

Weekly Economic Review

Earnings continue to climb in the province

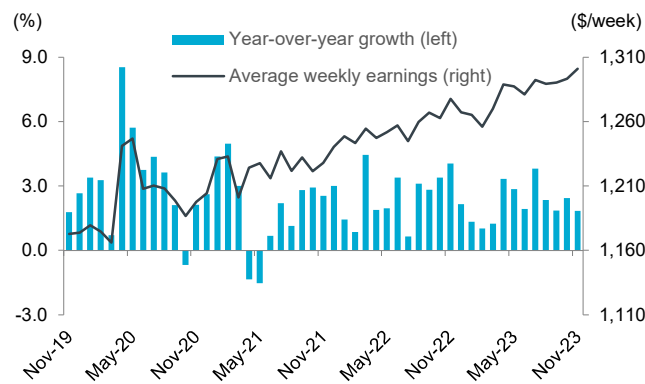
Average Weekly Earnings

Goods sector leads growth

Alberta's average weekly earnings (AWE) advanced for the third consecutive month in November. AWE increased 0.6% month-over-month (m/m) to \$1,301, led by monthly growth in the goods sector (+1.2% m/m). Goods sector earnings moved higher with gains in mining, quarrying & oil & gas extraction and utilities outweighing pullbacks in construction and manufacturing. Meanwhile, AWE in the service sector (+0.1% m/m) nudged up, with jumps in educational services and information & culture offsetting declines in many other industries. Despite the monthly uptick, earnings growth remained subdued, slowing to 1.8% year-over-year (y/y), the lowest pace in eight months (Chart 1).

CHART 1: AWE HITS NEW HIGH BUT GROWTH SLOWS

AWE and year-over-year change in AWE



Sources: Statistics Canada, Haver Analytics

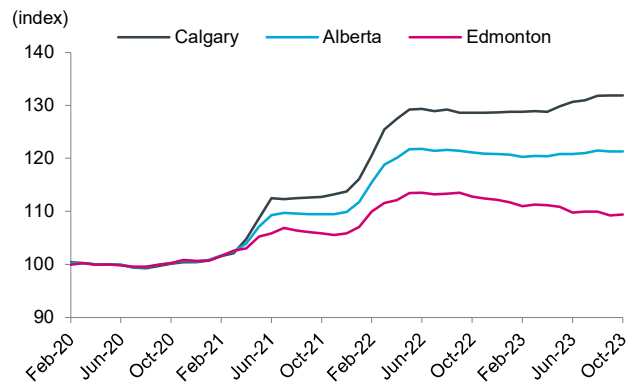
New Housing Price Index

Prices increase in Calgary

Prices for newly constructed homes in Alberta advanced in December, supported by continued strength in Calgary. The new housing price index (NHPI) rose 0.2% m/m. Prices in Calgary (+0.4% m/m) were boosted by an appreciation in the house-only component, largely due to higher construction costs. While prices have moved higher in Calgary, they have eased in Edmonton (Chart 2). The Edmonton index slipped in November (-0.1% m/m) and has declined in 11 of the previous 16 months. On an annual basis, prices in Alberta were up 1.0% in 2023, with Calgary's growth (+3.0%) outweighing weakness in Edmonton (-1.7%).

CHART 2: DIVERGENCE BETWEEN MAJOR CITIES CONTINUES

Alberta new housing price index, indexed January 2020=100



Sources: Statistics Canada, Haver Analytics

Consumer Confidence

Sentiment nudges up

Alberta's consumer sentiment improved in December but remained at depressed levels. The Conference Board of Canada's index of consumer confidence increased 3.3 points. An improvement in job market prospects and the current financial outlook outweighed a pullback in sentiment concerning future finances and major purchases. While the monthly bump put Alberta's consumer confidence at the highest level since July 2023, December's sentiment was well below the levels prior to the start of the interest rate hikes. Other provinces experienced similar gains and the national index improved after four consecutive months of decline.

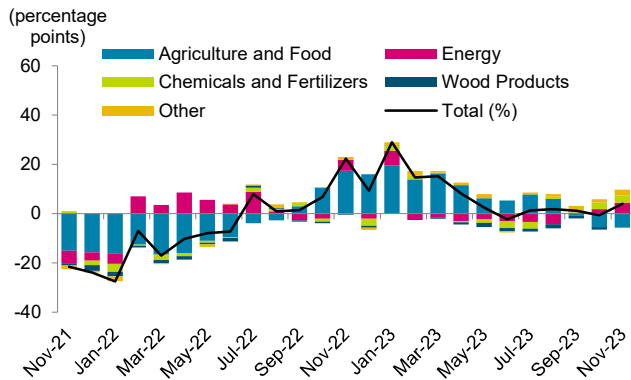
Railway Carloadings

Energy and fertilizers boost carloadings

Railway carloadings remained strong in November and were up from the level of the previous year. Western Canadian railway carloadings stood at 184,248, up 3.9% from November 2022. The growth was concentrated in energy and fertilizers, particularly in potash (+29% y/y) and coal (+23% y/y) (Chart 3), while wheat carloadings increased (+9.0% y/y). These strong gains outweighed a pullback in colza seeds (-51% y/y), which were down from the very strong levels of 2022. With the monthly gain, total Western Canadian car loadings were up 6.2% year-to-date (YTD).

CHART 3: ENERGY AND CHEMICALS LEAD THE GAIN

Contributions to y/y growth in Western Canadian Carloadings



Sources: Statistics Canada, Haver Analytics

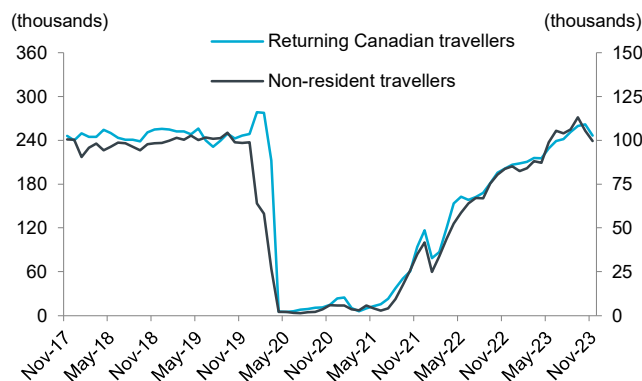
International Travel

Non-resident travel slides again

The number of international travellers entering Alberta pulled back at the end of 2023 after a strong summer. The seasonally adjusted number of non-resident travellers entering Canada through Alberta declined 5.5% m/m to 99,644 in November. The recent declines are the result of fewer U.S. travellers (-8.3% m/m), which overwhelmed an uptick in non-U.S. travellers (+1.7% m/m). Despite the monthly decline, non-resident travellers were up 19% y/y and remained above pre-COVID levels. Meanwhile, the number of returning Canadians through Alberta retreated 5.9% m/m to 246,201 but remained on par with pre-COVID levels (Chart 4).

CHART 4: TRAVEL EASES AFTER STRONG SUMMER

Non-resident and returning Canadian travellers via Alberta (SA)



Sources: Statistics Canada, Haver Analytics

Monetary Policy Report

Canadian outlook largely unchanged

The Bank of Canada (BoC) made a small downward adjustment to its economic growth projections. The BoC trimmed its expectations for 2023 GDP growth to 1.0% from 1.2% in the October forecast. The Bank expects growth to slow this year (+0.8%), weighed down by waning consumer spending and foreign demand. The economy is projected to accelerate and grow 2.4% in 2025. While the forecast is very similar to the previous report, growth projections are slightly lower in both years, and inflation is now expected to ease to 2.8% in 2024, down from 3.0% in the previous report.

Central Bank Policy Rates

Rates hold

The European Central Bank (ECB) and the Bank of Canada left their policy rates unchanged this week. On Wednesday, the BoC kept its benchmark interest rate steady at 5.0% for the fourth consecutive meeting. Meanwhile, the ECB left the deposit rate at 4.0% and its main refinancing operations and marginal lending facility remained at 4.5% and 4.75%, respectively. While economic growth is subdued, both decisions reflect the persistent inflationary pressures.