

Weekly economic review

Consumer sentiment recovering

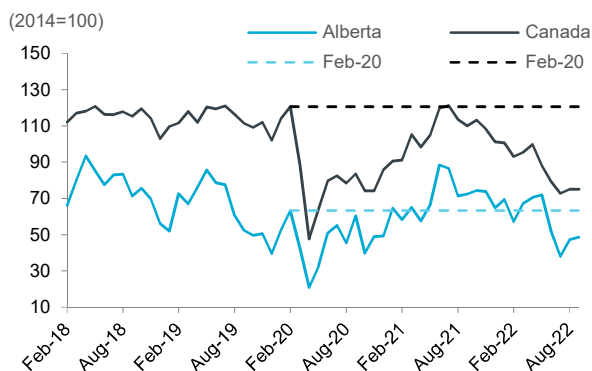
Consumer Confidence

Consumer sentiment ticks up

Alberta's consumer sentiment continues to regain ground. The Conference Board of Canada's index of consumer confidence inched up 1.3 points in September. This was the second monthly gain in a row after the sharp contraction in June and July. The gain came as optimism surrounding future and current finances improved modestly with easing inflationary pressures. Despite the gain, consumer confidence is 14.9 points below the February 2020 level and well below the post-COVID high reached in mid-2021 (Chart 1). Nationally, consumer confidence was unchanged and was 45.6 points below the February 2020 level.

CHART 1: CONFIDENCE INCHES BACK UP

Index of consumer confidence, 2014=100



Source: The Conference Board of Canada

Manufacturing Shipments

Food tempers decline in factory sales

Factory sales in Alberta decreased in August for the third consecutive month. The value of manufacturing shipments went down 3.1% month-over-month (m/m) to \$8.8 billion, with both non-durable (-3.0% m/m) and durable (-3.4% m/m) goods contributing to the decline. Lower petroleum & coal shipments (-6.5% m/m) led the decrease with lower prices and volumes. Half of these declines were offset by a solid gain in food (+5.7% m/m) as volumes increased and prices ticked up. Despite the recent moderation, overall factory sales were up 23% higher than a year ago and were up 30% year-to-date (YTD).

Wholesale Trade

Sales hit new high

Alberta's wholesale trade advanced to a new record level in August. Wholesale trade increased 4.9% m/m to \$9.1 billion, with gains in all categories except motor vehicles & parts. Miscellaneous wholesalers (+13% m/m) led the monthly gains as they recovered from the big decrease in the previous month, boosted by gains in agricultural supplies (particularly fertilizer). With the increase, sales were up 22% YTD due to higher prices and volumes, with gains in all subsectors.

International Monetary Fund (IMF) Economic Outlook

Canadian growth prospects ease

The outlook for the Canadian economy has softened but it remains in a better position than other advanced economies. The IMF cut its Global and Canadian economic growth forecast in its October World Economic Outlook (WEO) report. The IMF expects the Canadian economy to grow by 3.3% in 2022 and 1.5% in 2023, down 0.1 and 0.3 percentage points (pp) from the July report. The weaker outlook reflects tighter financial conditions, a slowdown in housing, and slowing global demand. Despite the revision, Canada is expected to be one of the better-performing advanced economies as the outlooks for many other major economies were also lowered. In particular, the IMF now expects a more pronounced slowdown in the US this year (growth revised down 0.7 pp to 1.5%) and an abrupt slowdown in Europe next year (growth revised down 0.7 pp to 0.5%). Overall, the global economic growth outlook for 2022 was unchanged at 3.2%, while 2023 edged down 0.2 pp to 2.7%.

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