



Trade Turbulence – Alberta's Economic Outlook

April 30, 2025

Presented by Siddhartha Bhattacharya

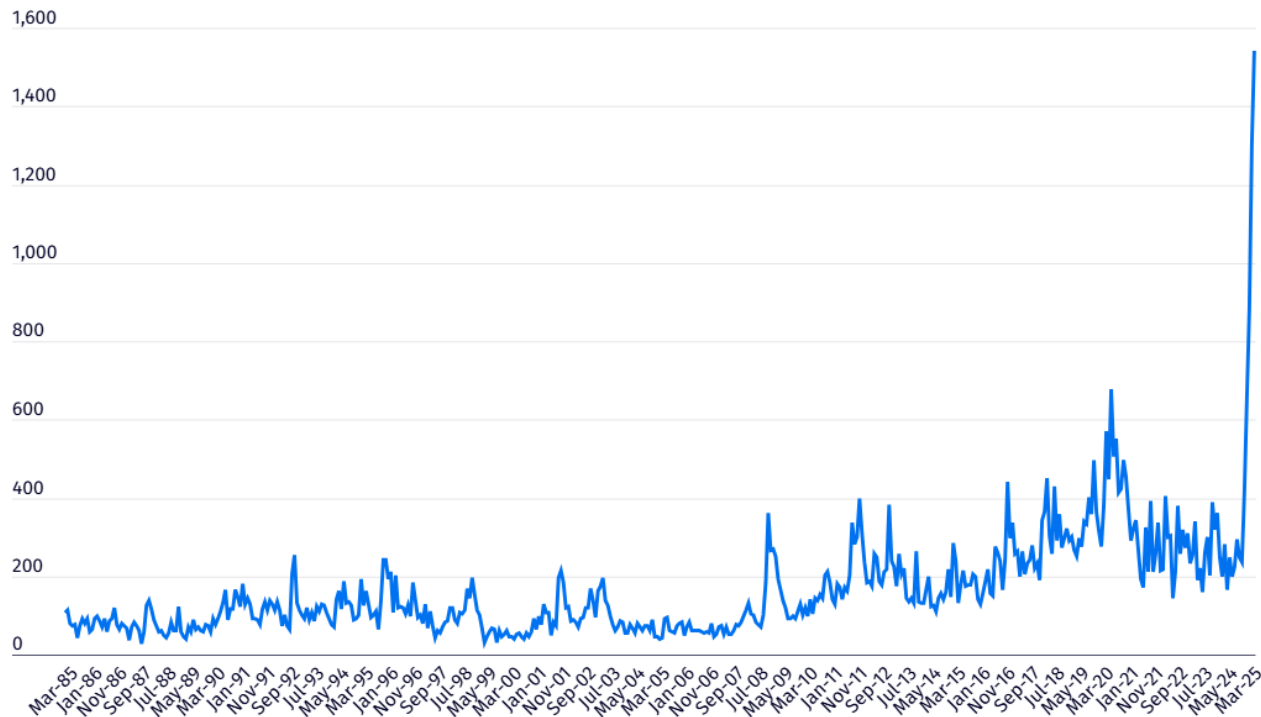


Winds of uncertainty

Economic Policy Uncertainty Index

Canada, monthly, not seasonally adjusted

ATB Economics



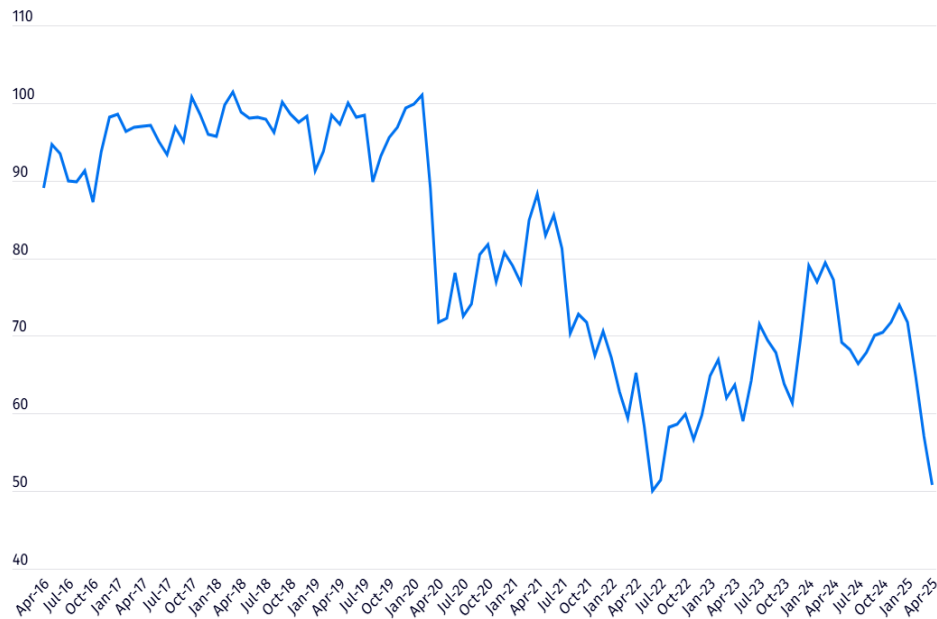
Source: Baker, Scott R., Bloom, Nick and Davis, Stephen J., Economic Policy Uncertainty Index for Canada, retrieved from FRED, Federal Reserve Bank of St. Louis; ATB Economics

Sentiment down not just in Canada

U.S. Consumer Sentiment*

University of Michigan Index, Q1 1996=100

ATB Economics

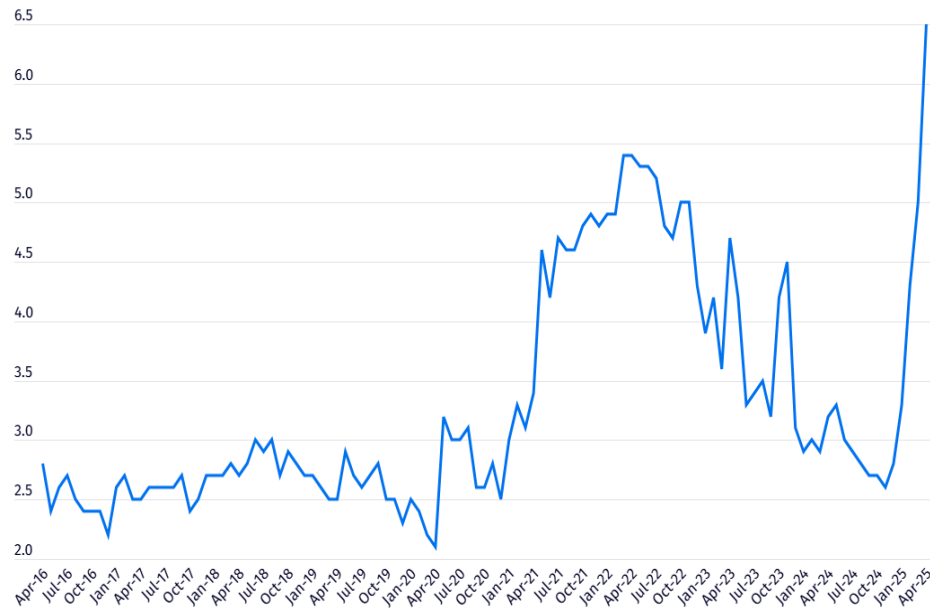


*Not seasonally adjusted. April 2025 reading from <http://www.sca.isr.umich.edu/>
Source: The University of Michigan, consumer surveys via FRED. ATB Economics

U.S. Inflation Expectations*

Monthly, % change

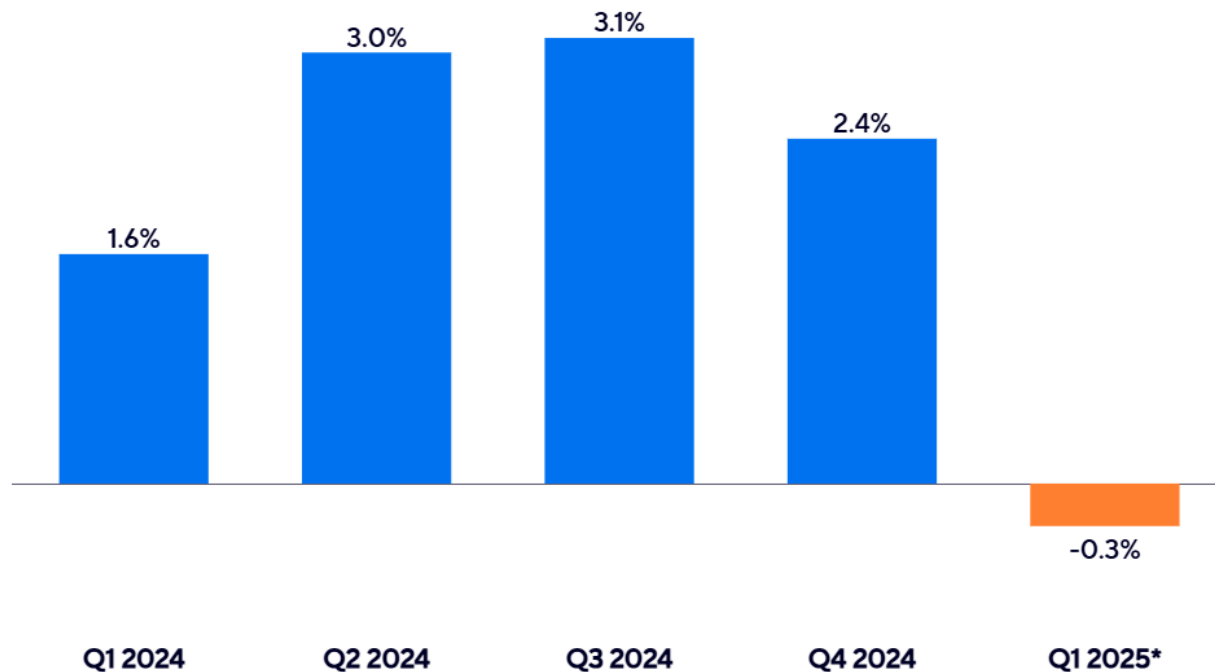
ATB Economics



*Median expected price change over next 12 months. Not seasonally adjusted.
April 2025 reading from <http://www.sca.isr.umich.edu/>
Source: The University of Michigan, consumer surveys via FRED. ATB Economics

Tariff impacts showing up already

U.S. GDP growth % change from previous quarter,
seasonally adjusted at annual rates



*Advance estimate

Source: U.S. Bureau of Economic Analysis and ATB Economics

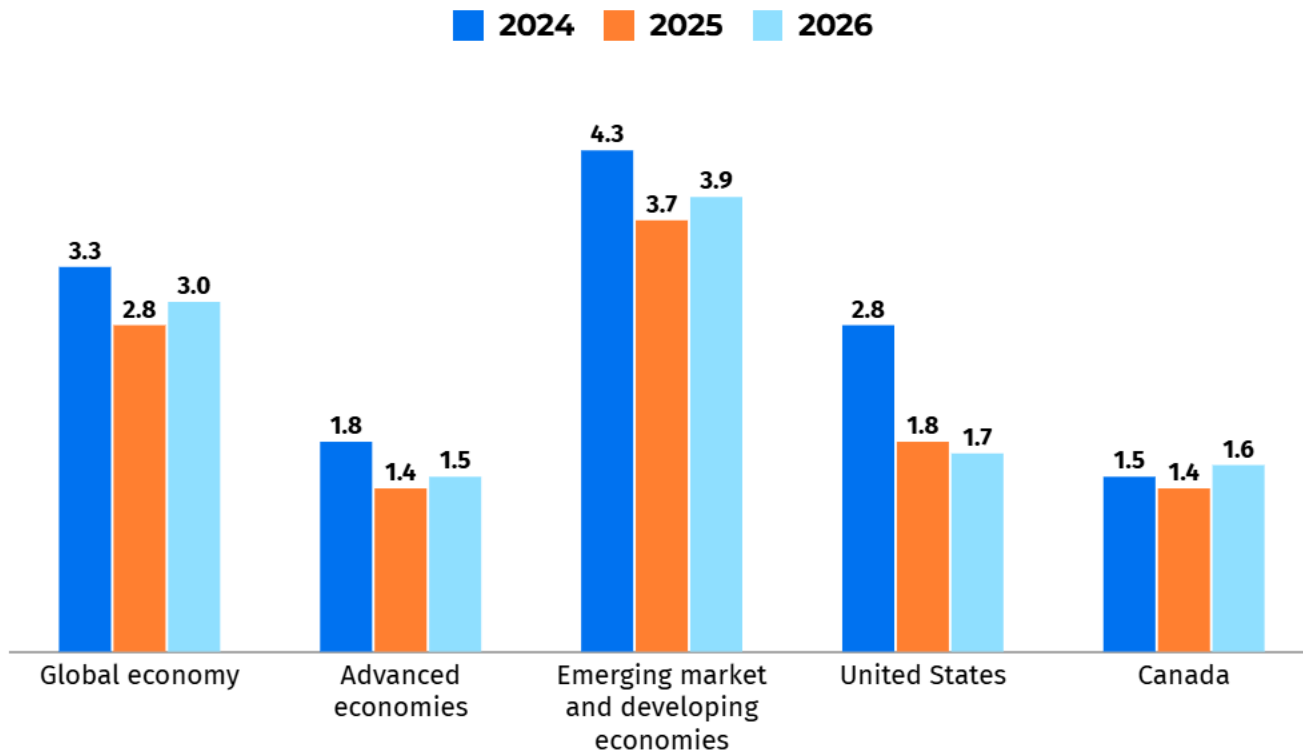
ATB Economics

Uncertainty weighing on global growth

IMF growth projections, April 2025

ATB Economics

Annual % change in real GDP

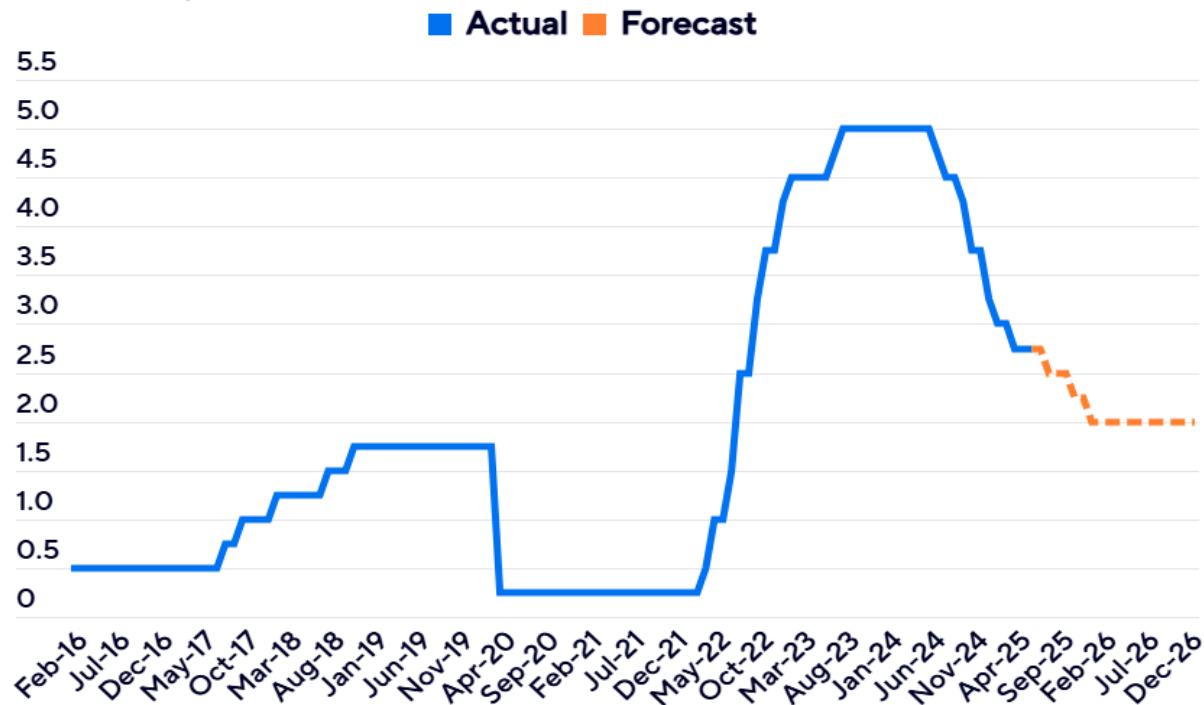


Source: International Monetary Fund, World Economic Outlook, April 2025 and ATB Economics

Cuts ongoing as trade war heats up

Bank of Canada policy interest rate

%, end of period



Assumes 25-basis point cuts in July 2025, October 2025 and December 2025.

Source: Bank of Canada/Haver Analytics and ATB Economics

Economists are celebrating as inflation is finally holding at target

Inflation in Canada

ATB Economics

Year-over-year % change in the monthly Consumer Price Index



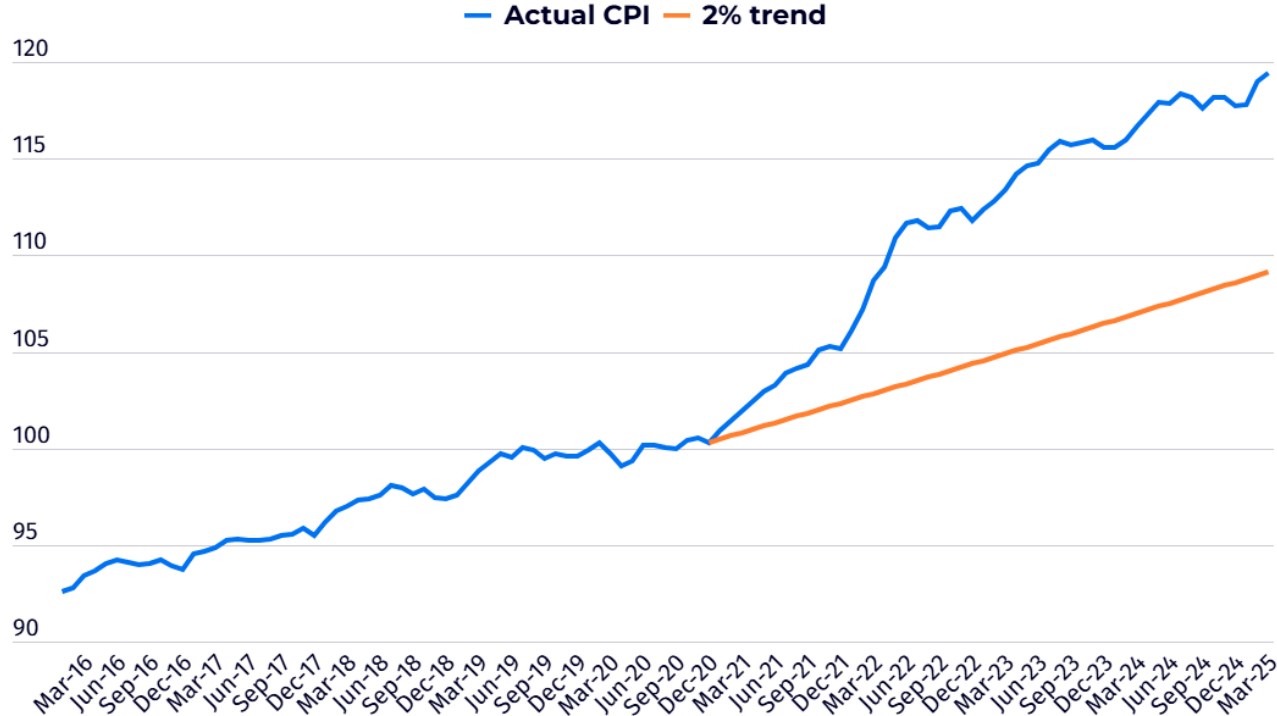
Source: Statistics Canada Tables 18-10-0004-01, 18- 10-0256-01 and ATB Economics

...that is not what the consumers feel

Price levels in Canada

2020=100

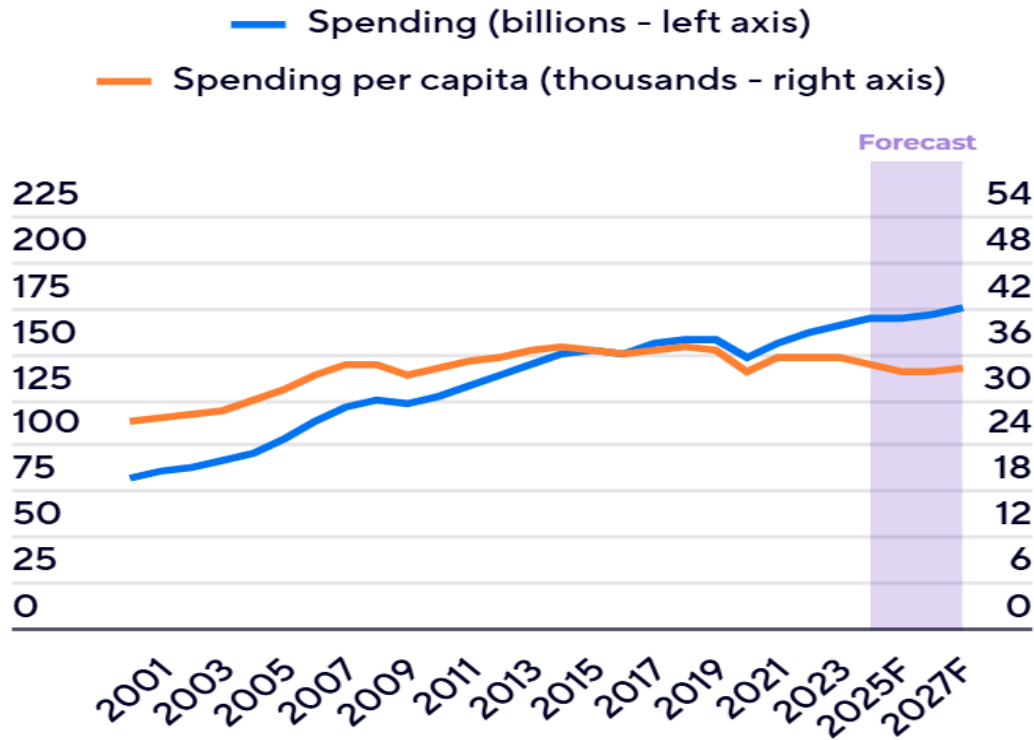
ATB Economics



Source: The 2% trendline assumes the monthly Consumer Price Index rises at a 2% annualized rate starting January 2021. Statistics Canada Table 18-10-0004-01 and ATB Economics

Consumers to pull back more this year

Real consumer spending in Alberta
Chained (2017) dollars



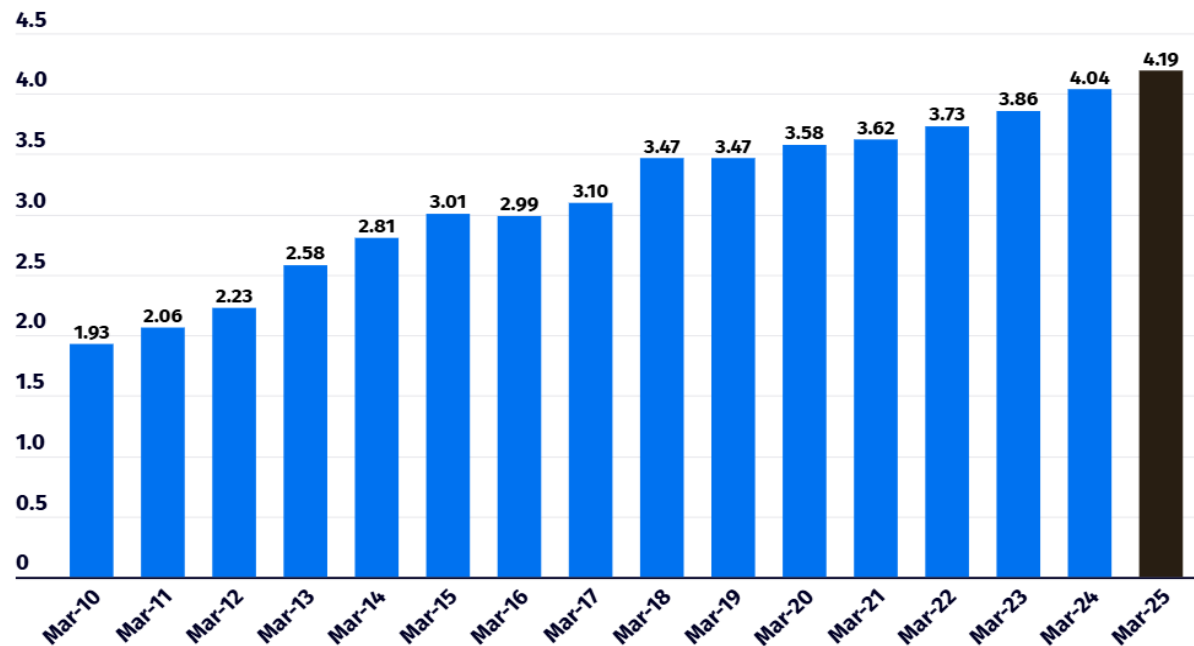
F=forecast
Source: Statistics Canada Table 17-10-0008-01, 36-10-0222-01 and ATB Economics

Production holding steady in the face of tariffs

March oil production in Alberta

Million barrels per day

ATB Economics

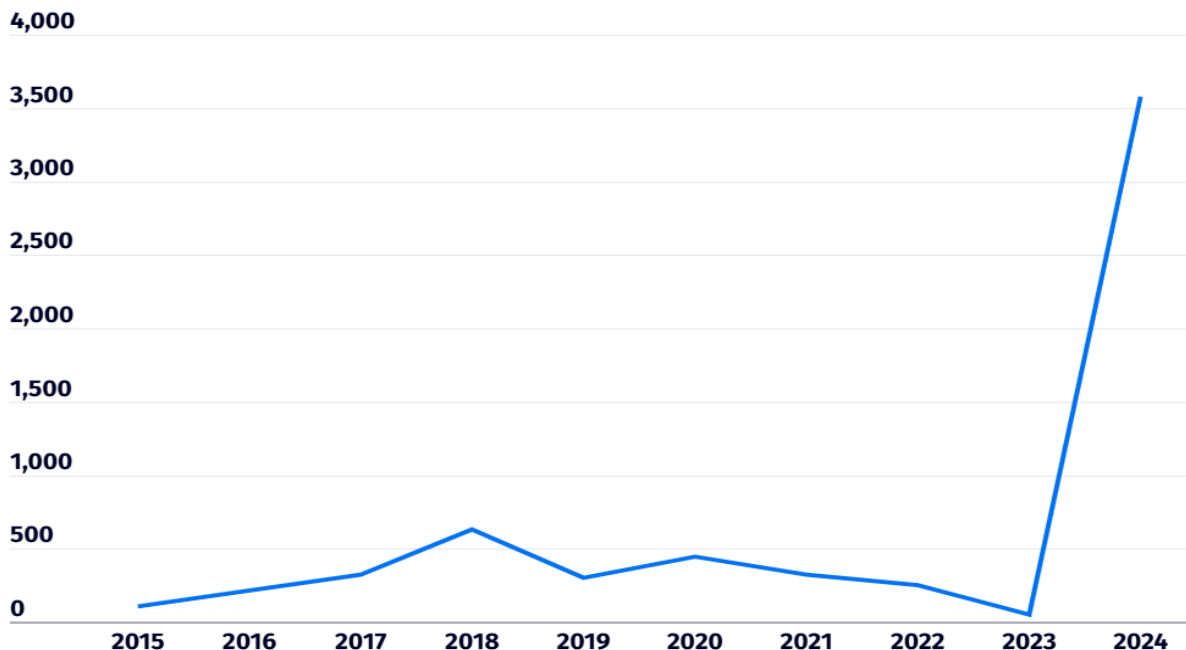


Source: Alberta Energy Regulator, Alberta Energy Resource Industries Monthly Statistics

What happens with market access improvements? Exhibit A

Canadian exports of crude oil to Asia ATB Economics

\$ million



HS Code 2709 (crude oil)

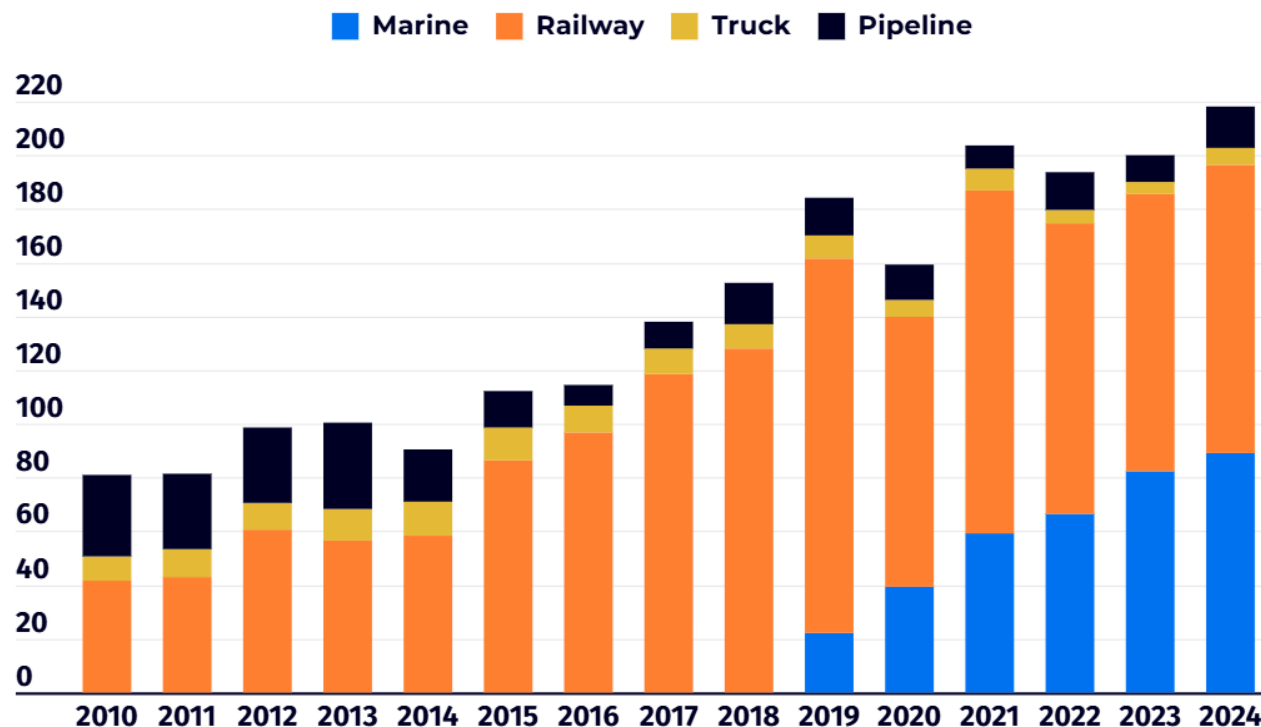
Source: Trade Data Online and ATB Economics

...and Exhibit B

Canadian propane exports

Thousand barrels per day, by transportation method

ATB Economics



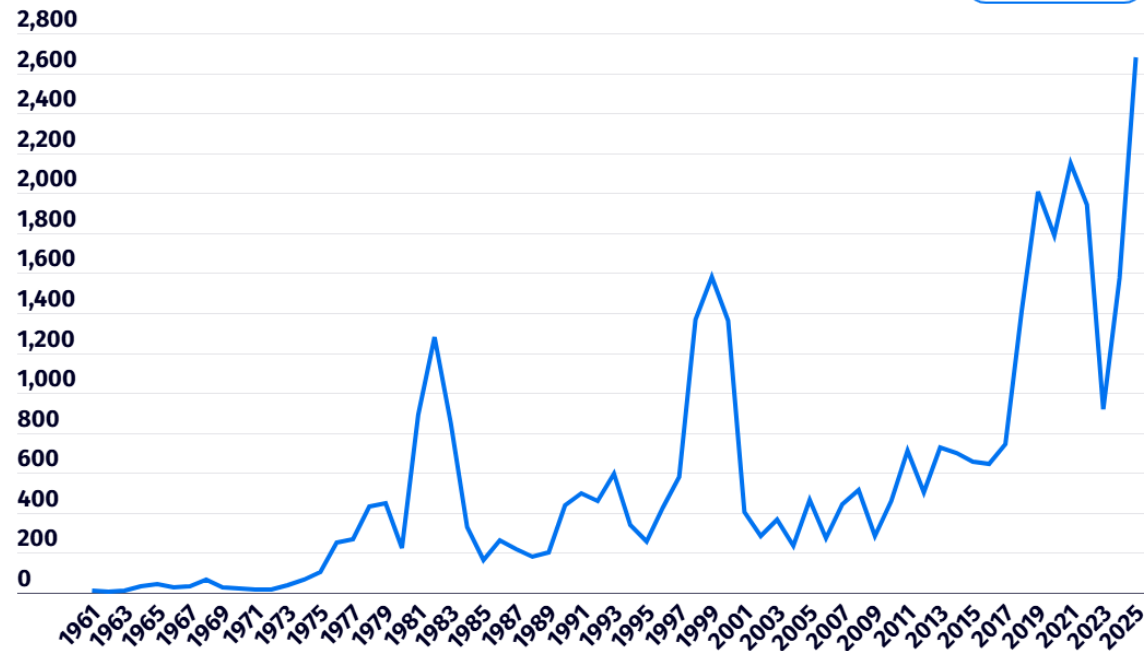
Source: Canada Energy Regulator and ATB Economics

The cost of uncertainty...Dow's Path2Zero construction now delayed

Alberta chemical manufacturing investment*

\$millions

ATB Economics

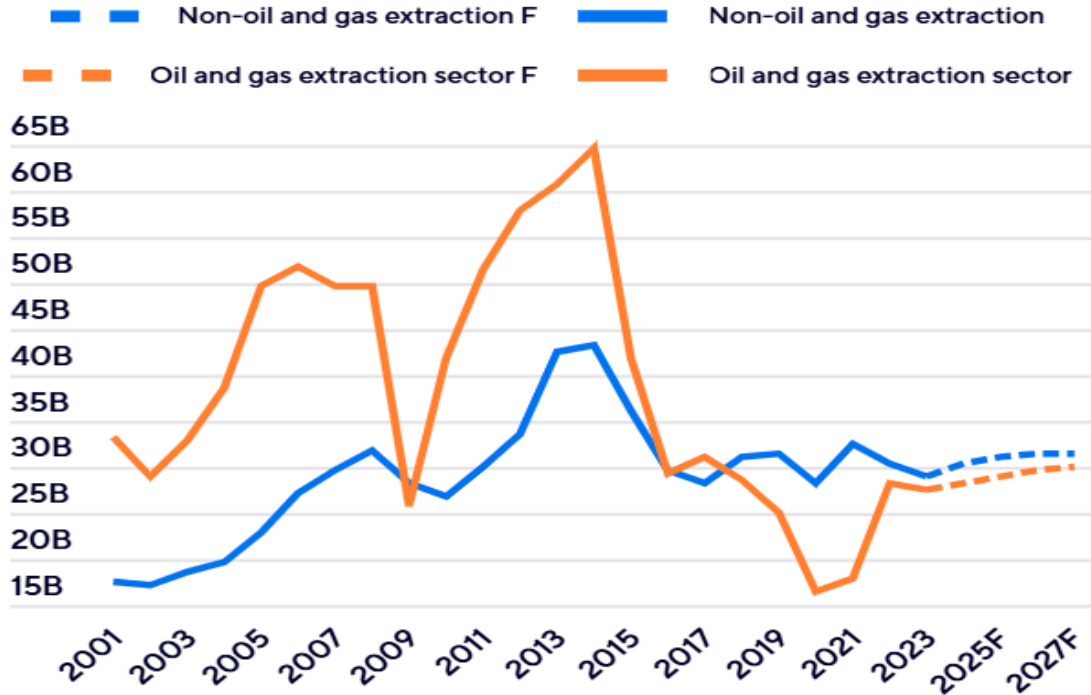


*2024 and 2025 are estimates by applying growth rates from the latest Capital Intentions Survey data to 2023 actuals. Source: Statistics Canada Tables 36-10-0096, 34-10-0035 and ATB Economics

Investment to take a back seat under tariff threats and uncertainty

Real capital investment in Alberta

Chained (2017) dollars, private non-residential



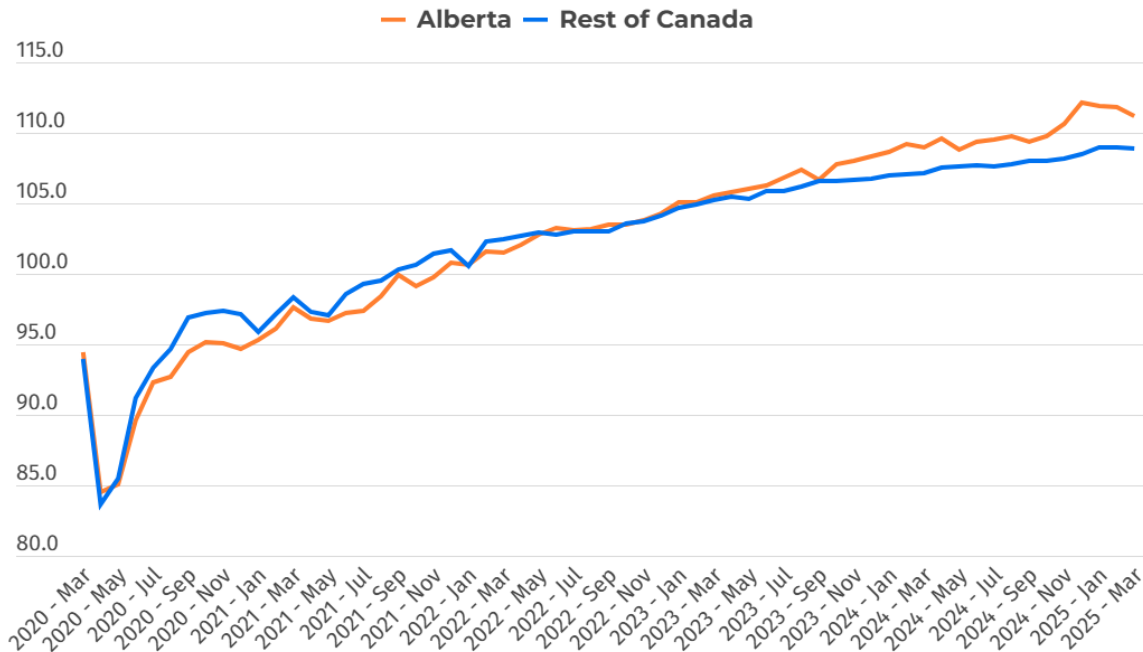
F=forecast Source: Statistics Canada and ATB Economics

Alberta still churning out jobs faster than other provinces

Monthly employment

Index, Feb 2020 = 100, seasonally adjusted

ATB Economics



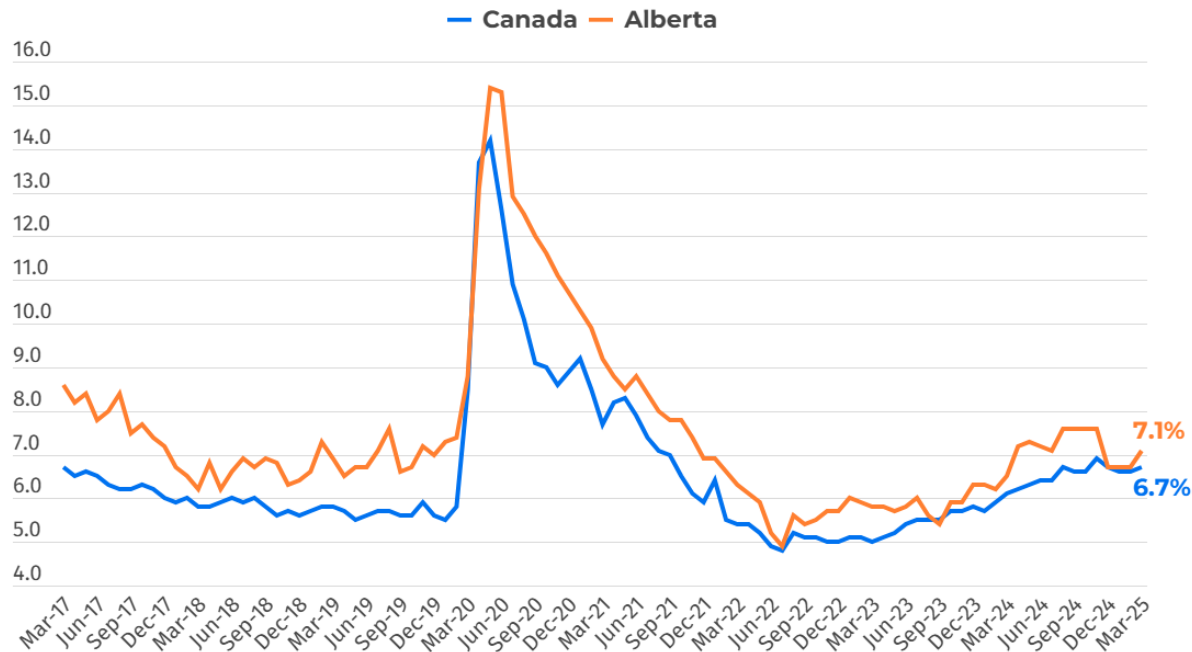
Source: Statistics Canada Table 14-10-0287-01 and ATB Economics

Our unemployment rate not cooling off despite steady job growth

Monthly unemployment rate

%, seasonally adjusted

ATB Economics



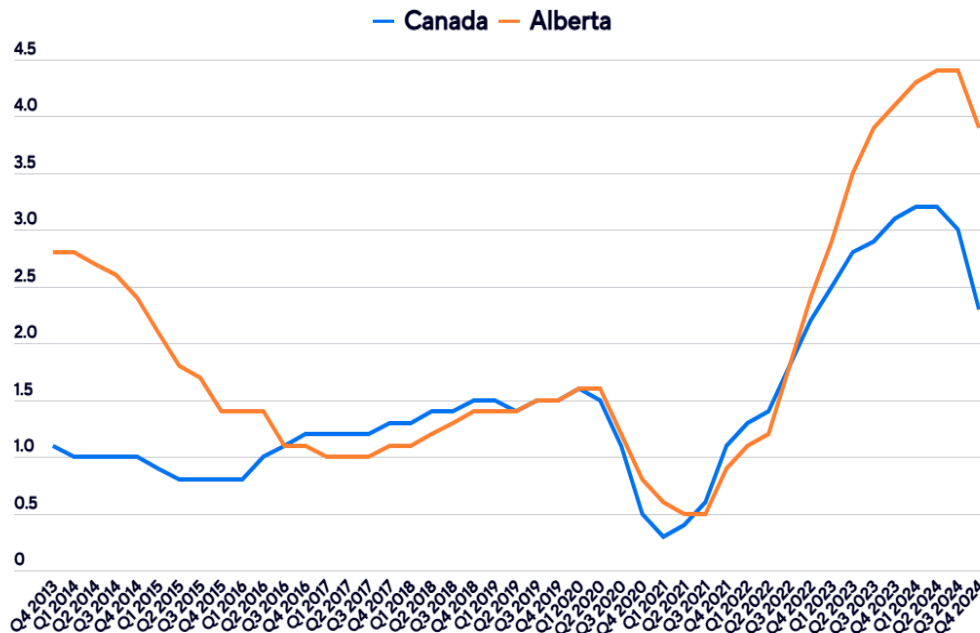
Source: Statistics Canada Table 14-10-0287-01 and ATB Economics

Alberta continues to see record numbers of people moving in

Population growth

% change, year-over-year

ATB Economics



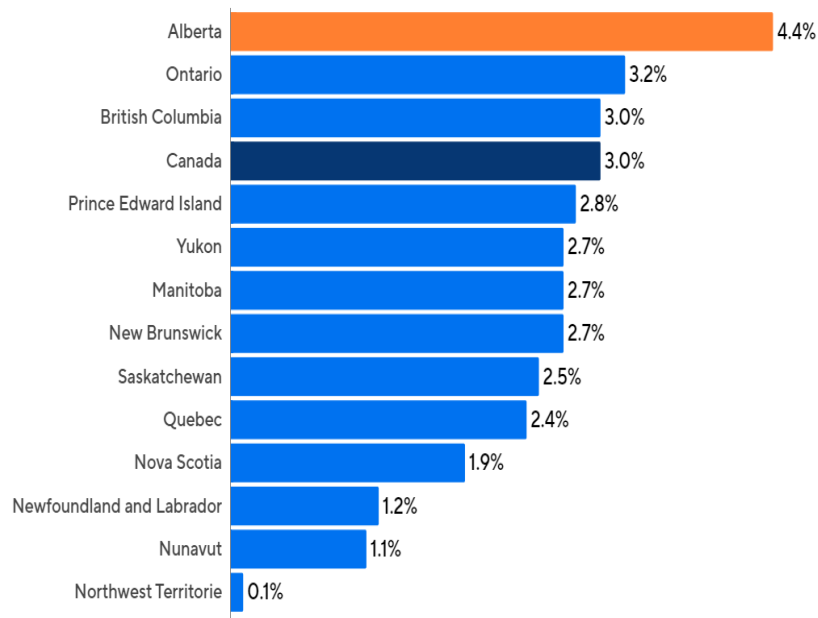
Q1=January 1; Q2=April 1; Q3=July 1; Q4=October 1

Source: Statistics Canada Table 17-10-0009-01 and ATB Economics

Annual population growth in Canada

% change, June 30, 2023 to July 1, 2024

ATB Economics



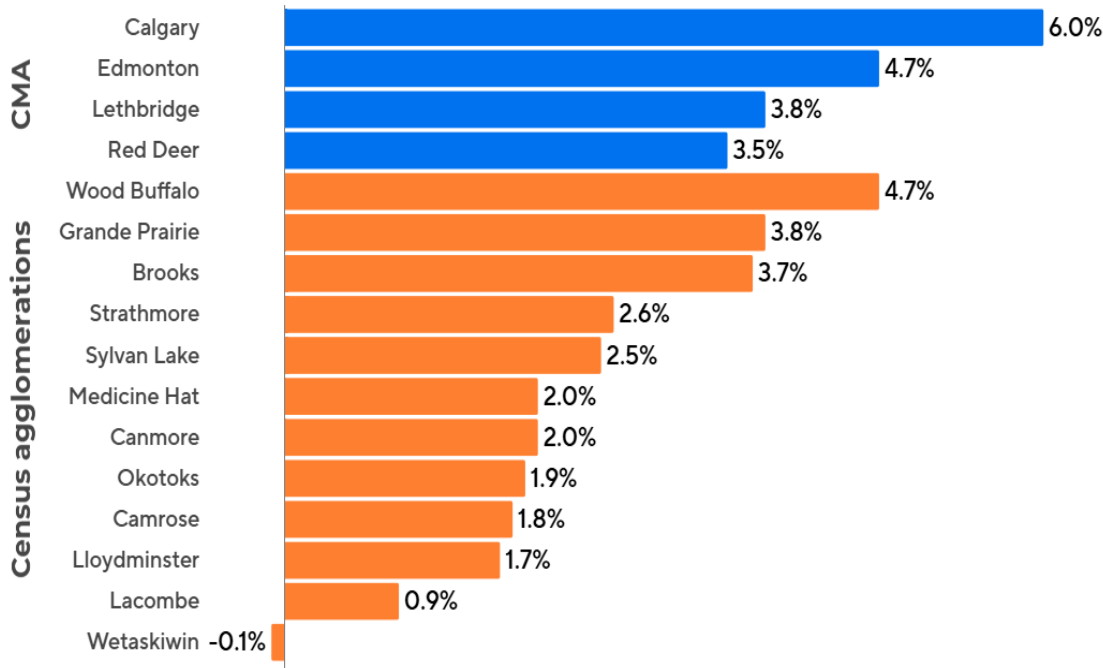
Source: Statistics Canada Table 17-10-0005-01 and ATB Economics

Growth is getting more broad-based

Population Growth in Alberta

2023-2024, % change

ATB Economics

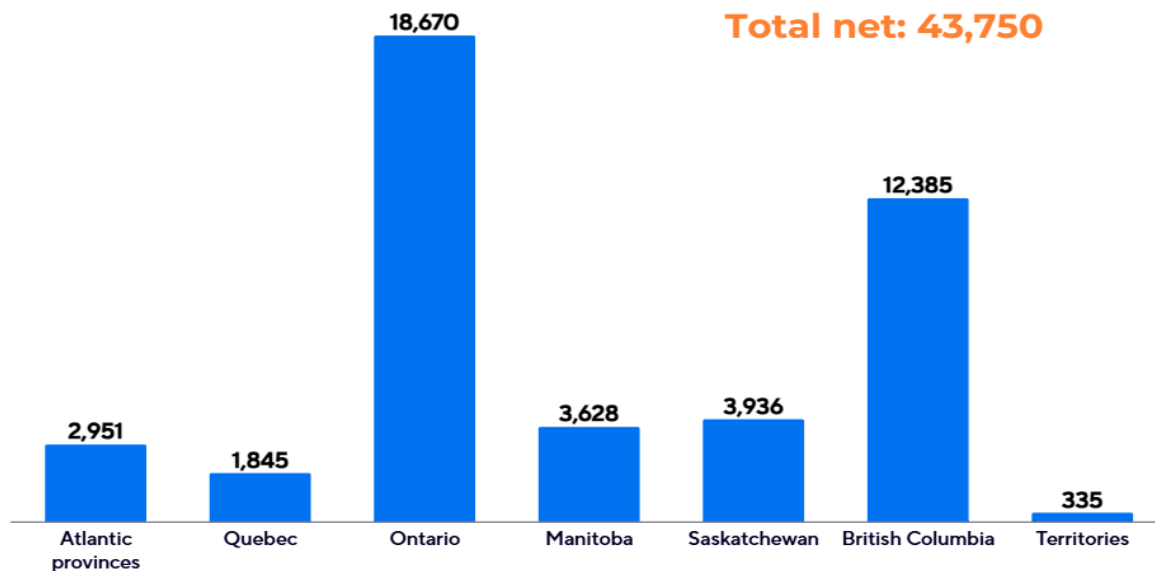


Source: Table: 17-10-0148-01 and ATB Economics

Ontario and BC main sources of interprovincial migration

Net interprovincial migration to Alberta by province/territory of origin 2023/2024*

ATB Economics



*July 1 to June 30

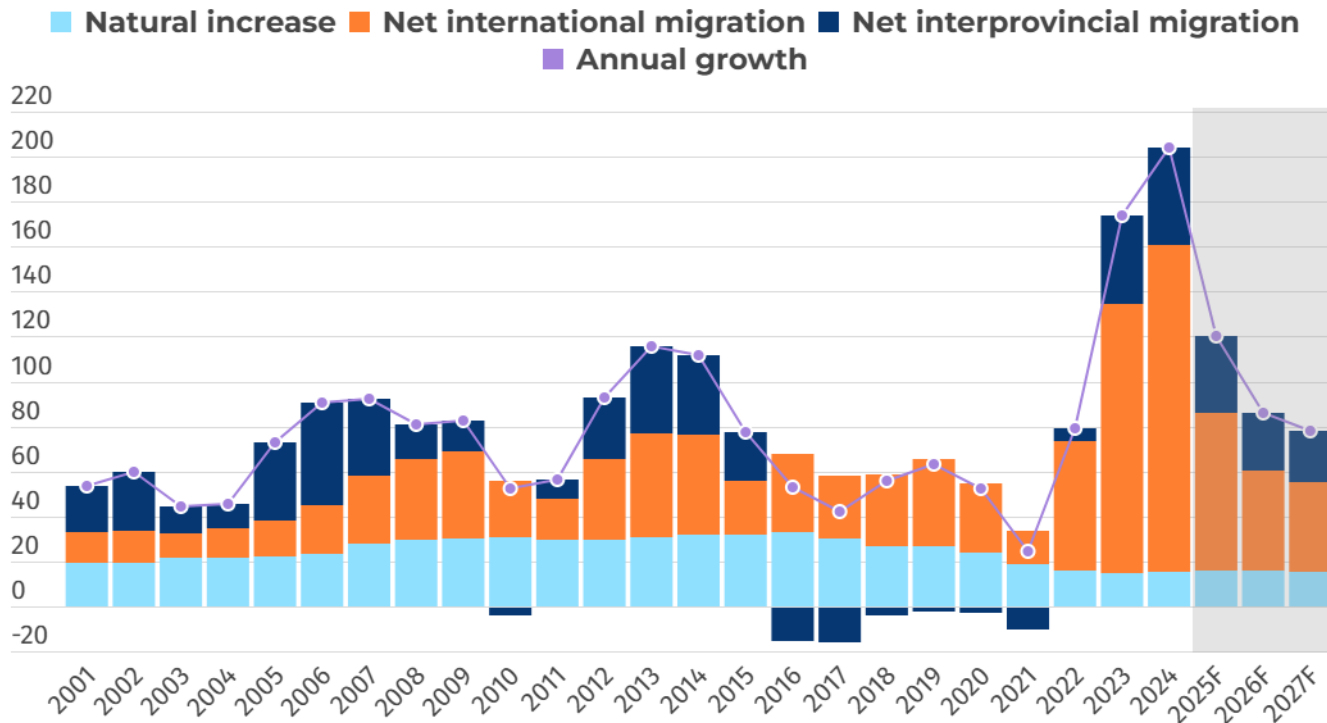
Source: Statistics Canada Table 17-10-0022-01 and ATB Economics

Migration numbers to cool off but slowly

Annual population growth in Alberta

ATB Economics

Thousands, as of July 1



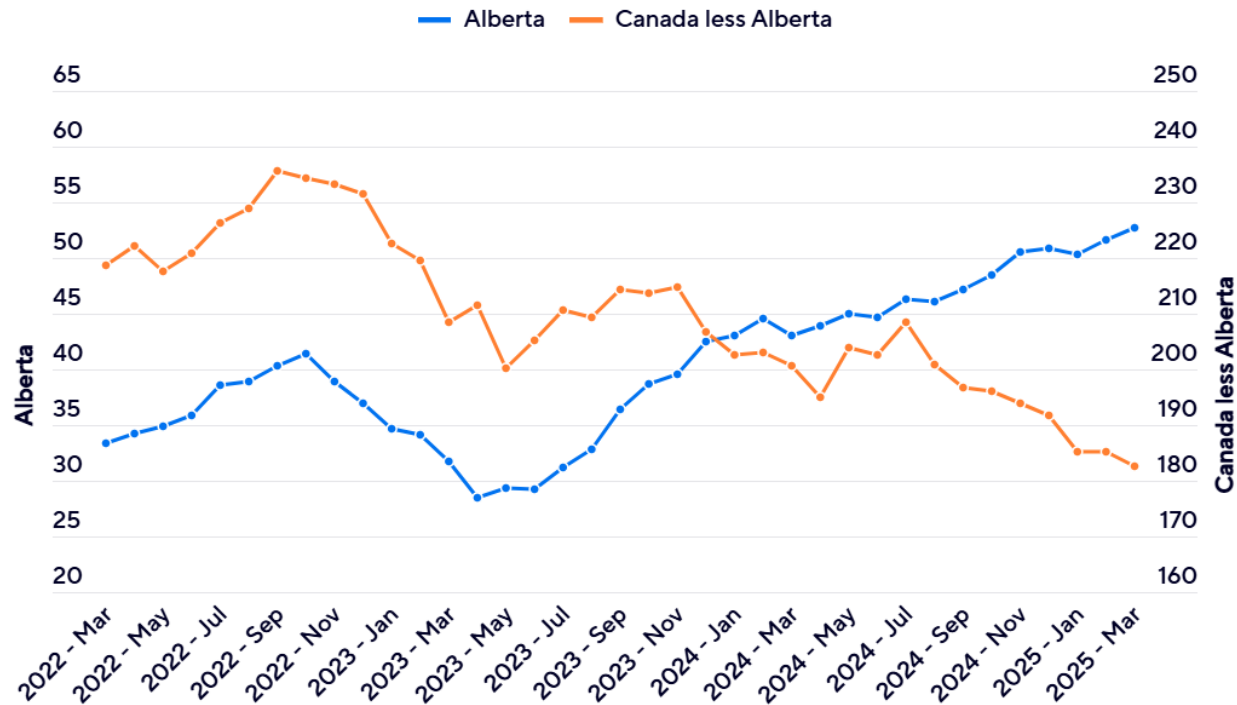
Source: F=forecast Source: Statistics Canada Table 17-10-0008-01 and ATB Economics

Housing is red hot but only in Alberta

Housing starts

ATB Economics

Six-month moving average, seasonally adjusted at annual rates



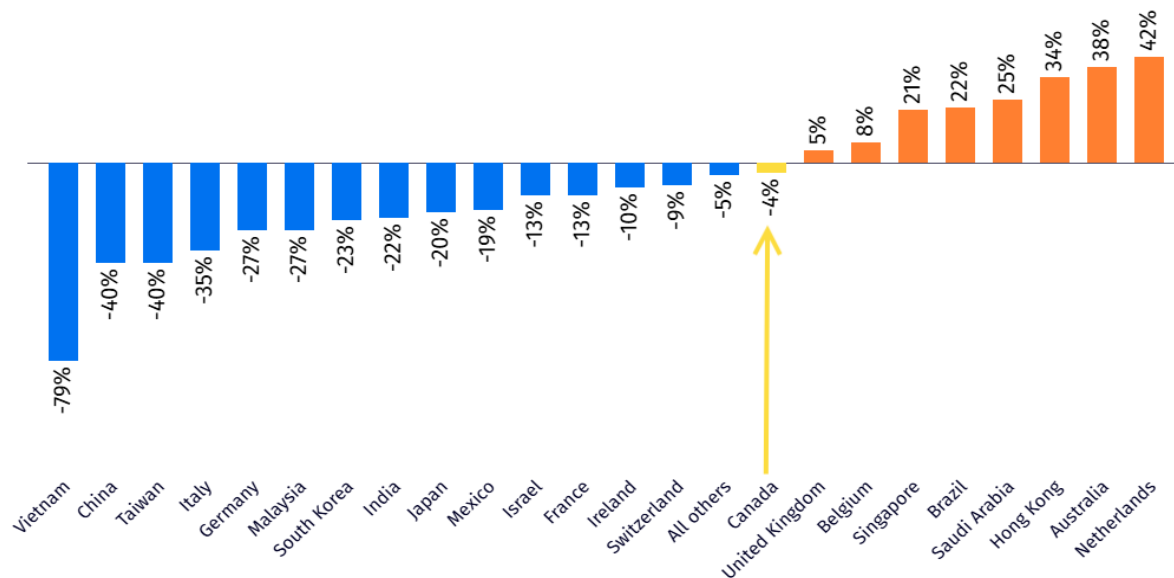
ATB Baseline Forecast (Mar 2024)

| Alberta Indicators | 2023 | 2024 | 2025f | 2026f | 2027f |
|-----------------------|------|------|-------|-------|-------|
| Real GDP (%) | 2.3 | 2.4 | 1.5 | 1.9 | 2.2 |
| Unemployment Rate (%) | 5.9 | 7.0 | 7.6 | 7.5 | 7.3 |
| Employment (%) | 3.7 | 3.1 | 1.4 | 1.4 | 1.6 |
| Population (%) | 3.9 | 4.4 | 2.5 | 1.7 | 1.5 |
| Housing Starts (000s) | 36.0 | 47.8 | 40.0 | 39.2 | 38.2 |
| Retail Sales (%) | 4.3 | 1.8 | 1.7 | 2.5 | 4.1 |
| CPI Inflation (%) | 3.3 | 2.9 | 2.6 | 2.2 | 1.9 |

Canada's deficit with the US is \$60 billion, not \$200 billion!

U.S. goods and services trade balance in 2024

Trade balance as % of total trade with country*, balance of payments basis



*Total trade = exports + imports

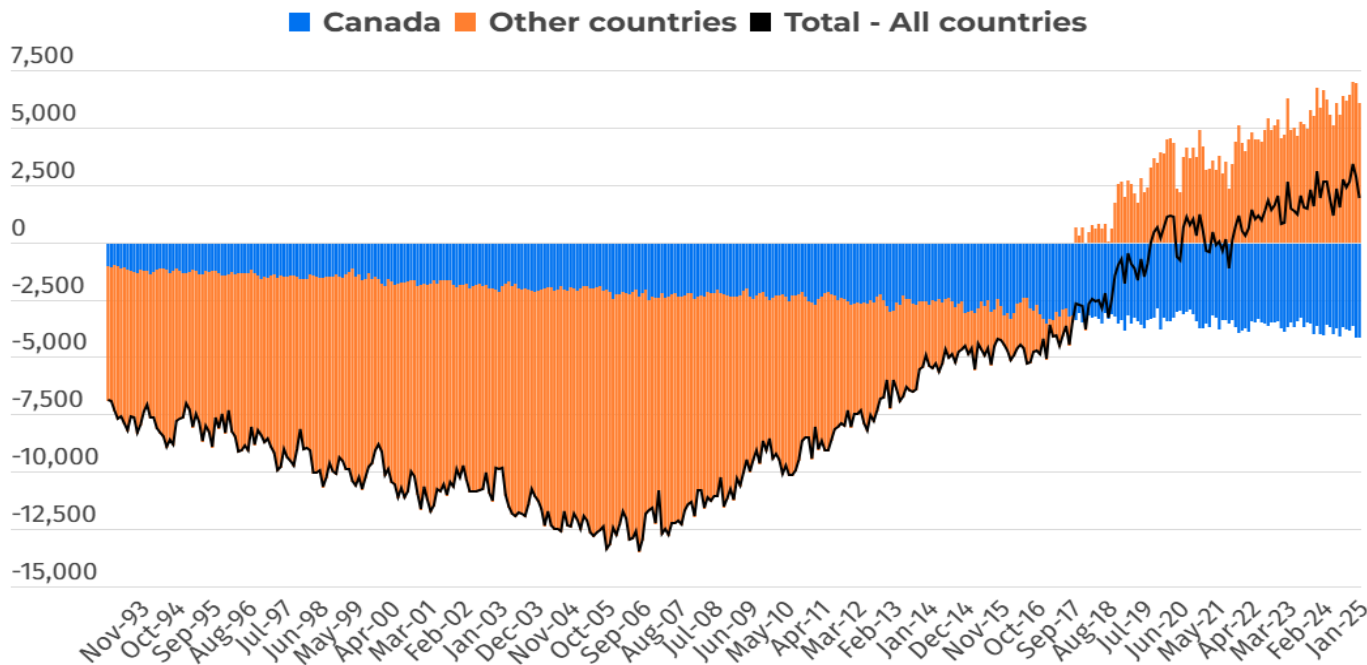
Source: U.S. Census Bureau and ATB Economics

The US needs our oil to be an energy powerhouse

U.S. Net Exports of Crude Oil and Petroleum Products

Thousand barrels per day

ATB Economics

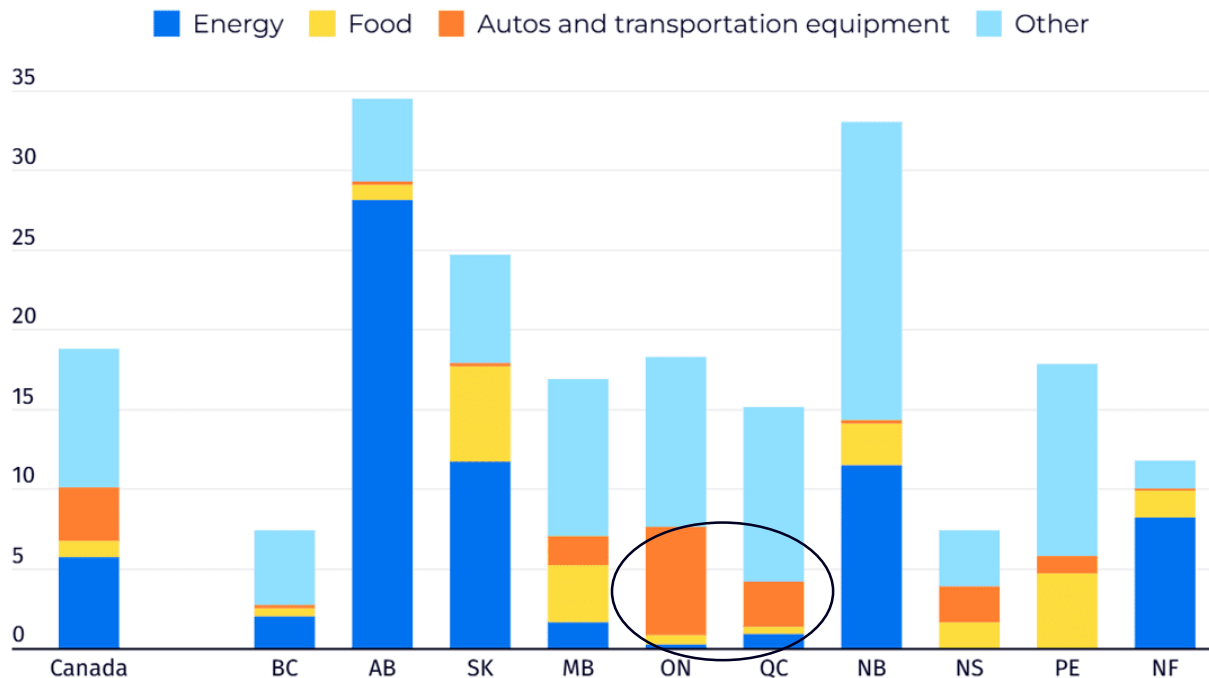


Source: U.S. EIA and ATB Economics

Currently tariffed? Steel, aluminum, autos and lumber

Merchandise exports to the U.S. in 2023 % of nominal GDP

ATB Economics



Source: Statistics Canada Table 12-10-0175-01, 36-10-0222-01 and ATB Economics

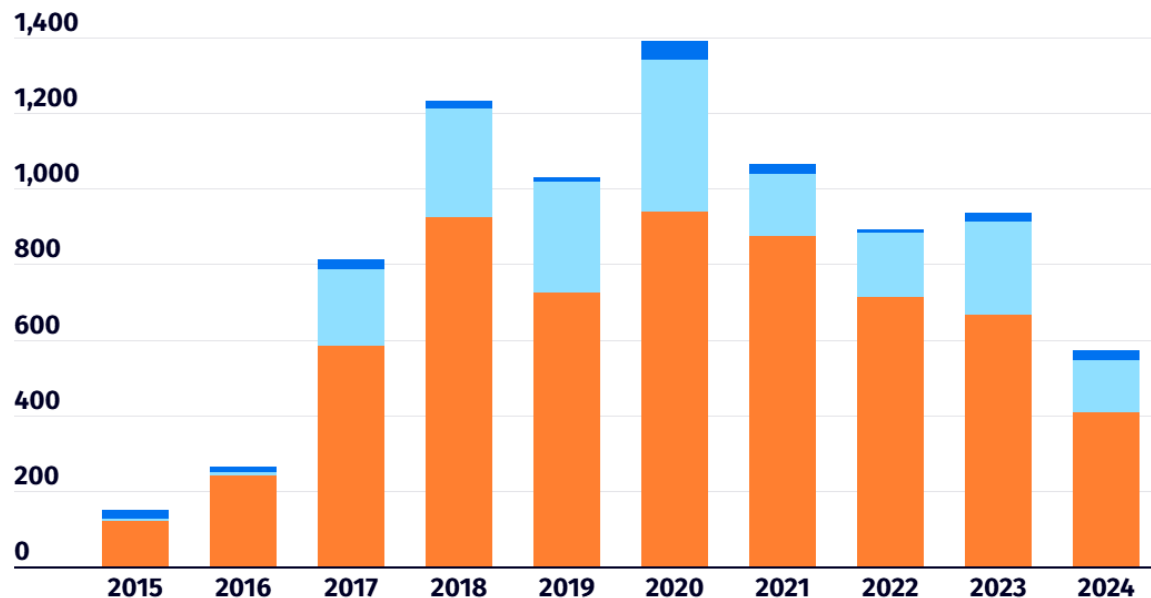
There's not just US tariffs we need to worry about

Alberta exports* exposed to new Chinese tariffs

\$ million, past exports to China of exposed products

ATB Economics

Canola oil and cake Peas Pork



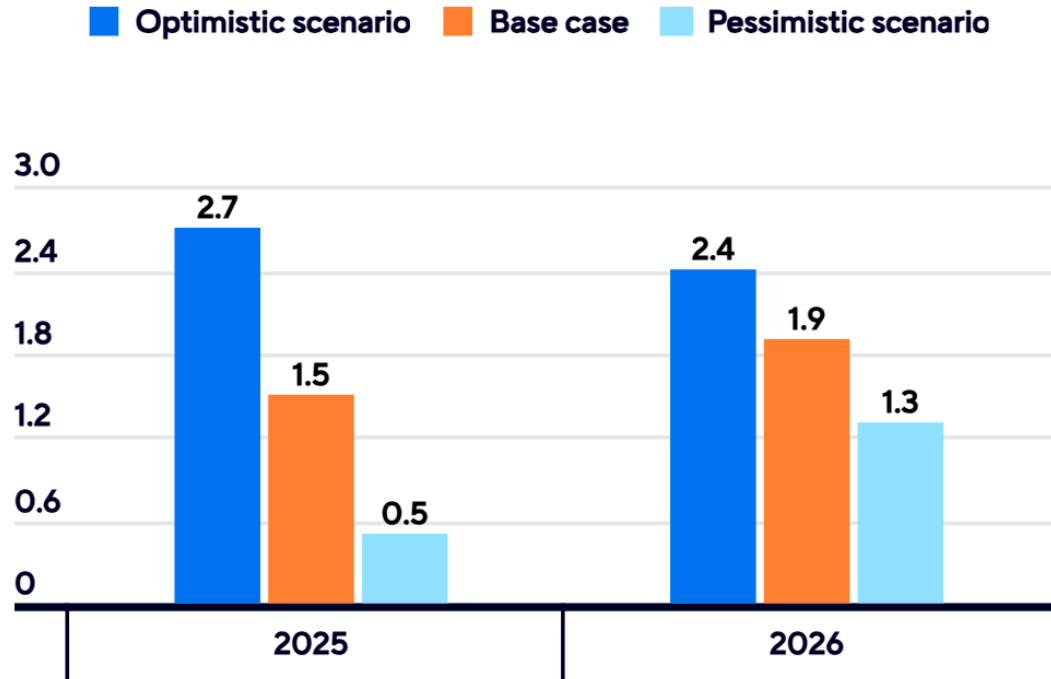
*Based on the product codes listed in the tariff order issued by the Chinese government on March 8, 2025.

Source: Trade Date Online and ATB Economics

Scenarios are the only viable option under current conditions

Alberta real GDP growth - Tariff scenarios

Annual % change



Source: ATB Economics

THE TWENTY FOUR SEVEN 24|7

Latest economic outlook report

ALBERTA ECONOMIC OUTLOOK



March 9, 2023

And now we wait: Inflation and interest rates remain the big economic stories of 2023

To paraphrase Yogi Berra, it might feel like déjà vu all over again in 2023 as the main economic stories continue to be above-target inflation and the elevated interest rates aimed at reducing it. Alberta's relatively strong economic growth in the face of these challenges will also continue to make headlines.

Inflation expected to ease, but slowly

The highest inflation in decades has led the Bank of Canada to raise its trendsetting policy interest rate from 0.25% to 4.5% in less than a year. The policy rate has not been this high since 2007.

The pace of consumer price growth in Canada has come down from the peak reached in June 2022 when the Consumer Price Index hit 8.1%. But, assuming higher interest rates do what they are intended to do and geopolitical events such as the ongoing war in Ukraine do not cause new price spikes, it will likely take until 2024 before inflation returns to its target range.

No gain, no gain

In the meantime, the negative economic consequences of higher borrowing costs will work their way through the economy in 2023. There are signs that Canada may avoid slipping into recession as a result, but this is a low bar. Whether it is a hard or soft landing, a slower economy is the pain needed to achieve the gain associated with a lower inflation rate.

Alberta has a better boat

The Alberta economy can't avoid the rough economic waters, but strong performance in its natural resource and agricultural sectors combined with the population boost this is providing will enable it to navigate them better than other jurisdictions.

In this context, Alberta's real GDP growth is forecast to fall from an estimated 5.0% last year to 2.6% in 2023 and 2.3% in 2024. Downside risks to this forecast include additional economic disruptions related to the Russian invasion of Ukraine, a sudden and sustained drop in oil and gas prices, and the potential for interest rates to rise even higher if inflation stays sticky.

Oil patch doing well

Alberta is producing more crude oil than ever, oil prices are forecast to remain strong compared to the five-year average set prior to the pandemic, and the expected completion of the Trans Mountain Expansion Project later in the year will add much-needed egress capacity for Alberta crude.

As a result, oil and gas extraction sector capital investment, while not as high as it was during periods of intense expansion, has bounced back from recent lows and will provide a welcome boost to the provincial economy this year and next.

| Key indicators | 2021 | | 2022 | | 2023 | | 2024 | |
|--|------|------|------|------|------|------|------|------|
| | 2021 | 2022 | 2022 | 2023 | 2023 | 2024 | 2023 | 2024 |
| Real GDP (annual % change) | 4.8 | 5.0 | 5.0 | 2.6 | 2.6 | 2.3 | | |
| Employment (annual % change) | 5.4 | 5.2 | 5.2 | 1.7 | 1.7 | 1.8 | | |
| Unemployment rate (annual average %) | 8.6 | 5.8 | 5.8 | 5.9 | 5.9 | 5.8 | | |
| Retail sales (annual % change) | 11.5 | 6.3 | 6.3 | 4.9 | 4.9 | 5.6 | | |
| Annual housing starts (000s) | 31.9 | 36.5 | 36.5 | 32.8 | 32.8 | 31.5 | | |
| Consumer Price Index (annual % change) | 3.2 | 6.4 | 6.4 | 3.9 | 3.9 | 2.3 | | |

Annual % change in Alberta's real GDP

Chained 2012=100 index

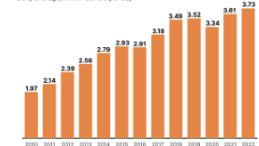


F-forecast

Source: Statistics Canada Table 36-10-0222-01 and ATB Economics

Annual crude oil production in Alberta

Daily average, million barrels per day



Source: Alberta Energy Regulator and ATB Economics



THANK YOU