

# Weekly Economic Review

## Inflation continues unabated

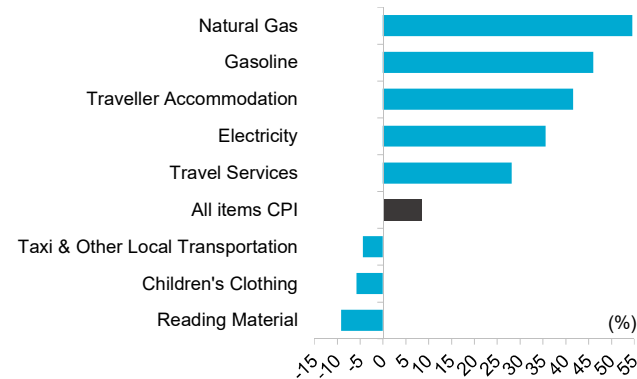
### Consumer Price Index

#### Alberta inflation accelerates in June

Alberta's consumer price growth accelerated in June with broad-based price pressures accompanied by surging energy prices. The headline consumer price index rose to a nearly two-decade high of 8.4% year-over-year (y/y), a sharp increase from 7.1% y/y in May. Energy prices (+46% y/y) remained the leading component of inflation, particularly for natural gas (+55% y/y), gasoline (+46% y/y), and electricity (+36% y/y) (Chart 1). In particular, growth in natural gas and electricity prices in Alberta outpaced the national average. Growth in food prices also accelerated (+7.6% y/y), largely driven by food purchased at grocery stores (+8.7% y/y). Core inflation (all items except food and energy) also jumped to 5.2% y/y, with services inflation rising 4.7% y/y. Nationally, consumer inflation jumped to 8.1% y/y, the largest yearly increase since 1983.

#### CHART 1: MAJOR CONTRIBUTORS TO ANNUAL INFLATION IN ALBERTA

Year-over-year change in CPI by selected components, Jun-22



Sources: Statistics Canada, Haver Analytics

### Retail Trade

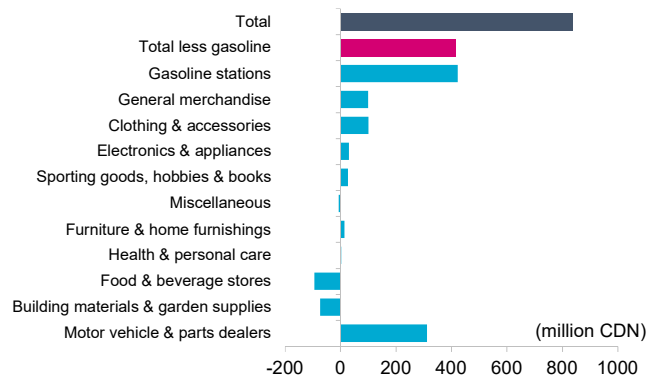
#### Motor vehicles lift retail sales

Retail sales advanced in May. Seasonally adjusted retail sales went up 1.9% month-over-month (m/m) to \$7.9 billion, with gains in 5 out of 11 categories. Motor vehicles led the increase and were up 14.5% y/y, as automakers across

North America experienced a reprieve from supply chain issues that impacted output for a number of months. Sales at gasoline stations also grew on the back of higher prices at the pump. The monthly increase was tempered by lower sales at building material & garden supplies and food & beverage stores. Unadjusted retail sales were up 11% y/y, supported by gasoline sales and motor vehicles (Chart 2) due to strong prices. Overall, retail sales were up 4.9% year-to-date (YTD).

#### CHART 2: GASOLINE AND VEHICLE SALES PROP UP GROWTH

Annual change in retail sales, May-22



Sources: Statistics Canada, Haver Analytics

### New Housing Price Index

#### Starts remain elevated

After hitting a seven-year high in May, housing starts retreated but remained solid in June on the back of rising interest rates (Chart 3). Starts fell 16% m/m to a seasonally adjusted annual rate (SAAR) of 39,429 units, with a pullback in the volatile multi-unit category (-30% m/m) outweighing higher single detached starts (+8.4% m/m). Regionally, housing starts increased only in Calgary, while Edmonton saw a pronounced decline. Starts in other urban centers and in rural Alberta also pulled back, albeit at a lower rate. Despite the monthly decline, starts remained robust and were up 23% (YTD).

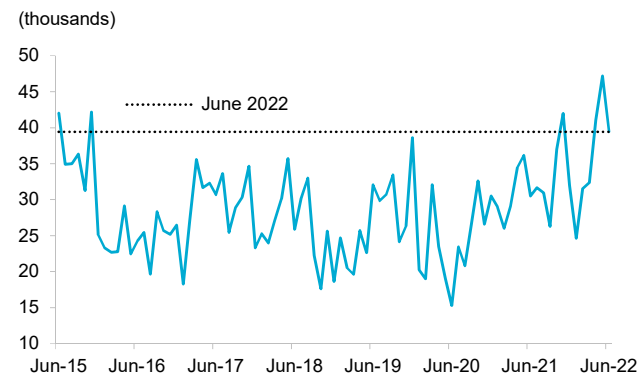
## Housing Starts

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#### CHART 3: STARTS ARE AT 7-YEAR HIGH

Alberta wide housing starts (SAAR)



Sources: Canadian Mortgage and Housing Corporation, Haver Analytics

## Employment Insurance

### Claims and beneficiaries continue to fall

The number of Albertans applying for Employment Insurance (EI) continues to decline with Alberta's strengthening labour market. With May's strong employment gains, the seasonally-adjusted number of EI claims submitted declined 4.6% m/m to 20,850. With fewer claims and expiring benefits, the number of Albertans receiving regular EI benefits also fell 6.8% to 50,330. This was also significantly lower than the January 2021 peak of 207,200 and below February 2020 levels.

## Railway Carloadings

### Grain loadings slide further

Railway carloadings declined in May compared to a year ago. Western Canadian railway carloadings stood at 159,843 railcars, down 8.0% y/y. Reduced shipments of wheat (-47% y/y) and canola (-57% y/y) were still the main contributors, reflecting low inventories and decline in crop production in 2021 due to drought conditions in the Prairies. Several other categories, including wood products, chemicals & fertilizers, and motor vehicles also decreased, albeit at a more moderate rate. These declines were partially offset by higher rail carloadings of energy products, particularly for coal (+16% y/y). Overall, Western Canadian volumes of non-intermodal freight loadings were 14% down YTD.

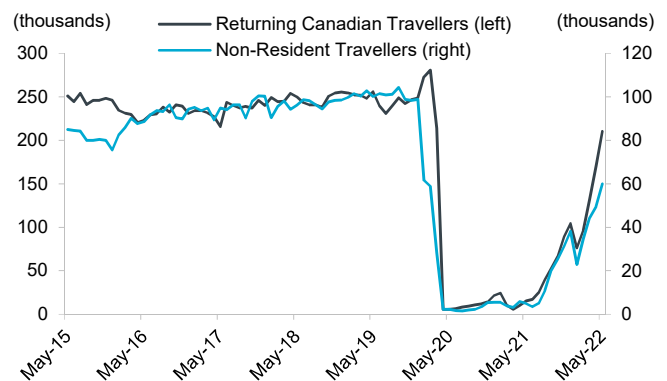
## International Travel

### Travel continues to improve

International travel jumped in May as border restrictions eased further but remained well below pre-pandemic levels (Chart 4). The seasonally adjusted number of non-residential travellers entering Canada through Alberta rose by 21% m/m to just under 60 thousand people. This was 12 times more than a year ago and represented 60% of the number of trips observed in May 2019. Similarly, the number of returning Canadians via Alberta also went up (+23% m/m), reaching 82% of the May 2019 level. Overall, non-resident travel was nine times higher YTD.

#### CHART 4: TRAVEL ACTIVITY IMPROVES SHARPLY

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



Sources: Statistics Canada, Haver Analytics

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