

# Weekly economic review

## Non-residential construction activity remains solid

### Non-residential Construction Investment

#### Industrial activity picks up

Non-residential construction activity in Alberta remained steady in June as gains in the industrial sector offset a monthly pull back in commercial and public sector spending. Investment in non-residential building construction was unchanged at \$672 million. Industrial investment jumped 4.9% month-over-month (m/m) to an 18-month high, buoyed by a gain in mining and agriculture. Meanwhile, commercial construction activity cooled slightly in the month as warehousing investment broke its 9-month growth streak. Regionally, there were gains in Edmonton (+1.2% m/m) and rest of Alberta (+5.7% m/m), while declines were reported in Calgary (-3.1% m/m) and Lethbridge (-1.0% m/m). Overall, non-residential construction was up 19% year-to-date (YTD) led by the private sector, with a large gain in commercial projects (36%).

### Residential Construction Investment

#### The pace of construction eases

Investment in residential construction pulled back in June. Alberta residential construction spending declined 3.5% m/m to \$1.7 billion. This dip followed strong monthly growth in April and May that lifted investment to a level just shy of the record high set in December 2016. The monthly pullback was the result of a 7.3% m/m contraction in single-dwelling investment (Chart 1), while spending on multi-unit buildings (+4.8% m/m)

continued to rise. Regionally, Calgary, Lethbridge, and Alberta's non-CMA regions all eased, while Edmonton experienced a monthly uptick. YTD, residential investment was up 13%, with gains in all types and regions driven by higher construction costs.

### Consumer Insolvencies

#### Insolvencies tick up

Alberta's consumer insolvencies were nearly unchanged in June for the second consecutive month. The number of Albertans that filed for insolvency increased 0.5% m/m to 1,315, with an uptick in proposals outweighing a decline in bankruptcies. On a year-over-year (y/y) basis, insolvencies were up 12% following a 9.9% y/y increase in May. Nationally, consumer insolvencies increased in the month and accelerated from 13% y/y in May to nearly 20% y/y in June.

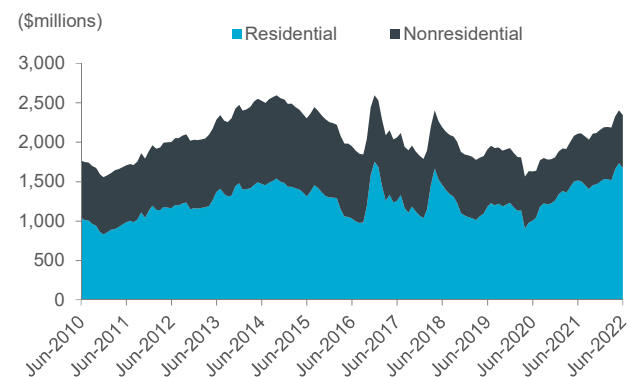
### Business Formations

#### Incorporations step back, but remain elevated

Alberta incorporations retreated in July as business sentiment dropped. Business formations went down 3.3% m/m to average 4,057 in the three months ending in July. This was the first monthly decline after nine months of consecutive gains. With the growth in the first half of the year, the number of new incorporations in Alberta was up 15% y/y and 7.9% YTD.

### CHART 1: RESIDENTIAL DIPS WHILE NON-RESIDENTIAL INVESTMENT STEADY

Construction investment by type, seasonally adjusted



Sources: Statistics Canada, Haver Analytics

### U.S. Consumer Price Index

#### July inflation eases

The U.S. Consumer Price Index (CPI) decelerated in July. Headline inflation fell to 8.5% y/y from June's 40-year high of 9.1%. Inflation slowed as the index was essentially flat (-0.02% m/m) in the month, with easing energy prices more than offsetting the impact of continuously soaring food prices. All other major categories, except recreation, showed signs of slowing price momentum, and core inflation was unchanged at 5.9%.

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