Weekly economic review

Business sales remain robust

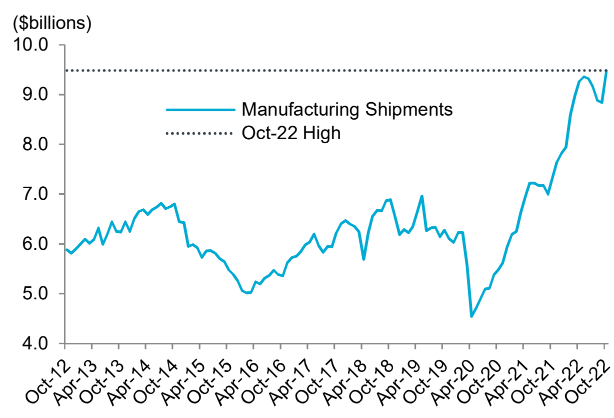
Manufacturing Shipments

Factory sales at an all-time high

Factory sales in Alberta surged in October to an all-time high. The value of manufacturing shipments went up 7.3% month-over-month (m/m) to $9.5 billion (Chart 1). The gain came on the back of higher shipments of non-durable goods (9.8% m/m), particularly petroleum and coal (+14% m/m) and chemicals (+15% m/m). After three consecutive monthly declines, sales in the petroleum and coal industry jumped with higher prices and some volume growth. Sales in food manufacturing also jumped (+6.2% m/m) and reached a record high. Meanwhile, shipments of durable goods remained unchanged as gains in wood product shipments and several other categories were outweighed by declines in primary and fabricated metal sales. With the monthly uptick, overall factory sales were 29% higher than a year ago and were up 30% year-to-date (YTD).

CHART 1: FACTORY SALES SET A NEW RECORD

Value of manufacturing shipments in Alberta



Sources: Statistics Canada, Haver Analytics

Wholesale Trade

Sales bounce back up

Alberta's wholesale trade rose in October back to a level slightly shy of the record high set in August. It increased 2.1% m/m to $9.1 billion as sales rebounded in three of the seven categories. The rebound in miscellaneous wholesalers contributed the most to the increase (+11% m/m) on the back of the agricultural supplies industry. Sales also rebounded at personal goods and building material wholesalers, while sales at motor vehicle and parts wholesalers continued to recover. These gains were partially offset by slight declines in machinery, equipment & supplies and food, beverage & tobacco categories. With the monthly increase, sales were up 22% YTD, with gains in all subsectors.

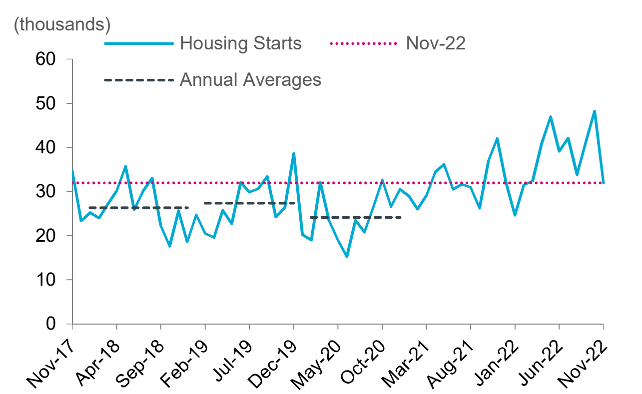
Housing Starts

Pullback to a moderate pace

After hitting a seven-year high, Alberta's housing starts retreated to a more moderate pace in November. Housing starts plunged 34% m/m to a seasonally adjusted annual rate (SAAR) of 31,936 units. The pullback was largely due to the volatile multi-unit starts, which declined 40% m/m after surging to the third-highest amount ever recorded in the previous month. Single starts also continued to ease, down 22% m/m to a 10-month low. Regionally, the softer month-over-month activity was concentrated in Edmonton. Despite the monthly drop, the pace of housing starts remained robust, above both 2019 and 2020 levels (Chart 2). YTD, starts were up 17%, with gains in all major urban areas.

CHART 2: HOUSING STARTS REMAIN SOLID

Housing starts in Alberta (SAAR)



Sources: Canadian Mortgage and Housing Corporation, Statistics Canada

New Housing Price Index

New home prices continue to ease

The Alberta new housing price index pulled back in November for the third consecutive month. The index dipped 0.2% m/m, weighed down by lower prices in Edmonton, which have eased over the past few months. In contrast, they have remained steady in Calgary. Despite the monthly tick down, the provincial index was up over 10% year-over-year (y/y), reflecting the rapid gains in late 2021 and early 2022. The growth in prices in Alberta outpaced the national change (+4.1% y/y), largely due to higher prices in Calgary (+14% y/y).

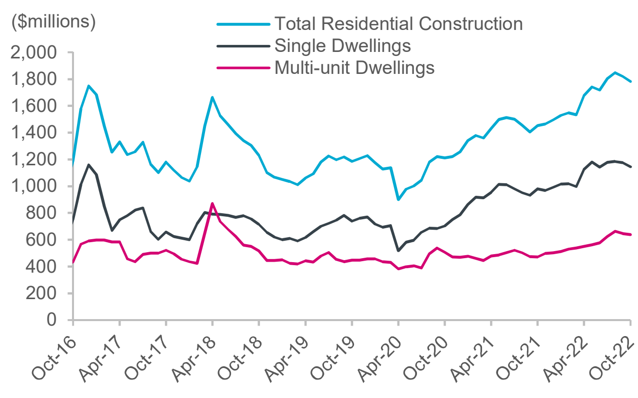
Residential Construction Investment

Investment cooling

Investment in residential construction continued to soften in October after reaching an all-time high in August (Chart 3). Alberta residential construction spending went down 2.1% m/m to $1.8 billion as investments in both single-dwellings (-2.6% m/m) and multi-unit buildings (-1.1% m/m) fell. Regionally, there were broad-based declines, led by lower investment in multi-dwelling buildings in Calgary and Lethbridge. Residential investment in Edmonton also pulled back after reaching a seven-year high in September, as a drop in single-dwelling investment outweighed an uptick in multi-units. Investment outside the CMA regions bucked the trend with increases in both categories. Despite the monthly decline, overall residential investment was up 19% YTD, with gains in all regions boosted by higher construction costs.

CHART 3: INVESTMENT EASES BUT REMAINS ELEVATED

Investment in housing construction by type, seasonally adjusted



Sources: Statistics Canada, Haver Analytics

Investment in Non-Residential Building Construction

Construction investment continues to move up

Non-residential construction activity in Alberta advanced for the sixth consecutive month. Investment in non-residential building construction ticked up 0.9% m/m to $702 million in October. Commercial construction activity (+1.0% m/m) led the gains, on the back of higher spending on office buildings and warehouses. Industrial investment also experienced a solid uptick (+1.9% m/m) due to higher spending on factories & plants, and institutional & governmental investment edged up 0.2% m/m after two months of declines. The monthly gains were concentrated in Calgary, Edmonton, and Lethbridge, while overall investment experienced a modest decline outside the major centers. With the monthly gain, investment in non-residential construction was up 15% YTD, led by the private sector.

National Balance Sheet

Household net worth declines

Canadian household net worth declined in the third quarter as higher interest rates weighed on asset prices. Household net worth - the value of all assets less liabilities - fell 2.1% quarter-over-quarter (q/q) to $15.1 trillion. The value of land (-6.7%), equity & investment fund shares (-1.1%), and life insurance & pension plan assets (-0.9%) all declined in the quarter. Meanwhile, household debt continued to grow, albeit at a slower rate. The higher amount of debt and higher interest rates overwhelmed a 0.8% increase in disposable income, and the debt-to-service ratio increased by 0.5%. Total debt payments now consume 14% of Canadians' disposable income.

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For current snapshot of Alberta indicators Alberta Economy - Indicators at a Glance