

Weekly economic review

Inflation continues to cool

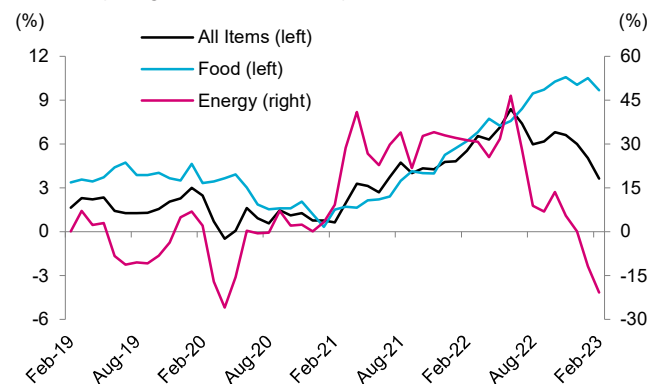
Consumer Price Index

Lower energy prices dampening inflation

Consumer inflation in Alberta continues to slow with lower energy prices. In February, the consumer price index grew 3.6% year-over-year (y/y), down from 5.0% y/y in January and the slowest pace since June 2021. Electricity prices were unchanged in February after plunging in January and were significantly lower than a year ago (-49% y/y). Gasoline and natural gas prices also fell in the month and were down on an annual basis. These broad-based declines pulled down energy prices, which were 21% lower y/y (Chart 1). Food inflation also eased from 10.5% y/y in January to 9.7% y/y in February, and core inflation slowed from 5.5% y/y to 4.8% y/y. The lower core inflation was partly due to the federal-provincial agreement to mitigate childcare costs, which reduced child care & housekeeping services prices by 34% month-over-month (m/m). This decline helped offset the ongoing impact of higher mortgage interest and homeowners' replacement cost, and services inflation fell from 5.6% y/y in January to 5.1% y/y in February.

CHART 1: INFLATION SLOWS AS ENERGY PRICES FALL

Year-over-year growth in consumer price index



Sources: Statistics Canada, Haver Analytics

New Housing Price Index

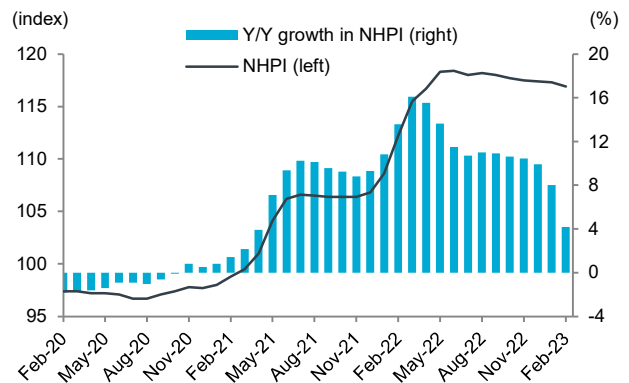
Prices continue to be elevated

Prices for new homes in Alberta have remained relatively steady despite downward seasonal pressures. The new housing price index (NHPI) edged down (-0.3% m/m) in February, with lower prices in Edmonton outweighing stable prices in Calgary. The moderation in prices over the last six

months primarily reflects typical seasonal weakness as sales and activity slow in the late fall and winter. However, higher input costs, tight margins and low inventories continue to prop up prices. Compared to a year ago, the index was up 4.2% (Chart 2).

CHART 2: NEW HOUSE PRICES HOLDING UP

Alberta's new housing price index (Dec-16=100)



Sources: Statistics Canada, Haver Analytics

Retail Trade

Sales move up

Alberta's retail sales advanced in January for the fourth consecutive month. Seasonally adjusted retail sales increased 2.9% m/m to \$8.7 billion as sales at motor vehicles & parts dealers jumped. Retail sales have regained momentum over the past four months, and were up 13% y/y. The strong growth has been broad-based and supported by higher prices. Sales are up sharply in all categories, with the largest y/y gains in sporting goods & hobby retailers, clothing stores, and gasoline stations.

Food Services and Drinking Places

Sales hit new high

Sales at Alberta's restaurants and bars jumped in January to an all-time high. Seasonally adjusted sales at food and drinking places increased 7.0% m/m. Compared to a year ago, sales were up 33%, led by full-service restaurants (+43% y/y) and supported by solid gains in all other categories. The robust growth over the last year reflects the strong post-pandemic recovery and higher prices.

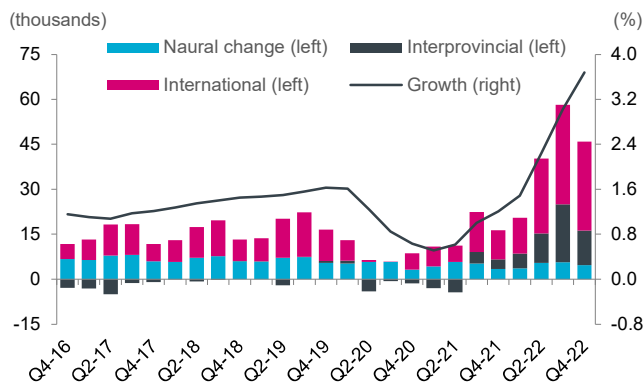
Population

Strong population growth continues

Alberta's population growth continued to lead the country on the back of surging migration and robust natural growth rate. As of January 1st, Alberta's population was 4,647,178, up 45,864 or 1.0% from the end of October. This was the highest fourth quarter growth rate among provinces and larger than all other quarterly increases in Alberta since 1981. The increase was led by surging international migration (29,680) (Chart 3), boosted by near-record net inflows of non-permanent residents (21,020). Alberta also continued to attract Canadians from other provinces, posting the largest net interprovincial gain of all provinces/territories in the fourth quarter (11,534). At the same time, Alberta's natural increase outpaced that of other provinces.

CHART 3: STRONG IN-MIGRATION IN 2022

Alberta's net interprovincial, international migration and year-over-year population growth



Sources: Statistics Canada, Haver Analytics

Employment Insurance

Beneficiaries continue to decline

Fewer Albertans are receiving Employment Insurance (EI). The number of Albertans receiving regular EI benefits, on a seasonally-adjusted basis, fell 5.5% m/m to 40,660 in January. The decline came as the number of EI applicants fell 24% m/m to an eight-month low. The number of beneficiaries has declined continuously over the last 20 months as the number of EI applicants has moderated. With the ongoing declines, the number of regular EI beneficiaries and applicants was below pre-COVID levels.

Job Vacancies

More job openings filled in the fourth quarter

Employers in Alberta continue to fill job openings. The number of job vacancies dropped by 10,170 to 93,210 in the fourth quarter. Vacancies have pulled back since reaching a high in Q2 2022 as employers have filled open positions and increased payroll employment. While the number of unemployed also retreated in the quarter, the unemployment-to-job vacancies ratio inched up. There were 1.4 unemployed Albertans for every vacant job in the fourth quarter, up from 1.3 in Q3.

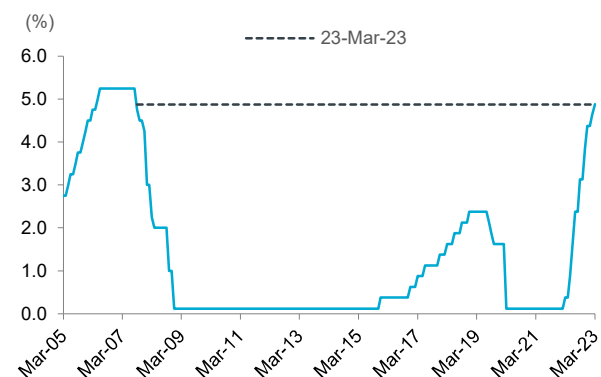
FOMC Rate Announcement

Federal Reserve Bank raises target rates

The Federal Open Market Committee (FOMC) raised interest rates again this week. They increased the target range for the federal funds rate by 25 basis points to 4.75-5.00%. This is the ninth rate increase since March 2022, and the interest rate is now at the highest level since September 2007 (Chart 4). While the FOMC remains committed to curbing inflationary pressure, the recent turmoil in the U.S. banking sector will also influence future policy decisions.

CHART 4: FOMC INCREASES TARGET RATES TO THE HIGHEST LEVEL SINCE 2007

Federal funds target rate and change in rate



Sources: Federal Reserve, Haver Analytics

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