the goods (+0.2% m/m) and services (+0.8% m/m) sectors. Goods sector earnings inched up as a strong rebound in construction and a jump in logging overwhelmed pullbacks in mining, quarrying & oil & gas extraction, manufacturing, and utilities. Earnings in the services sector also moved higher, led

by health care and supported by solid gains in transportation & warehousing and administration & support services. With the improvement over the last two months, earnings reached a new high and were up 3.0% y/y, exceeding the national growth (+2.9% y/y).

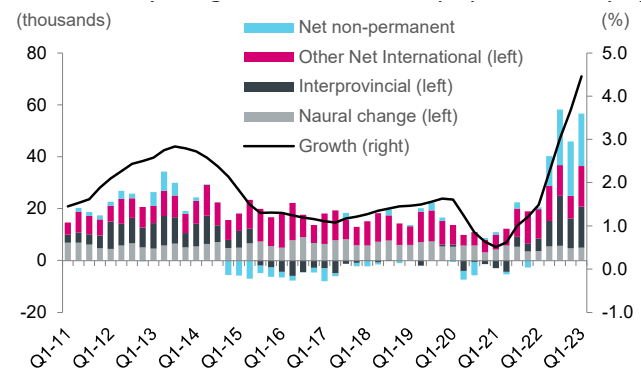
Population

Outsized population growth continues

Alberta's population continues to expand at a rapid pace with surging migration. As of April 1, 2023 Alberta's population was 4,703,772, up 56,594 or 1.2% from January 1, 2023. This was the largest percentage increase ever recorded in the first quarter. The growth was led by surging international migration (35,932), which was boosted by a record first-quarter net inflow of non-permanent residents (20,252) (Chart 2). Alberta also continued to attract Canadians from other provinces, posting the largest net interprovincial gain of all provinces (15,786). Compared to a year ago, Alberta's population grew a whopping 4.5%.

CHART 2: CONTINUED STRENGTH IN MIGRATION IN 2023

Year-over-year growth in Alberta population, by type



Sources: The Canadian Real Estate Association, Haver Analytics

Consumer Confidence

Wildfire weighs on sentiment

Alberta's consumer sentiment took a step back as concerns grew over multiple wildfires in May. The Conference Board of Canada's index of consumer confidence fell 8.7 points in the month. Fewer Albertans were optimistic about future finances, job prospects, and major purchases. The decline followed two months of improvement. Despite higher interest rates and the wildfires, the index remained 14 points higher than the October low.

Alberta Activity Index

Activity inches down

The Alberta Activity Index (AAX) softened in April. The index decreased 0.2% m/m weighed down by the general business sector. Activity in the general business sector accounted for nearly all the decline as wholesale trade (excluding petroleum and oilseeds & grains) and manufacturing shipments pulled back slightly in April. Both the labour market and household sector remained largely unchanged from the prior month. Meanwhile, the energy sector moved higher, supported by seasonally strong drilling. Despite the monthly decline, the AAX remained higher than a year ago (+0.3% y/y) and was up 2.4% year-to-date through April.

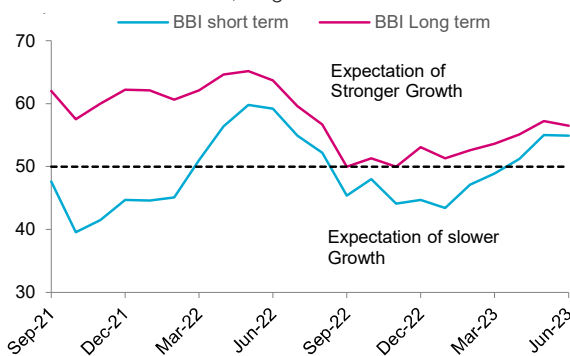
Business Barometer Index

Growth prospects remain positive

Small businesses in Alberta continue to be optimistic about the future in June. Although both the short-term and long-term Business Barometer Index (BBI) slipped in June, they both remained well above 50, indicating that businesses expect stronger performance over the next 3 and 12 months. The mild dip follows months of gains, and both indexes are well above the lows reached in late 2022 and early 2023 (Chart 3).

CHART 3: BUSINESSES REMAIN OPTIMISTIC

Business Barometer Index, long and short-term



Sources: Statistics Canada, Haver Analytics

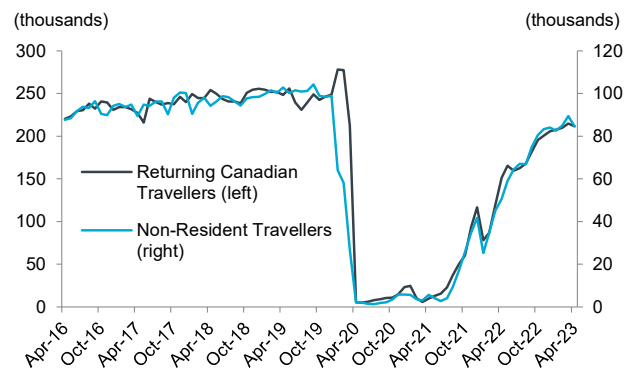
International Travel

Travel remains muted heading into Spring

The number of international travellers continues to be subdued in April. The seasonally adjusted number of non-resident travellers entering Canada through Alberta decreased 5.3% m/m to 84,676 (Chart 4). The number of returning Canadians to Alberta also declined 1.5% m/m to 211,677. While both decreased in the month, they were up significantly from last year's levels. Despite the progress over the last year, the number of non-resident visitors to Alberta and Canadian residents returning to Alberta remains well below pre-COVID levels, down 18% and 15% from April 2019 levels, respectively.

CHART 4: PACE OF RECOVERY SLOWING IN TOURISM SECTOR

Non-resident and returning Canadian travellers via Alberta



Source: Statistics Canada and Haver Analytics

Canadian Real GDP by Industry

Oil & gas extraction offsets public sector pullback

Economic activity in Canada was essentially unchanged in April as a strike by federal workers weighed on growth. National GDP by industry increased 0.1% m/m in April, with activity rising in the goods sector while the services sector was unchanged. The goods sector was led by the mining, quarrying, oil & gas extraction industry (+1.2% m/m), which was boosted by strong gains in conventional oil & gas extraction and support activities. Construction activity also picked up, as increases in non-residential and engineering activities offset lower residential construction. Meanwhile, activity in the service sector was unchanged as a decline in output in the public sector, resulting from the federal worker strike, and lower wholesale trade, offset gains in other industries.

Contact Kwadwo Gyabaa at TBFEERFPublications@gov.ab.ca
For current snapshot of Alberta indicators [Alberta Economy - Indicators at a Glance](#)