

---

# Alberta's Economic Outlook

Catherine Rothrock, Chief Economist and Executive Director  
Alberta Treasury Board and Finance  
December 8, 2022



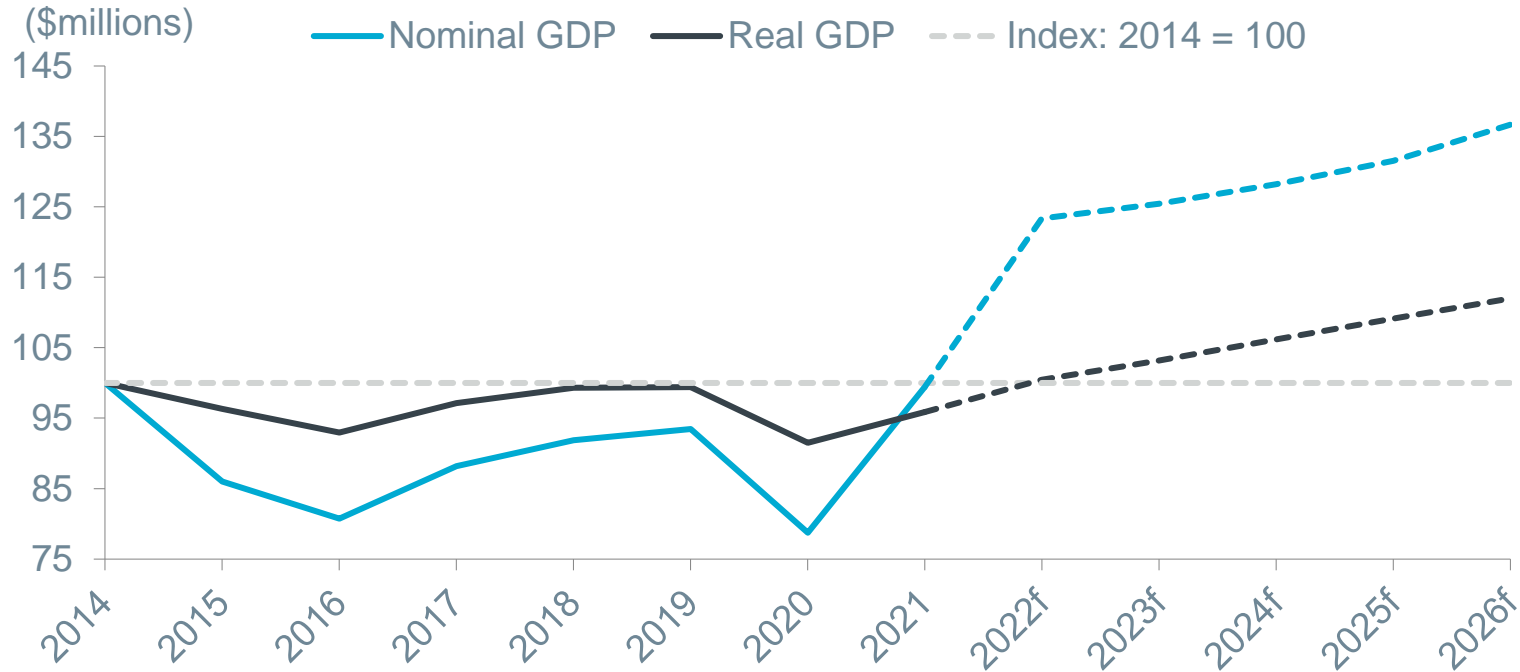


# Alberta well-positioned to weather headwinds

- Momentum in economy
- Real GDP to grow at solid pace over the medium term
- Risks to outlook have increased

# Growth in incomes outpacing real activity

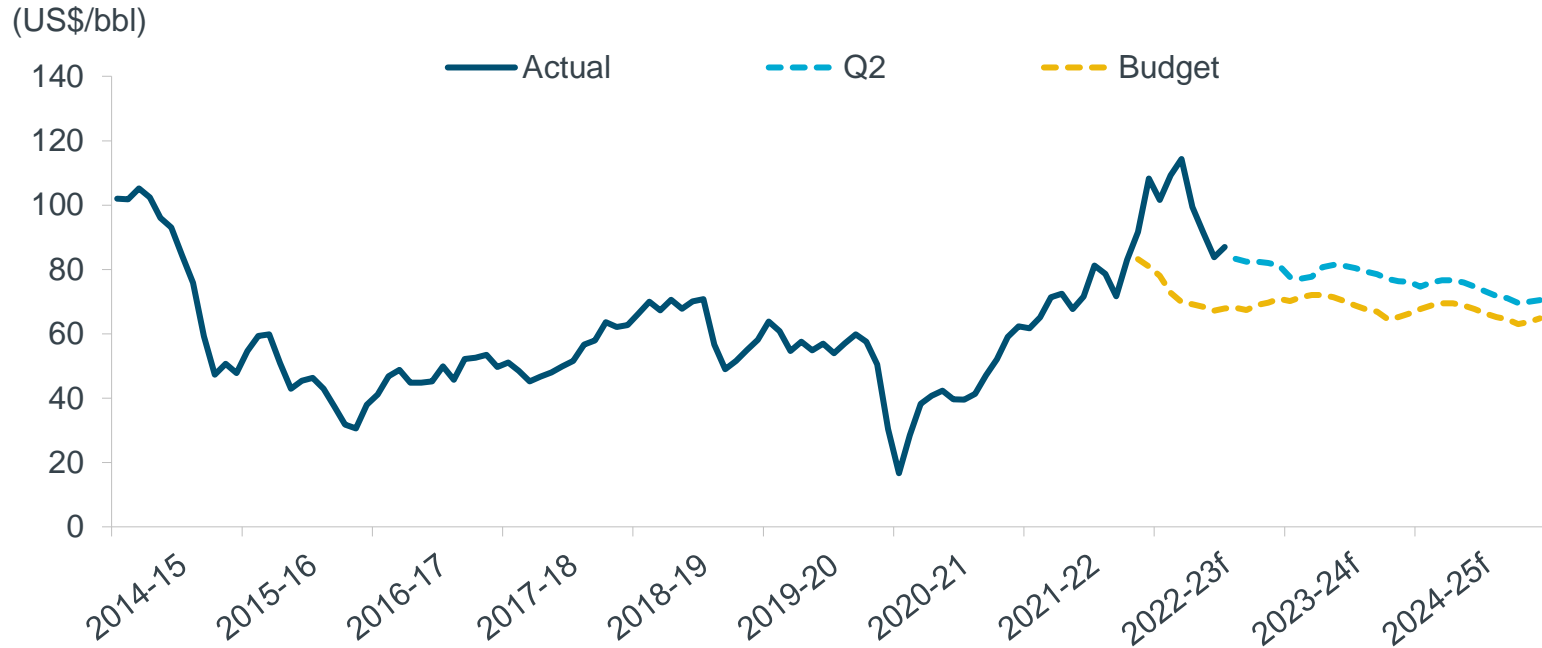
Alberta's nominal GDP (income) and real GDP (activity), indexed to 2014 level



Sources: Statistics Canada, Haver Analytics and Alberta Treasury Board and Finance; f-forecast

# Tight market conditions supporting oil prices

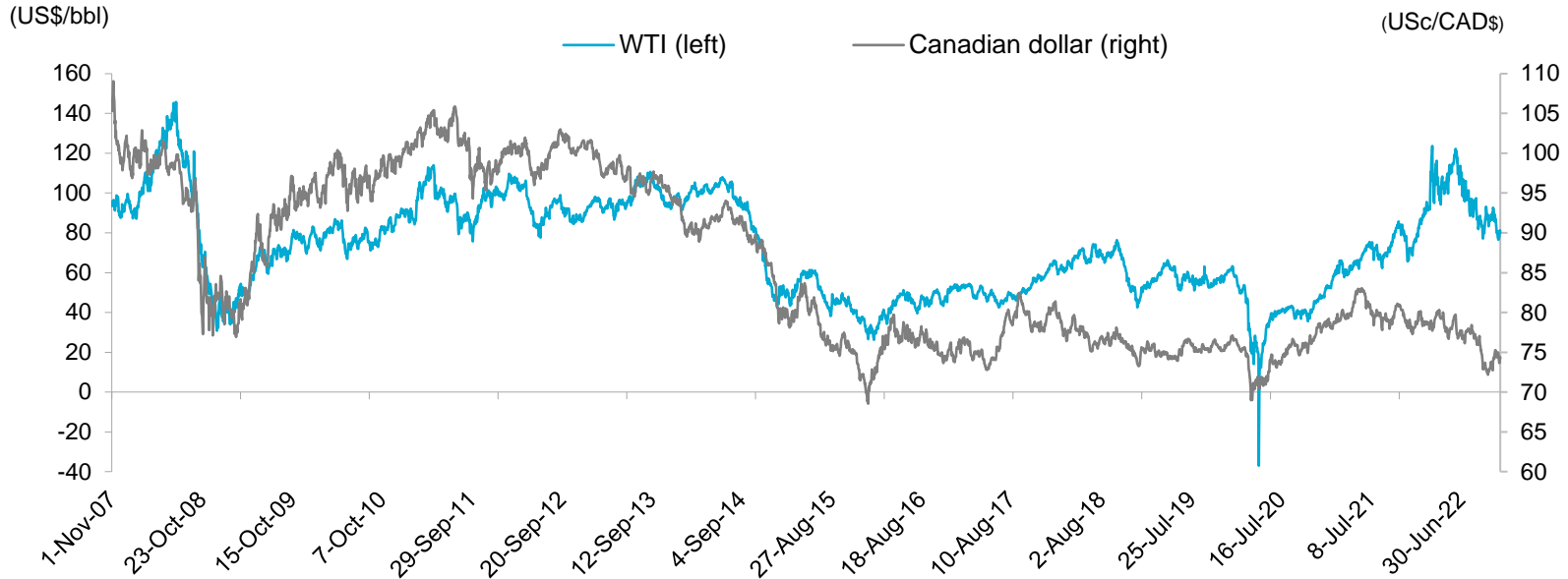
West Texas Intermediate



Sources: Reuters, Alberta Treasury Board and Finance; f-forecast

# Strong U.S. Dollar decouples Loonie from oil prices

West Texas Intermediate (WTI) and Canadian dollar

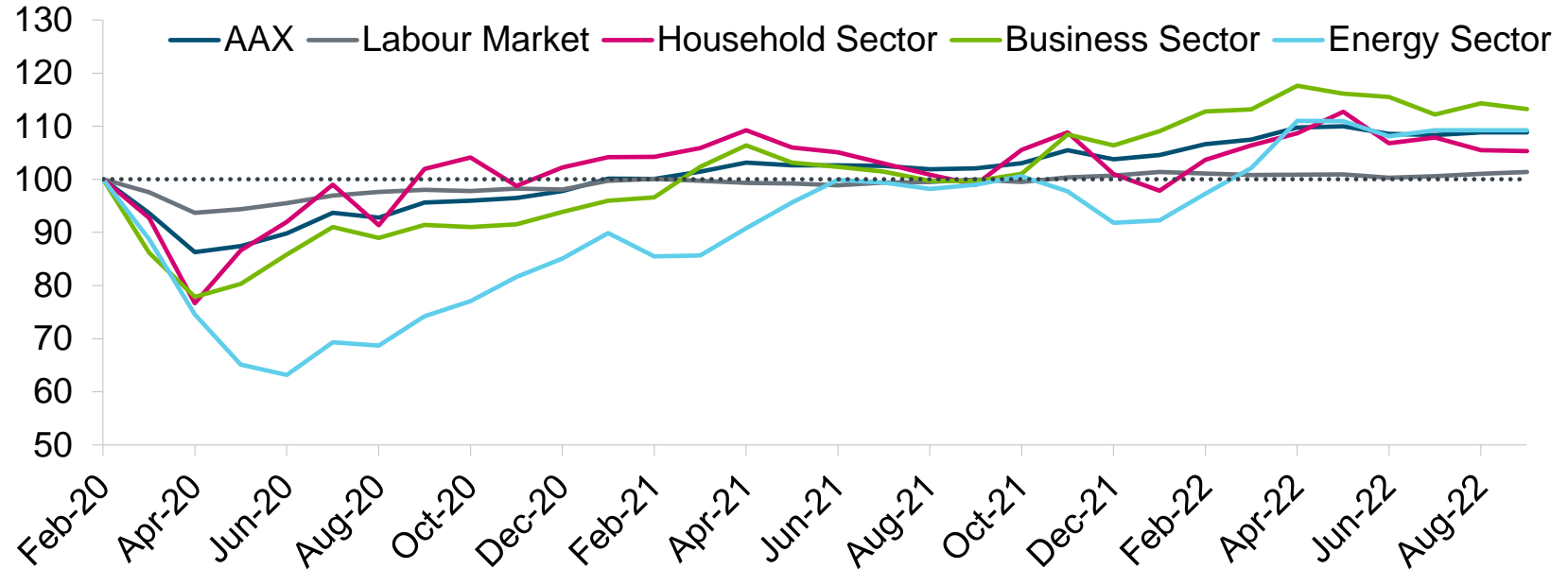


Sources: U.S. EIA, CME Group, Kent Group Limited, Haver Analytics

# Economic activity led by energy and general business

Alberta Activity Index indexed to February 2020, by component

(Feb-20=100)



Source: Alberta Treasury Board and Finance

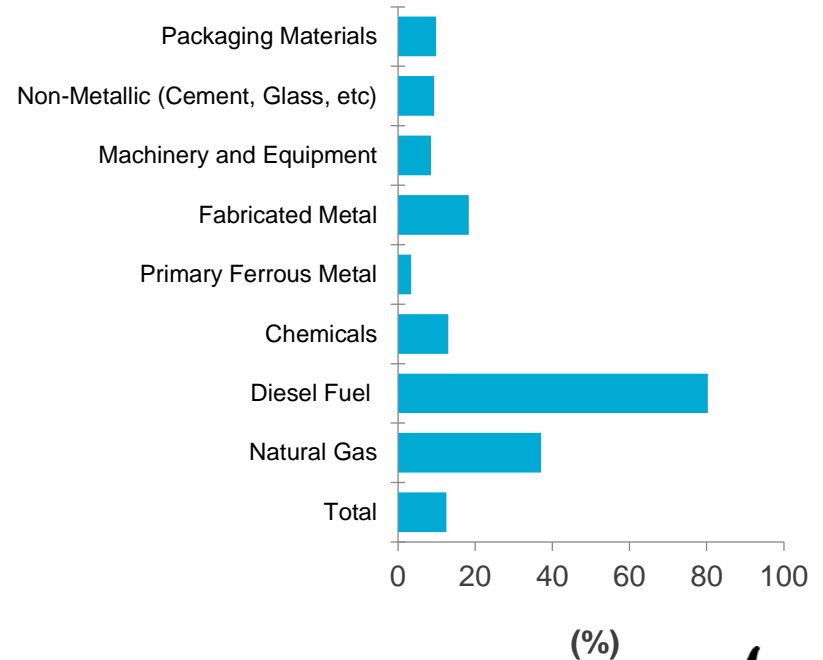


# Businesses facing elevated input and construction costs

Year-over-year growth in non-residential Construction price index



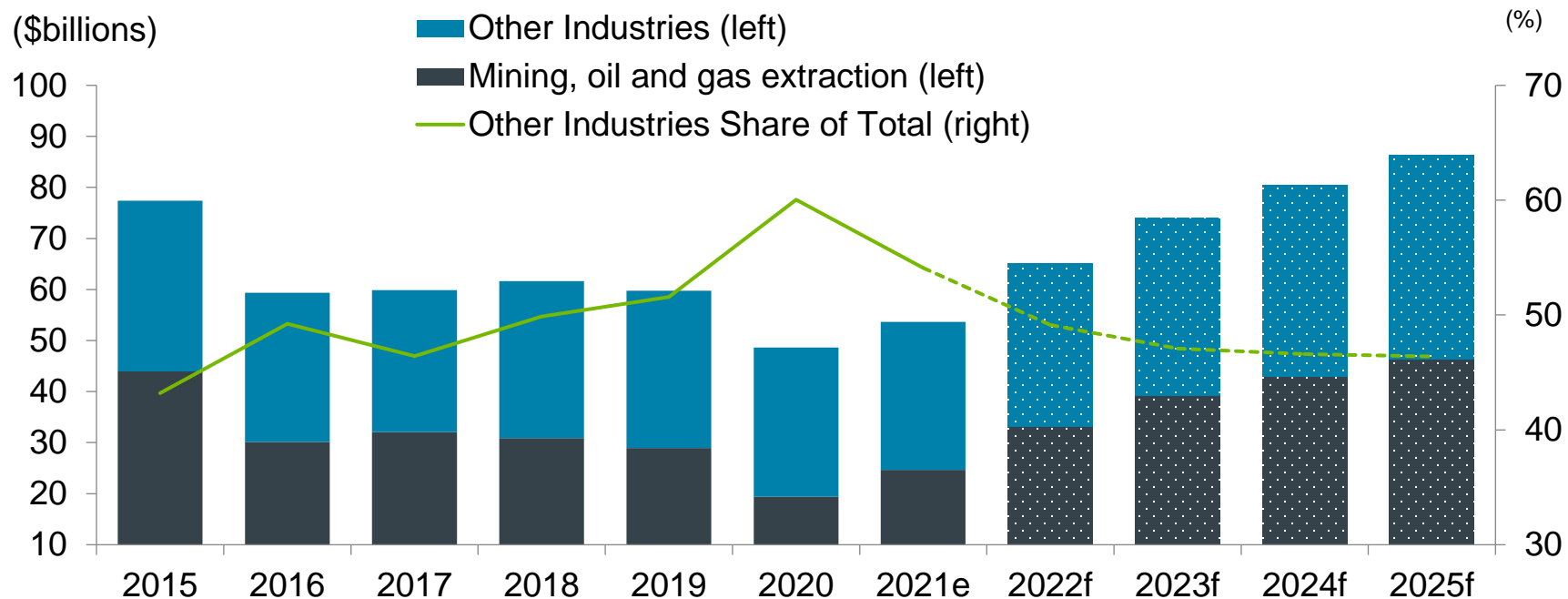
YTD Growth in Canadian IPPI\* Component



Sources: Statistics Canada, Haver Analytics  
 \* Industrial Product Price Index

# Investment continues to diversify outside oil and gas

Private non-residential investment\* in Alberta by category



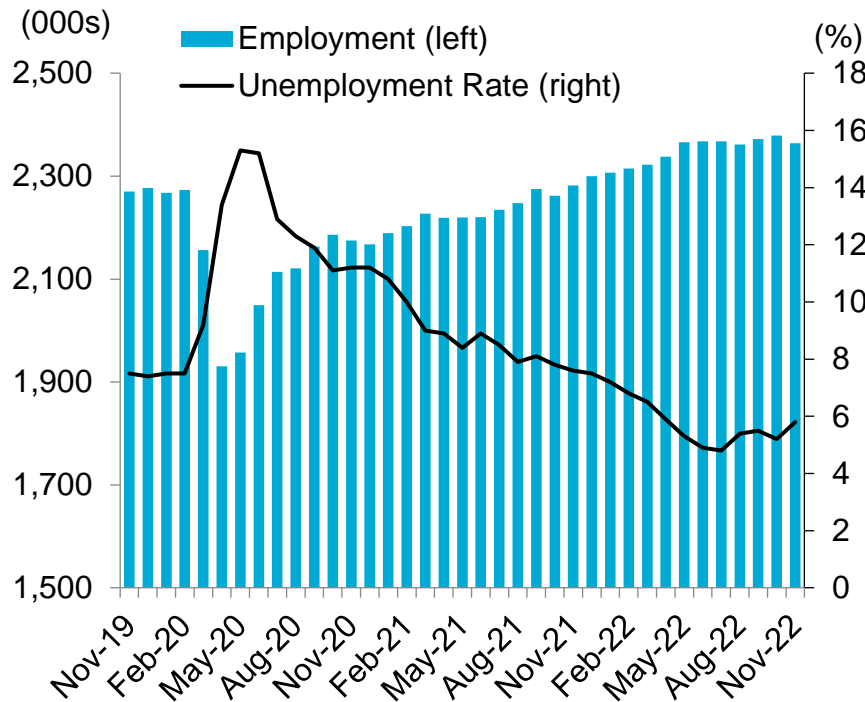
Sources: Statistics Canada, Haver Analytics and Alberta Treasury Board and Finance; e-estimate, f-forecast

\* Includes plant & equipment and intellectual property.

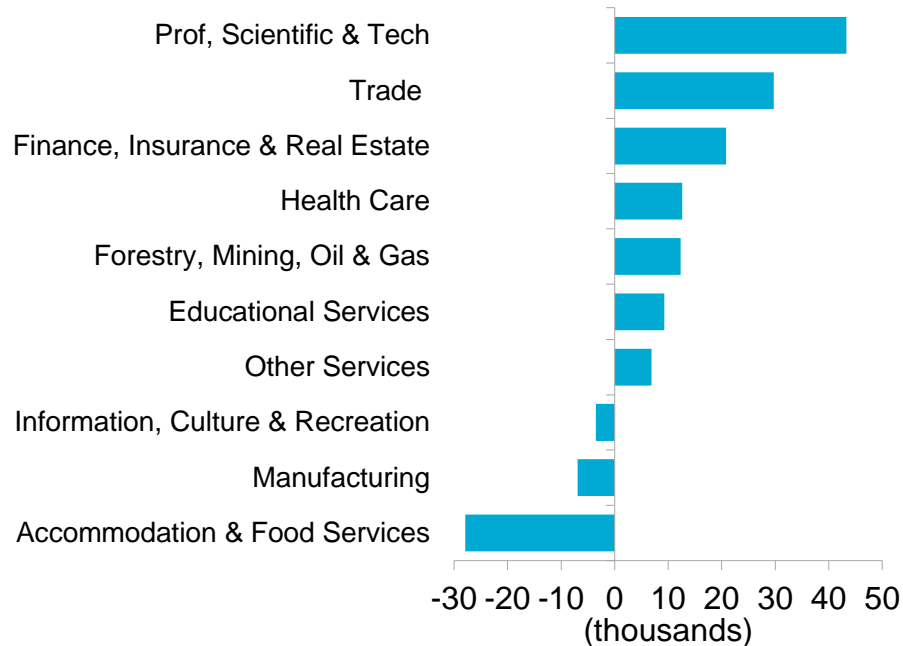


# Employment in most sectors has fully recovered

Labour market indicators

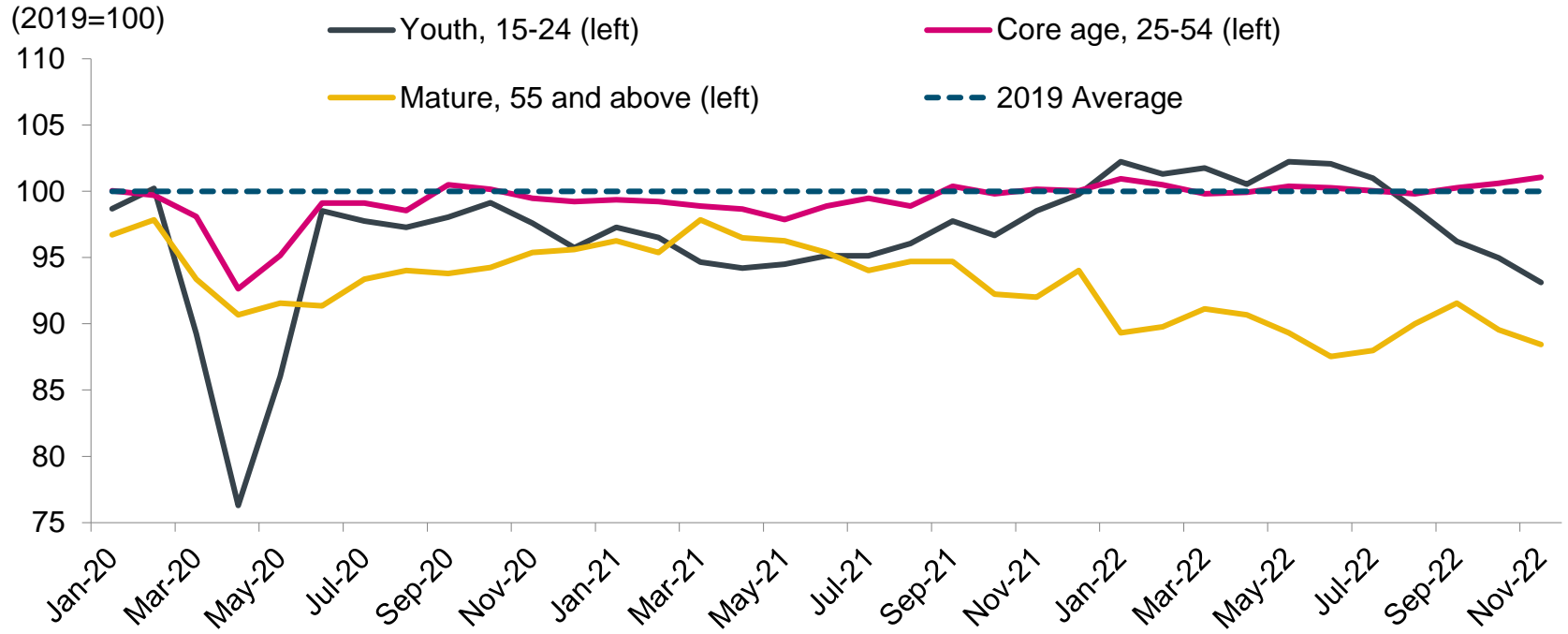


Change in seasonally adjusted employment since Feb 2020



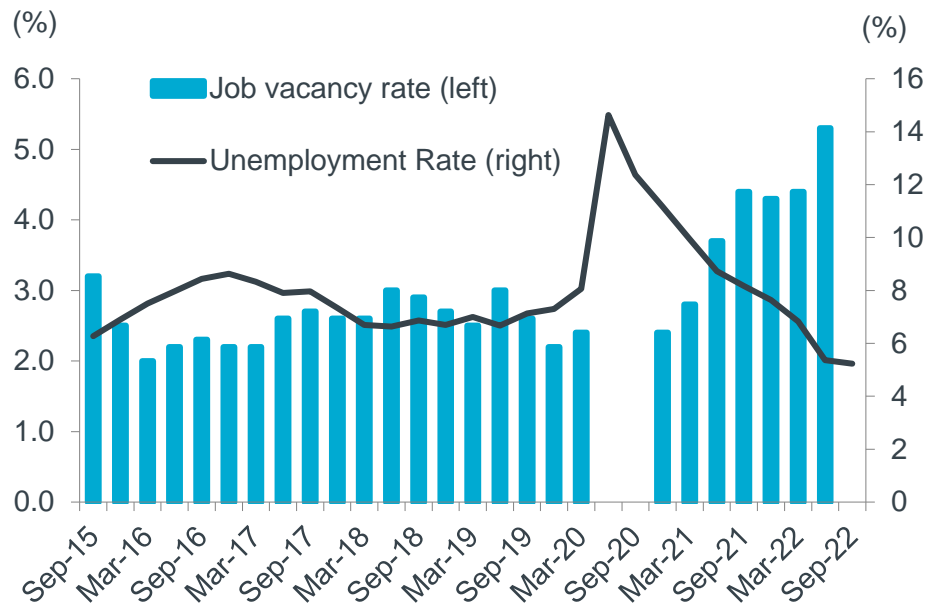
# Participation rate for old and youth workers lagging

Labour force participation rate by age (seasonally adjusted), indexed to 2019 average

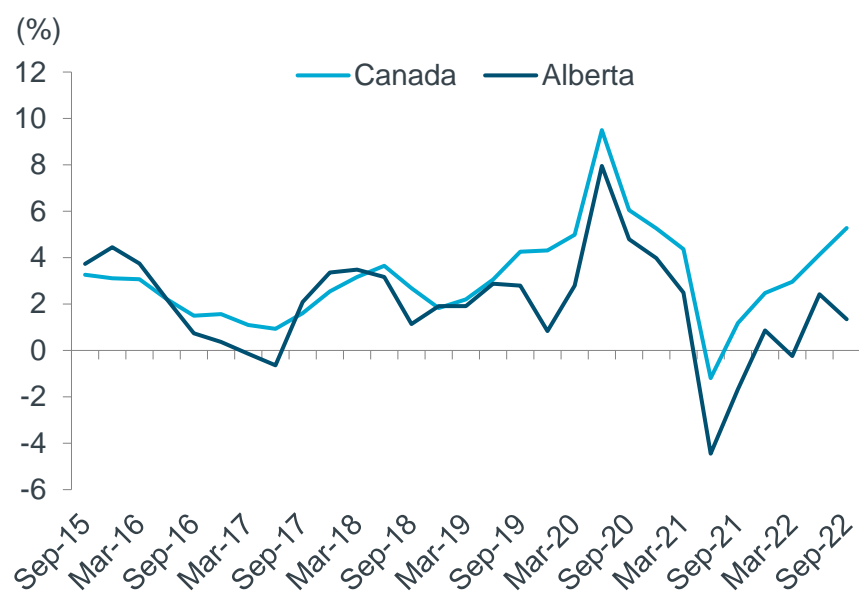


# Wage growth subdued despite low unemployment rate and strong job vacancies

## Job vacancy rate and unemployment rate

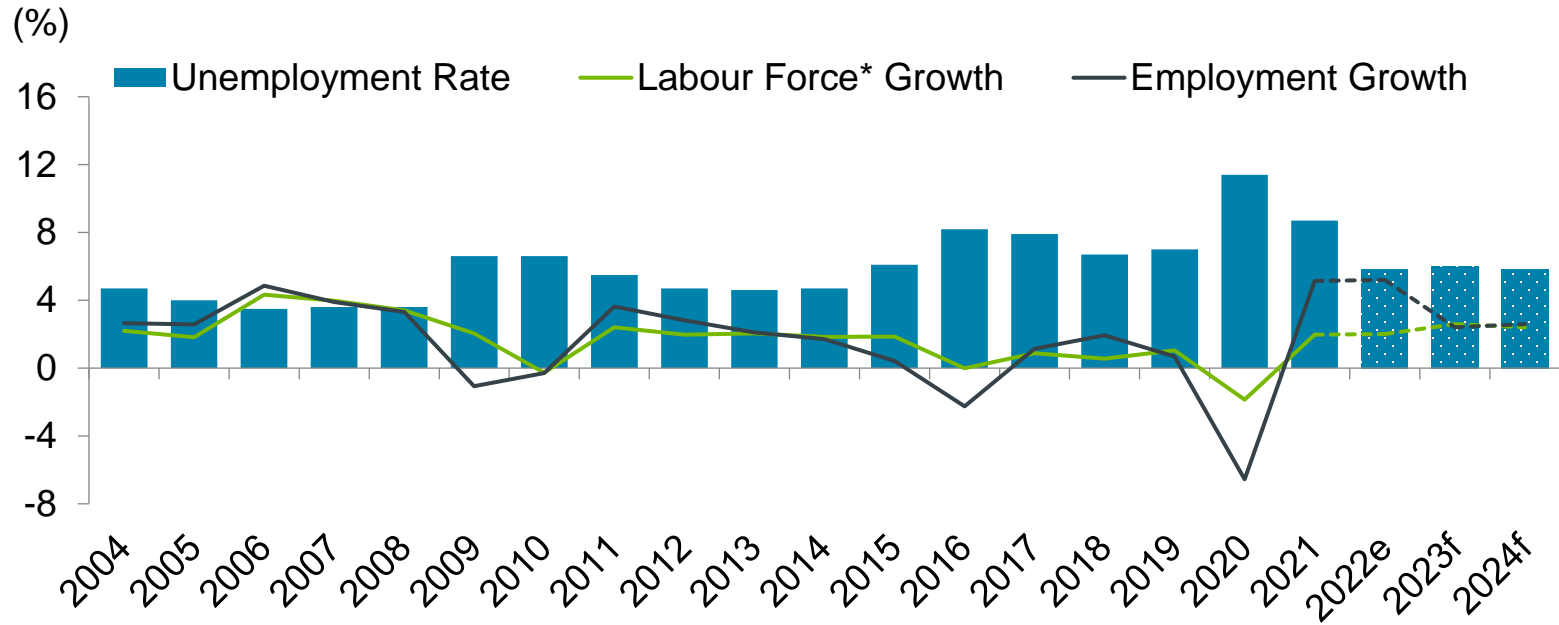


## Year-over-year growth in average hourly wages (non-seasonally adjusted)



# Momentum in labour market heading into 2023

## Labour Market Indicators

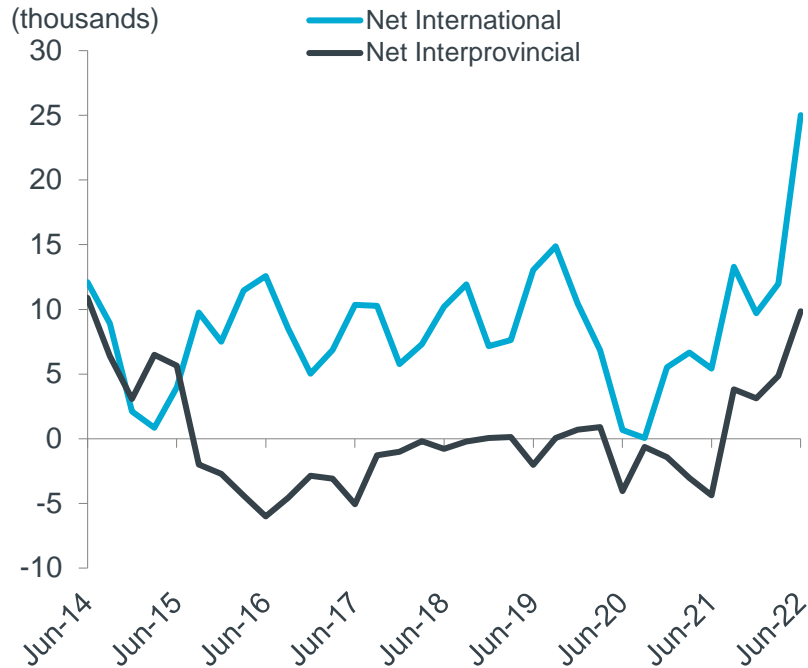


Sources: Statistics Canada and Alberta Treasury Board and Finance; e-estimate, f-forecast

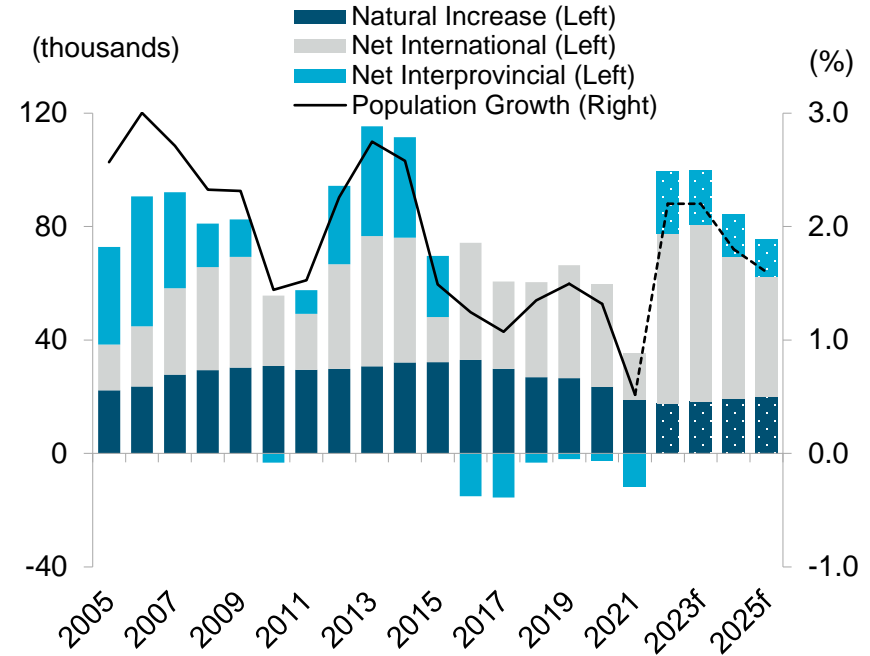
\*The number of people working or looking for work

# Strong rebound in population growth

Alberta's net interprovincial and international migration



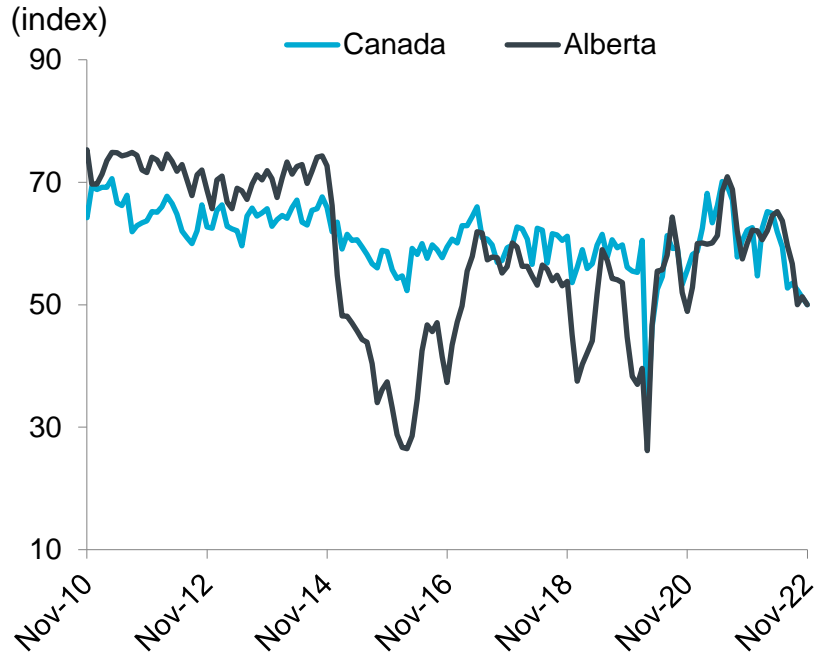
Annual change in the Alberta population by component



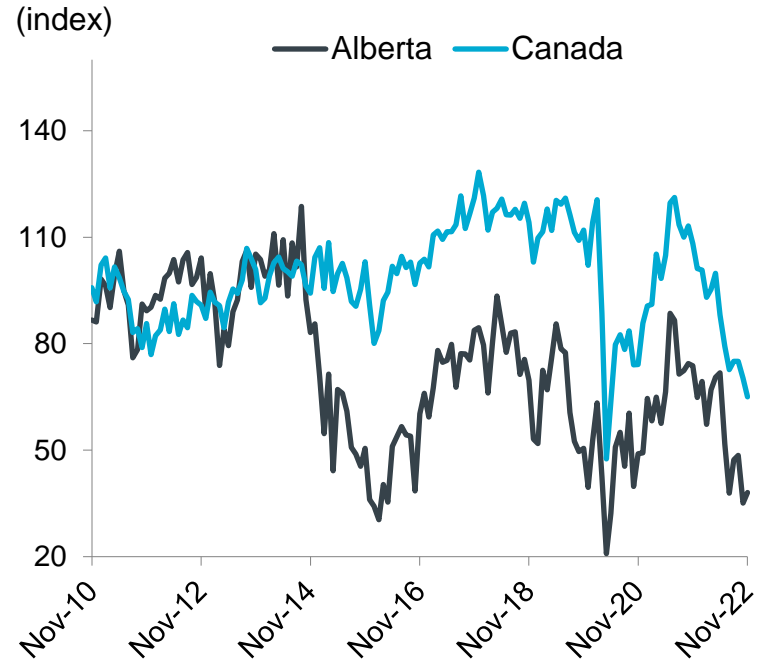
Sources: Statistics Canada, Haver Analytics and Alberta Treasury Board and Finance; e-estimate, f-forecast

# Confidence pulling back from recent highs

## Business Barometer Index

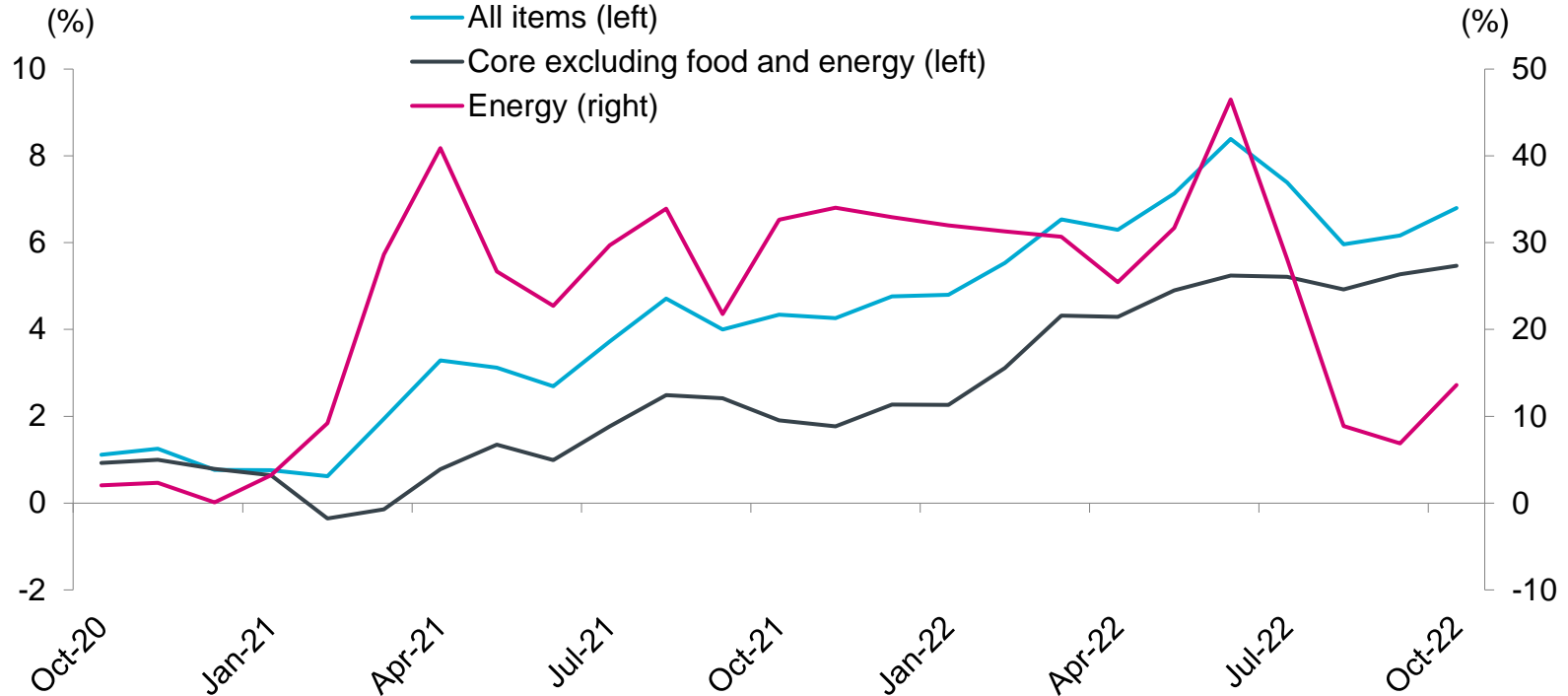


## Index of Consumer Confidence, 2014=100



# Inflation cooling but remains elevated

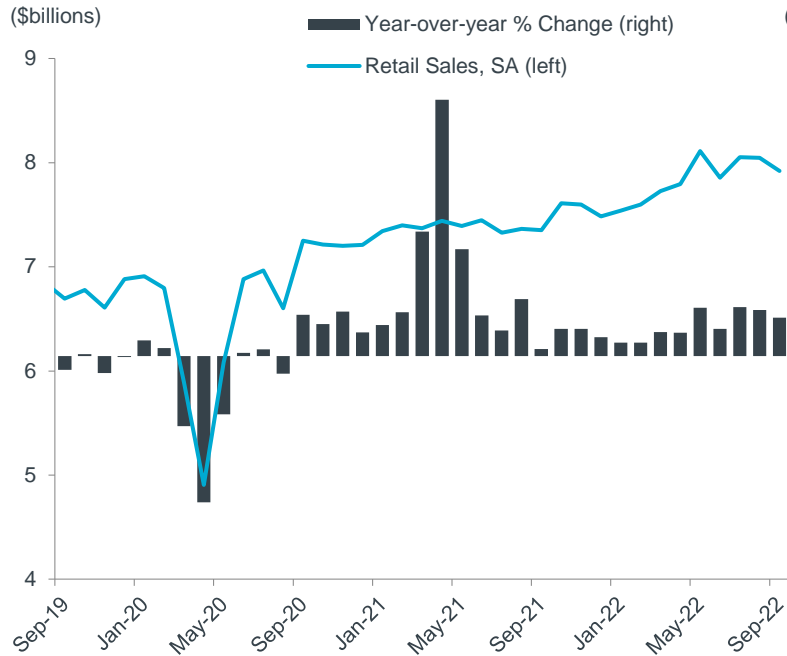
Year-over-year in Consumer Price Index, by component



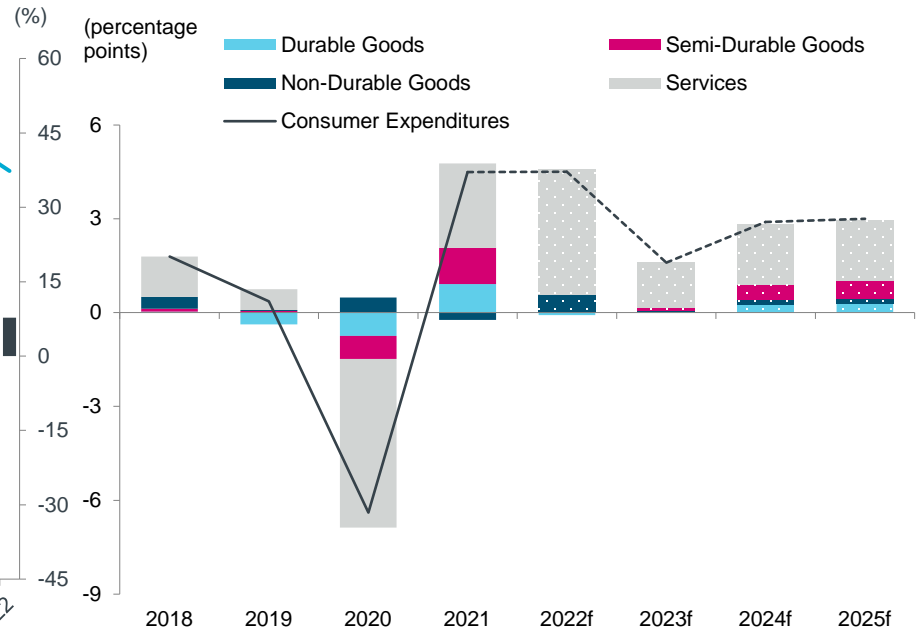
Sources: Statistics Canada and Haver Analytics

# Consumer spending to stall next year

Seasonally adjusted retail sales



Cont. to annual growth in real consumer spending



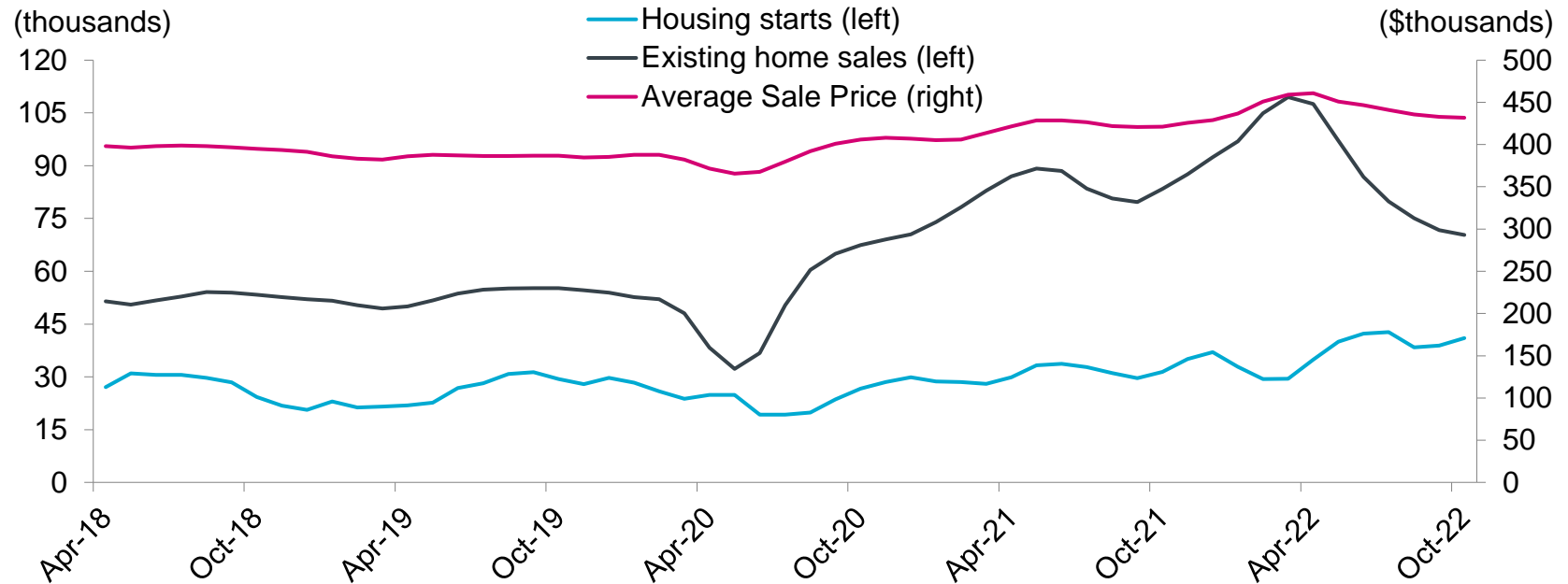
Sources: Statistics Canada and Haver Analytics





# Resale market stabilizing, housing starts remain strong

Annualized Alberta housing starts, existing home sales and Alberta wide average resale price\*



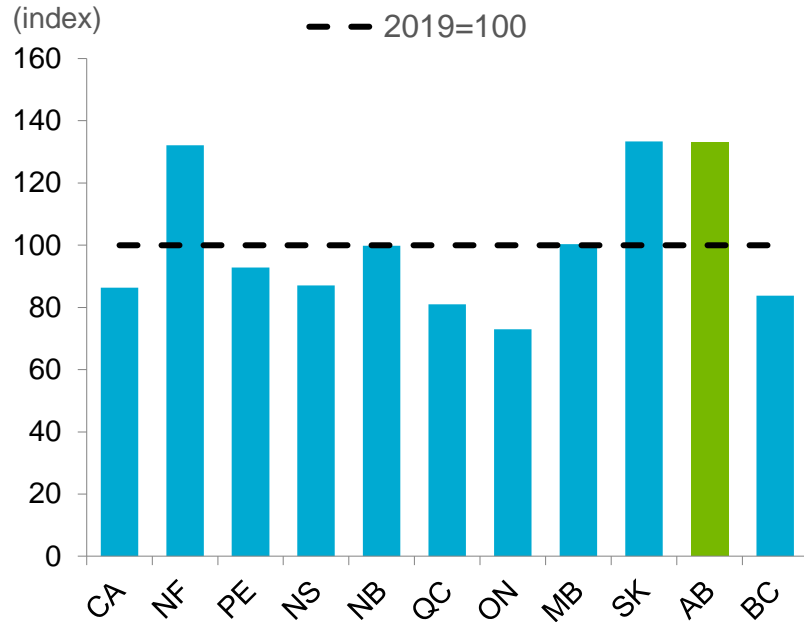
Source: Canadian Real Estate Association, Canada Mortgage and Housing Corporation, Haver Analytics

\* 3-month moving average

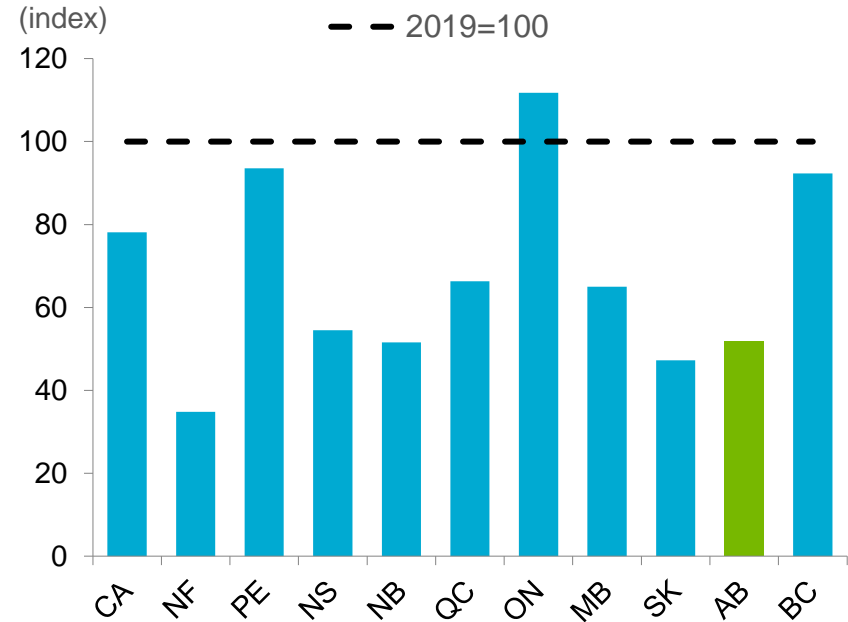


# Solid fundamentals to support housing

Unit sales Oct-22, indexed (2019=100)

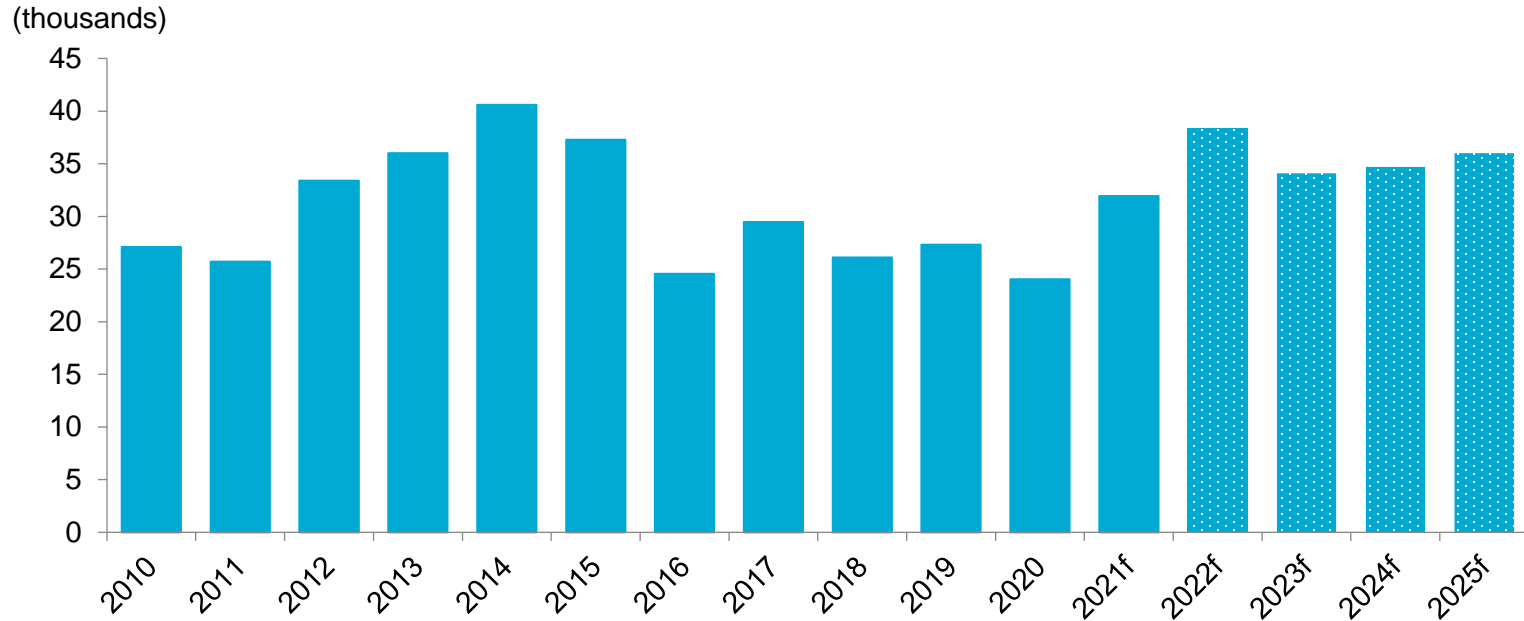


Months of inventory Oct-22, indexed (2019=100)



# Starts expected to hold up

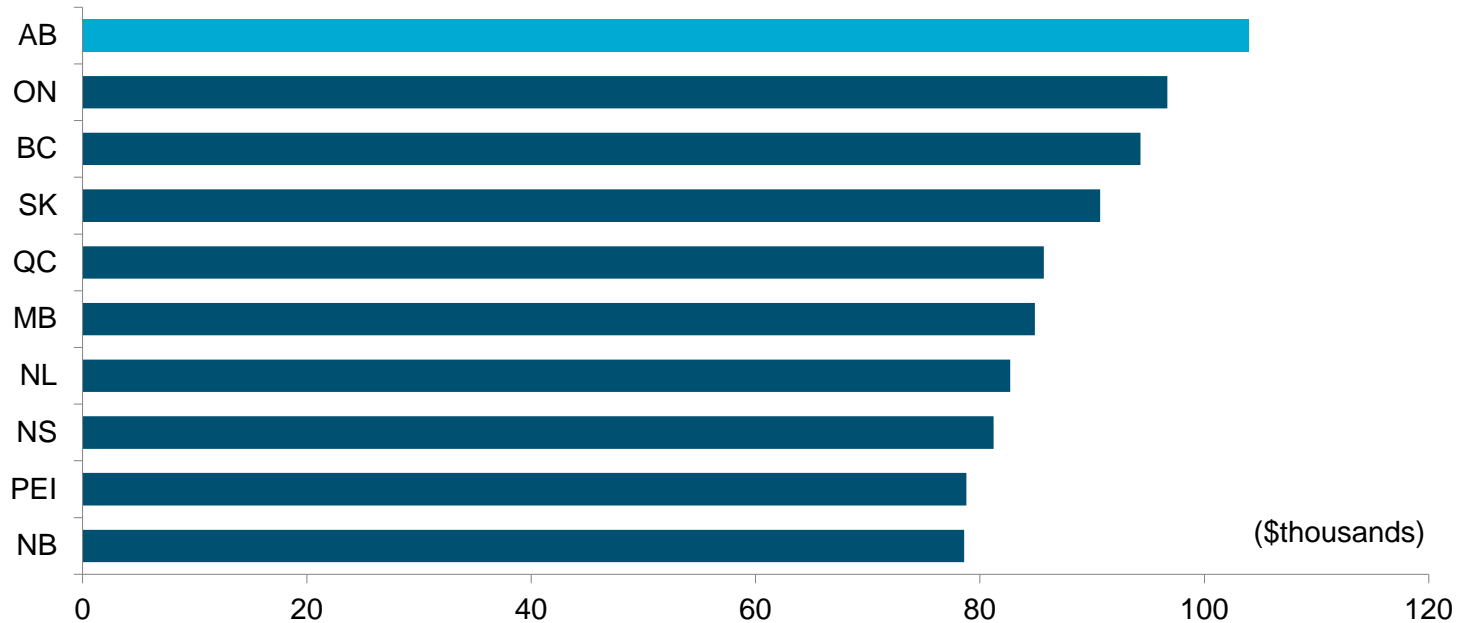
## Alberta Housing Starts



Sources: CMHC, Alberta Treasury Board and Finance, and Haver, f-forecast

# Alberta's value proposition

Median after-tax income of economic families in 2020



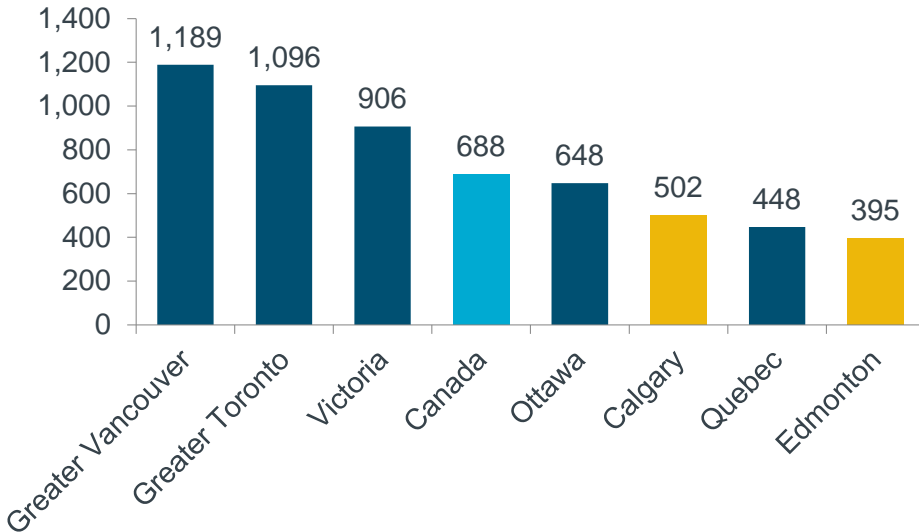
Source: Statistics Canada



# Alberta's value proposition

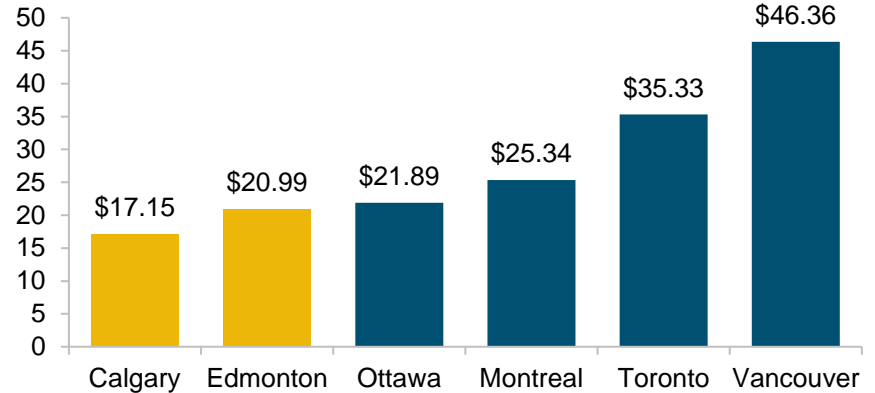
Residential average resale price, 2021

(\$thousands)



Average downtown office Class A property net rent by city, Q3 2022

(\$/sq. ft.)



Sources: Canadian Real Estate Association, Haver Analytics

