



ALBERTA'S SLOW RECOVERY SHOULD SPEED UP THROUGH 2010: RBC ECONOMICS

Slump in the natural gas industry drags down growth

TORONTO, March 11, 2010 — Alberta's economy is forecast to grow by 2.5 per cent in 2010, falling short of the 3.1 per cent national average but well ahead of the -3.7 per cent estimated decline in 2009, according to the latest provincial outlook released today by RBC Economics.

"With slowly emerging growth in almost every economic sector and a continued slump in the natural gas industry, Alberta's economic recovery is lagging behind other provinces," said Craig Wright, senior vice-president and chief economist, RBC. "While slow growth following a recession is uncharacteristic in the province, economic activity is expected to gain momentum throughout 2010 with renewed spending on capital projects, continued low interest rates and an anticipated improvement in natural gas markets."

The report noted that capital spending intentions in the energy sector are up eight per cent this year, following last year's 41 per cent drop. On the public investment side, the Alberta budget confirmed that there would be a boost in public capital spending by 5.4 per cent in 2010-2011.

As conditions improve throughout the year, Alberta's job market should post stronger gains with employment expected to grow by 1.4 per cent, overall, in 2010. A positive job outlook and low interest rates should encourage consumer spending and fuel demand for housing. Housing starts are expected to increase to 27,600 units in 2010 up from 20,000 last year.

"By next year, the recovery should be well established in Alberta with growth expected to surge ahead by 4.4 per cent in 2011. This would represent the second highest rate of growth among provinces, behind only Saskatchewan," Wright added.

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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 indexes.

The full report and provincial details are available online as of 8 a.m. EST today www.rbc.com/economics/market/pdf/provcst.pdf.

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For more information, please contact:

Craig Wright, RBC Economics Research, (416) 974-7457

Robert Hogue, RBC Economics Research, (416) 974-6192

Matt Gierasimczuk, RBC Media Relations, (416) 974-2124