

Weekly economic review

Earnings move up but households remain cautious

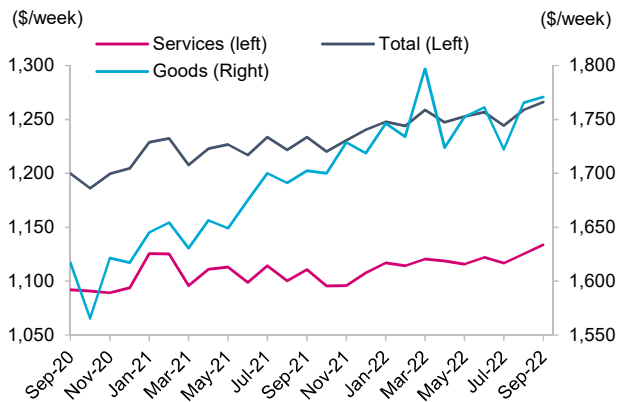
Average Weekly Earnings

Earnings press higher

Alberta's average weekly earnings (AWE) advanced in September. AWE increased 0.6% month-over-month (m/m) to \$1,266, up for the second consecutive month (Chart 1). Earnings in the goods sector (+0.3% m/m) edged up with gains in construction outweighing a decline in mining, quarrying, oil & gas extraction. Meanwhile, AWE in the services sector increased 0.8% m/m, driven by a sizeable gains in finance & insurance (+6.2% m/m), educational services (+2.4% m/m) and a surge in art, entertainment & recreation. Conversely, AWE were down sharply for management of companies and information & culture while earnings in accommodation & food also took a step back. With the monthly gain, earnings were up 2.3% Year-to-date (YTD) with the goods sector (+5.1%) outpacing the services sector (+0.9%).

CHART 1: EARNINGS ADVANCE

Average weekly earnings in Alberta by sector



Sources: Statistics Canada, Haver Analytics

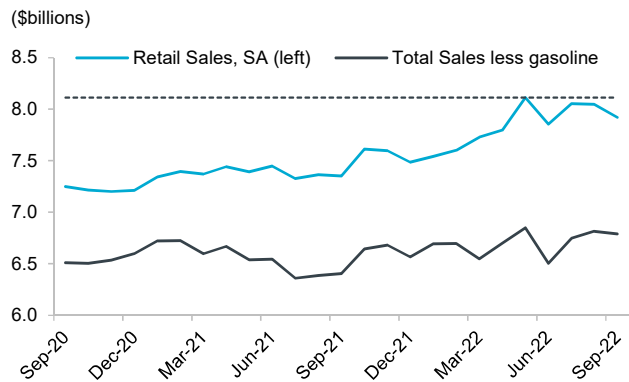
Retail Trade

Sales slip slightly

Alberta's retail sales pulled back in September but remained elevated. Seasonally-adjusted retail sales went down 1.6% (m/m) to \$7.9 billion. Sales at gasoline stations fell with the 6.2% (m/m) decline in the retail price of gasoline. Higher interest rates and low inventory weighed down the sales of motor vehicles and parts. These declines were partially offset by continuing strengthening building materials & garden supplies sales. The value of sales has hovered around \$8 billion since May (Chart 2) as consumers keep adjusting to the higher prices. While overall sales have levelled off, they are up 7.7% year-over-year (y/y) and 6.4% YTD, supported by higher prices and in particular, strong growth in gasoline station sales.

CHART 2: SALES PULLBACK FROM MAY PEAK

Alberta retail sales, seasonally adjusted



Sources: Statistics Canada, Haver Analytics

Food Services and Drinking Places

Sales hold steady

Spending at restaurants remained strong to end the summer season. Seasonally-adjusted sales at food and drinking places increased 0.6% (m/m) in September to reach a new high of \$937 million. On a non-seasonally-adjusted basis, sales were up 20% y/y, propped up by strong annual growth at full-service restaurants, limited-service eating places, special food services, and drinking places. Overall sales were up 27% YTD, with solid gains in all types, reflecting the strong recovery from the pandemic and higher prices.

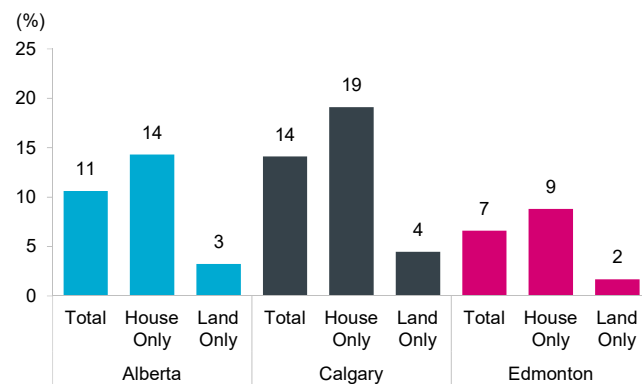
New Housing Price Index

New home prices edge down

The Alberta new housing price index pulled back for the second consecutive month. The index declined 0.3% m/m in October, with lower prices in Edmonton and for the house-only component. After rapid gains in 2021 and early 2022, the index has moderated and was down 0.6% from June. Despite the recent weakness, the index was up 11% y/y, outpacing the national change (+5.1% y/y), largely due to strong price growth in Calgary (+14% y/y) (Chart 3).

CHART 3: CALGARY SOURCE OF STRENGTH

Year-over-year change in NHPI by component and region, Oct-2022



Sources: Statistics Canada, Haver Analytics

International Travel

Travel picks up

International travel improved as staffing challenges and flight cancellations subsided near the end of the busy summer travel season. The seasonally adjusted number of non-residential travellers entering Canada through Alberta increased by 3.0% m/m to 69,900 in September. This was 3 times more than a year ago, but only represented 67% of the number of trips observed in September 2019. Similarly, the number of returning Canadians via Alberta rose 3.6% m/m to 185,000 – about 4 times than a year ago, but only 74% of the September 2019 (pre-pandemic) level. While the level of travel remains subdued, it was significantly higher than last year, with non-resident and resident travel up 8 and 7 times YTD.

Business Barometer Index

Sentiment eases

Small businesses in Alberta continue to be cautious. The Alberta long-term Business Barometer Index (BBI) declined 1.3 points m/m, retreating to 50 in November, indicating the entrepreneurs are evenly divided about the outlook (Chart 4). This matched the September 2022 reading and was the lowest since the beginning of a pandemic. Alberta's short-term outlook also went down 2.9 points m/m. Overall, full-time staffing plans turned negative, with more businesses looking to lay off than to hire over the next 3-4 months. Nationally, the long-term BBI dipped by 1.2 points m/m, driven by declines in the Atlantic Provinces.

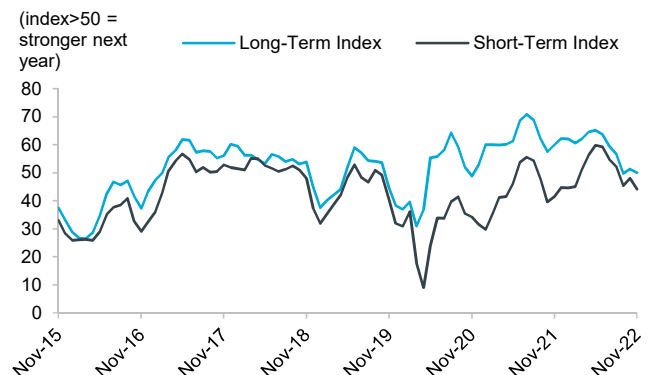
Railway Carloadings

Carloadings stable

Railway carloadings increased in September and were slightly higher than a year ago. Western Canadian railway carloadings stood at 173,046 railcars, up 1.2% y/y – the third consecutive month of positive y/y increases. Two major categories contributed to the uptick - wheat (+64% y/y) and potash (+16% y/y). With a good growing season and a strong crop, carloadings of wheat hit a 17-months high in September. Likewise, loadings of potash have risen y/y for five months, reflecting strong global demand for Canadian fertilizers. These gains were partially offset by a drop in coal (-16% y/y), fuel oils & crude petroleum (-15% y/y), and canola (-40% y/y). Despite the monthly gain, Western Canadian volumes of non-intermodal freight loadings were 8% lower YTD.

CHART 4: ALBERTA'S LONG AND SHORT-TERM OUTLOOKS DECLINE

Alberta Business Barometer Index (Two-Month Moving Average)



Source: Canadian Federation of Independent Business

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