

# Weekly Economic Review

## Strong finish for employment

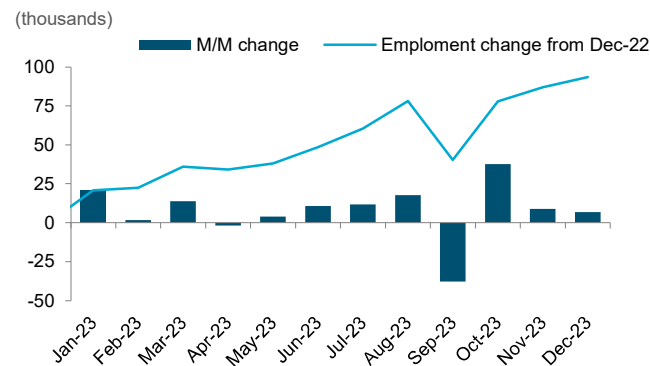
### Employment

#### Services rebound in December

Alberta's labour market maintained momentum to end 2023. The province added 6,700 jobs in December as a rebound in the service sector offset a pull back in the goods sector. Service sector employment advanced by 20,300 month-over-month (m/m) after some weakness through the fall, led by gains in other services (which includes personal and repair services), professional & scientific services, and educational services. Meanwhile, employment in the goods sector fell by 13,500 after adding over 21,000 jobs in the previous two months. Despite the monthly employment gains, Alberta's unemployment rate increased by 0.4 percentage points to 6.3% as the labour force participation rate jumped to 69.7% and the source population continued to swell. December capped off a strong year in Alberta's labour market, with over 93,000 jobs added since December 2022 (Chart 1).

**CHART 1: STRONG EMPLOYMENT GAIN IN 2023**

Monthly and cumulative change in employment



Sources: Statistics Canada, Haver Analytics

### Average Weekly Earnings

#### Earnings continue to creep up

Alberta's average weekly earnings (AWE) edged higher for the second consecutive month in October. AWE increased 0.3% m/m to \$1,295 due to gains in the service sector (+0.6% m/m). Service sector earnings advanced in 10 out of 15 industries, led by strong growth in earnings for health care & social assistance. Meanwhile, AWE in the goods sector eased (-0.2% m/m), with pullbacks in manufacturing and construction outweighing solid growth in mining, quarrying & oil & gas extraction. While earnings moved higher in 2023, growth was tempered. Year-to-date (YTD) earnings were up 2.2% in Alberta, with similar gains in both the goods and service sectors.

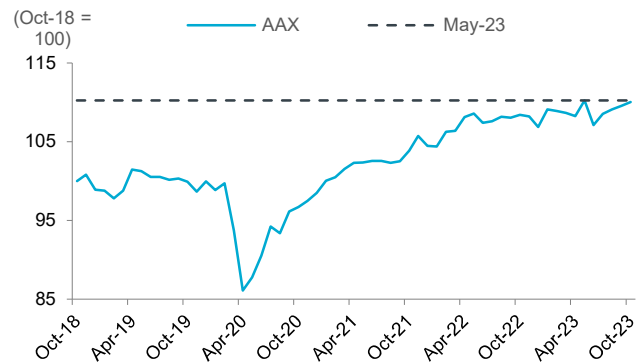
### Alberta Activity Index

#### Strong momentum continues

Economic activity continued its upward momentum in October. The Alberta Activity Index (AAX) rose 0.4% m/m and was 0.2% shy of its recent peak in May 2023 (Chart 2). Activity in the labour market improved as both employment and earnings advanced. Meanwhile, business activity continued to expand as gains in the wholesale trade offset lower manufacturing shipments and new truck sales. In contrast, the household sector eased as housing starts pulled back from an eight-year high. Activity in the energy sector moderated as a decrease in oil production more than offset an uptick in the rigs drilling. The AAX was up 1.5% year-over-year (y/y) in October and 1.5% YTD.

**CHART 2: ECONOMIC ACTIVITY APPROACHING PEAK**

Alberta Activity Index



Sources: Alberta Treasury Board and Finance

### Retail Trade

#### Growth slows

Growth in Alberta's retail sales is slowing. Seasonally adjusted retail sales declined 0.2% m/m to \$8.5 billion in October. With the monthly pullback, y/y growth moderated to 2.3% y/y in October, well below the pace in the first half of 2023. Growth slowed in the second half of 2023 as lower gasoline prices continued to dampen sales at gasoline stations (-17% y/y) and sales at food & beverage stores eased after being a source of strength earlier in the year. Sales also turned lower in building material & garden suppliers (-4.6% y/y), while growth accelerated for motor vehicle & parts dealers (+9.7% y/y). With the strong start to the year, sales were still up 4.9% YTD, led by strong gains at food, health, clothing, and sporting/hobby stores and motor vehicle dealers.

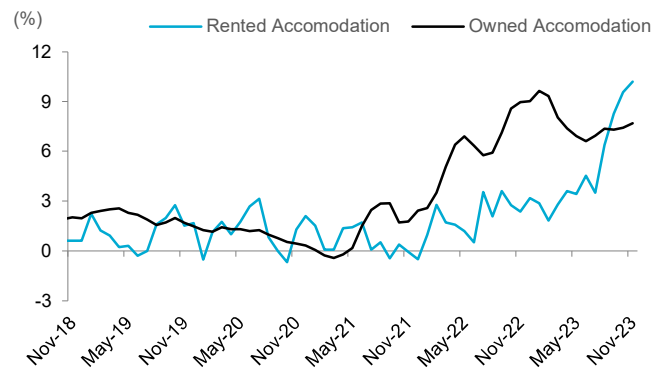
## Consumer Price Index

### Inflation bounces up

Consumer inflation in Alberta moved higher in November after hitting its second-lowest reading in more than two years in October. The consumer price index (CPI) increased 2.5% y/y, up from 2.1% y/y as both goods and service inflation picked up in the month. Services inflation jumped to a seven-month high (+3.9% y/y) as annual increases in housing costs accelerated for both renters (+11% y/y) and homeowners (+7.7% y/y) (Chart 3). Goods inflation picked up but remained modest (+1.0% y/y). Year-over-year declines in energy prices moderated, even though energy prices fell 2.9% m/m with lower gasoline and electricity prices.

### CHART 3: ACCOMODATION INFLATION ELEVATED AND RISING

Year-over-year percentage change



Source: Statistics Canada, Haver Analytics

## Non-residential Construction Investment

### Investment eases

Investment in non-residential buildings in Alberta appears to be moderating. The value of investment declined 1.1% m/m to \$695 million in October. Investment fell for the second consecutive month as spending in commercial buildings continued to pull back from the six-year high. Spending on institutional & governmental buildings also eased, while investment in industrial buildings rose for the fourth consecutive month. Regional, the weakness was in Calgary and the non-CMA regions while investment rose in Edmonton and Lethbridge. Non-residential investment was up 1.9% YTD due to strength in industrial (+8.2% YTD) and commercial investment (+6.7% YTD).

## Residential Construction Investment

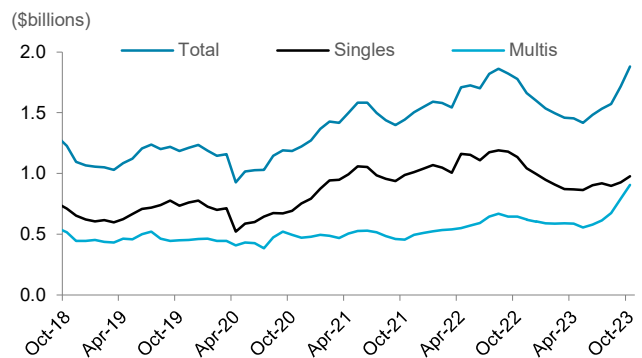
### Investment accelerating

Residential construction spending continued to surge in October. Alberta's seasonally adjusted residential building investment rose 9.5% m/m to \$1.9 billion, an all-time high.

Strong multi-unit investment (+14% m/m) drove the increase, while single-dwelling construction also rose (+5.5% m/m) (Chart 4). The robust investment in multi-unit dwellings boosted spending in Calgary and Edmonton. Investment in Calgary jumped 10% m/m to reach a record high, while it continued to rise in Edmonton (+7.3% m/m). Despite the recent upward momentum, construction spending failed to make up for the slow start to the year and was down 9.3% YTD. The weakness in 2023 was concentrated in single dwelling investment, which remained below elevated levels from 2022 (-19% YTD).

### CHART 4: INVESTMENT HITS NEW HIGH WITH STRONG MULTI INVESTMENT

Alberta housing construction investment, seasonally adjusted



Sources: Statistics Canada, Haver Analytics

## GDP by Industry

### Economic activity remains flat

Activity in the Canadian economy held steady in October. Canada's real gross domestic product (GDP) by industry was unchanged for a third consecutive month. Activity in the goods-producing sector was flat as a rebound in the mining, quarrying and oil and gas extraction (+1.0% m/m) was offset by ongoing weakness in the manufacturing sector (-0.6% m/m). The services-producing industries output was largely unchanged (+0.1% m/m) as gains in consumer sensitive sectors, retail trade (+1.2% m/m) and accommodation & food services (+0.9% m/m), were offset by declines in wholesale trade (-0.7% m/m) and transportation & warehousing (-0.2% m/m). Canada's GDP by industry was 1.5% higher YTD, with robust activity in services-producing industries (+2.2% YTD) offsetting weakness in the goods sector (-0.6% YTD).

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