

# Weekly Economic Review

## Earnings remain stable

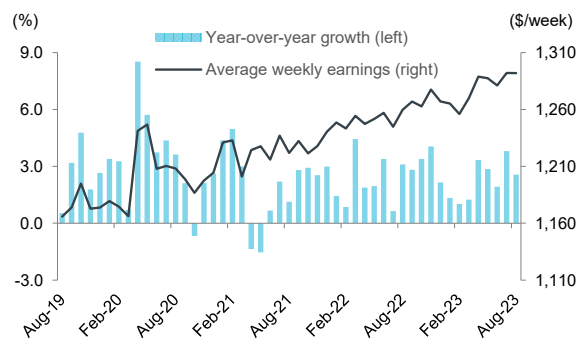
### Average Weekly Earnings

#### Earnings hold steady

Average weekly earnings (AWE) were largely unchanged in August after reaching a new high in July. AWE held at \$1,292, with slight gains in the services sector (+0.1% month-over-month or m/m) offsetting a pullback in the goods sector (-0.2% m/m). While data was unavailable for mining, quarrying, & oil & gas extraction, earnings eased in the month for manufacturing and construction. Earnings in the service sector moved higher, with gains in only 6 out of the 15 industries. Gains were led by arts & entertainment and transportation & warehousing while there was a notable decline in accommodation & food and finance & insurance. With the monthly pause, earnings were up 2.6% year-over-year (y/y) in August, down from 3.8% y/y in July. On a year-to-date (YTD) basis, earnings were up 2.3%, with similar gains in the goods sector (+2.4% YTD) and services sector (+2.3% YTD).

#### CHART 1: AWE STILL PAUSE AFTER HITTING A NEW ALL-TIME HIGH

AWE and year-over-year change in AWE



Sources: Statistics Canada, Haver Analytics

### Railway Carloadings

#### Carloadings remain steady

Rail carloadings continued at levels similar to last year. Western Canadian railway carloadings were reported at 158,991 railcars in August, up slightly from last year (+0.4% y/y). Total volumes remained flat as strong growth in carloadings for wheat (+32% y/y) and colza seeds (+74% y/y) were offset by lower levels of energy (-11% y/y). While this was the second consecutive month of little growth, Western Canadian volumes of non-intermodal freight loadings were up 8% YTD, reflecting the strong start to the year.

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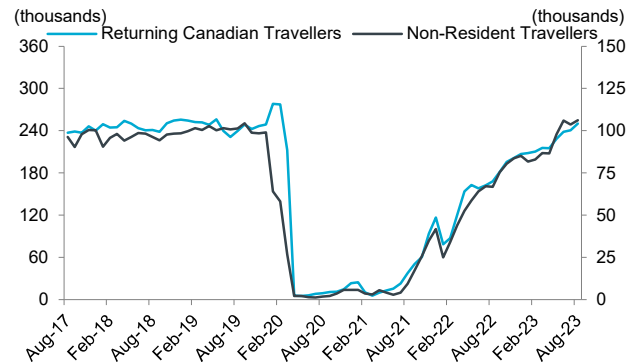
### International Travel

#### Travel surpasses pre-pandemic levels

The number of international travellers entering Alberta continues to move beyond pre-covid levels. The seasonally adjusted number of non-resident travellers entering Canada through Alberta increased 2.3% month-over-month (m/m) to 106,135. The growth came from US travellers (+3.2% m/m), while non-US travellers pulled back (-0.3% m/m). With recent gains, non-resident travellers were up 59% y/y and exceeded pre-COVID levels for the third month in a row. Meanwhile, the number of returning Canadians via Alberta also remained above pre-COVID levels, increasing 3.9% m/m to 249,991.

#### CHART 2: TRAVEL SURPASSES PANDEMIC LEVELS

Non-resident and returning Canadian travellers via Alberta (SA)



Sources: Statistics Canada, Haver Analytics

### Food Services and Drinking Places

#### Sales hold up

Sales at Alberta's restaurants held strong in August. Seasonally adjusted sales at food and drinking places eased 0.1% m/m from July's all-time high to remain just north of \$1 billion. Compared to a year ago, sales were up 11%, supported by strong gains in the two largest categories: limited services eating places (+12% y/y) and full-service restaurants (+8.5% y/y). Meanwhile, speciality food services (food trucks, catering, etc.) and drinking places also posted solid annual gains. On a year-to-date (YTD) basis, sales were up 15%.

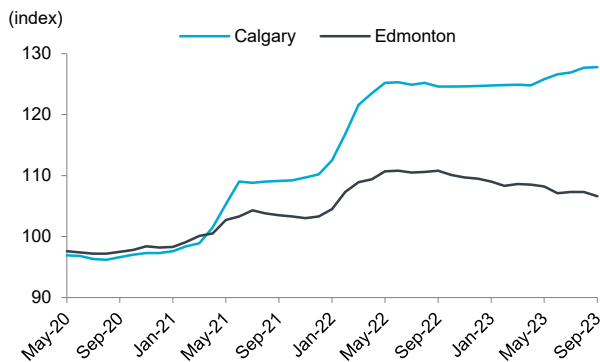
## New Housing Pricing Index

### Prices continue to diverge

Alberta's new housing price index (NHPI) eased in September. The NHPI declined 0.2% m/m as lower prices in Edmonton overwhelmed a slight uptick in Calgary. Prices in Edmonton have been trending lower and fell back further in September (-0.7% m/m) with declines in both the house and land components. Meanwhile in Calgary, prices for new homes inched up to a new high with both the house and land components at record levels. Year-to-date (YTD) the provincial index is up 1.2% as the strength in Calgary (+3.1% YTD) has more than offset the weakness in Edmonton (-1.3% YTD).

**CHART 3: PRICES CONTINUE TO DIVERGE**

New House Price (Dec-16=100)



Sources: Statistics Canada, Haver Analytics

## Consumer Confidence

### Sentiment rebounds but remains weak

Alberta's consumer sentiment bounced back after falling to a post-COVID low. The Conference Board of Canada's index of consumer confidence rose 6 points in September. The growth reflects improving sentiment toward job prospects as well as current and future finances. However, sentiment toward major purchases declined and overall sentiment remained pessimistic. Despite the improvement, consumer sentiment was at the second lowest level since the pandemic.

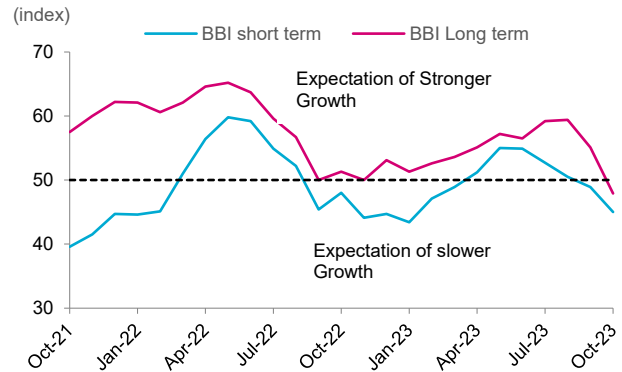
## Business Barometer Index

### Outlook turns negative

Small businesses in Alberta expect weaker sales over the short and long-term. Both the short-term and long-term Business Barometer Index declined in October, with both falling below 50, indicating that businesses expect weaker performance over the next 3 and 12 months. Sentiment has been waning over the last few months as production and sales continues to be hampered by a shortage of skilled labour and insufficient domestic demand. At the same time cost pressures from energy, insurance, tax, and regulation have increased. With the recent pull back, small business long-term sentiment is at the lowest level since April 2020.

**CHART 4: SMALL BUSINESS OUTLOOK NEGATIVE**

Long-term Business Barometer Index



Sources: CFIB, Haver Analytics

## Monetary Policy Report

### Slower economic growth expected

The Bank of Canada (BoC) lowered its economic growth projections in the Monetary Policy Report (MPR). The BoC revised its forecast for GDP growth in 2023 to 1.2% from 1.8% in the July forecast. The reduction was due to slowing domestic spending and weaker-than-expected foreign demand. The Bank also projects weaker growth in 2024 (0.9% against 1.2% in July), as consumer spending is expected to remain low. The recovery in business investment is also expected to be gradual as interest rate hikes continue to work their way through the economy. The BOC projects the economy to grow 2.5% in 2025, roughly at the same pace as previously anticipated.

## Central Bank Policy Rates

### Rates Hikes on hold

Both the European Central Bank (ECB) and Bank of Canada left their policy rate unchanged this week. On Wednesday, the Bank of Canada (BoC) kept its benchmark interest rate steady at 5.0% for the second consecutive meeting. Meanwhile, the European Central Bank (ECB) left the deposit rate at 4.0% and its main refinancing operations and marginal lending facility remained at 4.5% and 4.75%, after ten consecutive increases. Both decisions came as real GDP growth is expected to remain subdued.

Contact Kwadwo Gyabaa at [TBF.ERFPublications@gov.ab.ca](mailto:TBF.ERFPublications@gov.ab.ca)  
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