

# Weekly economic review

## Alberta economy posts broad-based gains

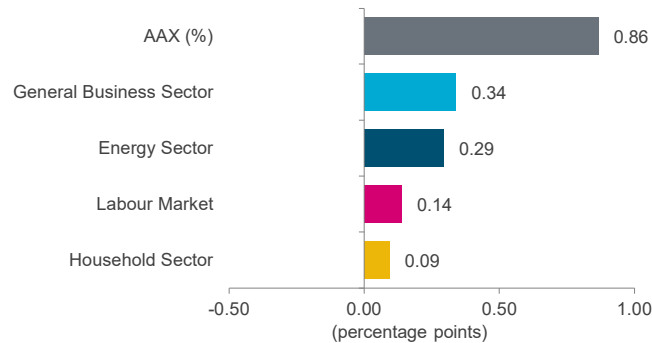
### Alberta Activity Index

#### Business sector leads the way

Economic activity in Alberta bounced back in February. The Alberta Activity Index (AAX) reached a nine-month high, increasing 0.9% month-over-month (m/m), with growth in all sectors. Business activity recovered (Chart 1), as rising manufacturing shipments and wholesale trade outweighed ongoing weakness in new truck sales. Activity in the energy sector also improved with record oil production and an uptick in rigs drilling. Labour market activity continued to climb as employment advanced while earnings moved lower. Meanwhile, the household sector moved up as strong housing starts more than offset the significant drop in retail sales in February. With the monthly increase, the AAX was up 1.3% year-over-year (y/y) and 0.8% year-to-date (YTD).

#### CHART 1: ACTIVITY PICKS UP WITH GAINS ACROSS THE BOARD

Contributions to month-over-month change in AAX, Feb-24



Source: Alberta Treasury Board and Finance

### Merchandise Exports

#### Exports rebound

The value of Alberta's goods exports increased in March as energy exports rebounded. The total value of merchandise exports went up 4.7% m/m to \$14.2 billion. Energy exports advanced 5.2% m/m following a double-digit decline in February as higher volumes and prices for heavy oil offset weakness in light oil and natural gas. Meanwhile, non-energy exports (+3.2% m/m) grew for a second consecutive month, led by gains in forestry products, consumer goods, and chemicals & plastic products. Despite the monthly increase, exports were down 5.9% y/y and 4.5% YTD.

### Building Construction Price index

#### Costs move higher

Construction costs continued to rise in the first quarter of 2024, driven by the residential sector. Residential construction costs in Alberta advanced 1.5% quarter-over-quarter (q/q), with higher prices in Calgary (+1.8% q/q) and Edmonton (+1.3% q/q). Non-residential costs were also up (+0.7% q/q), led by an increase in Edmonton and a smaller gain in Calgary. On an annual basis, while prices of both residential and non-residential construction increased, momentum diverged. Residential construction price growth accelerated to 3.3% y/y, a one-year high, led by a large increase in Calgary (6.2% y/y). Meanwhile, non-residential price growth slowed to 3.4% y/y, a three-year low, as growth moderated in both Calgary and Edmonton.

### Canadian GDP by Industry

#### Temporary boost fades

The Canadian economy grew at a more modest pace in February after surging in January. Real GDP by industry increased 0.2% m/m, down from 0.5% m/m in January, as some of the one-off factors that boosted growth dissipated. The public sector increased 0.2% m/m after jumping 1.9% m/m the previous month with the resolution of Quebec public sector strike. Meanwhile, output in the utilities sector declined (-2.6% m/m) after an extreme cold snap in Western Canada temporarily lifted demand for heating in January. Output in mining, quarrying, and oil & gas extraction also rebounded with higher output from both conventional oil and gas (+4.4% m/m) and oil sands (+ 2.1% m/m). Year-over-year, real GDP by industry rose 0.8%, led by service-producing industries (+1.6%).

### US Monetary Policy

#### Rates steady

The Federal Open Market Committee (FOMC) kept the benchmark interest rate unchanged at its meeting on Wednesday. The Committee voted unanimously to maintain the target range for the federal funds rate at a 23-year high of 5.25%-5.50%. The FOMC has been on hold since July 2023, as Fed officials wait for further evidence that inflation is moving sustainably toward the 2 per cent target.

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