



ALBERTA'S ECONOMIC BOOM TO CONTINUE THROUGH 2013: RBC ECONOMICS

TORONTO, March 20, 2012 — Alberta's economy launched into a remarkable expansion phase last year, with real GDP reaching an estimated 4.2 per cent, flashing unmistakable signs that the provincial economy is booming once again, according to the latest [RBC Economics Provincial Outlook](#) report released today. Going forward, RBC expects this momentum to continue and forecasts real GDP growth of 3.9 per cent in both 2012 and 2013.

“Alberta's economy is firing on all cylinders, with real GDP growth in 2011 climbing above the four per cent mark, the highest it's been since 2006. We anticipate that this pace will be largely sustained over the next few years,” said Craig Wright, senior vice-president and chief economist, RBC. “Record levels of production and investment by Alberta's oil industry are catalysts for the strong economic activity and every sign is pointing toward another banner year for this industry in 2012.”

The RBC report also notes that rapid production in unconventional oil is being boosted by massive investments in the oil sands. Unconventional output is forecast to surge by 16 per cent this year, according to the National Energy Board. Conventional oil production is also seeing an uptick, rising in 2011 for the first time since 2003, with further increases anticipated this year. Such vibrancy on the oil side of the provincial energy sector will offset further expected declines in natural gas output, as prices for this commodity remain weak.

In all, 99,000 new jobs were created in Alberta in 2011, representing more than half the gains in Canada. Even more remarkable was that these jobs were widely distributed across industries and were entirely full-time positions. RBC expects strong job creation to continue in 2012 – albeit at a slightly slower pace than in 2011 – with employment growth remaining at a nation-leading rate of 3.1 per cent this year, down from 3.8 per cent last year. Labour market strength will continue to boost consumer spending in the province.

“The Alberta government’s bottom line is benefiting from the standout performance in the oil industry and renewed interest in exploration,” said Wright. “Strong revenues are expected in the coming years, thanks in large part to an expected surge in royalties. This will bring the budget to balance by 2013-14, eliminating the need for the province to rein in expenditures as part of its fiscal plan.”

Energy sector investments are also slated to reach new highs in 2012. According to Statistics Canada’s most recent report on investment intentions, oil and gas firms plan to spend a record \$48 billion this year on capital outlays – an increase of 16.2 per cent from 2011. Stronger spending on pipeline infrastructure will add to this total. “Such colossal investment will continue to be a tremendous engine of economic activity in the province,” added Wright.

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/provcst.pdf.

For more information, please contact:

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

[Paul Ferley](#), RBC Economics Research, (416) 974-7231

[Elyse Lalonde](#), RBC Corporate Communications, (416) 842-5635