

# Weekly Economic Review

## Sentiment strengthens in Alberta

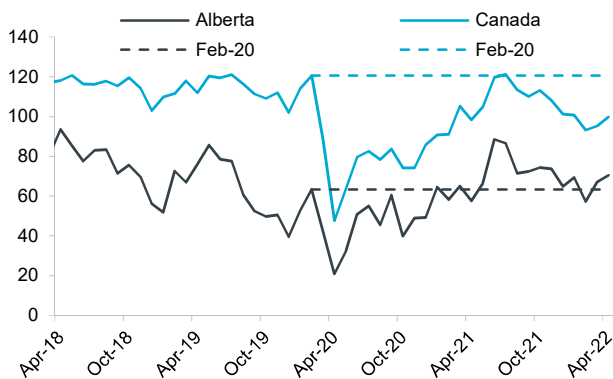
### Consumer Confidence

#### Consumers cautiously optimistic

Alberta's consumer sentiment improved in April for the second consecutive month. The Conference Board of Canada's index of consumer confidence grew 3.5 points in April, as surging oil prices strengthened sentiment surrounding current finances (Chart 1). However, Albertans were wary of future oil market adjustments, with sentiments down for future job prospects and finances. Nationally, consumer confidence advanced 4.5 points, buoyed by gains in all provinces except Ontario.

**CHART 1: ALBERTA CONSUMER SENTIMENT RECOVERY AHEAD OF NATIONAL**

Index of consumer confidence, 2014=100



Source: The Conference Board of Canada

### Business Barometer Index

#### Sentiment improves further

Small business sentiment went up in April despite inflationary pressures, supply chain difficulties, and labour shortages. The Alberta Business Barometer Index (BBI) increased 2.5 points month-over-month (m/m) to the highest level of the past eight months. Alberta's short-term outlook grew 5.4 points on the back of looser restrictions and the approaching seasonal peak for hospitality and other close-contact small businesses. Nationally, the BBI remained virtually unchanged (+0.7 points m/m).

### Food Services and Drinking Places

#### Sales soar in February

Alberta's restaurant sales jumped in February, ending two months of decline, following the ending of the Restrictions Exemptions Program and the relaxing of capacity limits. Seasonally-adjusted sales at food and drinking places increased 9.7% m/m. This was driven by sales at full-service restaurants, the largest component, while sales at limited-service eating places also contributed. With the monthly growth, year-to-date (YTD) sales were up 36% from the very low level in early 2021.

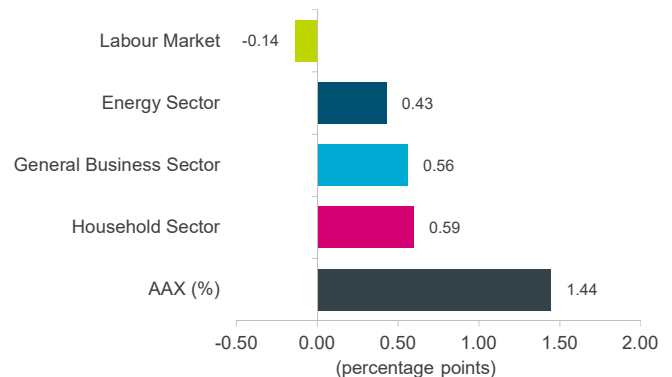
### Alberta Activity Index

#### Activity gains momentum

The Alberta Activity Index (AAX) increased further in February, reaching a new historical high. The index went up 1.4% m/m, supported by even gains in household, business, and energy sectors (Chart 2). After two consecutive months of declines, activity in household sector improved on the back of very strong housing starts. For general business sector, combined gains in manufacturing shipments and new truck sales far outweighed declines in wholesale trade. Meanwhile, energy sector activity rose with improvements in oil production and rigs drilling. Labour market activity took a step back first time since October 2021 amid weaker average weekly earnings. This was tempered by a slight increase in employment. The AAX was 4.7% higher YTD.

**CHART 2: INCREASED ACTIVITY IN THREE OUT OF FOUR SECTORS**

Contributions to m/m change in the Alberta Activity Index, Feb 2022



Source: Alberta Treasury Board and Finance

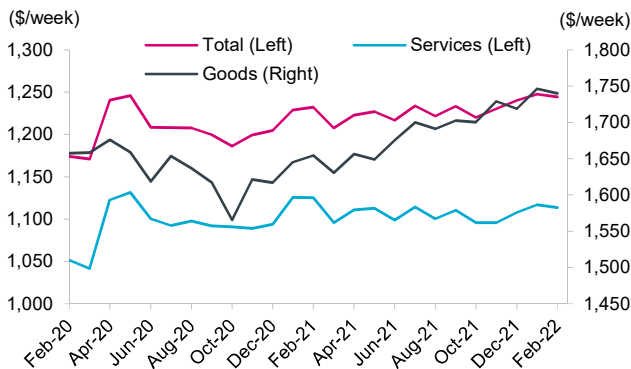
## Average Weekly Earnings

### Earnings level off in February

Alberta's average weekly earnings (AWE) held steady in February following three months of growth. AWE declined 0.3% m/m to \$1,244, abating for both goods and services sectors on the back of higher employment (Chart 3). In the goods sector, increased payroll employment pushed earnings lower in construction and mining, quarrying, & oil & gas extraction. This was partially offset by higher payroll employment and earnings for manufacturing. In the services sector, growth in payroll employment weighed down earnings in health care & social assistance, which was moderated by higher employment and earnings in the transportation sector. Following the relaxing of some public health measures in February, the improvement in payroll employment for accommodation & food and other services was accompanied by an uptick in AWE for the sector. On a year-over-year (y/y) basis, overall earnings were up 1.0%, behind consumer inflation (+5.5% y/y).

#### CHART 3: GOODS AND SERVICES AWE HOLDING STEADY

Average weekly earnings in Alberta by sector



Sources: Statistics Canada, Haver Analytics

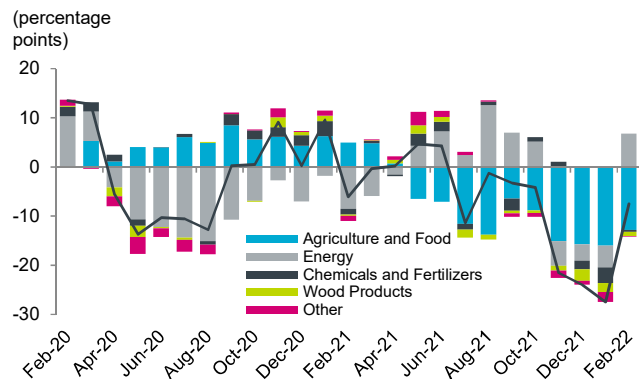
## Railway Carloadings

### Carloadings continue to slide

Railway carloadings declined in February compared to a year ago. Western Canadian railway carloadings stood at 138,262 railcars, down 7.5% y/y. Reduced shipments of wheat (-31% y/y) and canola seed (-57% y/y) were again the main contributors, with drought conditions in 2021 lowering grain production and depleting stocks. These declines were partially offset by higher rail carloadings of energy products, particularly for coal (+41% y/y) and potash (+10% y/y) (Chart 4). Overall, Western Canadian volumes of non-intermodal freight loadings were 19% lower YTD.

#### CHART 4: ENERGY TEMPERERS DECLINE IN AGRICULTURE AND FOOD

Contributions to y/y growth in Western Canadian Carloadings



Sources: Statistics Canada, Haver Analytics

## Canadian Real GDP by Industry

### Broad-based gains support national economy

National economic activity advanced further in February. Canadian real gross domestic product (GDP) by industry rose 1.1% m/m, the ninth consecutive monthly increase and the largest growth since March 2021. Both services (+0.9%) and goods (+1.5%) sectors expanded. Accommodation & food (+15% m/m) led growth in services as public health measured eased following the decline in Omicron cases across the country. Additionally, gains in transportation supported growth in services, with rail picking up steam after a few months of low activity due to cold weather and flooding in BC. Growth in services was moderated by a decline in wholesale trade (-1.1% m/m), reflecting lower imports of pharmaceuticals. The goods sector was boosted by widespread growth in the energy sector, driven by strong bitumen production in Alberta. The construction sector also expanded (+2.7% m/m), with a pick-up in home alterations as well as improvements and construction of apartment buildings. Overall, economic activity in Canada remained above February 2020 levels (+1.5%) for the fourth month in a row, with both goods and services sectors back to pre-pandemic levels.

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