

Weekly Economic Review

Manufacturing sales on the rise

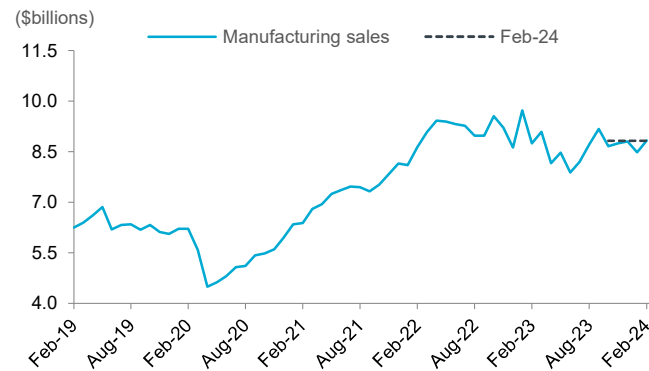
Manufacturing sales

Petroleum shipments bounce back

Alberta's factory sales rebounded in February to reach a five-month high. The value of manufacturing shipments increased 4.1% month-over-month (m/m) to \$8.8 billion (Chart 1). Shipments of non-durable goods advanced 5.3% m/m, led by gains in petroleum & coal (+9.5% m/m) and chemical (+7.7% m/m). Meanwhile, the value of durable goods shipments (+0.9% m/m) ticked up as strong gains in furniture (+29% m/m) and electric equipment (+14% m/m) were partially offset by declines in fabricated metal (-2.6% m/m) and wood products (-2.1% m/m). With the monthly increase, the value of manufacturing shipments was up 1.0% year-over-year (y/y).

CHART 1: FACTORY SALES HIT FIVE-MONTH HIGH

Manufacturing shipments, seasonally adjusted



Sources: Statistics Canada, Haver Analytics

Wholesale trade

Rebound in M&E lifts wholesale trade

Alberta's wholesale trade advanced to a three-month high in February on the back of higher machinery & equipment sales. Wholesale trade (excluding petroleum, petroleum products, and other hydrocarbons and excluding oilseed and grain) increased 1.0% m/m to \$9.1 billion. Sales of machinery, equipment, & supplies (+8.2% m/m) recovered from last month's drop to lead the increase. Sales of farm products also rose (+3.5% m/m), while sales of food, beverage, & tobacco (-4.5% m/m) and building materials & supplies (-2.1% m/m) fell. Despite the monthly gain, wholesale trade was down 6.1% y/y from the strong level reached a year ago.

Non-residential building construction

Investment falls as regions diverge

Non-residential building investment in Alberta eased in February. The value of building investment decreased 0.4% m/m to \$688 million. Investment in both institutional & governmental (-0.6% m/m) and commercial buildings (-0.4% m/m) dipped, while industrial investment was essentially unchanged. Regional activity was mixed. Investment in Calgary declined for the sixth consecutive month to reach a 27-month low and fell in the rest of Alberta, while it continued to increase in Edmonton and Lethbridge. Despite moving lower in the month, Alberta's non-residential investment was up 2.6% y/y as strong gains in Lethbridge (+62% y/y) and in Edmonton (+13% y/y) outweighed weakness in other parts of the province.

Residential building construction

Investment heats up in Edmonton

Investment in residential building construction advanced in February. Alberta's residential construction spending increased 0.8% m/m to \$1.9 billion, with higher multi-unit spending (+3.7% m/m) outweighing lower spending for single dwellings (-1.7% m/m). The monthly strength was concentrated in Edmonton, which jumped 8.3% m/m to a record high and was supported by a gain in Lethbridge (+6.9% m/m). Investment in Calgary was largely unchanged, just below November's peak, while investment pulled back in Alberta's non-CMA regions. Compared to last year, residential construction investment was up 28%, with strong growth in Edmonton (+45% y/y) and Calgary (+40% y/y).

Housing starts

Starts fall but remain strong

Alberta's housing starts declined in March but remained elevated. Housing starts fell 19% m/m from a nine-year high to a seasonally adjusted annualized rate (SAAR) of 39,916. Starts of all dwelling types decreased with large declines in apartments (-26% m/m) and single-dwelling starts (-8.9% m/m). Regionally, fewer housing starts in Edmonton (-27% m/m) and outside the major centres offset a small increase in Calgary (+2.0% m/m). While the monthly decline pulled starts down to an eight-month low, they remained robust and much higher than last year (+51% y/y), with gains in all regions and dwelling types.

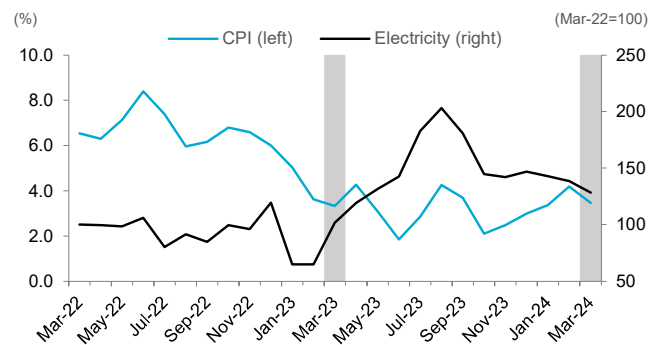
Consumer price index

Inflation falls

Consumer inflation in Alberta moved lower in March. The consumer price index (CPI) increased 3.5% y/y, down from 4.2% y/y in February. The pullback was led by a moderation in energy inflation and in particular, the plunge in the year-over-year change in electricity prices from 113% to 26%. The significant change was largely due to base year effects as rebates fell and prices jumped last March (Chart 2). Monthly declines in electricity and natural gas prices also helped moderate energy inflation, while gasoline prices continued to rise. Food inflation eased 0.1 percentage points to 3.8% y/y, the slowest rate since August 2021. Core inflation (all items excluding food and energy) also moderated from 2.9% y/y in February to 2.5% y/y in March. However, there was a significant divergence between the direction of good and services inflation. While prices of many semi-durable and durable goods declined on a year-over-year basis, service inflation remained high (4.4% y/y) reflecting the significant pressures on shelter prices. Owned accommodation (+7.9% y/y) continued to be propped up by mortgage interest cost, and rents continued to rise (+14% y/y).

CHART 2: INFLATION FALLS ON ELECTRICITY BASE YEAR EFFECT

Year-over-year CPI change and electricity CPI level



Sources: Statistics Canada, Haver Analytics

Employment insurance

Beneficiaries hold steady

The number of Albertans receiving Employment Insurance (EI) benefits was virtually unchanged in February. The number of beneficiaries eased slightly (-0.1% m/m) to 53,840. The pause follows nine months of gains, and the number of Albertans receiving EI is up significantly from last years' low levels (+31% y/y) but similar to the number in 2019. Meanwhile, the seasonally adjusted number of EI claims submitted moved lower (-2.1% m/m) but also remained higher than a year ago (+12% y/y).

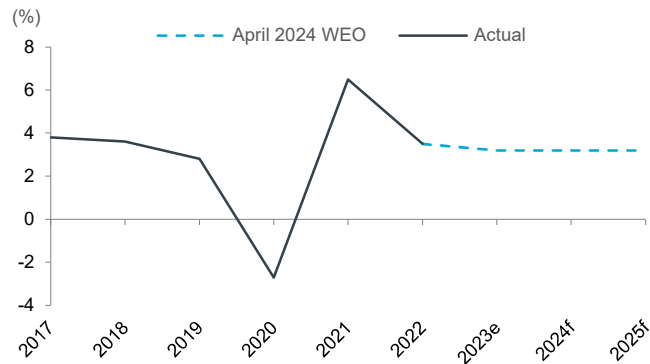
World Economic Outlook

Steady global growth

Global economic activity is expected to remain resilient. In the April World Economic Outlook, the IMF forecasts the global economy to grow 3.2% in 2024 and 2025, unchanged from the estimated growth in 2023 (Chart 3). This was a small improvement from the January report, which forecasted a modest slowdown in 2024. The adjustment was largely due to stronger-than-expected consumption in the U.S. which lifted the forecast for 2024 from 2.1% to 2.7%. Meanwhile, growth in the Euro area is expected to be even slower than the modest growth forecast in January. While global economic growth is expected to hold steady, inflation is forecasted to continue to decline and reach 2.0% among advanced economies in 2025.

CHART 3: GLOBAL GROWTH FORECASTED TO BE RESILIENT

IMF forecast of global economic growth



Source: International Monetary Fund

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