

Weekly Economic Review

Consumer spending showing resilience

Retail Trade

Sales and growth improve

Alberta's retail sales advanced in September for the second consecutive month. Seasonally adjusted retail sales increased 0.9% month-over-month (m/m) to \$8.6 billion. With the monthly increase, year-over-year (y/y) growth accelerated to 4.3%, an improvement over the previous two months but still lower than the first half of 2023 (Chart 1). This pickup was supported by growth in motor vehicle & parts dealers (+5.9% y/y) and continuing strength in food & beverage stores (+8.9% y/y). Meanwhile, lower gasoline prices continued to dampen sales at gas stations (-7.0% y/y). On a year-to-date (YTD) basis, sales were up 5.2%, with strong gains at food, health, clothing, and sporting/hobby stores and motor vehicle dealers.

CHART 1: GROWTH ACCELERATES

Alberta's retail sales, seasonally adjusted



Source: Statistics Canada and Haver Analytics

Food Services and Drinking Places

Sales at new high

Sales at Alberta's restaurants pressed on in September. Seasonally adjusted sales at food and drinking places advanced 0.9% m/m to just over \$1 billion, a new all-time high. Relative to a year ago, sales were up 9.1%, supported by healthy gains in the two largest categories: limited services eating places (+10% y/y) and full-service restaurants (+6.8% y/y). Additionally, special food services (which include food trucks and catering) and drinking places also continue to see solid annual gains. On a YTD basis, sales were up 14%.

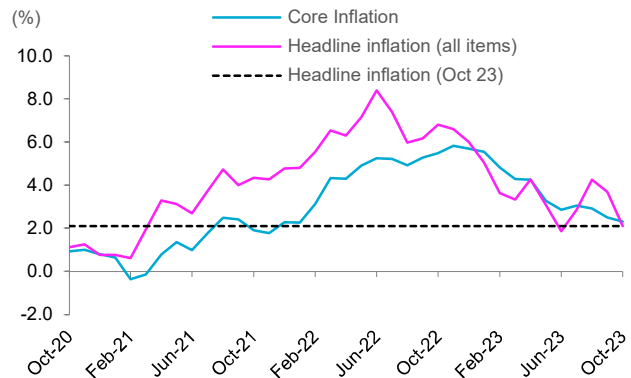
Consumer Price Index

Inflation subdued in October

Consumer inflation in Alberta plunged in October to the second-lowest reading in more than two years (Chart 2). The consumer price index (CPI) increased 2.1% y/y, down from 3.7% y/y in September. While annual price growth moderated in most categories, the dramatic slowdown was largely the result of a significant drop in energy inflation as electricity prices fell 20% m/m and gasoline prices moved lower (-3.0% m/m). Meanwhile, food inflation also continued to ease, declining 0.7 percentage points to 4.7% y/y, the lowest rate since November 2021. Core inflation (which excludes food and energy) slowed from 2.5% y/y in September to 2.3% y/y in October despite an increase in services inflation. Prices for services were up in the month and were up 3.6% y/y. Services inflation accelerated as the cost of rented (+9.6% y/y) and owned accommodation (+7.4% y/y) remained elevated.

CHART 2: INFLATION SUBDUED IN OCTOBER

Annual rate of inflation in Alberta



Sources: Statistics Canada and Haver Analytics

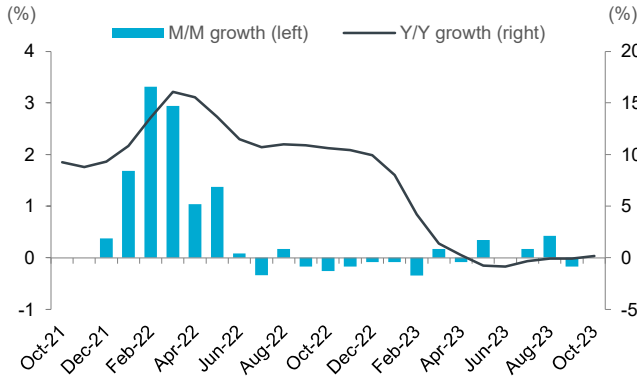
New Housing Price Index

Calgary props up prices

The new housing price index (NHPI) was relatively unchanged in October as prices were flat in Calgary and inched up in Edmonton (+0.2% m/m). While prices in Calgary were unchanged in October, they remained at record levels, boosted by land prices. The strength in Calgary over the last year has offset weakness in Edmonton, leaving the provincial index slightly up (+0.2% y/y) from last October (Chart 3).

CHART 3: NEW HOUSE PRICES CLOSE TO LAST YEAR LEVELS

Percent change in Alberta's new home price index



Sources: Statistics Canada and Haver Analytics

Residential Construction Investment

Multi-unit leading growth

Residential building investment sprang forward in September, led by multi-unit construction. Seasonally adjusted construction spending rose 11% m/m to \$1.7 billion, a ten-month high. The gain was led by multi-unit dwelling construction, which surged 22% m/m with large advances in both Edmonton (+26% m/m) and in Calgary (+20% m/m), where it reached an all-time high. Meanwhile, single-unit dwelling construction continued to improve (+2.6% m/m), mostly due to gains in Calgary (+6.7% m/m). Despite the recent gains, total residential construction spending has been lower in 2023 (-11% YTD) as investment in single dwelling has remained well below last year's elevated levels.

Non-residential Construction Investment

Investment eases

Alberta's non-residential building construction investment declined in September after rising for three consecutive months. The value of non-residential construction spending decreased 1.2% m/m to \$703 million. The decline was concentrated in Calgary and the non-CMA regions and within institutional & governmental construction. Meanwhile, commercial investment was virtually unchanged (-0.1% m/m), whereas industrial investment increased (+0.7% m/m). Over the first nine months of the year, total non-residential investment is up 2.1%, as industrial (+7.9% YTD) and commercial (+6.9% YTD) investments have remained strong.

International Travel

Travel continues to rise

The number of international travellers coming to Alberta continued to increase in September. The seasonally adjusted number of non-resident travellers entering Canada through Alberta increased 7.2% m/m to 114,819. The growth came from both non-US travellers (+11% m/m) and US travellers (+5.8% m/m). Meanwhile, the number of returning Canadians via Alberta increased 3.3% m/m to 260,290. The number of travelers has continued to grow this year and compared to a year ago there were nearly 40,000 more non-resident travellers and nearly 80,000 more returning Canadians entering Canada via Alberta. With the ongoing gains, both the number of non-resident travelers and returning Canadians have fully recovered from the pandemic and are back to 2018 and 2019 levels.

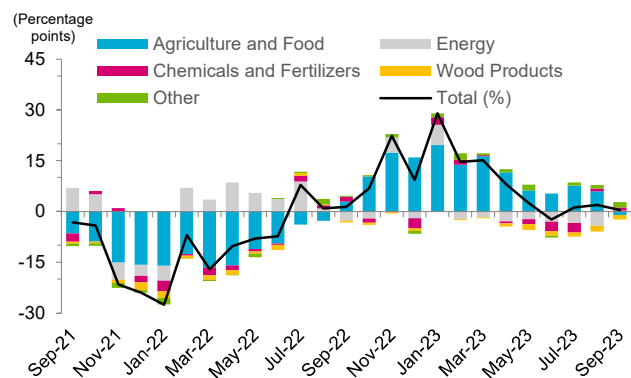
Railway Carloadings

Seasonal pickup in carloadings

Residential building Railway carloadings increased in September but growth remained muted. Western Canadian railway carloadings were reported at 173,993, essentially unchanged from last year (+0.4 y/y). While overall shipment volumes remained unchanged, carloadings for coal (+13% y/y) were up, and chemicals and fertilisers bounced back (+5.8% y/y). These gains were offset by declines in fuel oils and crude (-19% y/y) and wood products (-14% y/y). Also, growth in agriculture and food (-3.4% y/y) has moderated after a strong start to the year, reflecting last fall's strong levels (Chart 4).

CHART 4: GROWTH MUTED

Contributions to y/y growth in Western Canadian Carloadings



Sources: Statistics Canada and Haver Analytics

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