

# Weekly Economic Review

## Business sentiment positive in the province

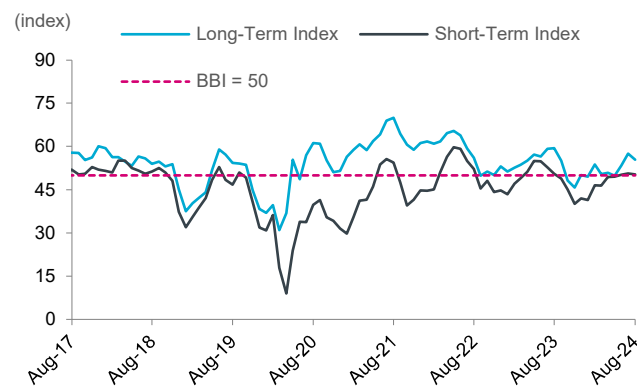
### Business Barometer Index (BBI)

#### Long term sentiment remains resilient

Alberta's small businesses' remained optimistic in August. Although the long-term (12-month) business barometer index (BBI) eased 2.1 points in the month, it remained above 50 (55.4), indicating businesses expect a stronger performance over the next 12 months (Chart 1). Similarly, the short-term index (3 months) moved lower (-0.3 points) but also held above 50 (50.3) threshold (BBI > 50). While businesses anticipate growth over the short and long term, they continue to face challenges. Insufficient demand and a shortage of skilled labour are limiting production growth while tax, regulatory, and insurance premiums are driving up their input costs.

**CHART 1: LONG-TERM PROSPECTS OUTWEIGH SHORT-TERM CHALLENGES**

Alberta Business Barometer Index



Source: Canadian Federation of Independent Business

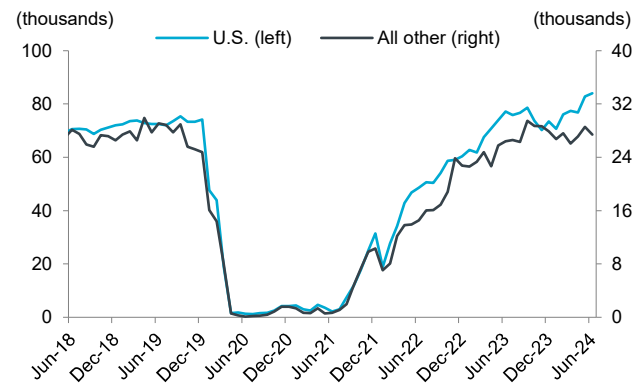
### International Travel

#### Travel remains strong

The number of non-resident travellers arriving in Alberta held steady in June after posting solid gains to start the tourist season. The seasonally adjusted number of non-resident travellers entering Canada through Alberta edged up 0.1% m/m to 111,471. The number of arrivals was steady as ongoing strength in U.S. travellers (+1.6% m/m) was offset by a decline in non-US travellers (-4.1% m/m) (Chart 2). Meanwhile, the number of Canadians returning via Alberta fell (-1.7% m/m) to 247,977. A decline in Canadians returning from non-US countries (-6.7% m/m) overwhelmed an increase in Canadians returning from the U.S. (+1.7% m/m). The number of non-resident travellers and returning Canadian travellers was up 13% year-to-date (YTD) and 11% YTD, respectively.

**CHART 2: MOMENTUM CONTINUES IN U.S. TRAVELLERS**

International travellers entering Alberta by type, (SA)



Sources: Statistics Canada, Haver Analytics

### Business Insolvencies

#### Insolvencies moderate

The pace of business insolvencies slowed in July. A total of 19 Alberta businesses initiated insolvency in the month, two less than in June and the fewest in the last 10 months. The moderation has been led by bankruptcies, which have pulled back sharply from the February peak of 21. Similarly, proposals (-1 m/m) also eased in the month. Despite the recent moderation, 317 businesses have filed for insolvency over the last 12 months, a pace last seen in 2012.

### Food Services and Drinking Places

#### Sales advance to a new high

Sales at Alberta's restaurants and bars edged up in June to a new record. Seasonally adjusted sales at food and drinking places increased 1.4% m/m to \$1.0 billion. With the gain, y/y growth improved from 4.7% in May to 5.6% in June. Growth was strongest for drinking places (+5.8% y/y) and special food services (+18% y/y), which includes food trucks and catering. It was more tempered for full-service restaurants (+2.9% y/y) and limited-service eating places (+4.2% y/y).

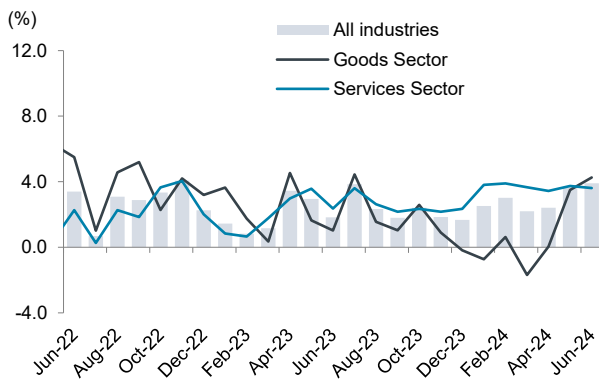
## Average Weekly Earnings

### Earnings growth picks up

Alberta's average weekly earnings (AWE) were largely unchanged in June. AWE eased 0.2% m/m to \$1,330. Earnings in the goods sector (+0.8% m/m) advanced for the third consecutive month, with ongoing strength in mining, quarrying, & oil & gas extraction (+1.9% m/m). This was countered by a pullback in the services sector (-0.6% m/m), led by lower earnings in retail and wholesale trade, as well as educational services. Despite the monthly dip, year-over-year (y/y) growth (+3.9 y/y) hit a 20-month high, with both goods (+4.3% y/y) and services (+3.6% y/y) seeing notable growth (Chart 3).

### CHART 3: EARNINGS GROWTH ACCELERATES WITH PICKUP IN GOODS SECTOR

Y/y growth in average weekly earnings



Sources: Statistics Canada, Haver Analytics

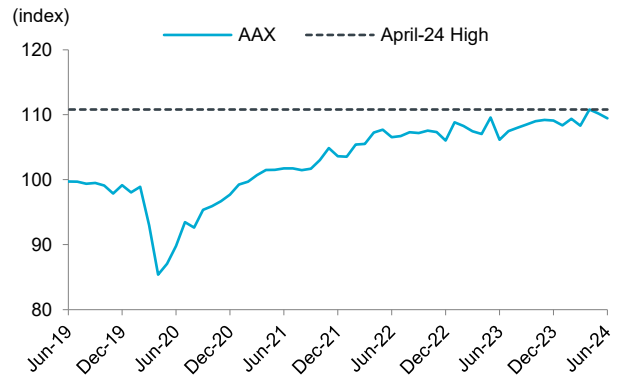
## Alberta Activity Index

### Activity remains elevated despite the recent pullback

The Alberta Activity Index (AAX) continued to moderate in June after making large gains in April (Chart 4). The index fell 0.7% m/m, as easing activity in the business, household, and energy sectors overwhelmed strength in the labour market. Labour market activity advanced as both earnings and employment moved up. In contrast, business activity fell amid broad-based declines, while the energy sector decreased as higher oil production was more than offset by a slow start to the summer drilling season. The household sector edged down as housing starts continued to retreat from elevated levels, and retail sales fell back to recent lows. Despite back-to-back monthly declines, the AAX remained above the March levels and was up 3.1% y/y.

### CHART 4: ACTIVITY REMAINS ELEVATED

Alberta Activity Index (AAX), (Nov-18 = 100)



Source: Alberta Treasury Board and Finance

## Canada Real GDP by Expenditure

### Government spending props up growth

The Canadian economy continued to expand in the second quarter of 2024 but there is underlying weakness in the household sector. Canada's GDP by expenditure increased 2.1% quarter-over-quarter (q/q) annualized in Q2 2024, up from the 1.8% q/q in the previous quarter. The acceleration was the result of faster growth in government spending (+6.7% q/q) and business investment (+11% q/q). The pickup in business investment was led by a jump in spending on machinery and equipment (+29% q/q). Consumer expenditures nearly stalled (+0.6% q/q) as high interest rates weighed on durable goods (-7.9% q/q) while spending on services moderated. Meanwhile, residential investment (-7.3% q/q) continued to decline, led by lower levels of investment in new construction. Net exports also weighed on growth, as exports (-1.8% q/q) fell more than imports (-0.5% q/q).

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