

Economy at a Glance

Prepared by Alex Carrick, ConstructConnect® Chief Economist

Volatility the name of the game with latest economic data releases (Part I)



Alex Carrick

Initial jobless claims and UI on right track

This article features a quick overview of the latest key statistics for the U.S. and Canadian economies, presented mainly in graph form.

For starters, U.S. initial jobless claims have finally dropped to a reasonable level, just above 400,000 for the week ending May 22nd. Prior to the pandemic, with the economy chugging along near full speed, initial jobless claims consistently sat

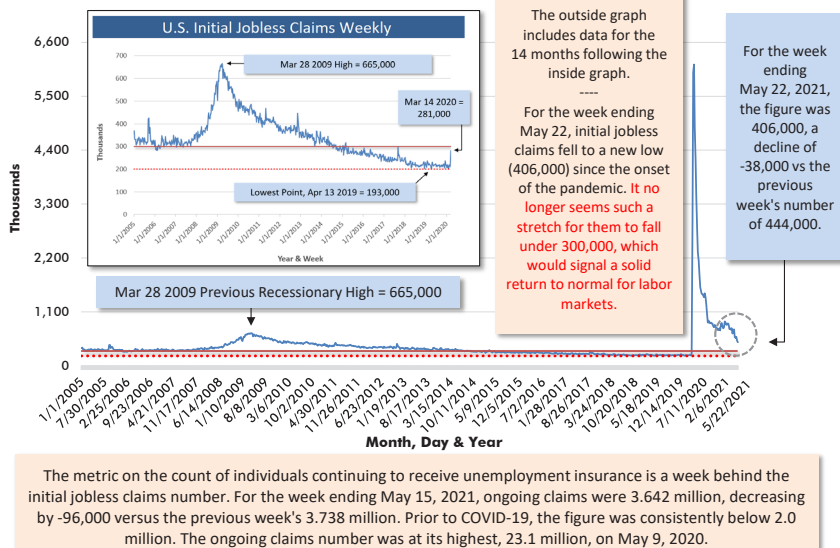
because the price of eggs in the U.S. is down to almost the same degree, -8.9% y/y.

Canadian all-items CPI inflation has shifted to +3.4% (in April) from +2.2% the month previously. Among big hikes in Canadian prices are a couple of energy products: natural gas services, +15.7%; and electricity, +7.9%.

To be continued in *Economy at a Glance*, Vol. 17, Issue 81.

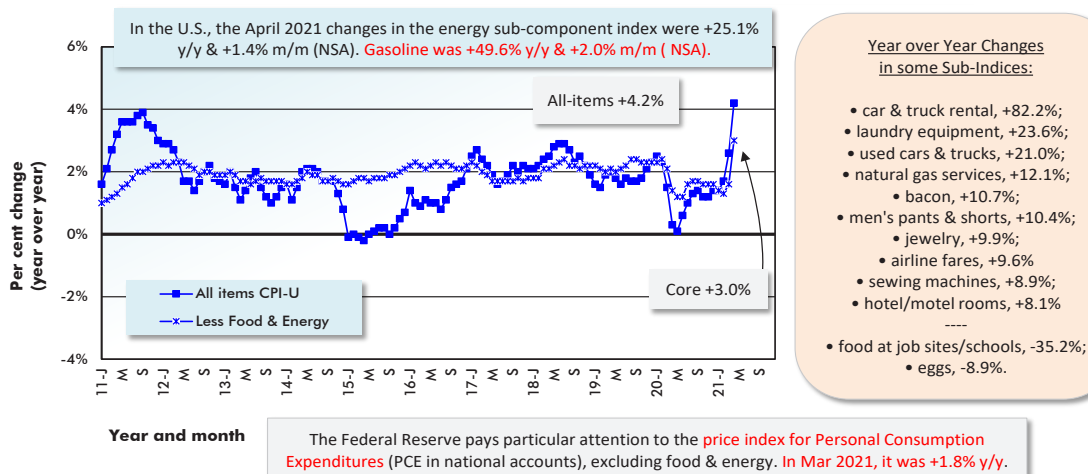
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Graph 1: U.S. Initial Jobless Claims Weekly – as of May 22, 2021



Data source: Department of Labor/Chart: ConstructConnect — CanaData.

Graph 2: U.S. Inflation: All Items (CPI-U) vs All Items Less Food & Energy (i.e., 'Core') (Not Seasonally Adjusted)

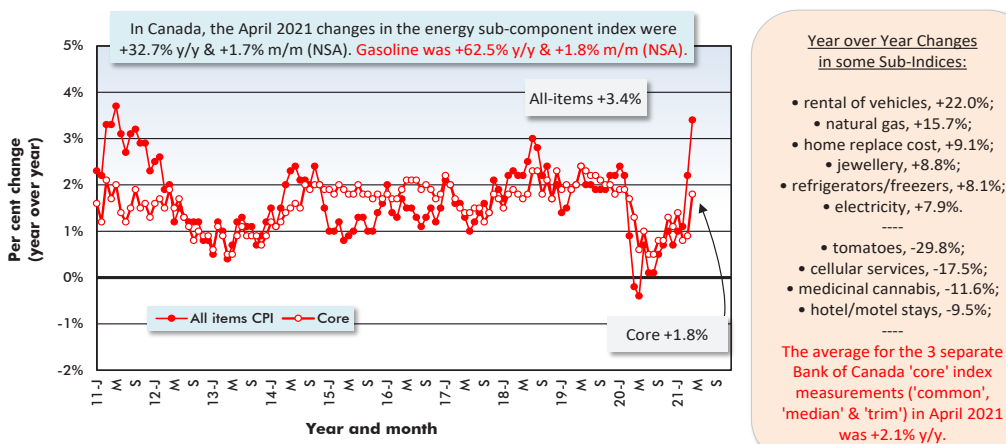


The latest data points are for April 2021. The U.S. figure (CPI-U) is the All Items Consumer Price Index for All Urban Consumers.

*Core inflation is CPI-U less its often most volatile sub-components, food and energy.

Data source: U.S. Bureau of Labor Statistics (Department of Labor)/Chart: ConstructConnect — CanaData.

Graph 3: Canada Inflation: All Items CPI vs Core* (Not Seasonally Adjusted)



The latest data points are for April 2021. The Canada figure (CPI) is the All Items Consumer Price Index.

*Core inflation is CPI-U less its often most volatile sub-components, food and energy.

Data source: Statistics Canada/Chart: ConstructConnect — CanaData.

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Continued from *Economy at a Glance*, Vol. 17, Issue 80.

Cost of newly built housing in Canada soars

Included among Canadian CPI sub-indices is an item labeled 'homeowner replacement cost', which has a present reading of +9.1% y/y. The hefty increase is no surprise given the skyrocketing costs of some building materials, notably softwood lumber.

The CPI, however, is by no means the best source of information on the cost of new housing in the country. Rather, Statistics Canada publishes a New Housing Price Index (NHPI) for the nation as a whole and for all major cities.

The NHPI country-wide in April was +9.9% y/y, with land at +7.4% and the designation 'house alone' at +10.4% y/y.

Many urban areas are seeing double-digit percentage increases in the cost of newly built homes. Some of the most dramatic climbs have been in Ottawa-Gatineau (Ontario portion), +23.7% y/y; Kitchener-Cambridge-Waterloo, +21.9%; Windsor, +17.9%; Montreal, +17.7%; Quebec City, +14.3%; Vancouver, +12.3%; and Winnipeg, +10.6%.

Retail sales on a funhouse ride

Since most retail sales took a tumble in the Spring of last year, when 'stay at home' directives were issued to combat the first



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shock waves of the coronavirus, comparisons of the current year's results with 12 months ago are yielding some outrageously high percentage changes.

From Graph 4, total U.S. retail sales in April were +46.1% year over year. In Canada (Graph 5), the figure for March was +23.7% y/y. (Canadian results always lag the U.S. data release by a month).

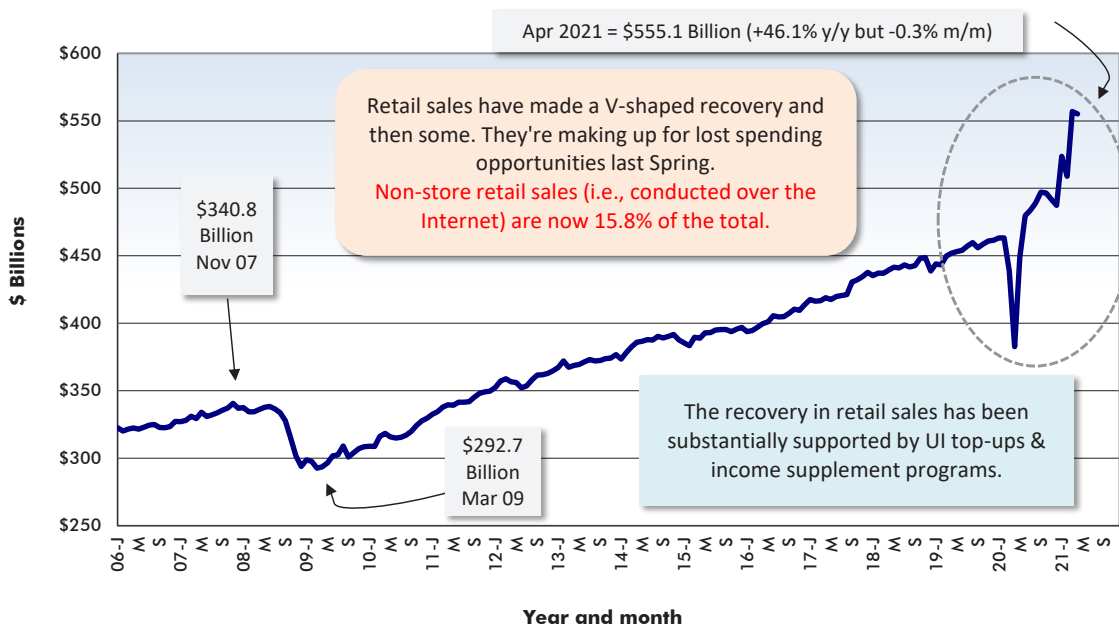
To be continued in *Economy at a Glance*, Vol. 17, Issue 82.

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Graph 4: Total Retail Sales in the U.S. Monthly

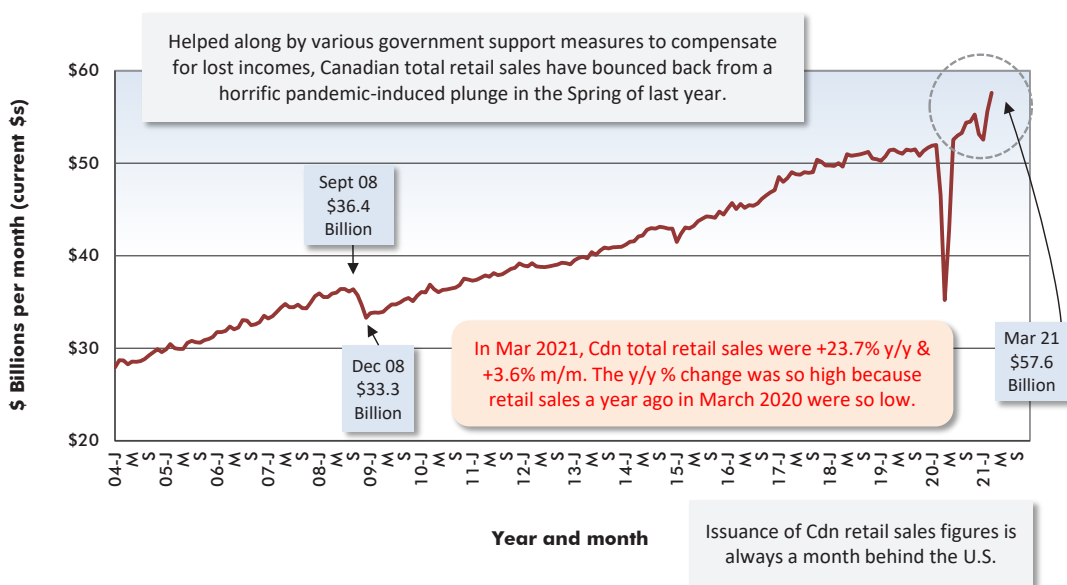


The last data points are for April, 2021.

Adjusted for seasonal variation, holiday and trading day differences, but not for price changes.

Data source: U.S. Census Bureau (Department of Commerce)/Chart: ConstructConnect — CanaData.

Graph 5: Total Retail Sales in Canada



Latest data point is for March 2021.

Data source: Statistics Canada Table 20-10-0078-01/Chart: ConstructConnect — CanaData.

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The percentage changes for individual shopkeeper categories in Graphs 6 and 7 are even wilder — consider the +726.8% gain for U.S. 'clothing and accessory store' sales.

One of the few shopkeeper categories that isn't particularly standing out for sales on a y/y basis in both countries is 'food and beverage (a.k.a. grocery) stores', only +1.5% y/y in the U.S. and -9.7% y/y in Canada. Last year's levels of grocery store sales stayed relatively strong, with fears of shortages leading to extraordinary buying activity, sometimes tagged with the unflattering term 'hoarding'.

Building material supply sales have stayed tenacious

The retail shopkeeper category with most relevance for the construction industry is 'building material and garden equipment suppliers'. The 'garden equipment' proportion of the total is only about one-sixth.

Graph 8 shows the history of y/y sales by material suppliers for both the U.S. and Canada.

Canadian firms did experience a significant pull-back in sales early last year. U.S. companies, however, during the entire time



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frame of COVID-19's visit so far, have never seen a decline at the cash register on a y/y basis.

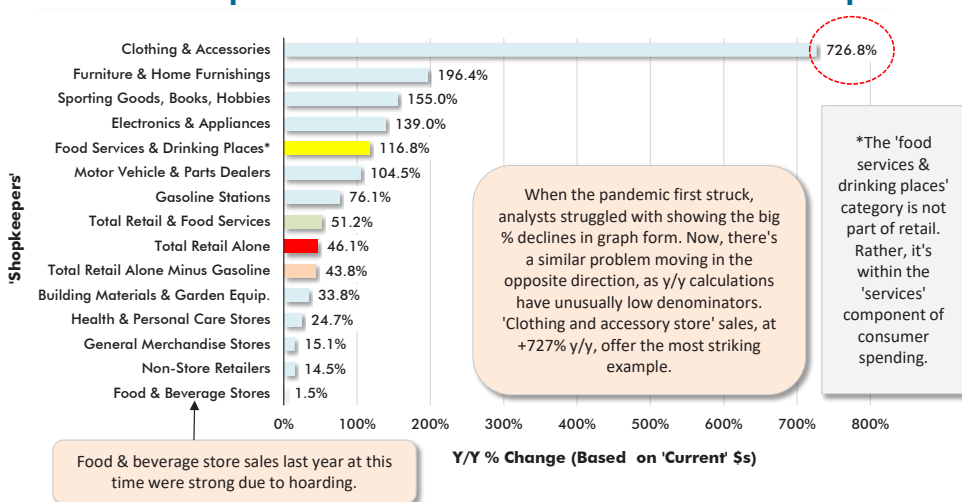
Most recently, building material and garden equipment supplier sales in the U.S. are +33.8% y/y (April 2021); and in Canada, +51.5% (March 2021). 'Current' (i.e., not adjusted for inflation) dollar sales are receiving a boost from strong new and renovation housing activity and from some remarkable uplifts in building material prices, especially among forestry products.

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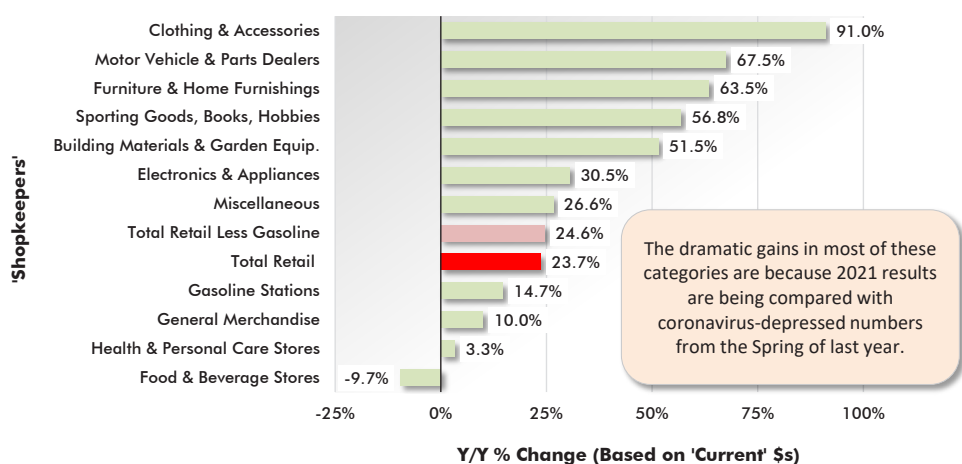
Graph 6: U.S. Retail & Food Services Sales Y/Y – April 2021



"Current dollars" means not adjusted for inflation. Underlying numbers are seasonally adjusted & not 'smoothed'.

Data source: U.S. Census Bureau.
Chart: ConstructConnect — CanaData.

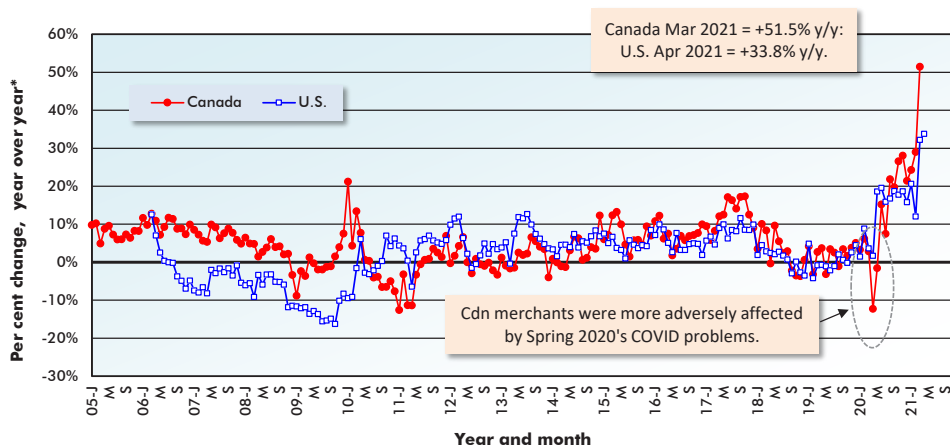
Graph 7: Canadian Retail Sales Y/Y – March 2021



"Current dollars" means not adjusted for inflation. Underlying numbers are seasonally adjusted & not 'smoothed'.

Data source: Statistics Canada.
Chart: ConstructConnect — CanaData.

Graph 8: Canada vs U.S. Retail Sales – Building Materials & Garden Supplies



U.S. retail trade numbers (April, 2021) are one month ahead of Canadian sales figures (March, 2021).

**"Year over year" is each month versus the same month of the previous year.

**Based on 'current' (i.e., no accounting for inflation) dollar and seasonally adjusted data.

Data sources: Statistics Canada and U.S. Census Bureau (Department of Commerce).
Chart: ConstructConnect — CanaData.