

# Weekly economic review

## Bounteous 2022 harvest boosting railway shipments

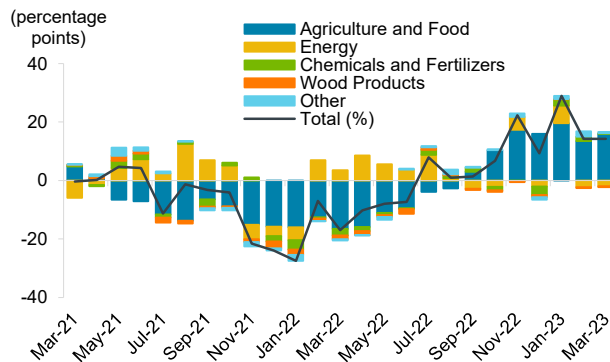
### Railway Carloadings

#### Grain loadings still strong

Railway carloadings continue to post strong growth. Western Canadian railway carloadings stood at 183,382 railcars in March, up 14% year-over-year (y/y), the ninth consecutive month of y/y growth (Chart 1). The growth continued to be led by increases in wheat (+140% y/y) and canola (+149% y/y), reflecting the strong harvest of 2022 and the weak harvest of 2021. Meanwhile, carloadings of fuel oils & crude petroleum (-18% y/y) and wood products (-3.2% y/y) remained subdued. Overall, Western Canadian volumes of non-intermodal freight loadings were 19% higher year-to-date (YTD).

#### CHART 1: AGRICULTURE LEADS Y/Y GROWTH

Contributions to y/y growth in Western Canadian Carloadings



Sources: Statistics Canada, Haver Analytics

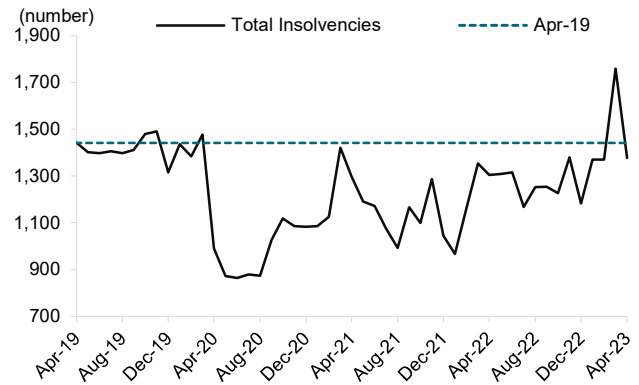
### Consumer Insolvencies

#### Insolvencies down from record high

Alberta's consumer insolvencies pulled back sharply in April after surging to a new high in March (Chart 2). The number of Albertans filing for insolvency fell by 382 to 1,377, with proposals (-349) and bankruptcies (-33) both moving lower. Although the monthly decline reversed nearly all of March's large gain and fell below pre-COVID levels, the number of insolvencies was up 5.5% y/y. The y/y growth reflects the ongoing upward trend. After falling to a multi-year low during COVID, insolvencies have been slowly rising with government supports fading, consumer prices accelerating, and higher interest rates.

#### CHART 2: INSOLVENCIES BACK BELOW PRE-COVID LEVELS

Number of consumer insolvencies filed per month, Alberta



Sources: Office of the Superintendent of Bankruptcy, Haver Analytics

### Business Insolvencies

#### Insolvencies decline

The number of businesses filing for insolvency continues to moderate. Fourteen companies in Alberta initiated insolvencies in March, six fewer than in February. The number of businesses submitting insolvencies has pulled back since surging to a high of 34 last September. While business insolvencies have also retreated at the national level, the decline has been quicker in Alberta, with the provincial share of national insolvencies down from 12% in September 2022 to 4% in March.

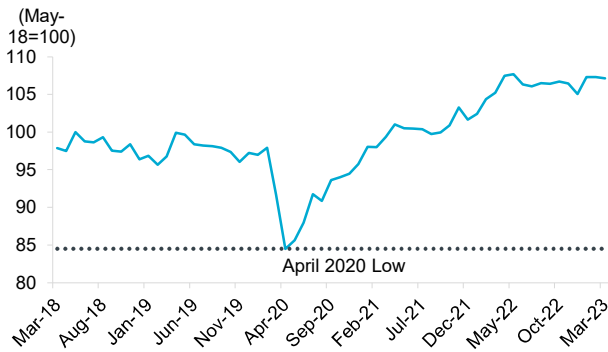
### Alberta Activity Index

#### Activity remains near historical highs

The Alberta Activity Index (AAX) inched down slightly in March. The index decreased 0.2% month-over-month (m/m), weighed down by the general business and household sectors. Activity in the household sector posted the largest decline as housing starts and retail sales pulled back in March. General business sector activity also eased, with wholesale trade (excluding petroleum and oilseeds & grains) retreating after reaching a record high in the previous month. Meanwhile, the energy sector moved higher supported by seasonally strong drilling. At the same time, solid employment growth lifted activity in the labour market in the month. Despite the monthly decline, the AAX remained higher than a year ago (Chart 3). It grew 1.8% y/y and was up 3.1% YTD through March, supported by gains in all sectors.

### CHART 3: ACTIVITY REMAINS NEAR RECENT HIGH

The Alberta Activity Index



Source: Alberta Treasury Board and Finance

## Food Services and Drinking Places

### Sales edge lower

Sales at Alberta's restaurants pulled back from January's high for the second consecutive month. Seasonally adjusted sales at food and drinking places declined 2.9% m/m in March. However, compared to a year ago, sales were up 12%, with strong gains for full-service restaurants (+13% y/y) and limited-service eating places (+12% y/y). The robust growth over the last year reflects the strong post-pandemic recovery and higher prices.

## Canada real GDP by expenditure

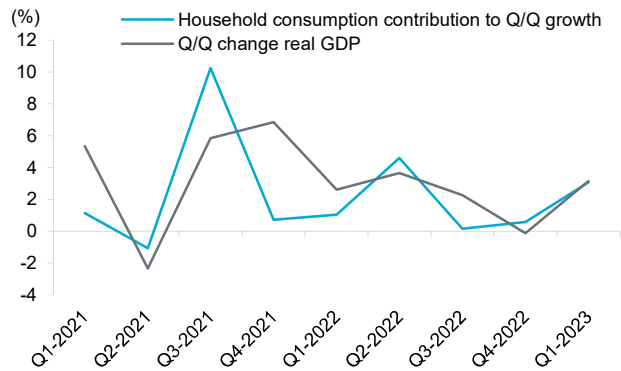
### Surge in consumption boosts growth

The Canadian economy rebounded strongly in the first quarter of 2023. After a small contraction in the fourth quarter, Canadian real GDP grew 3.1% quarter-over-quarter (q/q, annualized) in Q1 2023. The improvement was largely due to an increase in household spending (Chart 4). Spending accelerated to an annual rate of 5.7% after two quarters of modest growth, with durable and semi-durable goods

spending posting double-digit growth, driven by stronger sales of motor vehicles and garments. Household spending on services also increased with significant gains in food & drinking and travel services. Business investment supported growth as a gain in non-residential structures offset a lower amount of investment in machinery and equipment. Exports also jumped 10% q/q driven largely by motor vehicles, metals, and crop products. Meanwhile, investment in residential structures and inventories continued to retreat, weighing on growth.

### CHART 4: HOUSEHOLD CONSUMPTION UNDERPINS GROWTH

Q/Q growth, and contribution to change (annualized)



Sources: Statistics Canada, Haver Analytics