



## ALBERTA LEADS PROVINCIAL ECONOMIC GROWTH IN 2012: RBC ECONOMICS

**TORONTO, September 10, 2012** –Alberta’s economic growth will remain in pole position ahead of all other provinces in 2012, according to the latest [RBC Economics Provincial Outlook](#). RBC expects that province’s economy will grow by 3.8 per cent in 2012, the fastest rate in Canada and well above the national average of 2.1 per cent.

“Alberta started 2012 on a high note with strong gains across the majority of sectors, including continued massive capital investment in the provincial energy sector,” said Craig Wright, senior vice-president and chief economist, RBC. “Employment, retail sales, home resales and housing starts are all up, while the jobless rate is trending down. Alberta’s current economic boom is built on a solid foundation and we expect the rapid growth trend to continue in 2013 at a pace of 3.6 per cent.”

The RBC report indicates provincial employment rose on strong hiring by oil and gas extraction, construction and public sectors. The jobless rate continues to decrease and now sits at 4.4 per cent – the lowest among the provinces in August.

Positive employment numbers have translated into strong retail sales, which were up 9.5 per cent in the first half of 2012 relative to the same period in 2011. Consumers also indulged in big-ticket items this year, increasing their purchases of new motor vehicles by a solid 13 per cent.

The province’s housing market was also spurred by confident consumers. Home resales picked up by nearly 17 per cent in the first seven months of the year, while housing starts surged by an impressive 46 per cent – though levels remain substantially lower than those at the height of the 2005-2007 housing boom in the province.

In the energy sector, activity remains brisk with mega oil sands projects fuelling unprecedented capital investment spending in the province. RBC notes, however, that recent volatility in global energy markets has given way to increased caution in the industry. At this point, RBC does not expect any significant change in conditions that would dent spending in this sector this year.

“Previous investments in Alberta’s oil production sector are now bearing fruit. Crude oil production grew by more than 10 per cent year over year in the first four months of 2012. If this momentum is sustained, Alberta will register the fastest rate of increase in oil production since 2003,” added Wright. “Meanwhile, weakness in natural gas production has abated somewhat – with production in the province declining, at its slowest rate in six years at -1.8 per cent.”

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RBC notes that capital spending in the energy sector will remain a key positive factor in the provincial economy, despite heightened uncertainty around some of the oil sands investment projects. On another positive note, people are settling in Alberta in increasing numbers again. Strengthening demographics will also work to sustain the province's boom in 2013.

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 7 a.m. ET today at [rbc.com/economics/market/pdf/provfcst.pdf](http://rbc.com/economics/market/pdf/provfcst.pdf).

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