

# Weekly economic review

## Inflation takes a step back

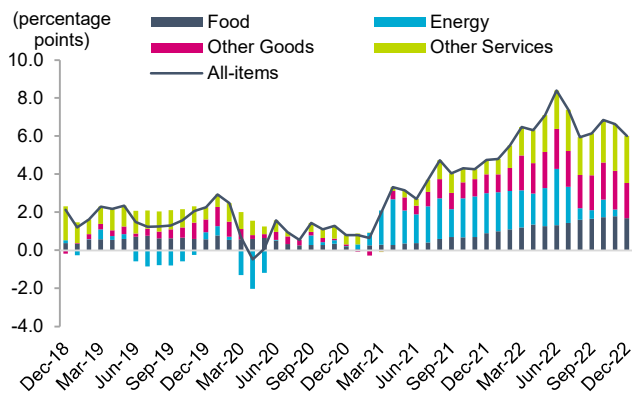
### Consumer Price Index

#### Lower gasoline prices dampen inflation

Alberta's consumer inflation continued to ease in December but remained high. The headline consumer price index (CPI) increased 6.0% year-over-year (y/y), down from 6.6% y/y in November (Chart 1). Energy inflation (+0.1% y/y) dropped to its slowest pace since December 2020, with lower gasoline prices (-16% month-over-month, m/m) outweighing upticks in electricity and natural gas prices. Food prices also went down in the month for the first time since July 2021, and food inflation slowed from 10.6% y/y to 10% y/y. Core inflation (all items except food and energy) remains stubbornly high, but dipped from 5.8% y/y to 5.7% y/y. This continues to be propped up by services inflation, which also eased from November's 14-year high. Soaring interest rates have driven up mortgage interest cost and homeowners' replacement cost and have been a significant accelerant of services inflation. Annually, headline CPI was up 6.5% y/y in 2022, the highest growth since 1982.

#### CHART 1: HEADLINE INFLATION COMING DOWN

Contribution to Alberta's headline consumer inflation



Sources: Statistics Canada, Alberta Treasury Board and Finance

### Resale Housing

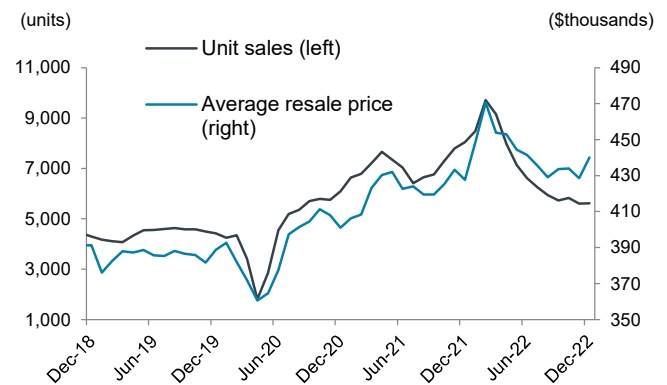
#### Activity holds firm to end the year

Activity in Alberta's resale housing market was steady in December after easing in November. Seasonally adjusted (SA) unit sales increased 0.1% m/m to 5,612, with the gains

in Edmonton eclipsing pullbacks in Calgary and the rest of the province. Unit sales were down 30% y/y, reflecting the acceleration of activity leading up to February 2022, when monthly sales reached an all-time high. While the interest rate hikes have cooled activity significantly, sales appear to have normalized to levels still above 2015-2020. In December, the months of inventory held at 3.7 and the average resale price climbed to \$440,138 (Chart 2). Annually, there were 84,050 unit sales in 2022, down 1.8% from the all-time high in 2021.

#### CHART 2: SALES AND PRICES NORMALIZING AT STRONG LEVELS

Resale housing unit sales and average resale price (SA)



Sources: The Canadian Real Estate Association, Haver Analytics

### Housing Starts

#### Multi-unit starts down from towering heights

Alberta's housing starts continued to moderate after hitting a seven-year high in October. Housing starts dropped 15% m/m to a seasonally adjusted annual rate (SAAR) of 26,813 units in December, as the decline in multi-unit starts (-26% m/m) overwhelmed an uptick for single-detached starts (+3.2% m/m). Apartment starts continued to retreat after soaring in October, outweighing the jump in row starts. Regionally, Calgary experienced softer activity while the rest of the province advanced in the month. With the monthly decline, starts were on par with average December starts from 2016-2019. December capped off a strong year, with annual starts reaching 36,544 units in 2022, the highest level since 2015 and up 14% from 2021.

## Residential Construction Investment

### Investment continues to ease

Investment in residential building construction slipped further in November after reaching an all-time high in August. Alberta's residential investment went down 7.1% m/m to \$1.6 billion on the back of declines in both single dwellings (-8.5% m/m) and multi-unit dwellings (-4.6% m/m). Calgary and Edmonton both saw investment for singles declining more than for multi-units. Investment also retreated in Alberta's non-CMA regions, while Lethbridge bucked the trend, supported by higher single-dwelling spending. Despite the monthly decline, overall investment was up 18% year-to-date (YTD), with gains boosted by higher construction costs.

## Investment in Non-Residential Building Construction

### Construction investment retreats

Non-residential construction activity in Alberta ticked down in November after six consecutive months of gains. Investment in non-residential building construction declined 1.9% m/m to \$683 million. Commercial activity (-1.6% m/m) led the decline, with lower spending on minor commercial projects, recreation facilities, and hotels & restaurants. Industrial (-3.1% m/m) and institutional & governmental (-2.2% m/m) investment also went down. Overall, the monthly gains were concentrated in Edmonton, while moderate declines were observed elsewhere. Despite the monthly dip, investment was up 14% YTD, led by the private sector.

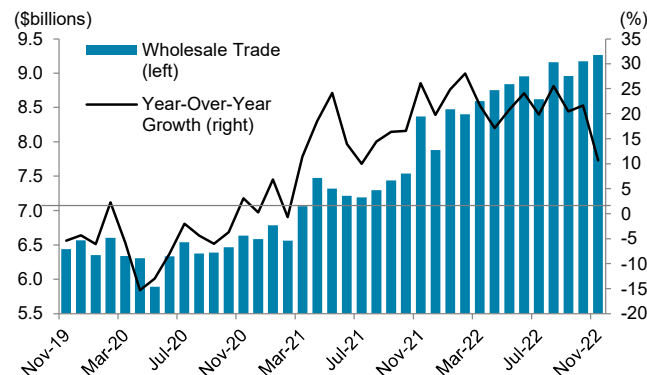
## Wholesale Trade

### Sales continue to advance

Alberta's wholesale trade rose in November, beating the previous month's all-time high (Chart 3). Wholesale trade grew 1.0% m/m to \$9.3 billion, with higher sales in four of seven categories. The increase was led by miscellaneous wholesalers, followed almost equally by motor vehicles

#### CHART 3: SALES AT RECORD HIGH AGAIN

Alberta's wholesale trade (SA)



Sources: Statistics Canada, Haver Analytics

& parts, food, beverage & tobacco, and machinery & equipment. These gains were partially offset by declines in building materials & supplies, and farm products. With the monthly increase, sales were up 21% YTD, with gains in all subsectors, particularly for machinery & equipment.

## Retail Trade

### Sales at food and beverage stores ease

Alberta's retail sales held fairly steady in November. Retail sales inched down 0.1% m/m to \$8.1 billion. Spending at food & beverage stores fell again in the month after increasing through most of 2022 amid rising food prices. General merchandise and building material & garden supply stores also retreated and y/y growth in sales slowed sharply. These declines were partially offset by a monthly uptick in sales at motor vehicle & parts dealers and gasoline stations. Despite the monthly dip, sales were up 6.0% y/y in November and 6.4% YTD, supported by higher prices and strong growth in gasoline station sales.

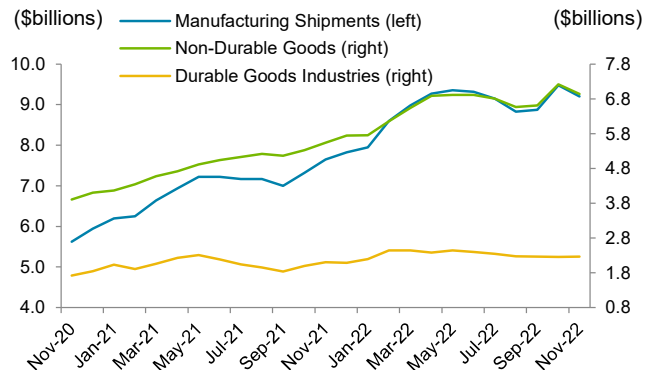
## Manufacturing Shipments

### Factory sales step back from record high

Factory sales in Alberta retreated in November from October's all-time high. The value of manufacturing shipments went down 3.0% m/m to \$9.2 billion, weighed down by non-durable goods (-3.9% m/m) (Chart 4). The decline was concentrated in chemical products (notably pesticide, fertilizer & other agricultural chemicals), as well as petroleum & coal. Meanwhile, durable goods ticked up (+0.1% m/m) after waning for five consecutive months. The gains in machinery, wood products, and fabricated metals countered decreases in primary metals and several other categories. Despite the monthly decline, sales were 20% higher than November 2021, up 29% YTD.

#### CHART 4: DURABLES AND NON-DURABLES TICK DOWN

Value of manufacturing shipments in Alberta, by selected industries



Sources: Statistics Canada, Haver Analytics

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