

Weekly economic review

Manufacturing shipments back to record level

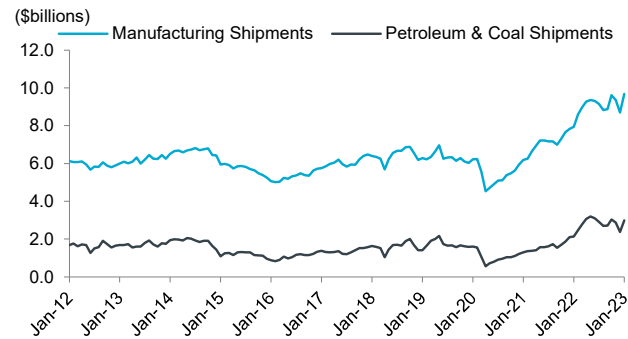
Manufacturing Shipments

Petroleum & coal boosts factory sales to new high

Factory sales in Alberta surged back to record levels in January. The value of manufacturing shipments went up 11% month-over-month (m/m) to \$9.7 billion (Chart 1). Surging petroleum & coal sales and gains in chemical and food products pushed non-durable goods sales (+15% m/m) higher. Shipments of durable goods also ticked up (+2.2% m/m), as higher sales of machinery, wood products, and non-metallic mineral products outweighed declines in fabricated metals, furniture, and computer & electronics. On a year-over-year (y/y) basis, total manufacturing shipments were up 22% in January, propped by petroleum & coal shipments.

CHART 1: FACTORY SALES SET A NEW RECORD

Value of manufacturing shipments in Alberta



Sources: Statistics Canada, Haver Analytics

Housing Starts

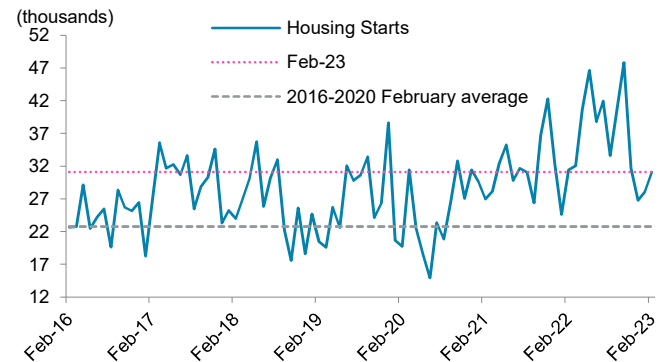
Strong start to 2023 continues

After regaining some ground in January, Alberta's housing starts continued to advance in February. Housing starts rose 11% m/m to a seasonally adjusted annual rate (SAAR) of 31,112 units. The jump in single-detached starts (+40% m/m) more than offset the pullback in multi-unit starts (-3.5% m/m). The weakness in multitis was concentrated in the volatile apartment starts, which shed some of the gains

of the previous month. Regionally, the monthly increase was led by Edmonton. This, along with gains in other smaller urban centres and rural areas overwhelmed a slight pullback in Calgary. With the monthly gain, starts were up 5.5% year-to-date (YTD) (Chart 2), the best start to the year since 2015.

CHART 2: STARTS ABOVE 2016-2020 AVERAGE

Alberta-wide housing starts (SAAR)



Sources: Canada Mortgage and Housing Corporation, Haver Analytics

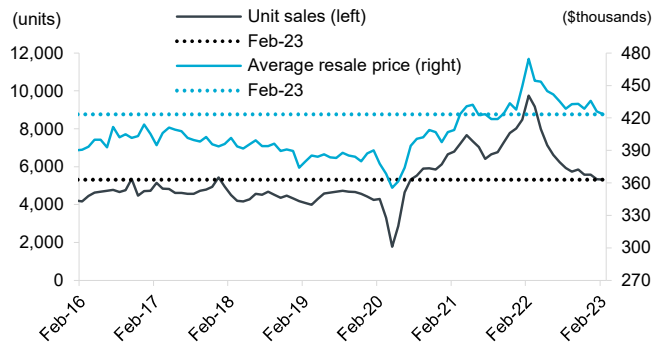
Resale Housing

Activity stabilizing

Activity in Alberta's resale market held relatively steady in February. Seasonally-adjusted (SA) unit sales eased 0.4% m/m to 5,317, as higher sales in Calgary were overwhelmed by pullbacks in Edmonton and the rest of the province. While rapid interest rate hikes have cooled activity significantly from the all-time high in February 2022, sales appear to have normalized to levels still above 2015-2019 (Chart 3). In February, the months of inventory held at 3.8 and the average resale price softened to \$423,431.

CHART 3: SALES AND PRICES NORMALIZING AT STRONG LEVELS

Resale housing unit sales and average resale price (SA)



Sources: The Canadian Real Estate Association, Haver Analytics

Investment in Residential Building Construction

Investment continues to ease

Investment in residential building construction continues to pull back after reaching an all-time high in August. Residential construction spending decreased 1.0% m/m to \$1.6 billion in January as the decrease for single dwellings (-4.6% m/m) outweighed the increase for multi-unit dwellings (+4.5% m/m). Investment for both singles and multi's retreated in Edmonton, Lethbridge, and Alberta's non-CMA regions, with the latter region leading the overall decline. Conversely, investment advanced in Calgary, buoyed by a jump in multi-dwelling spending to a level just shy of August's all-time high. Even with the monthly decline, overall investment was up 5.5% y/y, with gains in multi-dwelling units, predominantly in Calgary.

Investment in Non-Residential Building Construction

Construction investment edges down

Non-residential construction activity in Alberta ticked down in January. Investment in non-residential building construction declined 0.4% m/m to \$676 million. Institutional & governmental construction activity (-2.4% m/m) led the decline with lower spending on welfare and education facilities, and industrial investment (-3.3% m/m) also retreated. In contrast, commercial investment (+0.7% m/m) rose in the month and continued to hover around its 2022 high. Regionally, investment in Calgary was unchanged while it pulled back in Edmonton, Lethbridge, and the rest of the province. Although down in the month, investment in non-residential construction was up 2.7% y/y in January, led by gains in commercial and industrial buildings.

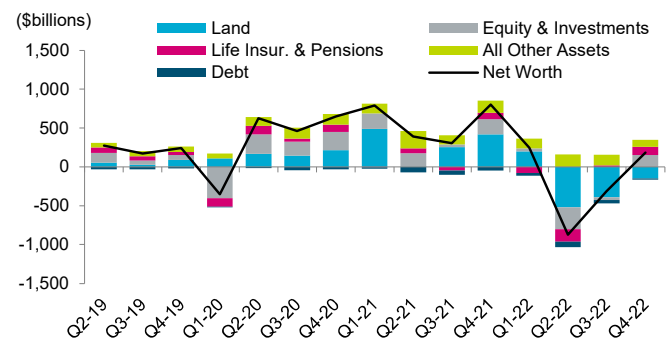
National Balance Sheet (Q4)

Household net worth inches up

Canadian household net worth edged higher in the fourth quarter. Household net worth – the value of all assets less liabilities – rose 1.2% quarter-over-quarter (q/q) to \$15.3 trillion, with gains in financial assets outweighing a decline in the value of non-financial assets. The value of equity & investment fund shares (+3.8%), life insurance & pension plans (+3.8%), and currency & deposits (+2.2%) all advanced in the quarter (Chart 4). Meanwhile, the level of household debt continued to grow, albeit at a slower rate. The higher amount of debt and elevated interest rates outweighed a 3.0% increase in disposable income, and the debt-service ratio increased 0.1 percentage points to 14.3%. Over the last year, Canadian household net worth declined 4.7% in 2022, driven by lower land values and poor financial asset performance. While household net worth declined, disposable income increased over the year and the household savings rate remained elevated despite soaring inflation and aggressive monetary policy.

CHART 4: ASSET VALUES ADVANCE

Contribution to quarterly change in household net worth, Canada



Sources: Statistics Canada, Haver Analytics

Contact Ceilidh Ballantyne at TB.FERFPublications@gov.ab.ca
For current snapshot of Alberta indicators [Alberta Economy - Indicators at a Glance](#)