

ALBERTA'S ECONOMY TO LEAD THE COUNTRY IN GROWTH IN 2014: RBC ECONOMICS

TORONTO, December 12, 2013 — Heavy energy sector investment will continue to play a key role in driving Alberta's GDP to new heights in 2014; however, it will be the broadening of the expansion across economic sectors that will accelerate the pace, according to the latest [RBC Economics Provincial Outlook](#) released today. RBC projects Alberta's real GDP to grow by 3.9 per cent in 2014, following a solid 3.3 per cent in 2013; provincial growth for 2015 is expected to generally maintain its momentum at 3.5 per cent.

"Signs of strength can be seen almost everywhere in Alberta's economy: consumer spending, business investment, energy production, exports, housing construction and the labour market are all in high gear, and you can especially see improvements in demographics," said Craig Wright, senior vice-president and chief economist, RBC. "Significant investment in the energy sector will continue to be a key catalyst for economic activity in the province, though the sheer breadth of expansion across many sectors will fuel growth in 2014."

In the 12 months ending November 2013, Alberta experienced a surge in full- and part-time work with more than 78,000 positions created, keeping the unemployment rate at 4.7 per cent which is considerably lower than the national average. RBC notes that the province's strong job prospects boosted net in-migration to its highest level on record since the early 1990s, spurring Alberta's population to grow at its fastest annual rate since 1982 at 3.5 per cent.

Alberta's vigorous labour market and rapid growing population propelled consumer spending and demand for housing, in particular. In fact, RBC indicates that home resales hit a six-year high in the third quarter of 2013, and that starts increased a solid 7.3 per cent year-over-year during the first 10 months of 2013. Consequently, the number of housing units under construction was nearly at a five-year high in the third quarter.

"The economic boom in Alberta was resilient through 2013 despite the terrible floods witnessed in the southern region of the province in June that displaced approximately 100,000 people and caused tremendous damage to property and infrastructure," added Wright.

Looking ahead, RBC indicates that real GDP will fully capture the additional spending and working required to reconstruct, repair and replace damage caused from the flooding. However, these figures will essentially ignore the destruction and damage to property.

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“We expect Alberta’s strong economic momentum to carry into 2014, in part due to an anticipated ramp-up in capital investment in the oil sands and increasing crude oil production, “ said Wright. “A greater lift from continued strong population growth will also reverberate through various sectors of the economy including demand for goods and services, housing and public and private infrastructures.”

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/economic-reports/provincial-economic-forecasts.html.

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