



## Alberta's economy continues to boom: RBC Economics

**TORONTO, March 19, 2013** — Despite facing challenges, Alberta's economy will continue its impressive boom through 2013 after leading the country's economic growth in 2012, according to the latest [RBC Economics Provincial Outlook](#) released today. RBC forecasts a provincial real GDP growth rate of three per cent thanks to strong crude oil production as well as high levels of capital investment, employment and population growth.

“Even though the province recently announced a \$2 billion budget deficit, Alberta is unquestionably in the midst of an impressive economic boom – particularly with capital investment fuelling manufacturing and wholesalers' sales. Attractive employment opportunities are also bringing new migrants to the province, boosting population growth and in turn, consumer spending,” said Craig Wright, senior vice-president and chief economist, RBC. “As the economy continues to thrive across the majority of key industries, Alberta will remain at the top-end of Canada's economic growth rankings this year.”

The RBC report notes, however, that there are a couple of weak spots in Alberta's economic outlook. Statistics Canada's latest Public and Private Investment survey showed some signs that non-residential construction – a major catalyst of economic activity in the province – is slowing.

Investment intentions in the oil and gas sector are essentially flat for 2013. RBC says that Alberta's energy developers' plans are being weighed down by rapidly rising energy production in the U.S., pipeline bottlenecks and the 'bitumen bubble', all of which contributed to lower crude oil prices in Canada relative to global benchmarks late in 2012.

“Weaker than expected oil prices put a multi-billion dollar hole in Alberta government's revenues, and led to a 2013 provincial budget that detailed renewed public sector spending restraint,” explained Wright. “Still, any pullback in capital spending will be short-lived as pipeline issues are addressed and crude oil price relationships normalize.”

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The upcoming decision on the fate of the northern section of the Keystone XL pipeline project will provide significant insight on future investment prospects in the oil sands. RBC Capital Markets' Global Research equity analysts ascribe a 75 per cent probability on the project being approved.

Overall, any dark clouds that are currently hanging over the province will clear by 2014, paving the way for strong business and consumer activity.

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](http://rbc.com/economics/market/pdf/provfcst.pdf).

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