

Weekly Economic Review

Economic activity in the province gathering steam

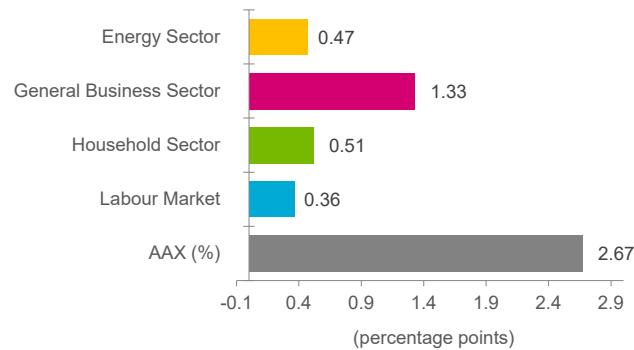
Alberta Activity Index (AAX)

Broad-based growth across sectors

The Alberta Activity Index (AAX) jumped to an all-time high in April. The index soared 2.7% month-over-month (m/m), with gains in all sectors and components (Chart 1). Business activity rebounded as manufacturing shipments, wholesale trade, and new truck sales all advanced. The household sector gained ground as housing starts rebounded and retail sales jumped. Activity in the energy sector continued to expand with growing oil production and increasing drilling activity. Meanwhile, momentum in the labor market continued with both employment and earnings moving higher. With the monthly gain, the AAX was up 3.8% year-over-year (y/y) and up 1.2% year-to-date (YTD).

CHART 1: BUSINESS LEADS THE WIDESPREAD GAIN

Contributions to month-over-month change in Alberta Activity Index



Source: Alberta Treasury Board and Finance

Average Weekly Earnings

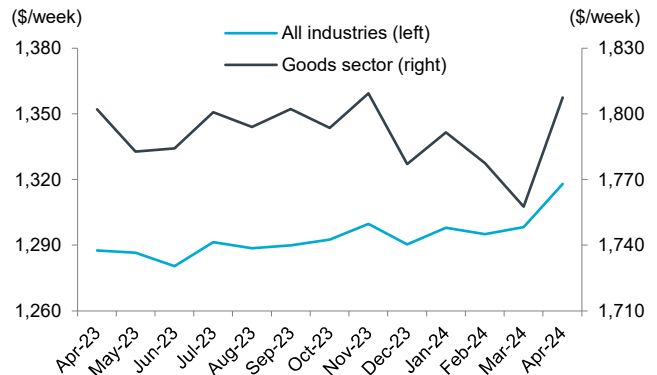
Goods sector lifts earnings higher

Alberta's average weekly earnings (AWE) advanced in April, led by strong growth in the goods sector. AWE increased 1.5% m/m to \$1,318, with gains in both the goods and services sectors (Chart 2). Earnings in the goods sector (+2.8% m/m) bounced back after four months of weakness. The gains were broad-based and led by manufacturing (+4.1% m/m) and construction (+1.9 m/m), which matched and set new highs. Meanwhile, earnings in the services sector (+0.8% m/m) inched up as a robust increase in wholesale trade (+6.2% m/m) was partially offset by declines in eight of the remaining fourteen industries. With the monthly gain, AWE

were up 2.4% y/y, buoyed by the services sector (+3.3% y/y). Meanwhile, earnings in the goods sector were only marginally higher than a year ago (+0.3% y/y) despite the strong monthly growth.

CHART 2: REBOUND IN GOODS SECTOR LIFTS EARNINGS

Alberta's average weekly earnings



Sources: Statistics Canada, Haver Analytics

Consumer Confidence

Sentiment shoots up

Alberta's consumer sentiment soared in May. The Conference Board of Canada's index of consumer confidence rose 8.0 points to post the largest gain in over a year. Improving sentiment towards future finances and job prospects outweighed moderated sentiment around current finances and major purchases. With the gain, Alberta's consumer confidence reached its highest level since last June. However, confidence remained below the levels seen prior to the start of interest rate hikes.

Food Services and Drinking Places

Sales rebound

Sales at Alberta's restaurants and bars bounced back in April. Seasonally adjusted sales at food and drinking places rose 2.0% m/m to \$1.0 billion. With the rebound, y/y growth accelerated to 4.6% in April from 4.2% in March. The pickup was driven by limited-service eating places (+6.3% y/y). Meanwhile, growth in special food services (+6.2% y/y) remained strong but moderated, along with growth at full-service restaurants and drinking places.

Business Barometer Index (BBI)

Outlook brightens

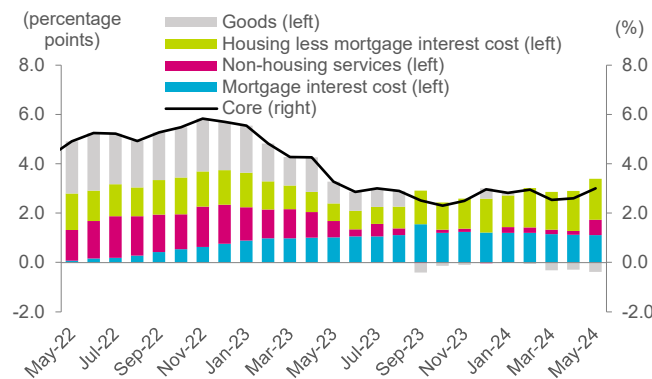
Sentiment among Alberta's small businesses improved in June. Both the short-term and long-term business barometer index (BBI) moved ahead, indicating that businesses expect stronger performance over the next 3 and 12 months. This was the first time in almost a year that businesses were optimistic about both immediate and long-term outlook. While sentiment improved, businesses continued to identify insufficient demand and a shortage of skilled workers as constraints to growth.

Consumer Price Index (CPI)

Service inflation remains elevated

Consumer inflation in Alberta held steady in May as easing price growth of energy and food was offset by higher service inflation. The consumer price index rose 3.0% y/y, unchanged from April. Energy inflation slowed with lower electricity prices (-11% y/y), and food inflation continued to moderate, falling to 2.7% y/y, the slowest rate since July 2021. Conversely, core inflation (all items excluding food and energy) picked up from 2.6% y/y in April to 3.0% y/y in May as service inflation accelerated. Service inflation jumped 0.9 percentage points to 5.3% y/y as elevated shelter inflation was joined by higher inflation in travel services and inter-city transportation (Chart 3).

CHART 3: SHELTER AND NON-HOUSING SERVICES CONTRIBUTE TO HIGHER CORE INFLATION



Sources: Statistics Canada, Haver Analytics

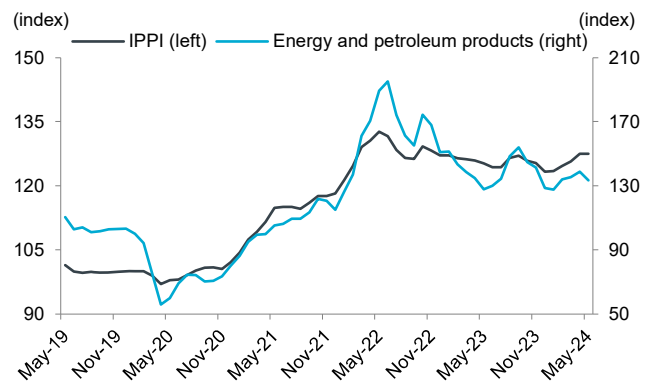
Industrial Product Price Index (IPPI)

Industrial prices held steady

After a period of increases, Canada's industrial prices were unchanged in May. The Industrial Product Price Index (IPPI) held steady as lower prices for energy and petroleum products offset price gains in many other products (Chart 4). The decline in prices for energy and petroleum products (-3.9% m/m) was the first in four months and reflected lower prices for crude oil. Compared to a year ago, the IPPI was up 1.8%, boosted by higher prices for energy and petroleum products (+4.5% y/y) and several metals.

CHART 4: IPPI STEADY WITH LOWER PRICES FOR ENERGY AND PETROLEUM PRODUCTS

Industrial Product Price Index (Jan 2020 = 100)



Sources: Statistics Canada, Haver Analytics

GDP by Industry

Activity moves higher

Canada's economy moved ahead in April with widespread gains. Real GDP by industry grew 0.3% m/m after holding steady in March. Activity in the goods sector expanded 0.3% m/m, driven by a strong increase in support activities for mining & oil & gas extraction (+6.9% m/m). Oil and gas extraction (+1.2% m/m) and the rebound in manufacturing (+0.4% m/m) also contributed to the expansion in the goods sector. The service sector (+0.3% m/m) also edged higher, led by a jump in wholesale trade (+2.0% m/m). Activity also expanded in retail trade (+0.6% m/m) and accommodation & food services (+1.2% m/m). With the monthly gain, real GDP was up 1.1% y/y, led by strength in services.

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

Contributions to Alberta's core inflation