

Weekly Economic Review

Consumer inflation remains elevated

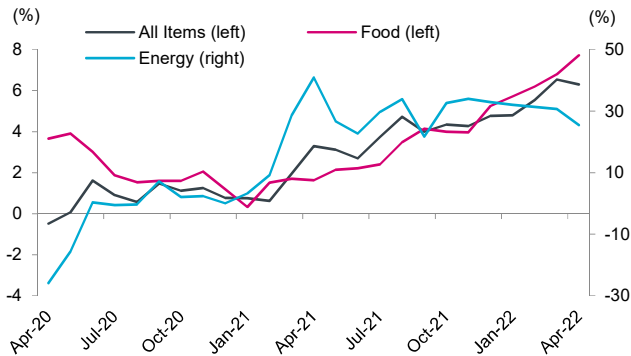
Consumer Price Index

Inflation moderates but remains high

Alberta's consumer price growth slowed in April, due in part to the provincial government policy initiative on fuel taxes. The headline consumer price index rose 6.3% year-over-year (y/y) in April, a slight moderation from 6.5% y/y in March. Although energy prices (+26% y/y) remained the leading component of inflation, they eased back and growth slowed last month alongside a pause in the collection of Alberta's fuel tax on gasoline and diesel (Chart 1). Food prices (+7.7% y/y) continued to appreciate ahead of headline inflation on the back of price gains across a wide range of food items. Core inflation (all items except food and energy) remained unchanged at 4.3%. While price growth for major goods categories moderated, services inflation jumped to 3.9% y/y in April as consumption shifted from goods to services. Nationally, consumer inflation ticked up to 6.8% y/y, led by Atlantic Provinces and Manitoba.

CHART 1: FOOD PRICES GROW AHEAD OF HEADLINE INFLATION

Year-over-year growth in consumer price index



Sources: Statistics Canada, Haver Analytics

New Housing Price Index

Index growth slows

While new house prices remained elevated in the province, the pace of growth in Alberta's new housing price index (NHPI) slowed in April compared to the previous two months. The index increased 1.0% month-over-month (m/m) compared with 2.9% in March and 3.3% in February,

as a drop in the softwood lumber price in April tempered the impact of the tighter housing market during the month. House-only prices in Calgary (+2.2% m/m) drove the provincial growth, while Edmonton (+0.6% m/m) experienced a moderate gain. On a y/y basis, the provincial index was up 16%, with significant gains in the house-only component and muted growth in land prices.

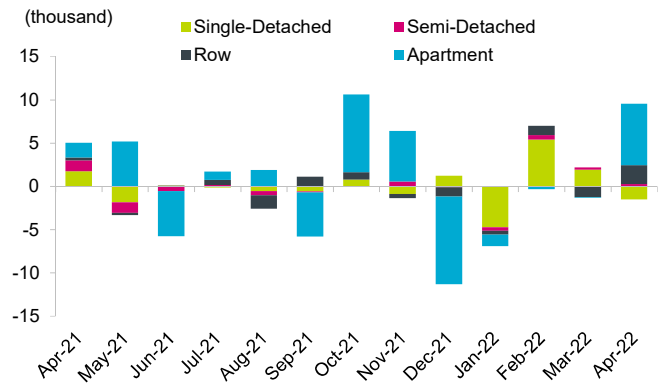
Housing Starts

Multi-unit starts lead growth

Housing starts in Alberta soared in April following strong Q1. Starts jumped 25% m/m to a seasonally adjusted annual rate (SAAR) of 40,371, led by multi-unit starts (+65% m/m) (Chart 2). After two months of strong growth, single detached retreated 9.4% m/m. Regionally, the gains were concentrated in Edmonton and supported by smaller growth in Calgary and other urban centers, while rural Alberta declined. Overall, starts were up 17% year-to-date (YTD).

CHART 2: MULTI-UNIT STARTS LEAD GROWTH IN APRIL

Month-over-month change in SAAR by type, Apr-22



Sources: Canada Mortgage and Housing Corporation, Haver Analytics

Resale Housing

Housing market continues to cool

After reaching a record level in February, activity in Alberta's resale housing market pulled back for the second month in a row. Seasonally-adjusted unit sales declined 10% m/m to 8,341, with slower activity in most regions, including Edmonton and Calgary. With sales subsiding, new listings also slowed (-5.8% m/m) and resulted in the months of



inventory ticking up to 2.3 from the 14-year low of 1.9 in February. As the market remains relatively tight, the average resale price increased 0.5% m/m to \$462,708. Despite the monthly dip, overall unit sales were up 25% YTD.

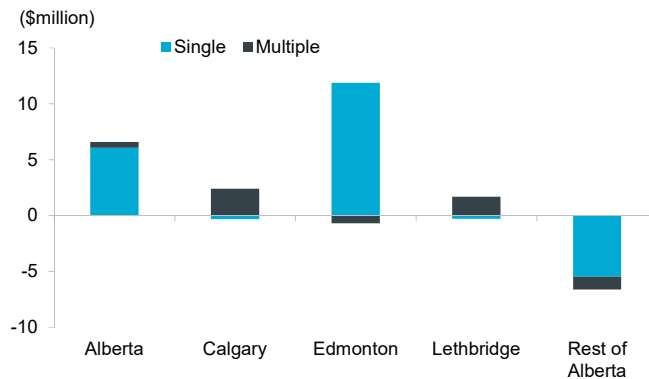
Residential Construction Investment

Construction spending climbs

Investment in residential construction increased in March. Alberta residential construction spending went up 0.5% m/m to \$1.3 billion, the sixth consecutive monthly increase. Spending on single dwellings rose 0.7% m/m, while multi-unit building remained unchanged (+0.1% m/m). Regionally, the decline in Alberta's non-CMA regions (-2.9% m/m) was more than offset by increases elsewhere, led by Edmonton (+3.2% m/m) (Chart 3). While nominal investment in residential construction was up 2.3% YTD on the back of higher prices for construction materials (particularly lumber), real investment was down 17%.

CHART 3: INCREASE LED BY SINGLES IN EDMONTON

Month-over-month change in residential investment by region and type, Mar-22



Sources: Statistics Canada, Haver Analytics

Non-Residential Construction Investment

Commercial activity continues leading gains

Non-residential construction activity in Alberta improved in March and continued to be driven primarily by commercial construction activity in Calgary. Investment in non-residential building construction stood at \$645 million (+1.7% m/m). Gains in commercial (+3.0% m/m) and industrial (+0.6% m/m) activity were tempered by decreases in institutional & governmental investment (-1.3% m/m). Regionally, there were gains in Calgary, likely due to the strong construction activity in warehousing and hotel industries, and non-CMA regions. Modest declines were reported in Edmonton and Lethbridge. Despite rising costs of construction materials, real non-residential construction investment was up 5.3% YTD.

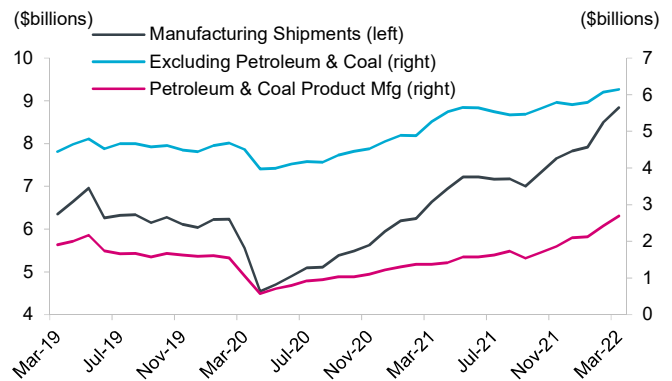
Manufacturing Shipments

Factory sales continue an upward trend

Factory sales in Alberta continued to surge in March. The value of manufacturing shipments rose 4.1% m/m to \$8.8 billion, led by higher sales of non-durable (+5.3% m/m) goods. Over three quarters of the monthly increase was attributed to shipments of petroleum and coal (Chart 4), which were propped by higher prices and volumes. For the durables, fabricated metals marked the second largest increase (+25% m/m) due to a spike in both volumes and prices. Meanwhile, declines in machinery (-18% m/m) due to lower volumes tempered the overall monthly increase. On a YTD basis, factory sales were up 32%.

CHART 4: PETROLEUM AND COAL BOOST SHIPMENTS

Alberta manufacturing shipments (SA)



Sources: Statistics Canada, Haver Analytics

Wholesale Trade

Strong housing activity supports sales

Alberta's wholesale trade went up in March after moderating slightly in the prior month. Wholesale trade increased 1.1% m/m to \$8.4 billion, led by building material & supplies (+6.8% m/m) amid the ongoing strength in the housing industry across North America. Motor vehicles & parts (+7.6% m/m) posted solid growth on the back of elevated motor vehicle prices. The monthly uptick was tempered by declines in machinery, equipment & supplies (-3.3% m/m) and several smaller subsectors. On a YTD basis, sales were up 23%, supported by gains in all subsectors.

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