

# Weekly Economic Review

## Construction activity continues to improve

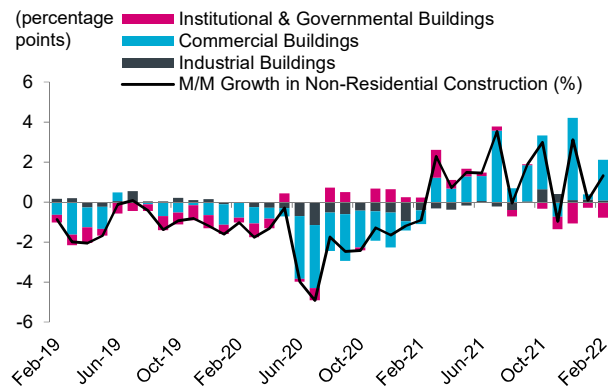
### Investment in Non-Residential Building Construction

#### Commercial activity leads gains

Non-residential construction activity in Alberta improved in February. Investment in non-residential building construction went up 1.3% month-over-month (m/m) to \$633 million, supported by increases in commercial (+3.2% m/m) and industrial (+0.6% m/m) spending within the transportation & warehousing and hospitality sectors (Chart 1). These gains offset the decline in institutional & governmental investment (-3.2% m/m). Regionally, Calgary led the advance on the back of higher commercial spending. Alberta's non-CMA regions saw a slight uptick, while Edmonton and Lethbridge posted modest declines. Despite rising input costs for construction, real non-residential construction investment was up 7.4% year-to-date (YTD).

**CHART 1: COMMERCIAL SECTOR LEADS GROWTH**

Contributions to monthly growth in Alberta non-residential inv (SA)



Sources: Statistics Canada, Haver Analytics

### Residential Construction Investment

#### Construction spending presses on

Investment in residential construction ticked up in February. Alberta residential construction spending went up 0.9% m/m to \$1.3 billion, the fifth consecutive monthly increase. Spending on multi-unit buildings advanced 1.6% m/m while single spending rose 0.4% m/m. Regionally, the decline in Calgary (-1.8% m/m) was more than offset by an increase in Edmonton (+2.3% m/m), Lethbridge (+1.2% m/m), and Alberta's non-CMA regions (+5.8% m/m). YTD, nominal investment in residential construction was largely unchanged from 2021 (+0.6%). However, factoring in the significantly higher prices for construction materials (particularly lumber), real investment in residential construction was down 13% YTD.

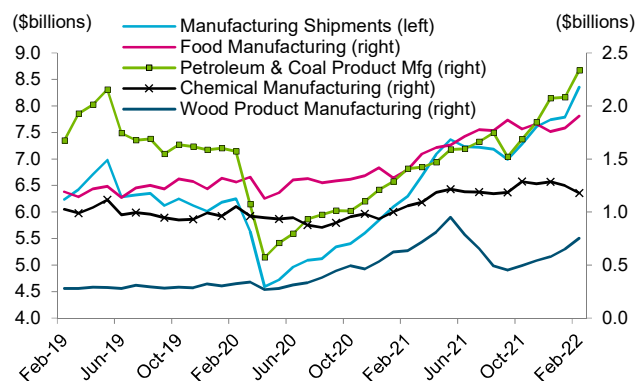
### Manufacturing Shipments

#### Strong momentum in shipments

Factory sales in Alberta rose for a fifth consecutive month in February. The value of manufacturing shipments jumped 7.2% m/m to \$8.4 billion. This was on the back of higher sales of both durable (+11% m/m) and non-durable (+5.9% m/m) goods in 13 of 21 industries. Shipments of petroleum and coal (+12% m/m) accounted for just under half of the monthly increase, propped up by higher prices. Meanwhile, gains in food (+6.4% m/m) and wood (+16% m/m) were driven by both volume and prices. Chemical sales marked the largest decrease, down 5.6% m/m due to lower volumes (Chart 2). Overall, factory sales were up 30% YTD.

**CHART 2: PETROLEUM, FOOD, AND WOOD LEAD THE GAINS**

Value of manufacturing shipments in Alberta, by selected industry



Sources: Statistics Canada, Haver Analytics

## New Motor Vehicle Sales

### New vehicle sales pick up

New motor vehicle sales grew in February, ending seven months of decline. The number of new vehicles sold in Alberta advanced 8.9% m/m to 13,058 units. The increase in trucks (+12% m/m) more than countered the decline in passenger cars (-13% m/m), and the average price per vehicle dipped 1.9% m/m to \$54,077. Despite improving sales in Alberta, YTD new motor vehicle sales were down 11% from 2021 as the global semiconductor ship shortage continues to hobble inventories. For Canada, YTD sales were down 4.5%, with declines in all provinces except Quebec.

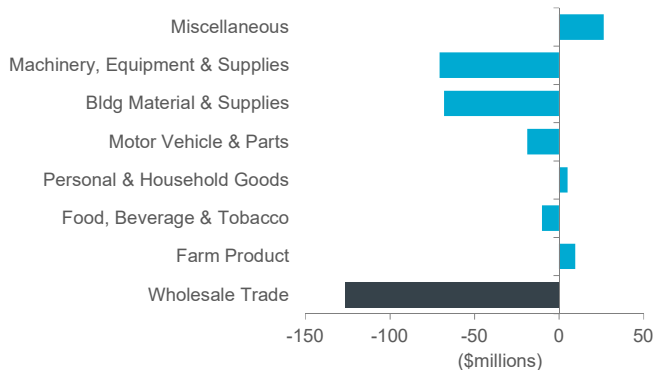
## Wholesale Trade

### Sales moderates from record level

Alberta's wholesale trade eased in February after reaching a new high last month (Chart 3). Wholesale trade declined 1.5% m/m to \$8.3 billion, with results mixed across the subsectors. Declines in the larger sub-sectors of machinery & equipment (-2.7% m/m), building material & supplies (-4.2% m/m), and food, beverage & tobacco (-0.6% m/m) offset gains in other smaller sub-industries. Despite the monthly pullback, sales were up 23% YTD, driven by growth in machinery & equipment.

### CHART 3: MONTHLY DECLINE CONCENTRATED IN TWO LARGE SUBSECTORS

Month-over-month change in wholesale trade, by industry (Feb-22)



Sources: Statistics Canada, Haver Analytics

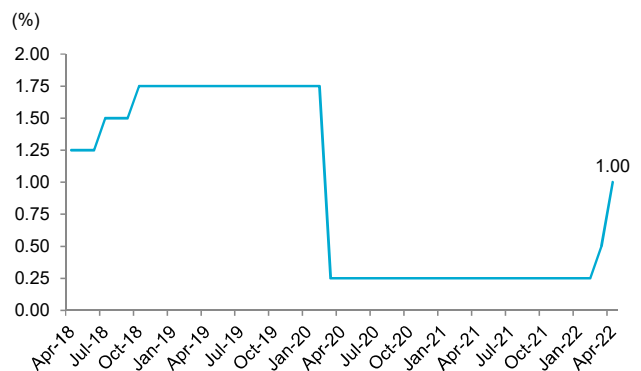
## Monetary Policy Report

### Bank of Canada lifts key rate, expect more hikes

With inflation expectations higher than previously expected, the Bank of Canada raised its key interest rate to 1.0% on Wednesday, a 50 basis point increase following a smaller increase in March (Chart 4). The bank highlighted the strong momentum in Canada's economy and labour market, as well as the contribution of the Russia-Ukraine war to inflation and heightened volatility. The Bank expects the negative consequences of the war to persist through higher commodity prices and disruptions to trade and financial flows. While the global economic outlook remained roughly unchanged in 2022 (+3.5%), it was revised down for 2023 (+2.5%) relative to the January Monetary Policy Report. Canadian GDP growth was revised up to 4.2% in 2022 but down to 3.2% in 2023. The Bank is also ending reinvestment and will begin quantitative tightening, effective April 25.

### CHART 4: PACE OF MONETARY TIGHTENING INCREASES

Bank of Canada's overnight target rate



Sources: Bank of Canada, Haver Analytics

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