Weekly Economic Review

EI beneficiaries keep trending upwards

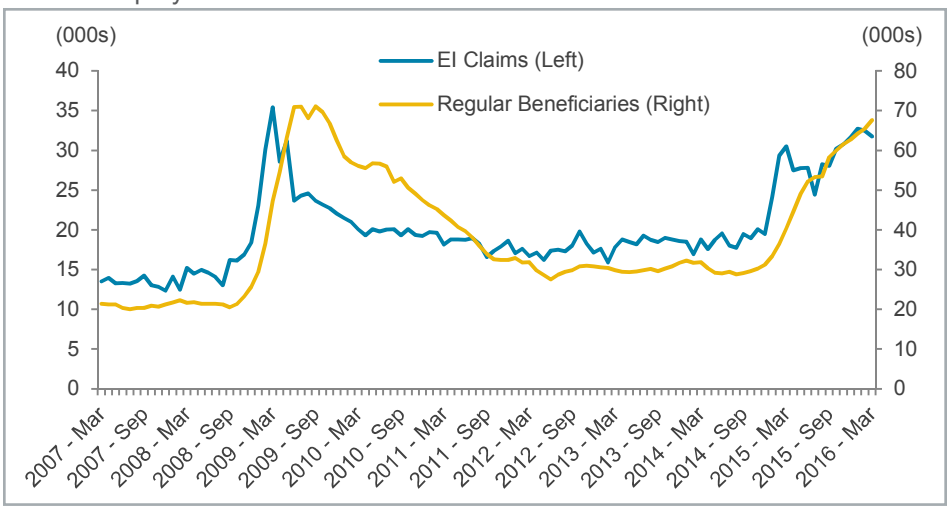
Employment Insurance

Regular beneficiaries keep rising despite fewer new claimants

Initial employment Insurance (EI) claims declined for a second month, falling to 31,750 in March, 740 fewer new claimants than in the previous month (Chart 1). However, the number of new claims remained elevated, on par with levels at that height of the global financial crisis in 2009. The number of regular EI beneficiaries was up for the nineteenth straight month, reaching 67,600 claimants, more than double the level at the end of 2014. The number of beneficiaries increased in nearly every region, with Calgary and Edmonton each accounting for one-third of recipients. Wood Buffalo and Lethbridge were the only regions where the number of continuing beneficiaries fell, inching down by a combined 50 claimants.

Chart 1: New claims decline but regular beneficiaries keep climbing

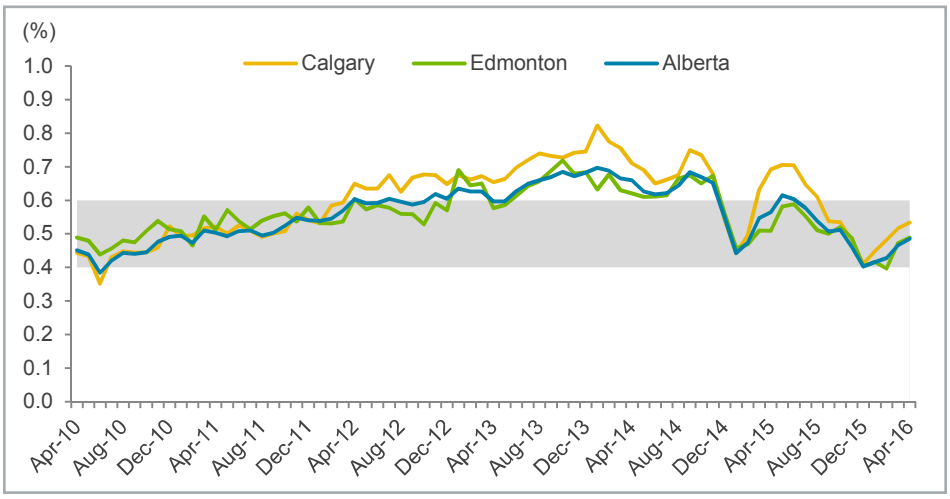
Alberta Employment Insurance Claims and Beneficiaries



Source: Statistics Canada

Chart 2: Resale housing market becoming more balanced

Alberta sales-to-new-listings ratio



Source: Canadian Real Estate Association

Resale Housing

Monthly resale activity improves

Existing home sales increased 6.3% month-over-month in April, the second monthly gain after declining continuously since August 2015. The jump was evident is several municipalities including Edmonton (+8.3%), Grand Prairie (+20.7%), Lethbridge (+20%), and Lloydminster (+8.6%). Calgary sales were up by a more modest 2.2% m/m. The uptick in sales outweighed new listings, lifting the sales-to-new listings ratio by 1.9 percentage points to 48.5% - further into the balanced-market range between 40% and 60%. The average resale price across Alberta increased by 1.2% m/m to $389,536, but remained down by over $4,500 compare with April 2015. Despite the monthly uptick, earlier weakness kept sales down 10.2% year-to-date (Chart 2).

Consumer Price Index

Price pressures still minimal

Alberta consumer prices were up 1.5% year-over-year (y/y) in April, but unchanged from March. Households are still benefiting from low energy prices (-10.6% y/y) as well as a soft housing market that has suppressed shelter costs, especially for rental units (-1.0% y/y). In contrast, weakness in the Canadian dollar has exerted some upward pressure on consumer prices for categories with high import content. The

inflation rate remained elevated for food (+2.9%), transportation costs (+2.0% y/y) and alcoholic beverages and tobacco (5.5%). Fruit and vegetables prices declined slightly compared with March, but were still up 7.7% y/y.

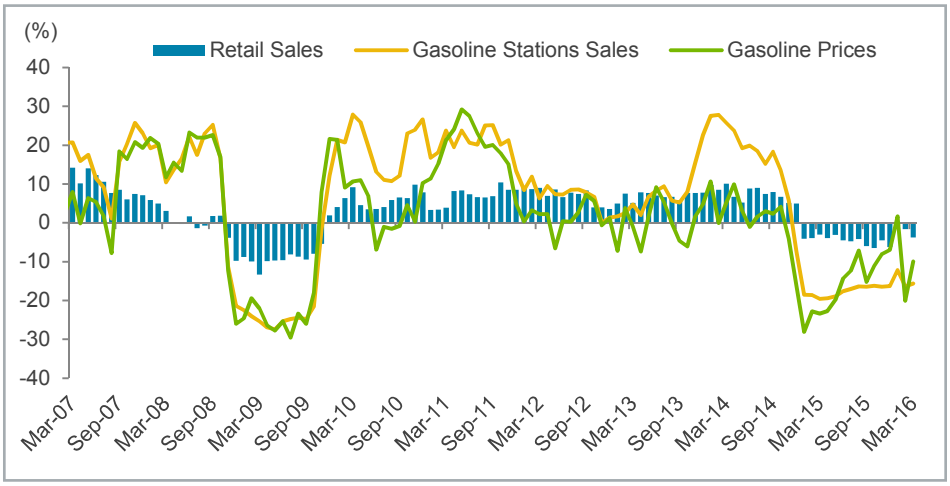
Retail Sales

Low energy prices continue weighing on retail receipts

Alberta retail sales receded for a fourth straight month in March, falling 0.9% to $6.1 billion, the lowest level since June 2013. Sales were down 3.8% compared with March 2015 mainly due to lower gasoline prices (Chart 3) that weighed heavily on gas station revenues (-14% y/y). Furniture (-4.3%), electronics (-15.5%) and motor vehicle (-2.9%) retailers also saw relatively weak sales. Excluding gas stations, retail sales were up 0.3% y/y, in part due to weak sales figures in mid-2015.

Chart 3: Gas prices still the big drag on retail trade

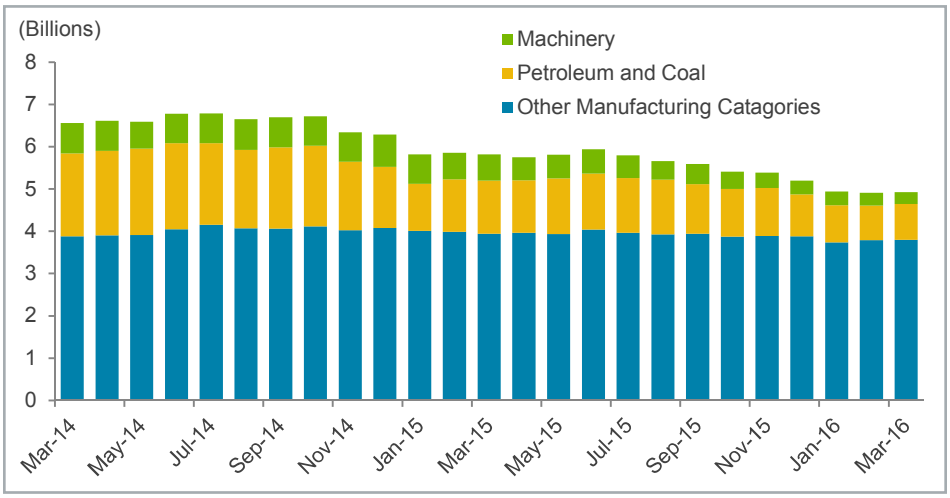
Year-over-year percent change in Alberta retail sales and gas prices



Source: Statistics Canada

Chart 4: Manufacturing weighed down by machinery and energy

Alberta Manufacturing Shipments



Source: Statistics Canada

The persistent weakness reduced retail sales by 1.9% quarter-over-quarter (q/q) at the outset of 2016.

Wholesale Trade

Wholesalers still struggling

Alberta wholesale trade declined to $6.2 billion in March 2016, down 11% y/y. After thirteen consecutive months of dwindling activity, wholesale trade is at its lowest level since September 2011. Machinery, equipment and supplies (-16% y/y) trade - which accounts 30% of wholesale activity - was a major source of weakness. Wholesaling activity for construction, forestry, mining and industrial (-24% y/y) machinery was especially weak. Building materials and supplies (-17% y/y) as well as motor vehicle and parts (-16% y/y) also waned. Over the first quarter of 2016, wholesale trade was down 1.2% q/q.

Manufacturing Shipments

Weakness persists despite uptick

After declining for eight straight months, the value of manufacturing shipments ticked up by a 0.2% in March to $4.9 billion (Chart 4), but still hovered near the lowest level in six years. Petroleum, coal, chemicals and fabricated metals shipments showed some modest improvement, offsetting declines in food and machinery manufacturing. However, compared with the previous year manufacturing activity was still down 15% due to weakness in petroleum and coal shipments (-32% y/y). Non-energy shipments were also down 11% y/y, with machinery shipments (-55% y/y) especially hard hit. The modest monthly gain was insufficient to offset previous declines in early 2016, leaving manufacturing shipments down 16% through the first quarter.

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Please see the *Alberta Economy - Indicators at a Glance* for a snapshot of Alberta indicators.