

# Weekly Economic Review

## Small business sentiment continues to improve

### Business Barometer Index (BBI)

#### Sentiment improves but plummets nationwide

Alberta's small businesses continue to be optimistic about the future. The long-term business barometer index (BBI) advanced by 0.8 points in April and remained above 50 (51.20), indicating businesses continue to expect growth over the next 12 months. The short-term index also advanced to the highest level in seven months but remained below 50. Meanwhile, nationwide sentiments for both long-term and short-term outlooks experienced a sharp decline, falling below the 50 mark to settle at 47.5 and 47, respectively. While sentiment has improved from early this year, small businesses continued to identify insufficient demand, taxes, electricity, and insurance as major constraints on production growth.

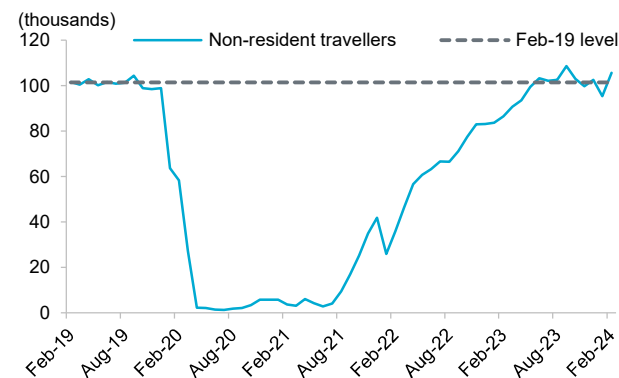
### International Travel

#### Surge in US travellers

The number of non-residents entering Alberta jumped in February, with a large increase in the number of US travellers. The seasonally adjusted number of non-resident travellers entering Canada through Alberta advanced 11% month-over-month (m/m) to 105,627 (Chart 1). The increase was largely due to a record monthly increase in the number of US visitors (+14% m/m). Meanwhile, visitors from other countries (+2.9% m/m) also moved higher. With the monthly increase, the number of non-resident travellers was up 22% year-over-year (y/y) and above pre-COVID levels. Meanwhile, the number of returning Canadians via Alberta continued to ease (-0.3% m/m) as fewer Canadians returning (-1.1% m/m) from the US overwhelmed an increase in the number of Canadians returning from other countries (+1.0% m/m).

CHART 1: TRAVEL ABOVE PRE-COVID LEVELS

Non-resident travellers via Alberta (SA)



Sources: Statistics Canada, Haver Analytics

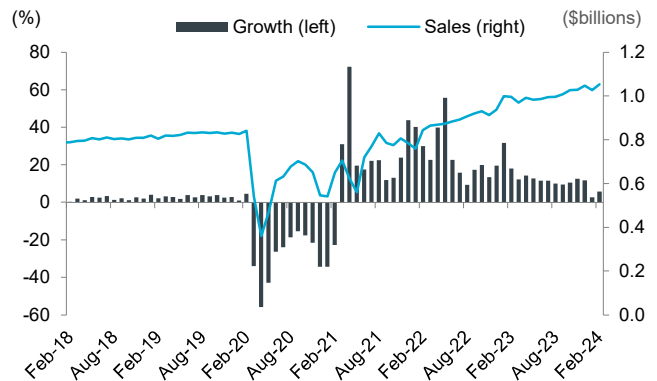
### Food Services and Drinking Places

#### Sales rebound

Sales at Alberta's restaurants and bars recovered in February to hit a new high. Seasonally adjusted sales at food and drinking places advanced 2.6% m/m to \$1.1 billion (Chart 2). While y/y growth picked up from 2.7% in January to 5.8% in February, it has slowed from the pace seen throughout last year. Growth picked up at all types of providers. Growth at full-service restaurants (+8.5% y/y) and drinking places (+12% y/y) turned positive after decreasing in the previous month. Meanwhile, sales at limited-service eating places (+7.5% y/y) and special food services, which includes food trucks and catering services (+14% y/y), continued to advance.

CHART 2: SALES AT NEW HIGH

Year-over-year growth and total sales of food services



Sources: Statistics Canada, Haver Analytics

### Consumer Confidence

#### Sentiment pulls back

Alberta's consumer sentiment tumbled in March. The Conference Board of Canada's index of consumer confidence declined 6.1 points. Sentiment towards current and future finances was broadly negative, while sentiment surrounding job prospects and major purchases retreated. With the monthly drop, consumer confidence was at the lowest level since November 2023 and well below levels prior to the start of the interest rate hikes.

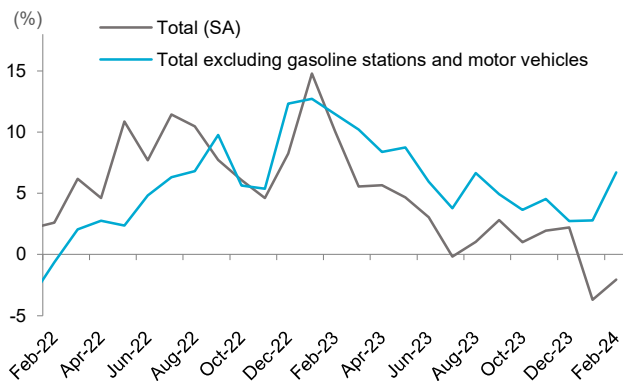
## Retail Trade

### Sales continue to ease

Alberta's retail sales pulled back for the second consecutive month in February. Seasonally adjusted retail sales stood at \$8.4 billion, down 1.1% m/m and 2.1% y/y. However, much of this weakness was concentrated in motor vehicle & parts dealers (-5.6% y/y) and at gasoline stations (-5.0% y/y). Excluding these two categories, sales were up 6.7% y/y, with strong and increasing growth in general merchandise, building materials & garden supplies, health & personal care, and food & beverage stores (Chart 3).

#### CHART 3: ROBUST GROWTH IN RETAILS SALES EXCLUDING GASOLINE AND MOTOR VEHICLES

Y/y growth in Alberta retail sales



Sources: Statistics Canada, Haver Analytics

## Average Weekly Earnings

### Earnings gain ground

Alberta's average weekly earnings (AWE) advanced for the second consecutive month in February. AWE increased 0.4% m/m to \$1,303. Goods sector earnings moved higher (+0.7% m/m) as the increase in construction (+1.3% m/m) outweighed the lower AWE in mining, quarrying & oil & gas. Meanwhile, AWE in the services sector inched up (+0.2% m/m) with a jump in wholesale trade (+6.4% m/m), countering declines in 8 service-producing industries. With the monthly increase and last year's dip, earnings growth accelerated to a seven month high of 3.7% y/y, with growth in both the services (+4.2% y/y) and goods (+2.2% y/y) sectors.

## New Housing Price Index

### Calgary pushes prices to a new high

Prices of newly built homes in Alberta continued to rise in March. The new housing price index (NHPI) increased 0.3% m/m to a new high. The strength was led by Calgary, where prices jumped 0.5% m/m after holding relatively steady in the previous three months. Meanwhile, prices in Edmonton edged up (+0.1% m/m) following a large increase since the start of

2024. With the monthly gains, Alberta's NHPI was up 1.3% y/y, buoyed by higher prices in Calgary (+3.0% y/y).

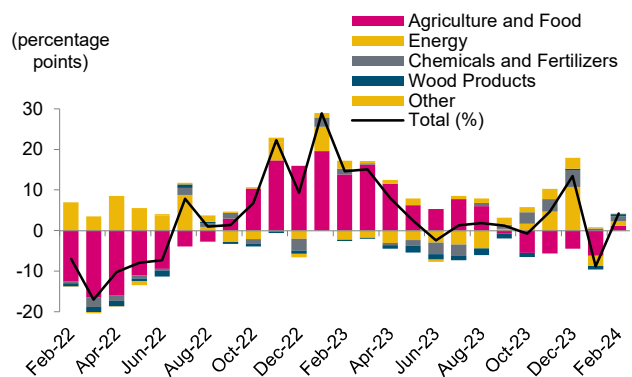
## Railway Carloadings

### Carloadings bounce back

Railway carloadings moved forward in February after declining in the previous month. Western Canadian railway carloadings stood at 166,053, up 4.1% from January and 4.2% from February 2023. Chemicals and fertilizer (+7.5% y/y) continued to move higher as potash carloadings rose for the seventh consecutive month (Chart 4), while increased shipments of wheat lifted agriculture & food (+4.0% y/y). Similarly, energy carloadings (+3.2% y/y) advanced on the back of higher volumes of fuel oil and crude. These gains were partially offset by weakness in non-metallic minerals (-18% y/y) and plastic & rubber (-4.4% y/y).

#### CHART 4: AGRICULTURE AND CHEMICALS LEAD THE GAIN

Contributions to y/y growth in Western Canadian Carloadings



Source: Statistics Canada, Haver Analytics

## Industrial Product Price Index (IPPI)

### Prices on the rise

Canada's Industrial Product Price Index (IPPI) moved higher in March for the second consecutive month. The IPPI increased 0.8% m/m with higher prices for energy & petroleum products and chemicals & chemical products. Prices for lumber also advanced while prices for meat, fish & dairy products and primary non-ferrous metal rebounded after recent declines. Despite the recent gains, both the IPPI (-0.5% y/y) and IPPI excluding energy and petroleum products (-0.2% y/y) were below last year's level.

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