

Weekly Economic Review

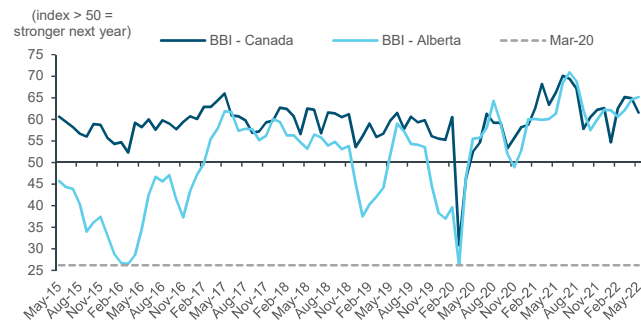
Business sentiment strengthens

Business Barometer Index

Sentiment marches on

Small business sentiment went up in May despite ongoing inflationary pressures, supply chain difficulties, and labour shortages. The Alberta Business Barometer Index (BBI) increased 0.6 points month-over-month (m/m) to the highest level for the past nine months. Alberta's short-term outlook grew 3.4 points m/m as the province enters the seasonal peak for hospitality and other close-contact small businesses. Nationally, the BBI declined 3.3 points, weighed down by lower small business sentiment in Ontario, Nova Scotia, and BC (Chart 1).

CHART 1: ALBERTA BBI IMPROVES; CANADA BBI DIPS
Long-Term Business Barometer Index (Two-Month Moving Average)



Sources: Canadian Federation of Independent Business, Haver Analytics

International Travel

More visitors coming to Alberta

International travel improved in March as Omicron cases subsided and public health measures were relaxed. The seasonally adjusted number of non-residential travellers entering Canada through Alberta increased by 30% m/m to over 44 thousand people. Similarly, the number of returning Canadians via Alberta also went up (+40% m/m) to over 131 thousand people. Although the numbers of both non-resident and Canadian travellers went significantly up year-to-date (YTD), they remained down 24% from pre-pandemic levels.

Railway Carloadings

Ag shipments reduce carloadings

Railway carloadings declined further in March compared to a year ago. Western Canadian railway carloadings stood at 160,588 railcars, down 17% year-over-year (y/y). Reduced shipments of wheat (-60% y/y) and canola (-60% y/y) were again the main contributors, reflecting the depletion of stocks throughout 2020 and lower crop production as a result of the drought across the Prairies in summer 2021. These declines were partially offset by higher rail carloadings of energy products, particularly for coal (+24% y/y). Overall, Western Canadian volumes of non-intermodal freight loadings were 18% lower YTD.

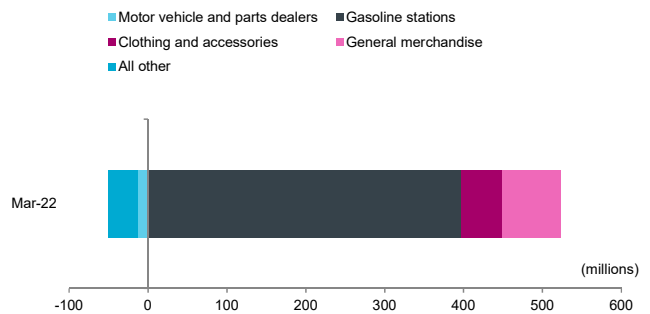
Retail Trade

Sales move higher

Retail sales advanced in March, following February's muted growth. Seasonally adjusted retail sales grew 1.8% m/m in March to \$7.8 billion, with monthly growth in 10 out of 11 categories. Sales at gasoline stations led the gains, propped up by higher prices at the pump, while sales of motor vehicles and parts – the largest category – increased at a more moderate pace. With the monthly gain, unadjusted retail sales were up 6.5% y/y, driven by significantly higher sales at gasoline stations (+52% y/y). Excluding gasoline, sales were up a meagre 1.2% y/y (Chart 2). Overall, the pace of growth in retail sales did not keep up with inflation in the first quarter of the year.

CHART 2: Y/Y GROWTH POWERED BY GASOLINE SALES

Contribution to year-over-year change in retail sales



Sources: Statistics Canada, Haver Analytics

Average Weekly Earnings

Earnings advance

Alberta's average weekly earnings (AWE) bounced back in March after declining slightly in February. AWE increased 1.2% month-over-month (m/m) to \$1,259, with earnings in services (+0.3% m/m) augmenting more significant gains in goods (+2.4% m/m). In the goods sector, an uptick in employment accompanied a surge in AWE in mining, quarrying, oil & gas extraction, the highest-earning sector. Likewise, employment growth in manufacturing pushed AWE higher, while a contraction in lower-paid construction jobs boosted construction AWE. Within services, moderate jobs growth accompanied significant AWE gains in professional, scientific, and technical services, an industry closely linked with Alberta's energy extraction industry. Health care AWE perked up on employment gains, while wholesale trade had higher AWE with no change in employment. A real bright spot was accommodation and food services which experienced the greatest boost to employment of all industries, and saw earnings growth as well, following the relaxing of public health measures in the month. On a year-over-year (y/y) basis, overall earnings were up 4.2%, behind consumer inflation (+6.5% y/y).

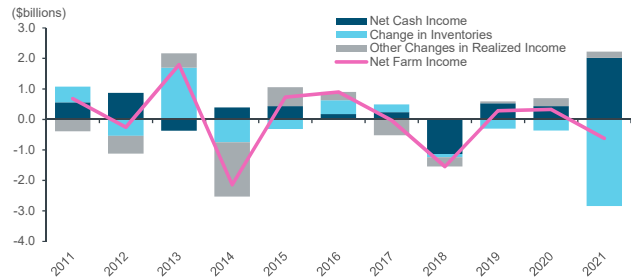
Net Farm Income

Falling inventories outweigh soaring cash receipts

Alberta farmers saw their net farm income decline in 2021. Net farm income dipped 62% y/y to \$385 million as the historic drawdown in inventories tempered the historic levels of net cash income (Chart 3). Net cash income increased 60% y/y to an all-time high (\$5.4 billion) as the growth in cash receipts outpaced growth in operating expenses. Farm cash receipts surged 21%, driven by higher crop & livestock receipts and further supported by an increase in direct receipts from crop insurance payments. Alternatively, operating expenses increased 10% y/y, on the back of higher fertilizer prices, livestock and poultry purchases, and electricity usage. Widespread drought and challenging harvest conditions in 2021 saw inventory values plummet by \$2.8 billion, dragging down annual net farm income in Alberta. In 2021, Alberta's net farm income ranked sixth when compared to the other provinces.

CHART 3: CHANGE IN INVENTORIES WEIGHS ON NET FARM INCOME

Annual change in Alberta net farm income



Source: Statistics Canada

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