

Weekly Economic Review

Housing starts robust in the province despite moderation

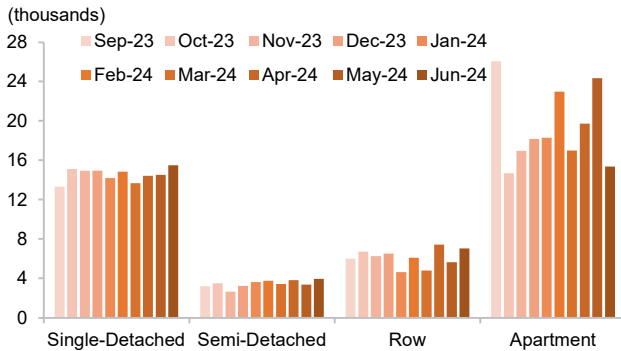
Housing Starts

Multi-unit starts decline in June following surge

Alberta's housing starts pulled back in June but remained at elevated levels. Housing starts fell 12% month-over-month (m/m) to a seasonally adjusted annualized rate (SAAR) of 42,271 after surging in the previous month. The dip was solely due to a decline in the volatile apartment starts (-37% m/m) (Chart 1). Single starts rose 6.7% m/m to a 21-month high and semi-detached starts jumped 17% m/m to a three-year high. Regionally, the pullback was concentrated in Edmonton (-26% m/m), while starts also eased in Calgary (-4.2% m/m). Despite the monthly decline, housing starts were up 53% year-to-date (YTD), with gains in all regions and types.

CHART 1: STARTS WEIGHED BY VOLATILE APARTMENTS

Housing starts by dwelling type (SAAR)



Sources: Canada Mortgage and Housing Corporation, Haver Analytics

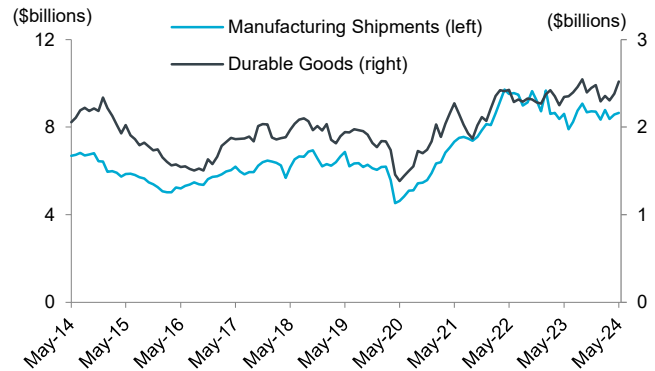
Manufacturing Shipments

Sales buoyed by machinery manufacturing

Factory sales in Alberta ticked up in May. The value of manufacturing shipments went up by 0.9% m/m to \$8.7 billion. Sales of durable goods (+6.0% m/m) jumped (Chart 2) as the surge in machinery manufacturing (+28% m/m), which hit its highest level since 2014, was accompanied by gains in wood products, primary metals, and computer & electronics. In contrast, sales of non-durable goods moved down (-1.0%) as weakness in petroleum & coal, chemicals, and food more than offset an uptick in plastics & rubber. With the monthly gain, manufacturing shipments were up 0.5% year-over-year (y/y).

CHART 2: DURABLES BUOYED FACTORY SALES

Value of manufacturing shipments in Alberta



Sources: Statistics Canada, Haver Analytics

Wholesale trade

Sales edge down

Sales at Alberta wholesalers moderated in May after hitting an eleven-month high in April. Wholesale trade (excluding petroleum, petroleum products, and other hydrocarbons and excluding oilseed and grain) declined by 1.2% m/m to \$9.2 billion. Sales declined in five out of seven sectors, led by farm products (-29% m/m), which took a step back after the exceptional gain in the previous month. Likewise, motor vehicles & parts (-3.0% m/m) and machinery (-0.7% m/m) saw a decline, while miscellaneous (+3.6% m/m) and building materials (+1.5% m/m) advanced. With the monthly decline, wholesale trade was down 6.7% y/y.

Retail Trade

Sales retreat

Alberta's retail sales took a step back in May to erase most of the gains of the previous month. Seasonally adjusted retail sales declined 2.5% m/m to \$8.5 billion. With the pullback, y/y growth slowed from 2.7% in April to -1.8% in May. Growth in sales at motor vehicle & parts dealers plunged from an 11-month high in April to -8.0% y/y in May, partly reflecting the surge in sales last May. Growth also slowed notably for building materials & garden supplies retailers. Meanwhile, gasoline station sales growth (+4.1% y/y) was up for the second consecutive month. With the monthly pullback and weak start to the year, sales were down 1.1% YTD.

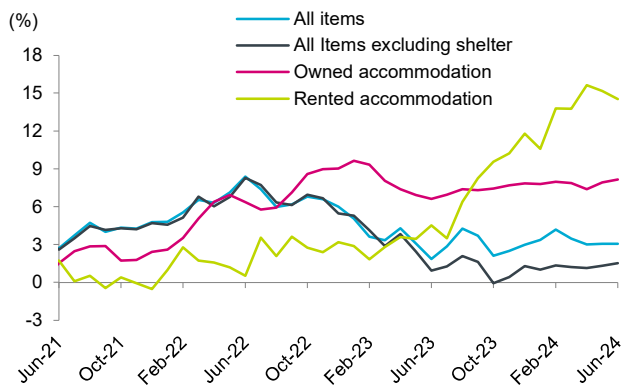
Consumer Price Index (CPI)

Services inflation moves higher

Consumer inflation was unchanged for the third consecutive month in June as price growth held steady, with lower energy prices offset by higher food and services. The consumer price index (CPI) rose 3.0% y/y. Energy inflation turned negative, with lower prices for both electricity (-18% y/y) and natural gas (-2.5% y/y) accompanying a moderation in gasoline inflation (+7.0% y/y). Conversely, food inflation increased from 2.7% y/y in May to 3.6% y/y in June, driven by dairy and meat. Core inflation also picked up, increasing 0.2 percentage points to 3.2% y/y in June as service inflation continued to accelerate. Service inflation jumped from 5.3% y/y in May to 5.7% y/y in June, with elevated shelter inflation overwhelming pullbacks in telephone services and traveller accommodation (Chart 3).

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

Y/y changes in CPI by selected components



Sources: Statistics Canada, Haver Analytics

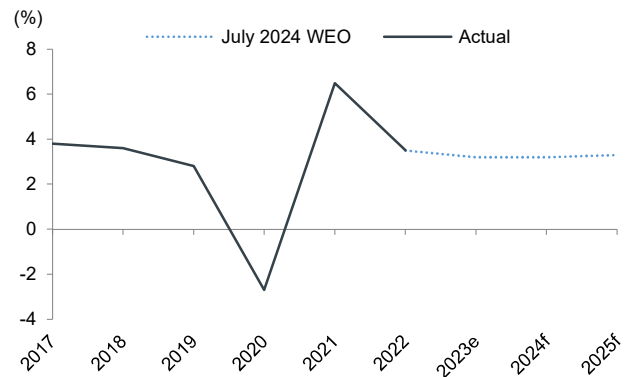
World Economic Outlook

Growth forecast is steady

Global economic activity is anticipated to remain resilient. In the July World Economic Outlook (WEO), the International Monetary Fund (IMF) forecasts the global economy to grow 3.2% this year and 3.3% in 2025, largely unchanged from the April WEO (Chart 4). Meanwhile, the pace of disinflation is expected to slow in advanced economies as persistent services inflation will partly offset the stronger decline in prices for goods. Consumer inflation is expected to average 2.7% in 2024 and 2.1% in 2025, up from the 2.6% and 2.0%, respectively, in the April WEO.

CHART 4: GLOBAL GROWTH FORECASTED TO BE STABLE

IMF forecasts of global economic growth



Source: International Monetary Fund

Canada Business Outlook Survey

Sentiment remains gloomy

Canadian business sentiment remained subdued in the second quarter of 2024. While fewer firms are planning for a recession over the next 12 months (20% vs 27% in Q1 2024), they continue to anticipate weaker sales growth. Expectations of sales growth were particularly tepid among businesses tied to discretionary consumer spending. With the weak outlook, firms' plans to hire and invest remained below their historical average. At the same time, price pressures look to be easing, with the share of firms planning to make unusually large price increases over the next 12 months (21%) smaller than the share of firms that made abnormally large price increases over the past 12 months (34%).

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