



ALBERTA'S ECONOMY LOSING STEAM, SAYS RBC

TORONTO, December 19, 2008 — Alberta's economic engine is losing steam, as cracks appear in its energy, housing and consumer spending sectors, according to the latest provincial forecast released today by RBC.

"In light of the marked downturn in the global economy and mounting pressures restraining Alberta's domestic performance, we have revised our real GDP growth downwards to 1.5 per cent in 2008 and 2.1 per cent in 2009," said Craig Wright, senior vice-president and chief economist, RBC. "However, notwithstanding these challenges, Alberta's real GDP growth will remain among the strongest in the country."

RBC notes Alberta's mighty energy sector has taken some hits with the sharp drop in oil prices from all-time highs seen mid-summer to four-year lows in early December, the delays or cancellations of upgraded megaprojects in the oil sands development and the sizeable cutbacks in drilling plans for this winter season.

Furthermore, the erosion in consumer confidence will keep the housing sector on a downward track, while a less bullish mood in the province will weigh heavily on already-sluggish consumer spending.

Alberta's growth in retail sales is forecast to remain among the weakest in Canada in 2009, and is on track to be the slowest in 2008. However, according to the report, Alberta's overall economic growth is expected to re-accelerate in 2010, as oil sands developments gain momentum alongside firmer energy prices.

The main theme of the RBC Provincial Outlook is that economic performance is expected to be weaker from coast to coast due to the widespread negative implications of the financial market crisis and the global economic downturn. Ontario is expected to be worst hit with the province's economy contracting in both 2008 and 2009, for the first time since 1990-91. While growth will slow for all provinces, the economies of Saskatchewan and Manitoba will continue to lead during 2009.

The RBC Economics Provincial Outlook assesses the provinces according to economic growth, employment growth, unemployment rates, personal income growth, retail sales, housing starts, and the Consumer Price Index.

According to the report (available online as of 8 a.m. E.S.T., at www.rbc.com/economics/market/pdf/provfcst.pdf), provincial forecast details are as follows:

	Real GDP			Housing starts			Retail sales			Employment			Unemployment rate		
	Y/Y % Change			Thousands			Y/Y % Change			Y/Y % Change			%		
	<u>08</u>	<u>09</u>	<u>10</u>	<u>08</u>	<u>09</u>	<u>10</u>	<u>08</u>	<u>09</u>	<u>10</u>	<u>08</u>	<u>09</u>	<u>10</u>	<u>08</u>	<u>09</u>	<u>10</u>
N.& L.	0.0	-0.5	3.0	3.0	2.9	3.0	8.6	3.5	3.9	1.6	-0.2	1.2	13.2	13.2	13.1
P.E.I.	1.5	0.5	2.0	0.7	0.6	0.7	5.9	3.0	3.7	1.4	-0.4	1.3	10.6	10.7	10.8
N.S.	1.2	0.8	2.5	4.4	3.2	3.5	6.0	3.5	3.9	1.3	0.1	1.4	7.7	8.5	8.5
N.B.	1.6	1.2	2.7	4.5	3.3	3.5	5.8	3.3	4.0	0.9	0.3	1.4	8.6	9.4	9.5
QUE.	0.6	0.0	2.3	47.3	35.0	37.0	6.0	3.1	4.5	0.8	-0.1	1.2	7.3	8.1	8.2
ONT.	-0.2	-1.4	2.5	75.5	64.3	67.0	5.1	2.3	4.3	1.5	-0.9	1.1	6.5	8.3	8.4
MAN.	2.5	1.9	2.8	5.7	5.2	5.3	7.7	3.4	5.1	1.7	0.8	1.7	4.1	4.8	5.1
SASK.	3.5	2.8	2.4	6.9	4.6	3.7	11.1	5.4	4.9	2.1	1.5	1.4	4.1	4.6	4.9
ALTA.	1.5	2.1	2.9	29.9	24.0	28.5	1.1	2.8	5.6	2.8	1.0	1.7	3.5	4.6	5.0
B.C.	0.8	0.6	3.5	35.0	23.5	26.0	2.2	3.0	6.8	2.2	0.2	2.5	4.5	5.6	5.4
CANADA	0.6	0.0	2.7	213	166	178	4.7	2.9	4.9	1.6	-0.1	1.4	6.1	7.3	7.4

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