

Weekly economic review

Inflation remains elevated

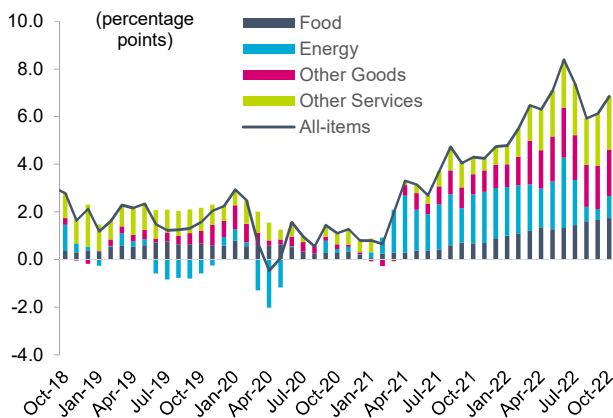
Consumer Price Index

Food inflation continues to accelerate

Alberta's annual inflation rate accelerated in October with higher food prices and broad inflationary pressures. The headline consumer price index increased 6.8% year-over-year (y/y) in October, up from 6.2% y/y in September (Chart 1). Food prices (+0.6% month-over-month (m/m)) increased for the 15th month in a row, and food inflation accelerated from 9.7% y/y to 10.3% y/y, the highest rate since 1981. After slowing for three months, energy inflation picked up as higher prices for gasoline and electricity outweighed lower natural gas prices. Core inflation (all items except food and energy) also increased, rising from 5.3% y/y in September to 5.5% y/y in October. Prices and inflation for durable goods remained elevated and services inflation ticked up to a new 14-year high as soaring interest rates led to an acceleration in mortgage interest cost. Nationally, consumer inflation was unchanged at 6.9% y/y in October, propped up by persistent food and energy inflation.

CHART 1: HEADLINE INFLATION PERSISTENT

Contribution to Alberta's headline consumer inflation



Sources: Statistics Canada, Haver Analytics

Resale Housing

Activity holding up

Activity in Alberta's resale housing market remains solid. Seasonally adjusted (SA) unit sales increased 2.2% m/m to 5,880 in October, with gains in nearly all regions. The increase followed seven months of declines as higher mortgage rates weighed on activity. While sales are well below the February

2022 peak, they remained stronger than any period between 2015 and 2020. New listings increased in the month, but the months of inventory went down from 3.8 to 3.6, reflecting the pickup in sales. The average resale price was virtually unchanged at \$433,442, and despite the declines earlier in the year, they were 2.0% higher than a year ago.

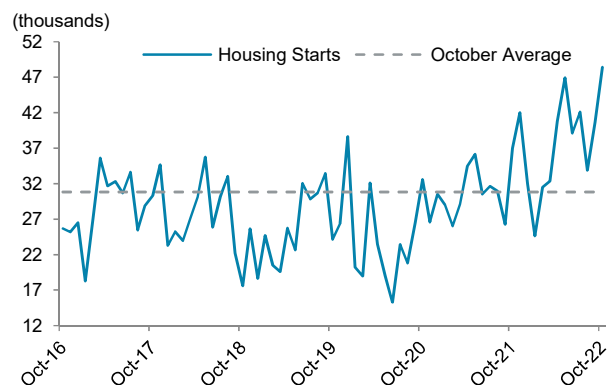
Housing Starts

Starts press higher

After rebounding strongly in September, housing starts continued to surge in October. Starts soared 19% m/m to a seasonally adjusted annual rate (SAAR) of 48,413 units (Chart 2). The gain was led by a large increase in multi-units (+42% m/m), which exclusively came from a jump in apartment starts. This more than offset a pullback in single-detached starts (-14% m/m). Despite rising interest rates, the strong migration into the province and tight inventories continued to support homebuilding activity. Regionally, the bulk of the gains occurred in Edmonton, while Calgary and other urban areas also advanced. With the sizeable uptick, year-to-date (YTD) starts were up 22%, with gains in all major urban areas.

CHART 2: STARTS REMAIN ELEVATED

Alberta wide housing starts (SAAR)



Sources: Canada Mortgage and Housing Corporation, Haver Analytics

Residential Construction Investment

Investment eases from record

Investment in residential construction slipped in September after reaching an all-time high in August. Alberta residential construction spending went down 1.9% m/m to \$1.8

billion (Chart 3) as investment in both multi-unit buildings (-4.2% m/m) and single-dwellings (-0.6% m/m) dipped. Regionally, investment eased from a record in Calgary (led by lower investment in multi-units), and it continued to slide Lethbridge after peaking in May 2022. Conversely, investment increased to a seven-year high in Edmonton on the back of higher investment in multi-dwelling and single-dwelling buildings. Higher construction costs have lifted the level of investment and despite the monthly decline, residential investment was up 18% YTD, with gains in all regions.

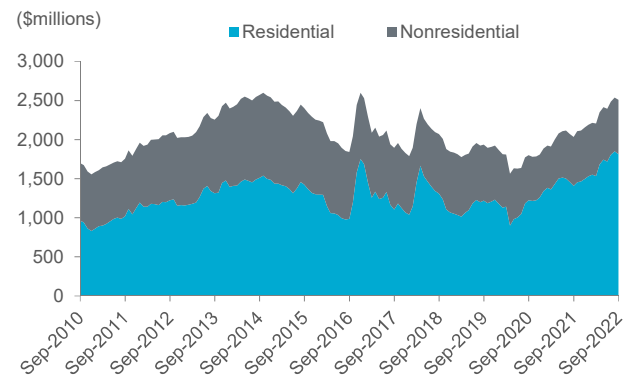
Investment in Non-Residential Building Construction

Construction investment rises in all regions

Non-residential construction activity in Alberta advanced in September for the fifth consecutive month. Investment in non-residential building construction went up 1.2% m/m to \$695 million. Commercial construction activity (+1.3% m/m) led the gains on the back of higher spending on office buildings. Industrial investment also experienced a solid uptick (+3.7% m/m) due to higher spending on factories & plants, while institutional & governmental investment declined 0.7% m/m. There were monthly gains in all regions, with most of the commercial gains in Calgary and Edmonton. Overall, investment in non-residential construction was up 16% YTD, led by the private sector, propped up by higher construction costs.

CHART 3: RESIDENTIAL DIPS WHILE NONRESIDENTIAL INVESTMENT MOVES UP

Construction investment by type, seasonally adjusted



Sources: Statistics Canada, Haver Analytics

Employment Insurance

Beneficiaries continue to decline

Fewer Albertans are receiving employment insurance (EI). The number of Albertans receiving regular EI benefits fell 5.5% m/m to 46,650 in September. The decline continued as

an uptick in employment coincided with a 14% m/m pullback in the number of EI applicants. With the monthly decline, the number of regular EI beneficiaries remained below pre-COVID levels.

Manufacturing Shipments

Factory sales edge down on lower food volumes

Factory sales in Alberta dipped in September for the fourth consecutive month. The value of manufacturing shipments went down 0.2% m/m to \$8.9 billion, with non-durable (-0.1% m/m) and durable (-0.3% m/m) goods contributing to the decline. Lower volumes of food shipments led the decrease, while wood products also ticked down on lower prices and volumes. About three-quarters of these declines were offset by gains in fabricated metal and plastic & rubber products sales. Despite the recent moderation, overall factory sales were 27% higher than a year ago and were up 30% YTD.

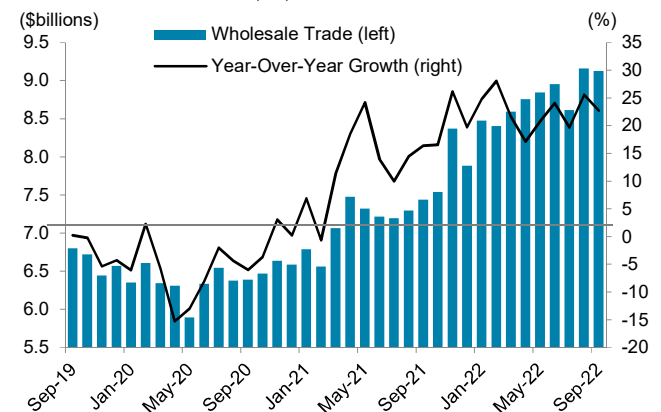
Wholesale Trade

Sales remain high

Alberta's wholesale trade ticked down in September from August's record high (Chart 4). Wholesale trade decreased 0.4% m/m to \$9.1 billion, with miscellaneous wholesalers, building material & supplies, and personal & household goods contributing to the decline. This was partially offset by a gain in machinery, equipment & supplies and small increases in the rest of the categories. Despite the monthly decline, sales were up 23% YTD due to higher prices and volumes, with gains in all subsectors.

CHART 4: SALES TICK DOWN, BUT REMAIN HIGH

Alberta's wholesale trade (SA)



Sources: Statistics Canada, Haver Analytics

Contact Ceilidh Ballantyne at TB.FERFPublications@gov.ab.ca
For current snapshot of Alberta indicators [Alberta Economy - Indicators at a Glance](#)