



Alberta's economy kicks into gear: RBC Economics

Investment in oil and gas sector bouncing back

TORONTO, June 10, 2010 — Alberta's economy is expected to rebound this year and next, with growth projected at 3.1 per cent and 4.2 per cent, according to the latest forecast report by RBC Economics.

"The recession was particularly tough for Alberta's economy, which contracted for the first time since 1986," said Craig Wright, senior vice-president and chief economist, RBC. "However, the recovery now looks to be taking shape, with a sharp rise in home building activity and renewed interest in the oil and gas sector combining to fuel growth in the province."

The report noted that the drop in residential construction, oil and gas services, machinery manufacturing and retail trade had particularly damaging effects during the recession, causing Alberta's economic performance to lag behind most other provinces last year.

More recently, positive signs have emerged in the province. Alberta's oil and gas sector has been given new life, with improved market conditions and recent changes to Alberta's rules on royalties. Investment in the oil and gas sector is bouncing back, with strong land sales for oil and gas development.

"While the provincial economy is clearly gearing up, the unemployment rate still sits near the highest point in 14 years," added Wright. "This has limited the inflow of Canadians from other provinces, although steady gains in jobs are expected to restore positive immigration patterns as the economy improves."

According to the report, retail sales rose strongly in the first quarter of 2010, with new car dealerships posting their biggest advance since mid-2006. Alberta is now forecast to show the fastest growth in retail sales among the provinces, after suffering the sharpest decline last year. Housing starts have also continued to trend higher, with the projection for this year revised upward (by 5,000 units to 32,600 units in 2010).

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. EDT today www.rbc.com/economics/market/pdf/provfcst.pdf.

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