

# Weekly Economic Review

## Inflationary pressures intensify

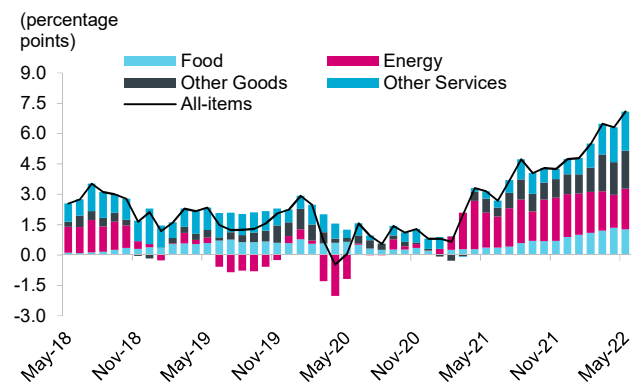
### Consumer Price Index

#### Alberta inflation rises but tempered by provincial fuel tax relief

Alberta's consumer price growth accelerated in May after a slight reprieve in April. The headline consumer price index rose 7.1% year-over-year (y/y) (Chart 1), up sharply from 6.3% y/y in the previous month, but the second lowest inflation among provinces. Energy prices (+32% y/y) remained the leading component of inflation, with large year-over-year gains in natural gas (+41%) and gasoline (+31%). While the annual increase in gasoline prices was significant, it was the lowest of all provinces for the second month in a row following the pausing of the collection of Alberta's fuel tax. Growth in food prices moderated but remained elevated (+7.2% y/y). Core inflation (all items except food and energy) jumped 0.6 percentage points to 4.9%, the highest level since 2007. Inflation rose in most broad categories, including services (4.4% up from 3.9%) and semi-durable goods (5.7% up from 2.8%). Countrywide, consumer inflation jumped 0.9 percentage points to 7.7%, the largest yearly increase since 1983.

#### CHART 1: HEADLINE INFLATION RAMPS UP

Contribution to Alberta's headline consumer inflation



Sources: Statistics Canada and Alberta Treasury Board and Finance  
\* Energy includes gasoline, natural gas and electricity

### New Housing Price Index

#### Index moves higher

The Alberta new housing price index rose in May as cost pressures persisted. The index increased 1.4% month-over-month (m/m) after increasing 1.0% m/m in April. While lumber and wood product prices continued to cool off, surging prices for fabricated metal, sand and cement products drove the index higher. Compared to a year ago, the provincial index was up 14%, with significant growth in the house-only component (+18% y/y), while growth in land prices remained relatively muted (+3.1% y/y).

### Average Weekly Earnings

#### Earnings holding up

Alberta's average weekly earnings (AWE) held relatively steady in April after advancing in March. AWE dipped 0.1% m/m to \$1,258, with a decline in goods earnings (-3.4% m/m) outweighing an increase in services (+0.7% m/m). Earnings in the goods sector retreated after jumping in March, with AWE pulling back in construction, manufacturing, and mining, quarrying, oil & gas extraction industries. For services, the strongest growth in earnings was in information & culture, and in accommodation & food services, where strong momentum from March continued. Wholesale & retail trade, as well as transportation, posted solid gains in the month, as did other services and arts & entertainment, which are both still recovering from the pandemic. On a year-over-year (y/y) basis, overall earnings were up 2.8%, behind consumer inflation for the same period (+6.3% y/y).

### Employment Insurance

#### Claims and beneficiaries continue to fall

The number of Albertans applying for Employment Insurance (EI) continues to decline with Alberta's strengthening labour market. The seasonally-adjusted number of EI claims submitted fell 4.0% m/m to 22,040 in April. Claims have declined for four consecutive months and are below pre-COVID levels. With fewer claims and expiring benefits, the number of Albertans receiving regular EI benefits fell by 3,930 to 53,960. This is significantly lower than the January 2021 peak of 207,200 and only 870 more than in February 2020.

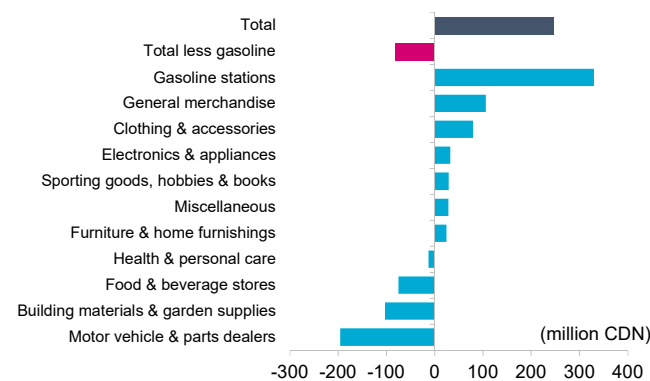
## Retail Trade

### Sales momentum slowing

Retail sales were steady in April following a decent increase in March. Seasonally adjusted retail sales grew 0.3% month-over-month (m/m) to \$7.7 billion, with seasonal gains in 8 out of 11 categories. Sales at gasoline stores jumped, supported by higher prices (Chart 2), followed by sales at general merchandise and clothing & accessories stores, with the latter posting its highest monthly growth in April. Monthly gains were tempered by lower sales in motor vehicles and parts dealers as well as building materials categories. Compared to a year ago, unadjusted retail sales were up 3.3% y/y, driven primarily by gasoline sales (+43% y/y) which rose on the back of higher prices. Excluding sales at gasoline stations, sales were down 1.2% y/y.

#### CHART 2: GASOLINE STATION SALES PROP UP GROWTH

Annual change in retail sales, April 2022



Sources: Statistics Canada, Haver Analytics

## Food Services and Drinking Places

### Sales reach a new high

Alberta's restaurant sales continued to grow in April as more Albertans resumed dining out amid easing public health measures. Seasonally-adjusted sales at food and drinking places increased 4.2% m/m, reaching a new historical high. The gains were driven by sales at full-service restaurants, followed by special food services. Limited-service eating places, the largest component and least impacted by health measures, also inched higher. On a year-to-date (YTD) basis, sales were up 33%.

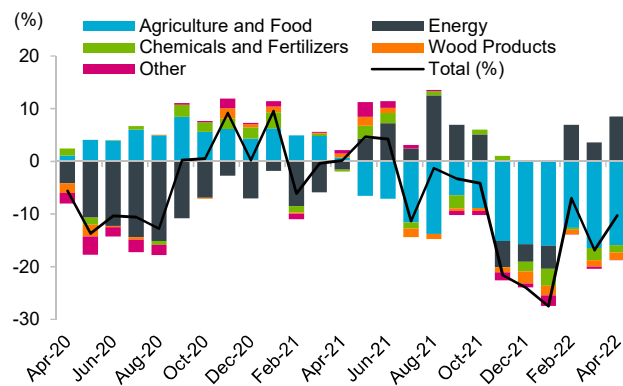
## Railway Carloadings

### Carloadings decline further

Railway carloadings inched down in April and remained weaker than a year ago. Western Canadian railway carloadings stood at 160,524 railcars, down 10% y/y (Chart 3). Reduced shipments of wheat (-49% y/y) and canola (-60% y/y) were again the main contributors, reflecting the impact of drought conditions on crop harvest in 2021. Shipments of lumber also went down (-15% y/y), posting their 10th consecutive decline. These declines were partially offset by higher rail carloadings of energy products, particularly for coal (+40% y/y). YTD, Western Canadian volumes of non-intermodal freight loadings were down 16%.

#### CHART 3: AGRICULTURE AND FOOD TEMPERS ENERGY TRANSPORT GROWTH

Contribution to year over year growth in rail carloading in Western Canada



Sources: Statistics Canada, Haver Analytics

## International Travel

### Travel continues to recover

International travel improved further in April as border restrictions regarding vaccination continued to ease. The seasonally adjusted number of non-residential travellers entering Canada through Alberta increased 9.3% m/m to just under 47 thousand people. While this was an eight-fold increase from a year ago, it only represents 46% of the number of trips observed in April 2019. Similarly, the number of returning Canadians via Alberta also went up (+26% m/m) to 152 thousand people, 15 times more than a year ago but only 61% of the April 2019 pre-pandemic level.

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