

Weekly Economic Review

Alberta manufacturing shipments stabilize

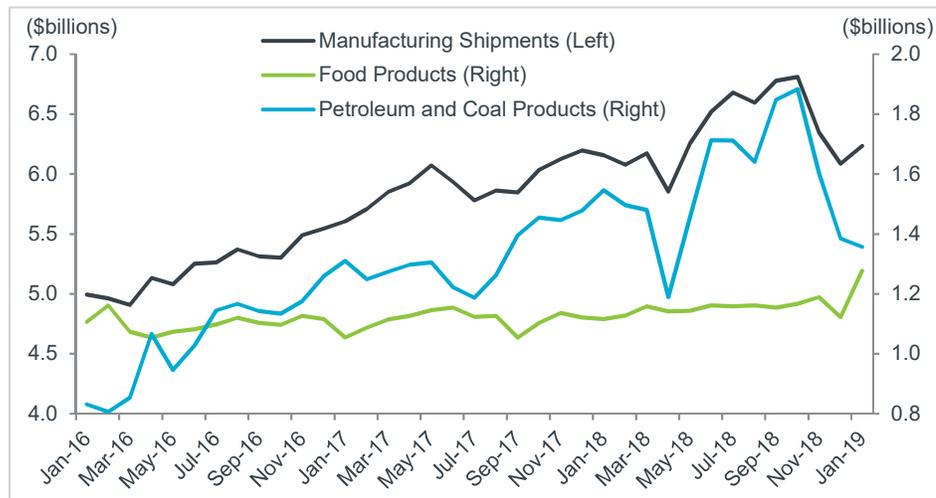
Manufacturing Shipments

Food products lift shipments

Manufacturing sales improved slightly in January following large declines at the end of 2018. The value of manufacturing shipments in Alberta increased 2.5% month-over-month (m/m) to \$6.2 billion. The increase in factory sales was driven by gains in food manufacturing (Chart 1), which jumped 14% m/m, and were supported by a rebound in wood products after hitting an over

Chart 1: Food products drive bounce back in factory sales

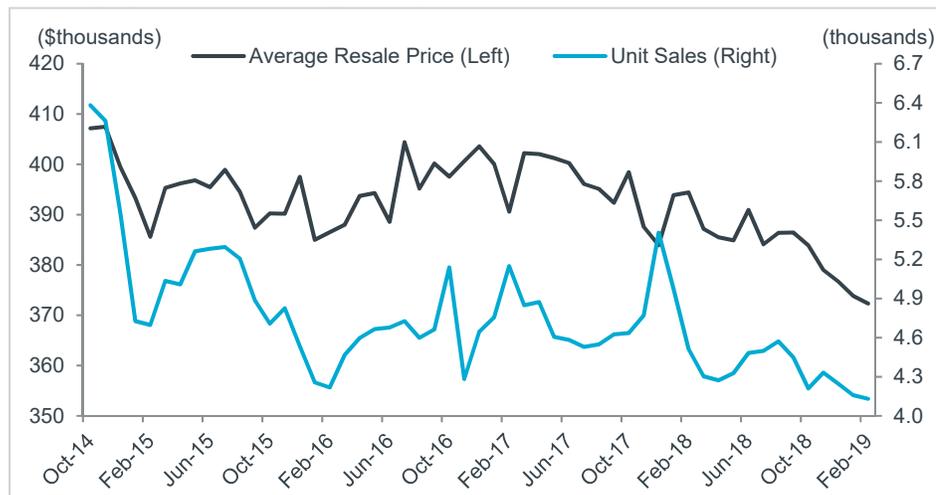
Value of manufacturing shipments in Alberta, by industry



Source: Statistics Canada

Chart 2: Sales and average resale price continue to moderate

Seasonally adjusted sales and average resale price



Source: Canadian Real Estate Association

three-year low in December. There were also notable gains in fabricated metals and electrical equipment. Meanwhile, petroleum and coal shipments eased after large drops in the previous two months. Chemical and machinery sales were also lower. With the overall monthly increase, manufacturing shipments edged up 1.3% year-over-year (y/y).

New Vehicle Sales

Weak start to 2019

New vehicle sales continue to be sluggish. Albertans purchased 14,045 new vehicles in January, down 13.1% y/y, with lower sales of both trucks and cars. While truck sales were lower than a year ago (-9.3% y/y) at 12,199 units, they were in line with sales in January 2017. Despite a smaller share of total new vehicle sales, car sales were particularly weak, falling 32.0% y/y to 1,846 the fewest number of new car sales in the 38 years of data.

Resale Housing

Housing market remains weak

Alberta housing market activity remained subdued in February. Seasonally adjusted home sales decreased modestly by 0.7% m/m to 4,131 units after slowing significantly over the last six months (Chart 2). Sales moderated in the large markets of Calgary and Edmonton while activity was steady in the rest of the province. New listings slowed significantly (-6.9% m/m) to 8,851 and the months of inventory eased slightly but remained elevated. With muted sales, especially in

the large higher price markets, the average resale price fell for the fifth consecutive month, down 0.4% m/m or \$1,531 to \$372,333.

New Home Price Index

New home prices remain soft

Alberta new home prices continue to ease. The new home price index (NHPI) for Alberta was down 0.1% m/m in January as both the house-only component and land prices edged lower. Compared to a year ago, the NHPI fell 0.8%, led by lower prices for the house-only component (-1.2% y/y), which continued to be weak in both Calgary and Edmonton (Chart 3). After being a source of strength, land prices were virtually unchanged (+0.1% y/y) from last January, as recent price drops in Calgary offset mild ongoing gains in Edmonton.

Corporate Profits

Losses solely in the energy sector

Earnings of non-financial Canadian corporations pulled back in the final quarter of 2018 after two consecutive quarters of growth. They ticked down 1.5% quarter-over-quarter (q/q) to \$68.9 billion, reflecting large declines in the energy and wholesale trade sectors (Chart 4). The oil and gas extraction and support services sector posted the first loss since the third quarter of 2017 as a decline in oil prices and a wider light-heavy oil price differential weighed on revenues. Wholesale trade profits also dipped (-6.7% q/q) after two consecutive quarters of robust growth. In 2018, corporate profits grew 9.1%.

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

National Balance Sheet

Financial assets and lower real estate values drag down wealth

National wealth fell in the last quarter of 2018 for the first time in six quarters. It dipped 2.2% in the fourth quarter of 2018 to \$11.1 trillion, largely reflecting a decline in household net worth. Declines in both financial assets and real estate values led to a 2.8% drop in household net worth. With the pullback in asset value and continued growth in household liabilities, the household debt-to-total assets ratio inched 0.5 percentage point higher to 17.3%. Overall in 2018, Canadian wealth increased 2.0%. Annual growth was driven by increased wealth of corporations but was partially offset by a dip in household net worth.

Chart 3: NHPI falls with house-only component in the two major cities

Year-over-year growth in NHPI by component and region, January 2019



Source: Statistics Canada

Chart 4: Energy sector and wholesale trade drag quarterly profits lower

Quarter-over-quarter change in operating profits in select non-financial industries (SA), Q4 2018



Source: Statistics Canada