



ALBERTA'S ECONOMY EXPECTS STRONG GROWTH IN 2013: RBC ECONOMICS

TORONTO, June 19, 2013 — Alberta's economy is positioned to grow at the top-end of Canada's provincial economic growth rankings in 2013; however, it is one of only two provinces, alongside B.C., that will see a slight deceleration of its pace compared to 2012, according to the latest [RBC Economics Provincial Outlook](#) released today. RBC forecasts a provincial real GDP growth rate of 3.0 per cent, down modestly from 3.8 per cent last year.

"We expect Alberta's economic boom to continue largely unabated this year with the majority of indicators so far pointing to rapid growth. Crude oil production is on an upswing, construction activity is rapidly expanding, and, in the second quarter to date, housing starts are at the highest level since early 2008," said Craig Wright, senior vice-president and chief economist, RBC. "Attractive job prospects continue to be a beacon for workers from outside the province, which has boosted Alberta's population growth above the three per cent mark for the first time since 2006."

The RBC report notes that oil production and delivery issues manifested themselves in the heavily discounted prices that oil producers were receiving in late 2012 and early 2013 – namely, an increase in energy production in the U.S., pipeline bottlenecks and the 'bitumen bubble' – creating uncertainty about the sustainability of Alberta's energy boom. This uncertainty, however, has been alleviated in recent months, at least temporarily, RBC says.

"An increase in use of rail cars to transport Alberta's unconventional crude to refineries on the U.S. Gulf Coast have curtailed pipeline bottlenecks, helping narrow the price differential between Alberta oil and the WTI benchmark," said Wright. "So far in the second quarter of 2013, the Western Canada Select benchmark price rebounded an impressive 24 per cent, suggesting the low prices we saw earlier were not permanent."

The main restraining force in Alberta's strong growth has been the manufacturing sector, where sales have stagnated. Still, RBC indicates that the majority of economic indicators point to rapid growth in the province this year and that broad-based economic expansion will accelerate in 2014 to a rate of 4.2 per cent, enabling Alberta to reclaim the title of Canada's fastest-growing provincial economy from Newfoundland and Labrador.

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The RBC Economics Provincial Outlook assesses the provinces according to economic growth, employment growth, unemployment rates, retail sales, housing starts and consumer price indices. The full report and provincial details are available online as of 8 a.m. ET today at rbc.com/economics/market/pdf/provfcst.pdf.

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