



ALBERTA'S ECONOMY SET FOR STRONG GROWTH IN 2011 WITH BOOST FROM ENERGY SECTOR: RBC ECONOMICS

TORONTO, December 15, 2010 — Alberta's economy continues to recover from its severe recession with real GDP set to grow 3.4 per cent in 2010 and then galloping to a solid 4.3 per cent in 2011, according to the latest Provincial Outlook report from RBC Economics. In 2011, RBC projects that Alberta's economic growth will be second only to Saskatchewan, representing the fastest growth in the province since 2006.

Alberta's strong forecast is owed to improvements in a number of areas, particularly the booming energy sector and increased job creation since spring which helped to bring down the stubbornly high unemployment rate.

"Improvements in the employment market helped reverse the net migration outflow to other provinces that earlier slowed population growth to the lowest rate in 15 years," said Craig Wright, senior vice-president and chief economist, RBC. "These are the kinds of turnarounds that will spread the recovery more widely throughout Alberta's economy next year."

The RBC report notes Alberta's employment sector is expected to lead the country with a rise of 2.3 per cent in 2011, up significantly from a scant 0.5 per cent in 2010. The anticipated increase represents the creation of 37,000 jobs and will usher in the highest total of new employment opportunities since 2007 which should ultimately contribute to a boost in population growth.

"With interest in developing Alberta's oil sands growing ever higher, the gush of capital spending on megaprojects is expected to continue next year and beyond. This will pump tremendous activity into the provincial economy and act as a catalyst for both faster job growth and stronger migration from outside the province," added Wright.

According to the RBC Economics Provincial Outlook, the impact of Alberta's strengthening demographics will be especially positive for consumer spending in 2011 as retail sales are expected to soar to a rate of 5.6 per cent, higher than any other province. This, along with the 5.1 per cent increase in consumer spending expected this year, will go along way toward reversing the massive 8.4 per cent decline experienced in 2009.

Looking ahead to 2012, the rising tide of energy-related spending and the expanding of non-conventional oil production will continue to exert powerful lifting forces throughout the Alberta economy. RBC forecasts the province will sustain a solid pace of growth with GDP of 3.8 per cent which will keep the province near the top of Canada's growth rankings.

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. ET today, www.rbc.com/economics/market/pdf/fcst.pdf.

For more information, please contact:

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

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

Elyse Lalonde, RBC Media Relations, (416) 974-8810