



NO REPRIEVE FOR ALBERTA'S ECONOMY AS OIL SLOWDOWN CONTINUES TO TAKE ITS TOLL IN 2015: RBC ECONOMICS

TORONTO, September 22, 2015 — Another drop in crude oil prices this past summer aggravated already challenging economic conditions in Alberta, thereby contributing to a more pronounced and widespread negative growth hit than previously forecasted, according to the RBC's [Provincial Outlook](#) report released today.

RBC noted that as a result of deteriorating conditions over the summer, the Alberta economy is now expected to contract by 1.3 per cent in 2015 compared to the June forecast of a 1 per cent decline in real GDP. With a modest recovery in crude oil prices underlying RBC's forecast, real GDP growth is projected to return to positive territory in 2016, albeit marginally, at 0.6 per cent.

“A renewed downturn in crude oil prices is intensifying the pressures facing the hard-hit energy sector in 2015,” Craig Wright, senior vice-president and chief economist, RBC said. “Prospects for a relatively short bout of contraction were further dampened with drought conditions, wildfires and disruptions to crude oil production exacerbating the economic downturn.”

Employment in Alberta continues to hold up surprisingly well, as sizeable layoffs in the energy sector this year have been met by strong public sector hiring gains, according to Statistics Canada's *Labour Force Survey*. In the absence of a meaningful uptick in oil prices, RBC notes that additional downward pressure on economic activity will prompt firms in the province to accelerate the reduction in their headcounts through the remainder of the year.

The ripple effects from an uncertain job market are already being felt, with a decline in motor vehicle sales exerting downward pressure on retail sales in the province, which are tracking well below year-ago levels.

“With diminished labour market prospects, consumers in Alberta will likely spend less and keep Alberta's housing market on edge,” Wright said. “Despite the challenges currently facing the province's economy, a modest rebound in crude oil prices anticipated in 2016 will set the stage for economic growth to regain its footing.”

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The negative effects of the energy-led downturn were evident in the Alberta Treasury and Finance's first quarter report, released at the end of August. The government projected a budgetary deficit of \$5.9 billion for fiscal 2015-16, which would mark the largest shortfall on record. A full update on the fiscal situation and outlook of the province is expected in Budget 2015 in October.

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.

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