

Weekly Economic Review

Solid earnings support overall activity

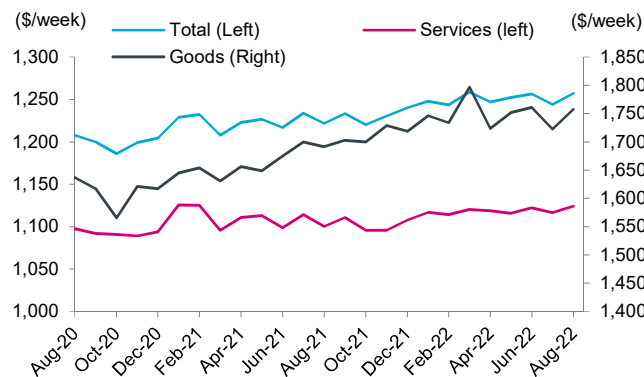
Average Weekly Earnings

Earnings advance

Average weekly earnings (AWE) picked up in August. AWE increased 1.0% month-over-month (m/m) to \$1,257 following a decline in the previous month. Earnings in the goods sector (+2.0% m/m) bounced back, led by mining, quarrying, & oil & gas extraction, which surged (+5.9% m/m) following two months of decline (Chart 1). Meanwhile, AWE in the services sector nudged up 0.7% m/m with sizeable gains for wholesale trade and finance & insurance. While earnings in administration & support services and education took a step back, AWE grew in industries still recovering from the pandemic (arts & entertainment, accommodation & food, and other services). Despite the volatility so far this year, earnings are up 2.2% year-to-date (YTD) with the goods sector (+5.2%) outpacing the services sector (+0.7%).

CHART 1: GAINS LED BY GOODS SECTOR

Average weekly earnings in Alberta by sector



Sources: Statistics Canada, Haver Analytics

Alberta Activity Index

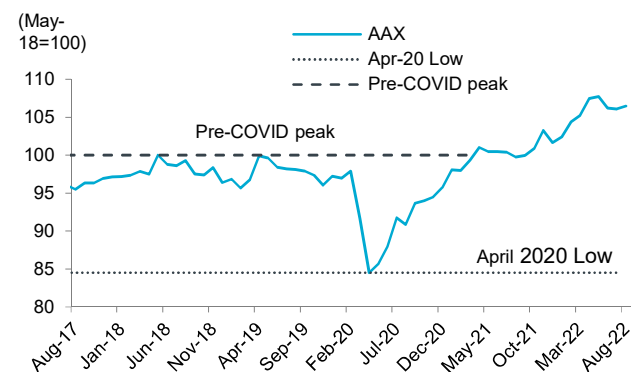
Activity holding up

Economic activity in the province remains strong, although momentum is slowing, according to the Alberta Activity Index (AAX). The AAX was little changed in August for the second consecutive month. The index edged up 0.3% m/m, propped up by moderate growth in the business sector and the labour market. In the business sector, manufacturing sales remained fairly stable while the pullback in new truck sales was completely offset by strong growth in wholesale

trade. An improvement in earnings drove the gains in the labour market. Meanwhile, energy sector activity dipped as a seasonally-adjusted decline in rigs drilling outweighed gains in oil production, while the household sector also pulled back amid a decline in housing starts which retreated following exceptionally strong levels in previous months. Compared with last August, the AAX posted strong growth of 6.7% year-over-year (y/y) and was up 6.0% YTD (Chart 2).

CHART 2: ACTIVITY HOLDS STEADY IN AUGUST

The Alberta Activity Index



Source: Alberta Treasury Board and Finance

Food Services and Drinking Places

Sales press on

Restaurant activity was strong to end the summer season. Seasonally-adjusted sales at food and drinking places increased 0.8% m/m in August, reaching a new high. On a non-seasonally-adjusted basis, sales were up 10% y/y, propped up by strong annual growth at full-service restaurants, limited-service eating places, and special food services. Meanwhile, sales at drinking place were down slightly. Overall sales were up 28% YTD, with solid gains in all types, reflecting the strong recovery post-pandemic and higher prices.

Business Barometer Index

Sentiment shows signs of improvement

Small business sentiment increased in October for the first time since May 2022. The Alberta long-term Business Barometer Index (BBI) rose 1.7 points m/m, bouncing back above 50, indicating expectations of modest growth over the next 12 months. Alberta's short-term outlook also went up 2.8 points m/m, propped up by improved outlooks for firms operating in information, recreation, and entertainment. Nationally, the long-term BBI dipped by 1.0 points m/m, driven by declines in Ontario, Quebec, and Newfoundland & Labrador.

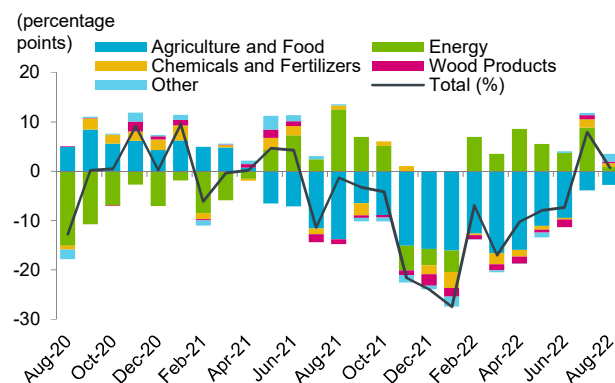
Railway Carloadings

Carloadings steady

Railway carloadings were largely unchanged from a year ago. Western Canadian railway carloadings stood at 158,068 railcars in August, up 0.7% y/y (Chart 3). Several major categories such as coal, potash, lumber, and non-metallic minerals grew in the month, offsetting the drop in fuel oils & crude petroleum and wheat. With high gas prices and energy supply constraints in Europe, the demand for coal has been strengthening. Demand for Canadian fertilizer has also ramped up to fill the void in the world market following the war in Ukraine. Overall, Western Canadian volumes of non-intermodal freight loadings were down 9% YTD.

CHART 3: "OTHER" COMMODITIES LEAD Y/Y GAINS

Contributions to y/y growth in Western Canadian Carloadings



Sources: Statistics Canada, Haver Analytics

International Travel

Pace of recovery slows amid capacity constraints

The pace of recovery in international travel slowed in August as the country's major airports faced staffing shortages. The seasonally-adjusted number of non-residential travellers entering Canada through Alberta stood at 69.5

thousand people in August, 6 times more than a year ago, but 4.8% lower from July. The number of travellers also represented only 69% of the number of trips observed in August 2019. Overall, the number of non-resident and resident travellers was 10 and 8 times higher YTD, respectively.

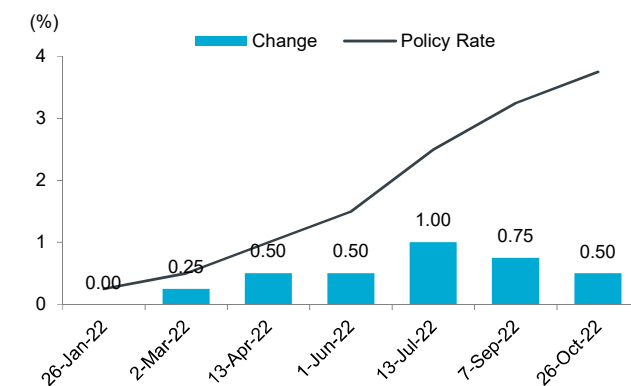
Monetary Policy

Bank of Canada continues rate hike, projects lower growth

The Bank of Canada (BoC) raised its key policy rate this week, but at a slower pace. The bank increased the overnight target rate by 0.5 percentage points to 3.75% on Wednesday (Chart 4), the sixth rate increase since March 2022. The magnitude of the rate hike was toned down amid a softer national economic outlook. In its October Monetary Policy Report (MPR), the BoC significantly lowered its Canadian economic outlook due to pervasive inflation, a sharp fall in housing activity, and slowing domestic and foreign demand for Canadian goods and services. Canadian real gross domestic product (GDP) is now forecasted to grow by 3.3% and 0.9% in 2022 and 2023, down 0.2 and 0.9 percentage points respectively from its July forecast. The Bank also trimmed its inflation expectations by 0.3 points to 6.9% in 2022 and 0.5 points to 4.1% in 2023. However, the BoC reinstated its commitment to remain vigilant with elevated inflation and broadening price pressures.

CHART 4: SIXTH CONSECUTIVE MEETING WITH A RATE INCREASE

Policy rate and change by BoC Meeting date



Sources: Bank of Canada, Haver Analytics

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