

Weekly economic review

Consumer and business sentiment resilient

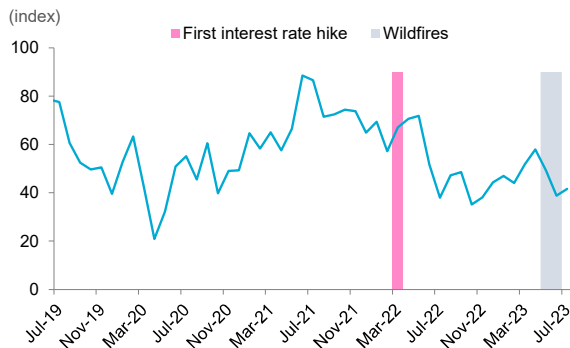
Consumer Confidence

Sentiment regains some ground

Alberta's consumer sentiment turned a corner in July. The Conference Board of Canada's index of consumer confidence increased 2.8 points in the month. The improvement follows a sharp pullback in May and June when wildfires and renewed interest rate hikes weighed on sentiment. The modest monthly gain reflects growing optimism regarding future job prospects and a decline in the number of Albertans who were pessimistic about their current and future financial situation. Despite these improvements, the survey indicated that Albertans became more cautious about making major purchases, and the overall index remains well below the levels seen before the interest rate hikes began (Chart 1).

CHART 1: SENTIMENT EDGES UP AFTER WILDFIRES

Index of consumer confidence, 2014=100



Source: Conference Board of Canada

Business Barometer Index

Sentiment remains upbeat

Small businesses in Alberta are maintaining their positive outlook. The long-term Business Barometer Index (BBI) rose (+0.6 points month-over-month or m/m) in August and remained well above 50, indicating that businesses expect stronger performance over the next 12 months. The long-term outlook has continued to improve despite various headwinds (including higher energy prices, higher interest rates, and labour shortages) weighing on the outlook.

Average Weekly Earnings

Earnings pull back

Average weekly earnings (AWE) have stalled after making large gains in March and April. AWE eased 0.3% m/m to \$1,284 in June, with a pullback in the services sector (-0.2% m/m) outweighing gains in the goods sector (+0.2% m/m). Earnings in the services sector moved lower, down for 8 out of 15 industries. Real estate & rental & leasing led the decline, while AWE for health care and wholesale trade also retreated. Meanwhile, earnings in the goods sector inched up, with a jump in forestry & logging outweighing mild declines in the other four industries. Although AWE have pulled back over the last two months, they remain well above the levels at the start of the year and were up 2.1% year-over-year (y/y), with services up 2.7% y/y and goods up 1.2% y/y.

GDP by Expenditure

Growth stalls

National economic activity remained essentially unchanged in the second quarter. Canadian real GDP dipped 0.2% quarter-over-quarter annualized (q/qA) after advancing 2.6% in the first quarter. The mild reversal was the result of strong gains in non-residential investment and government spending being overwhelmed by the continued decline in residential investment, slowing household spending, and moderation in inventories. Residential investment contracted (-8.2% q/qA) for the fifth quarter in a row, while household consumption was flat, as lower consumption of durable goods and services offset gains in semi and non-durable consumption. Non-residential investment (+9.9% q/qA) built on the first quarter gains as robust growth in engineering structures continued and machinery investment rebounded. With the quarterly decline, real GDP was up 1.1% y/y, the slowest annual growth since Q1-2021.

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