

# Weekly Economic Review

## Earnings leap ahead

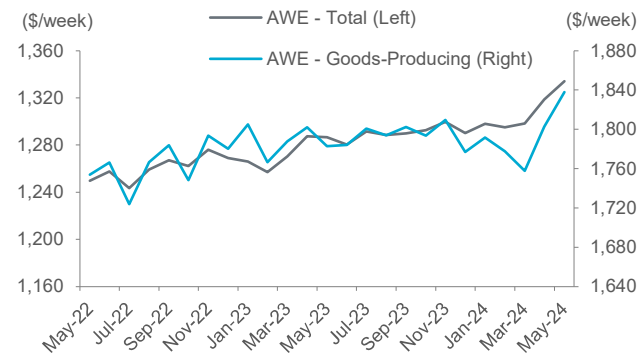
### Average Weekly Earnings

#### Goods sector drives gains

Alberta's average weekly earnings (AWE) advanced again in May. AWE increased 1.2% month-over-month (m/m) to \$1,334, led by gains in the goods sector (Chart 1). Earnings in the goods sector (+2.0% m/m) jumped for the second consecutive month, driven by strength in mining, quarrying, and oil and gas extraction (+4.3% m/m). Earnings in the services sector (+0.9% m/m) also moved higher, with gains in ten of the fifteen industries. With the monthly increase, AWE were up 3.7% year-over-year (y/y), with both services (+4.0% y/y) and goods (+3.1% y/y) seeing solid growth.

**CHART 1: STRENGTH IN THE GOODS SECTOR**

Average weekly earnings by sector



Sources: Statistics Canada, Haver Analytics

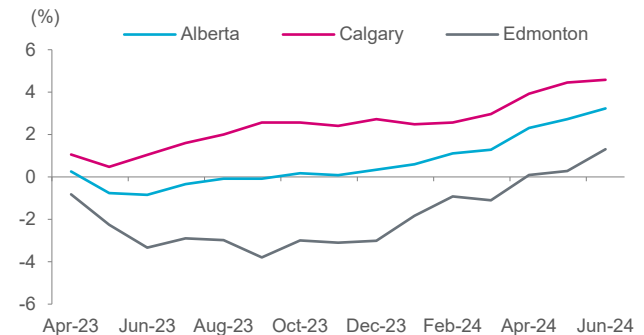
### New House Price Index

#### Calgary leads momentum

Newly constructed house prices reached another high in June. Alberta's new housing price index (NHPI) advanced 0.5% m/m due to strength in Calgary. Calgary's NHPI rose 0.8% m/m to hit a new high for the fourth consecutive month, with recent growth led by the house-only component (+1.0% m/m). Meanwhile, prices in Edmonton were unchanged. With the monthly gain, Alberta's NHPI rose 3.2% y/y. Calgary (+4.6% y/y) led the way, while Edmonton also advanced (+1.3% y/y) (Chart 2).

**CHART 2: CALGARY BLAZES AHEAD**

New House Price Index, year-over-year growth



Sources: Statistics Canada, Haver Analytics

### Food Services and Drinking Places

#### Sales holding up

Sales at Alberta's restaurants were largely unchanged in May. Seasonally adjusted sales at food and drinking places ticked up 0.2% m/m to \$1.0 billion. Despite the modest monthly gain, y/y growth picked up from 3.9% in April to 4.6% in May. Sales growth was particularly strong for special food services, having accelerated from 5.4% y/y in April to 12% y/y in May. This was accompanied by more moderate growth for full-service restaurants (+4.9% y/y), limited-services eating places (+4.8% y/y), and drinking places (+3.7% y/y).

### Residential Construction Investment

#### Single dwelling investment supports turnaround

Residential construction investment in the province regained some ground in May. Spending rose 1.5% m/m to \$1.8 billion after dropping from record levels in the previous two months. Single dwelling investment advanced 2.6% m/m, while multi-dwelling investment inched up 0.5% m/m, remaining well-above levels seen before the boom last fall. Regionally, the pickup was broad based with investment increasing in Calgary (+1.2% m/m), Edmonton (+1.0% m/m), and in the rest of Alberta (+3.8% m/m). Even with the recent declines, residential investment remained elevated and was up 25% year-to-date (YTD) on strong multi-dwelling investment (+55% YTD).

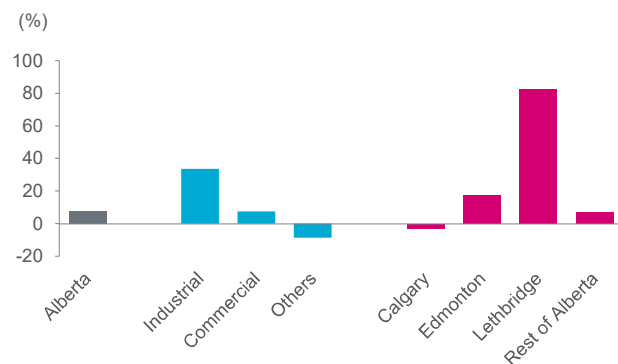
## Non-Residential Construction Investment

### Momentum continues in industrial investment

Alberta's non-residential building investment held steady in May as higher industrial investment offset lower commercial investment. The value of non-residential building investment was largely unchanged at \$720 million. Strength continued in industrial investment (+1.5% m/m), which hit a four-year high while institutional and governmental investment (+0.6% m/m) also increased. In contrast, commercial investment inched down (-0.4% m/m) to an eleven-month low. Edmonton (+1.3% m/m) advanced for the fifteenth consecutive month on the momentum in industrial investment and hit a six-year high. Meanwhile, Calgary inched up (+0.3% m/m) and the rest of province declined (-2.1% m/m). With the ongoing strength in industrial investment (+34% YTD), non-residential building investment rose 7.5% YTD (Chart 3).

#### CHART 3: INDUSTRIAL INVESTMENT SUPPORTING GROWTH

Year-to-date growth in non-residential investment



Sources: Statistics Canada, Haver Analytics

## Business Barometer Index (BBI)

### Businesses more optimistic

Sentiment among Alberta's small businesses continued to improve in July. Both the short-term and long-term business barometer index (BBI) moved ahead and remained above 50.0, indicating that businesses expect stronger performance over the next 3 and 12 months. While sentiment improved, businesses still identify insufficient demand and a shortage of skilled workers as constraints to growth.

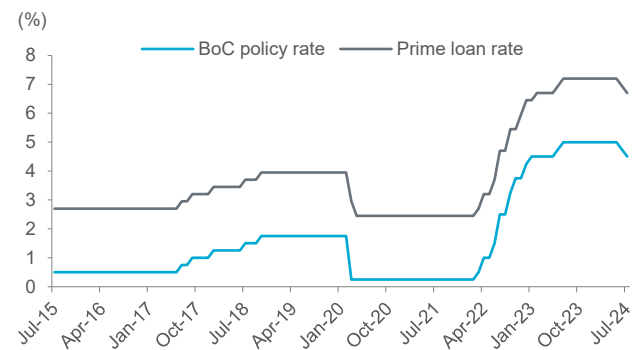
## Monetary Policy

### Bank of Canada continues easing

The Bank of Canada (BoC) lowered its benchmark interest rate again on Wednesday. The BoC reduced the policy rate by 25 basis points to 4.50% – its second consecutive rate cut. Domestic banks followed suit and lowered their prime lending rate to 6.70% from 6.95% (Chart 4). Additionally, the BoC revised down its real GDP growth forecast for 2024 from 1.5% to 1.2%, while holding the forecast for inflation unchanged at 2.6%. The Bank expects lower growth this year after weaker-than-anticipated activity in the first quarter due to slower growth in consumption and residential investment. While inflation next year (2.4%) is expected to be higher than previously anticipated (2.2%), the Bank still foresees inflation at the 2.0% target in 2026.

#### CHART 4: RATES AT LOWEST SINCE MAY 2023

Overnight target rate and prime business loan rate



Sources: Bank of Canada, Haver Analytics