

Weekly Economic Review

Trade sector stabilizing following recent weakness

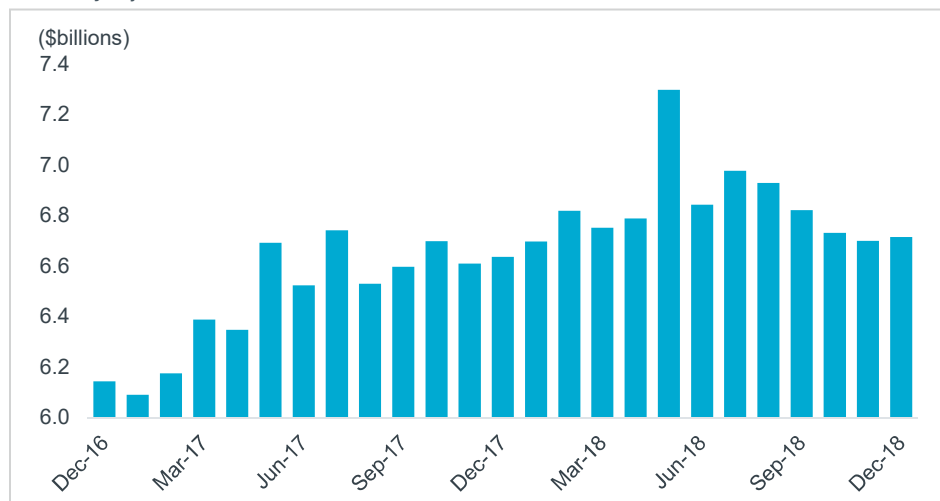
Wholesale Trade

Modest uptick

Wholesale trade reversed course in December 2018, posting its first monthly gain in five months. The value of wholesale trade in Alberta edged up 0.2% month-over-month (m/m) to \$6.7 billion (Chart 1), with gains in four out of seven categories. Increases in building materials and household goods were moderated by lower sales in food, beverage and tobacco, and farm products.

Chart 1: Wholesale trade picks up

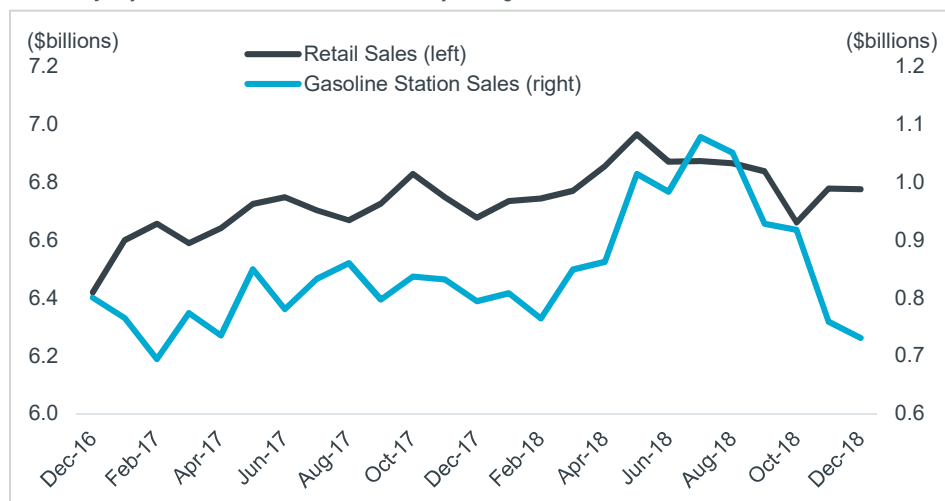
Seasonally adjusted wholesale trade in Alberta



Source: Statistics Canada

Chart 2: Retail sales flat as gasoline station sales continue to decline

Seasonally adjusted Alberta retail sales and unadjusted gasoline station sales



Source: Statistics Canada

With the monthly uptick, overall 2018 sales increased by 5.2% to \$82 billion, just 3.0% below 2014's level.

Retail Trade

Retail sales unchanged

Retail sales held steady at the end of 2018 despite lower sales at gasoline stations. Sales totalled \$6.8 billion in December, unchanged from the previous month, but up 1.5% year-over-year (y/y). Sales were higher a year ago at clothing and general merchandise stores which offset weaker sales at electronic and appliance and sporting goods, books and music stores. While retail sales were up year-over-year, sales have eased over the last six months (Chart 2) as gasoline stations sales pulled back with lower gasoline prices. Despite weakness in the second half, total sales for 2018 increased 1.7% to \$82 billion, driven by the strong gains at gasoline stations and building material and garden supplies in the first half of the year.

Food Services and Drinking Places

Moderate gains in restaurant sales

Sales at restaurants continued to move higher in 2018. Albertans spent \$827 million at food services and drinking places in December, up from \$791 million in November and 3.5% higher than a year ago. The year-over-year gain resulted from increases at full-service restaurants, drinking places and limited services restaurants. For the calendar year 2018, receipts were up 2.4%, led by gains at limited-service eating places and full-service restaurants, while

receipts declined at special foods service and drinking places.

Employment Insurance

EI beneficiaries rise

After declining five months in a row, the number of Albertans receiving Employment Insurance (EI) benefits increased in December. Beneficiaries rose 2.4% m/m to 47,790 persons as applications submitted picked up (+0.8% m/m) for the second month in a row. Despite the rise, both beneficiaries and claims remain well below the recession levels. In 2018, a total of 292,700 applications were received, slightly down from 2017.

Refined Petroleum Products

Refineries post record diesel output

Refinery production remains elevated despite sliding for the second consecutive month. Total output from Alberta refineries eased 2.5% m/m to 597 thousand barrels of equivalent per day in November, as higher diesel production was more than offset by declines in motor gasoline and other refined products. Diesel rose 5.6% m/m to surpass the previous high set in January 2018. Refined production was 12% y/y, supported by additional volumes coming from a new refinery that's being commissioned in the province.

Non-Residential Building Construction Price Index

Construction inflation slows in Q4

The pace of growth in construction costs for non-residential structures dipped in the fourth quarter. The growth rate of the Alberta non-residential building construction price index (NBCPI) slowed from 1.2% quarter-over-quarter (q/q) in the third quarter to 0.6% q/q in the

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Please see the [Alberta Economy - Indicators at a Glance](#) for current snapshot of Alberta indicators

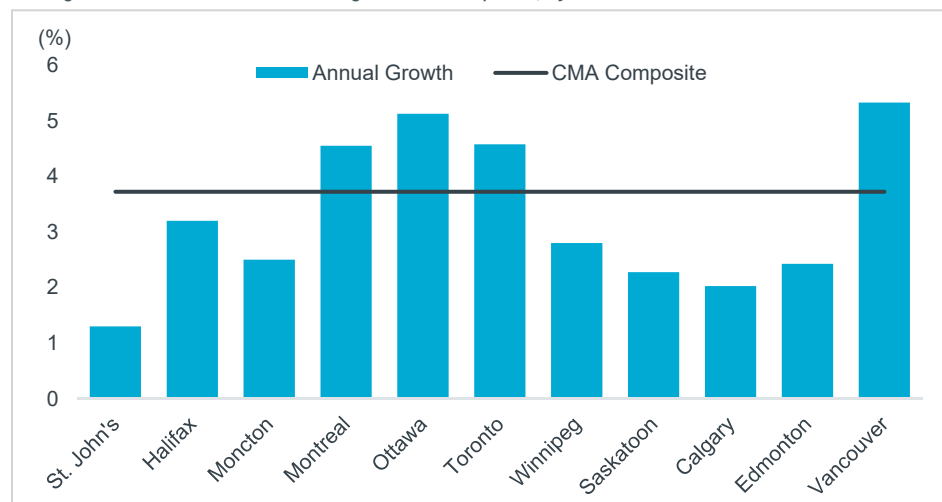
fourth quarter in 2018. The deceleration was attributed to lower growth in steel and other fabricated metal products, as the initial effects of tariffs placed in the previous quarter on US steel and aluminum products began to fade. On an annual basis, the NBCPI rose by 2.2%, a six-year high. However, growth in contractor prices in Edmonton (+2.4%) and Calgary (+2.0%) remain below the census metropolitan area (CMA) composite average (+3.7%) (Chart 3).

Crude Oil Exports by Rail

CBR breaks another record

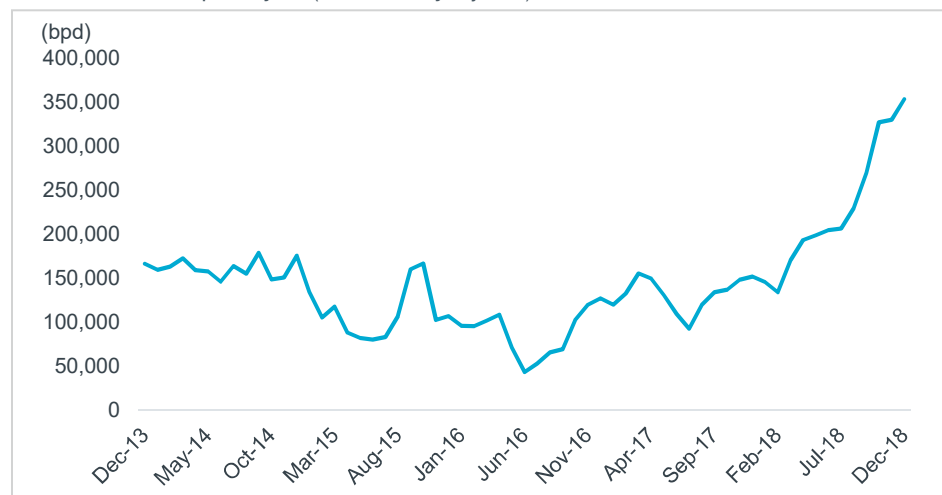
Crude by rail continues to roll along at a record pace. Volumes of Canadian crude oil exported by rail (CBR) increased by 7.1% m/m, or 23,390 barrels per day (bpd) to hit a record 353,789 bpd in December (Chart 4). Since July, CBR has surged by 71%, accounting for the majority of the gains throughout 2018. Annually, CBR swelled by 75% to averaged 230,961 bpd in 2018, an increase of nearly 100,000 bpd above 2017 levels. The majority of CBR volumes originate from Alberta.

Chart 3: Alberta city construction costs remain modest compared to other CMAs
2018 growth in non-residential building construction prices, by CMA



Source: Statistics Canada

Chart 4: CBR surpasses 350,000 in December
Canadian crude oil exports by rail (not seasonally adjusted)



Source: National Energy Board