

Weekly Economic Review

Improvement in Alberta's resale housing market

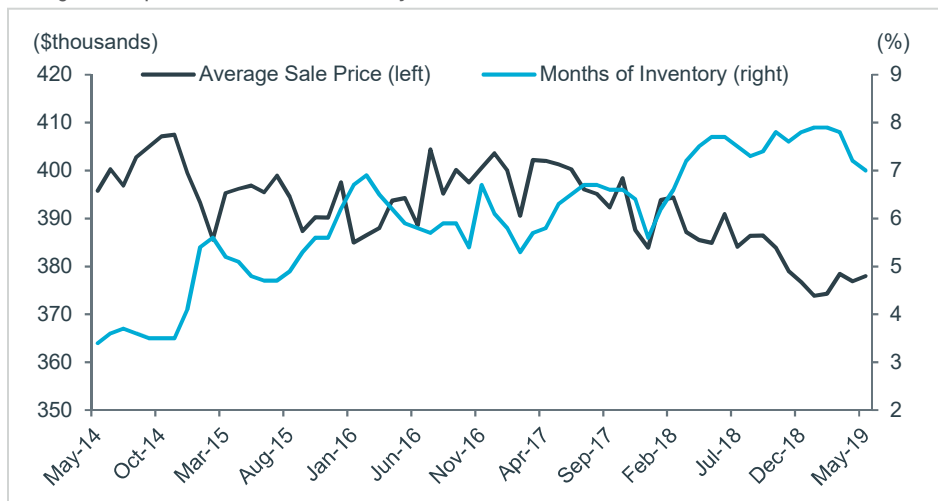
Resale Housing

Housing market gaining traction

Alberta's resale housing market continues to improve after a poor start to 2019. Seasonally adjusted home sales increased 2.6% month-over-month (m/m) to 4,547 units in May. Sales have increased for three months in a row, recovering from weakness in late 2018 and early 2019. With higher sales and

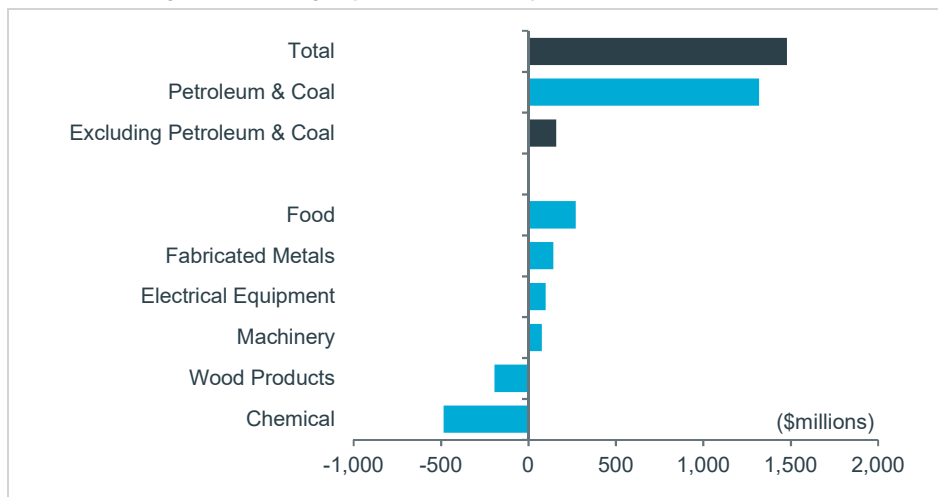
moderating new-listings, the months of inventory fell to 7.0 months, down from 7.7 months in last May. Meanwhile, prices edged up 0.3% m/m to \$377,991 (Chart 1). Despite the recent improvement, prices were 1.8% lower than a year ago.

Chart 1: Prices stabilized, inventories ease from elevated levels
Average resale price and months of inventory



Source: Canadian Real Estate Association

Chart 2: Growth in factory sales concentrated in petroleum and coal
Year-to-date change manufacturing shipments in Alberta, by selected industries



Source: Statistics Canada

Manufacturing Shipments

Shipments driven by petroleum

Manufacturing shipments advanced in April, regaining nearly all the losses in late 2018. The value of Alberta manufacturing shipments increased by 4.6% m/m to \$6.9 billion, driven by the rebound in petroleum and coal and supported by smaller gains in other categories, such as food, chemicals and machinery. Overall, factory sales have expanded 6.0% year-to-date (YTD), reflecting strong sales in the petroleum and coal (Chart 2). Excluding petroleum, factory sales were up slightly (+0.8% YTD) as growth in food and fabricated metals and other products were moderated by outsized declines in chemicals and wood products.

Retail Trade

Sales gain momentum

Retail sales continue to regain momentum after lacklustre growth in early 2019. Sales were up a solid 1.6% m/m in April to \$7.1 billion. The monthly gain followed a robust increase in March and lifted year-over-year (y/y) growth to 3.5%. The improvement in sales was broad-based with eight of the 11 categories posting year-over-year gains. The improvement was most pronounced

in sales at food and beverage stores, building and gardening supplies, and motor vehicle and parts dealers. Year-to-date sales were up a modest 1.6%, as the slow start to 2019 and ongoing weakness at gasoline stations, sporting and hobby, and electronic and appliance stores weighed on overall sales.

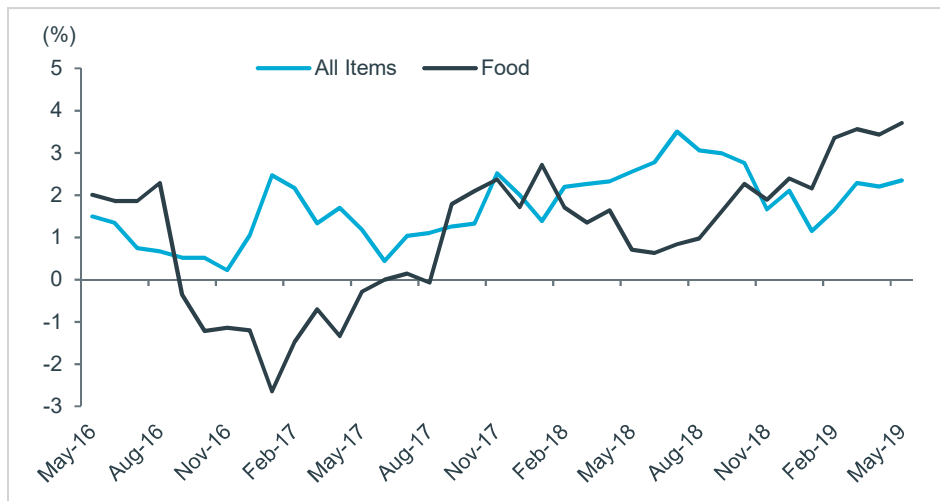
Consumer Price Index

Inflation edges up

Consumer prices in Alberta are rising at a faster pace. The consumer price index grew 2.3% y/y in May, up slightly from April. Inflation picked up as food prices continued to climb and the year-over-year price increases for energy and durable goods accelerated. On a monthly basis, food prices have risen in 10 of the past 12 months and were 3.7% higher than a year ago (Chart 3). Despite gasoline and natural gas prices falling from April, energy inflation accelerated

Chart 3: Inflation accelerates with rising food prices

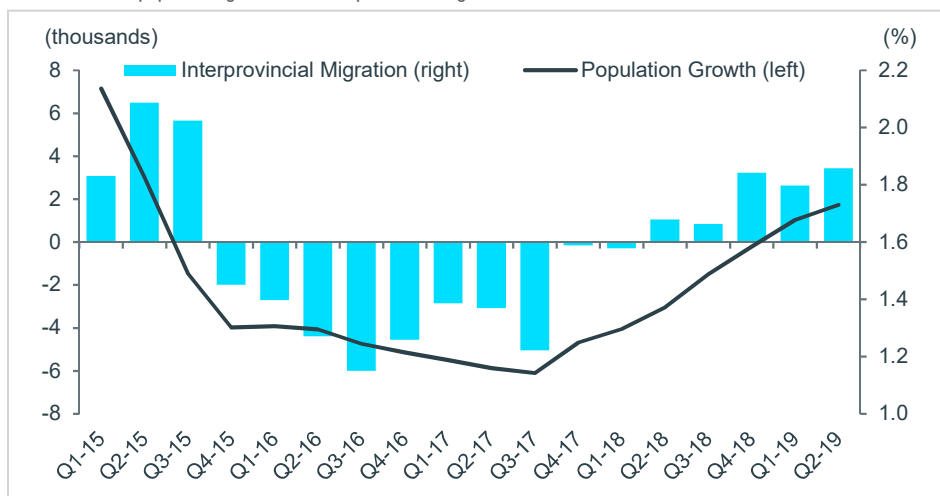
Year-over-year growth in Alberta consumer price index



Source: Statistics Canada

Chart 4: Population growth picks up with stronger interprovincial inflows

Alberta's annual population growth and interprovincial migration



Source: Statistics Canada

as natural gas price was higher from a year ago. Excluding food and energy, core inflation also ticked up from 1.9% to 2.0%, reflecting increases in new vehicles, vehicle insurance, and higher mortgage interest costs.

Employment Insurance

Fewer EI claims submitted

Fewer Albertans are applying and receiving Employment Insurance (EI) benefits. The number of EI claims submitted by Albertans fell 2,110 (or -8.4% m/m) to 22,910 in April. With the pullback, the number of applications submitted were down 4.4% from a year ago. The year-over-year decline in claims was led by the ongoing decrease in renewal claims (-27% y/y) while initial claims were nearly unchanged (-0.6 y/y). With fewer applications, the number of Albertans receiving EI benefits fell by 1,460 to 51,590.

Population

Population growth picks up

Alberta's population continues to grow at a fast pace. It increased by 16,766 or 0.4% quarter-over-quarter in the first quarter of 2019, reaching 4,362,503 people. This was the highest first-quarter growth since 2014 and the strongest among the provinces. Growth was boosted by a reversal of net outflows of non-permanent residents and increased net inflows of interprovincial migrants (Chart 4), with ongoing support from natural increase. Alberta's year-over-year population growth increased for the seventh consecutive quarter (+1.7% y/y), and was the second highest among the provinces.

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