



# **Alberta review & outlook**

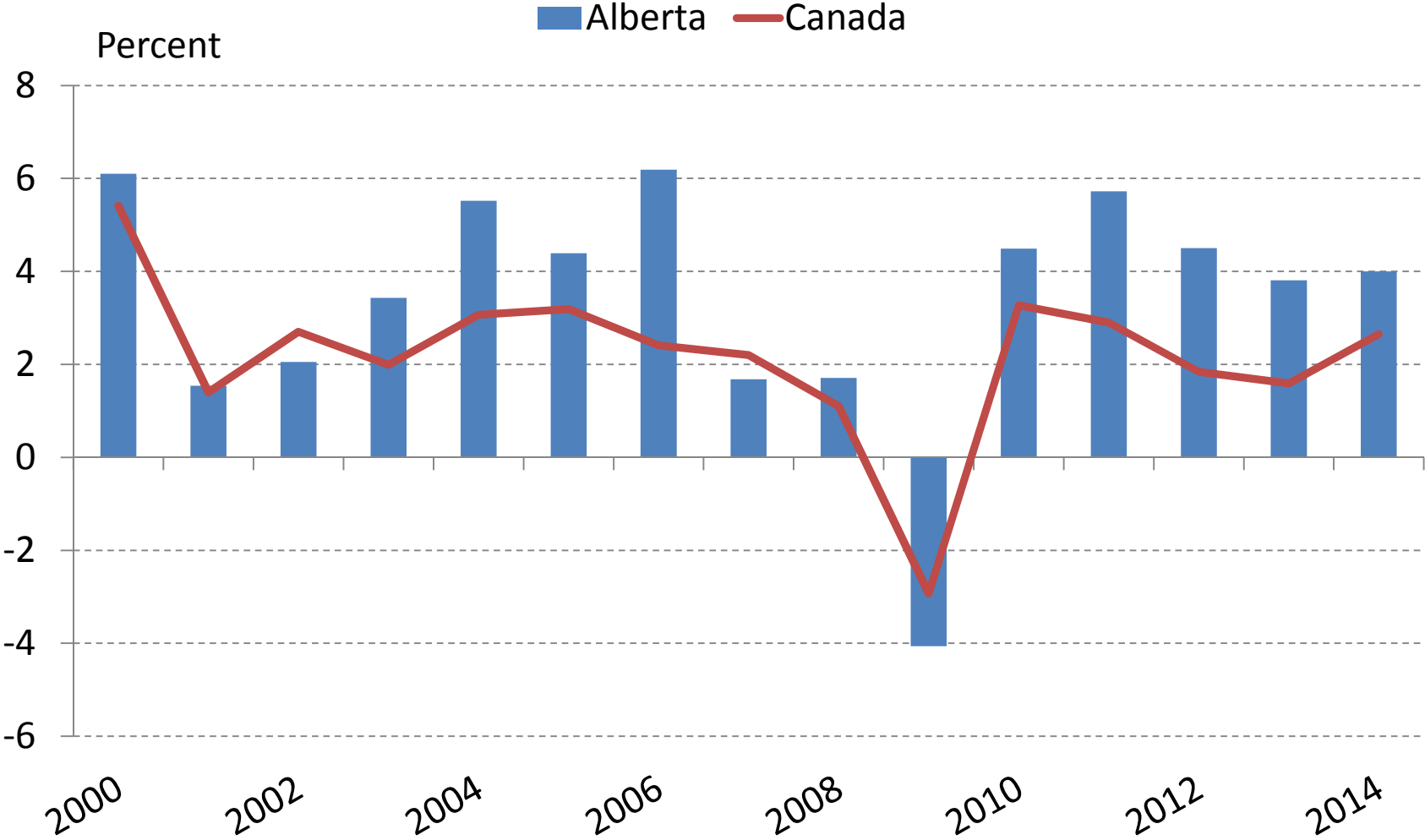
*49<sup>th</sup> Pacific Northwest Regional Economic Conference  
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BC Investment management Corporation*

# Overview

- Unexpected oil price plunge
- Large negative terms of trade shock for Canada and Alberta
- Will reduce corporate and labour income
- Capital investment cut 25-35%
- Economic impacts seem to be 'front-loaded'
- Large fiscal impact

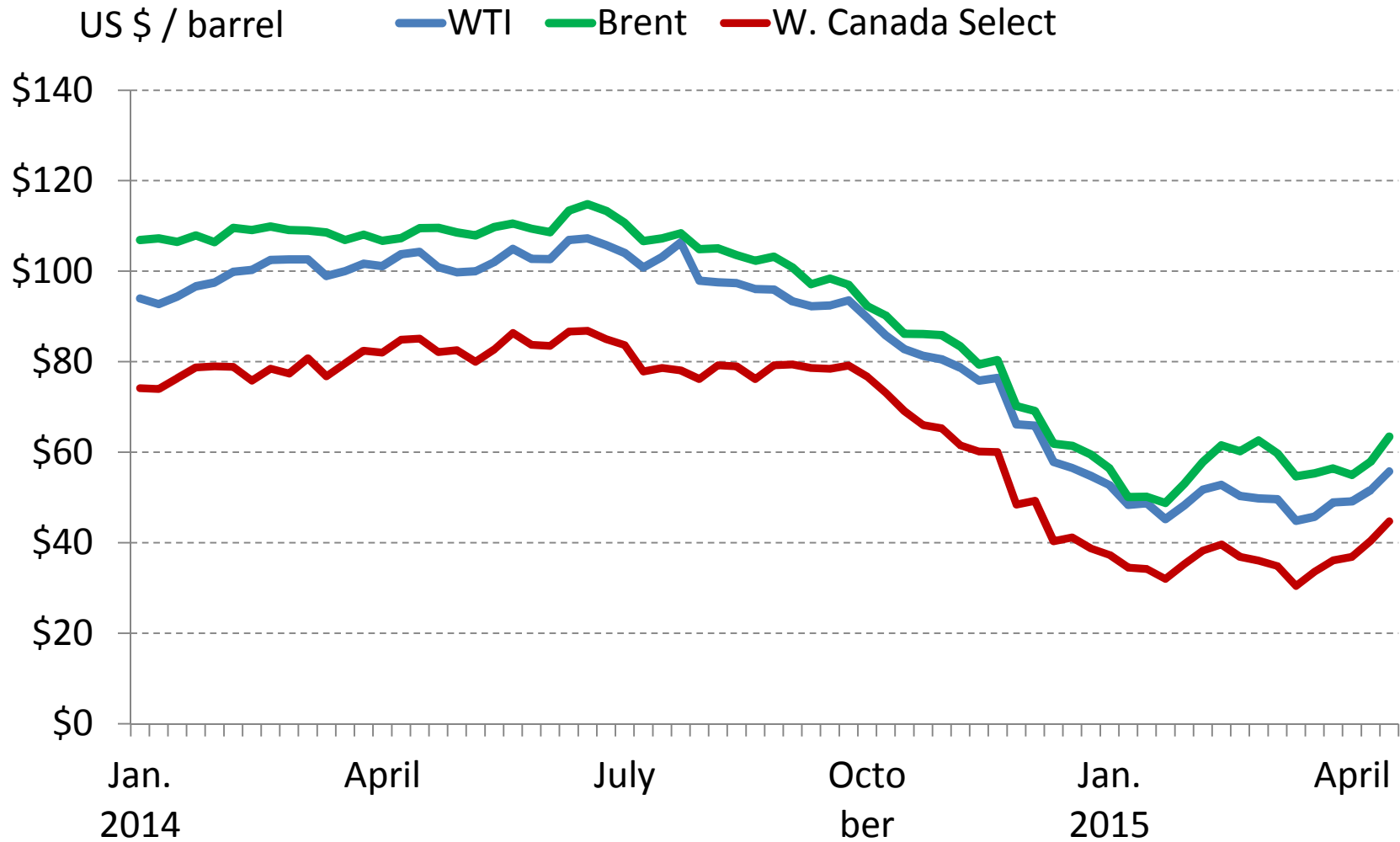
# Real GDP growth



# Curveballs



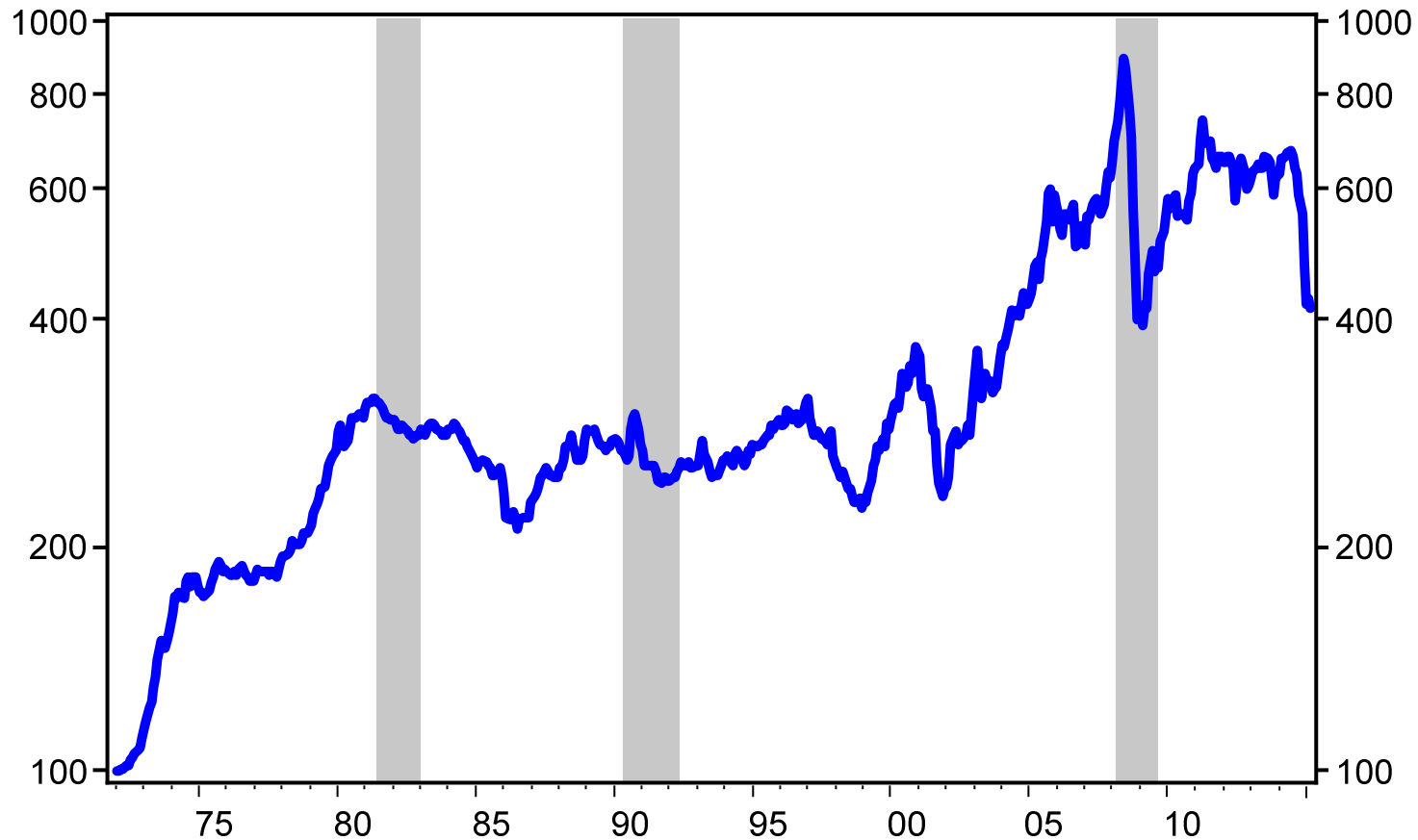
# Oil prices



# Canadian commodity prices

Chain Fisher Bank of Canada Commodity Price Index

NSA, Jan-72=100

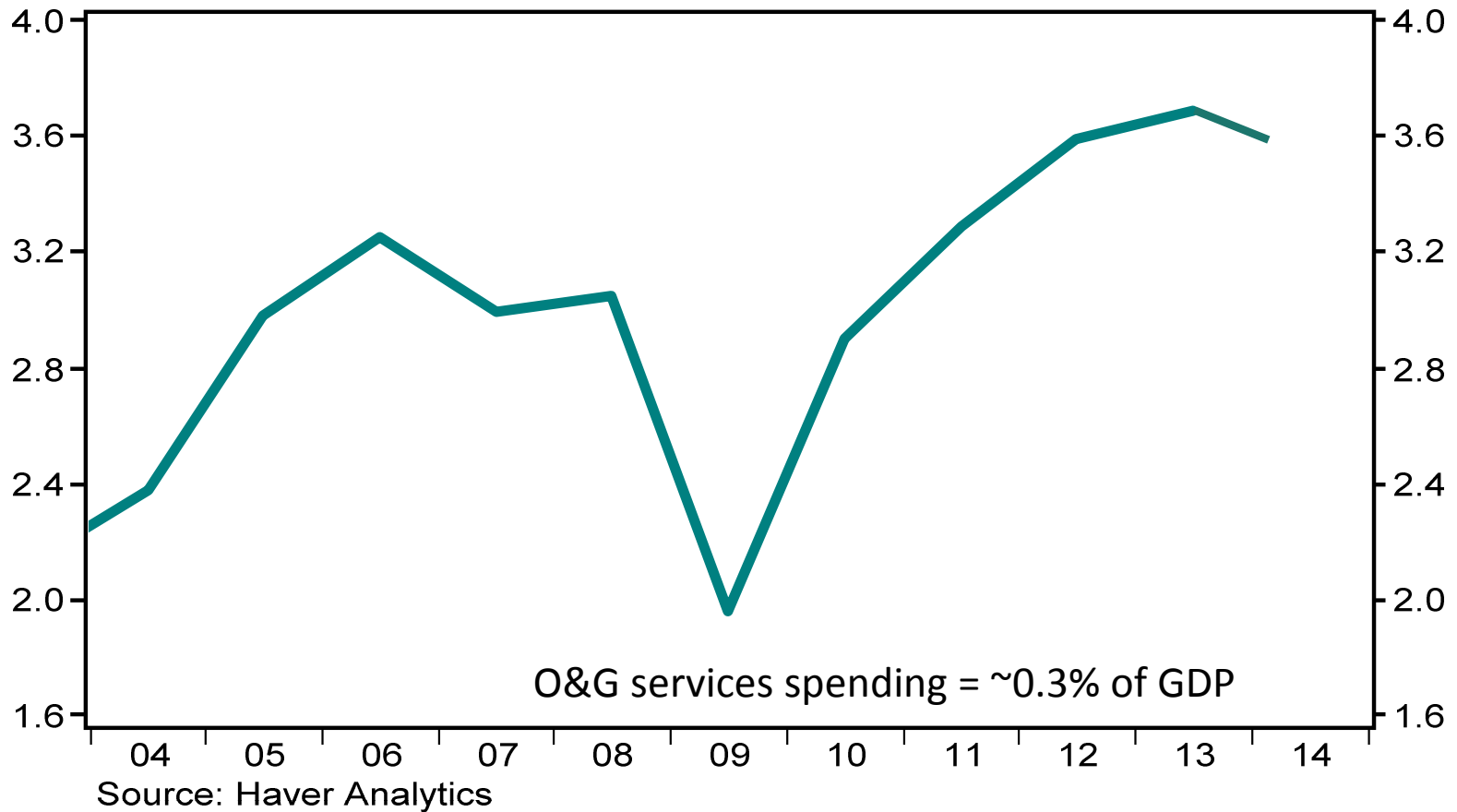


Source: Bank of Canada /Haver Analytics

Shaded areas are Canadian recessions

# Canadian oil & gas investment

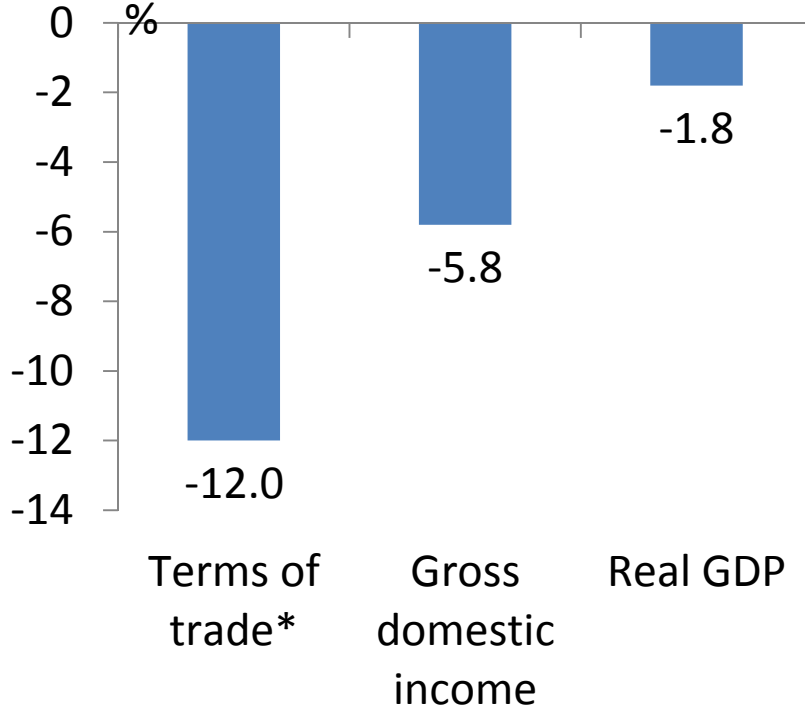
Oil & gas capital spending - % of GDP



# Net impact of lower oil prices negative

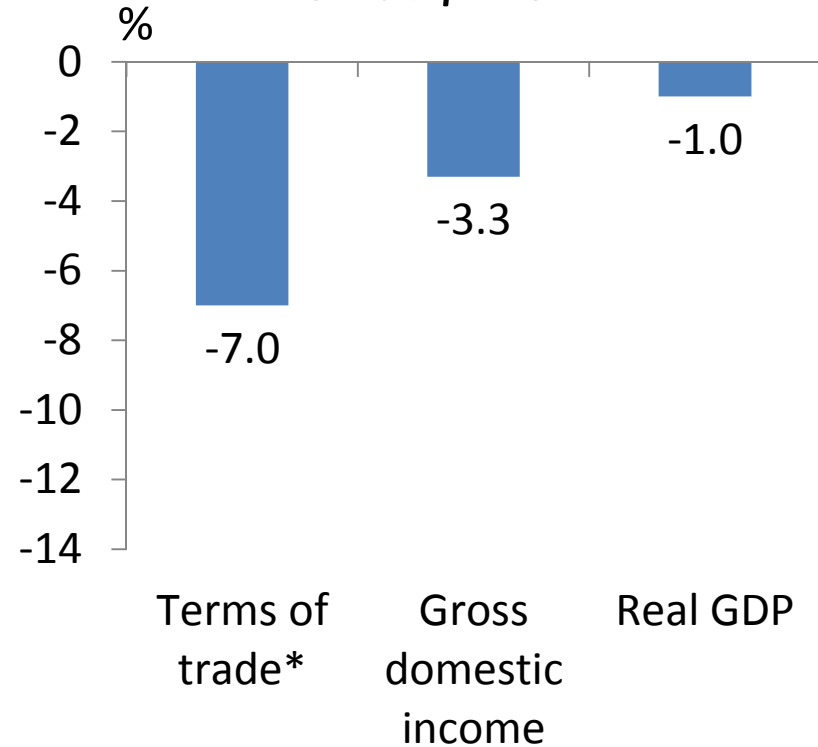
## If oil averages \$50...

Impact by end of 2016 vs.  
oil at \$110



## If oil averages \$70...

Impact by end of 2016 vs.  
oil at \$110

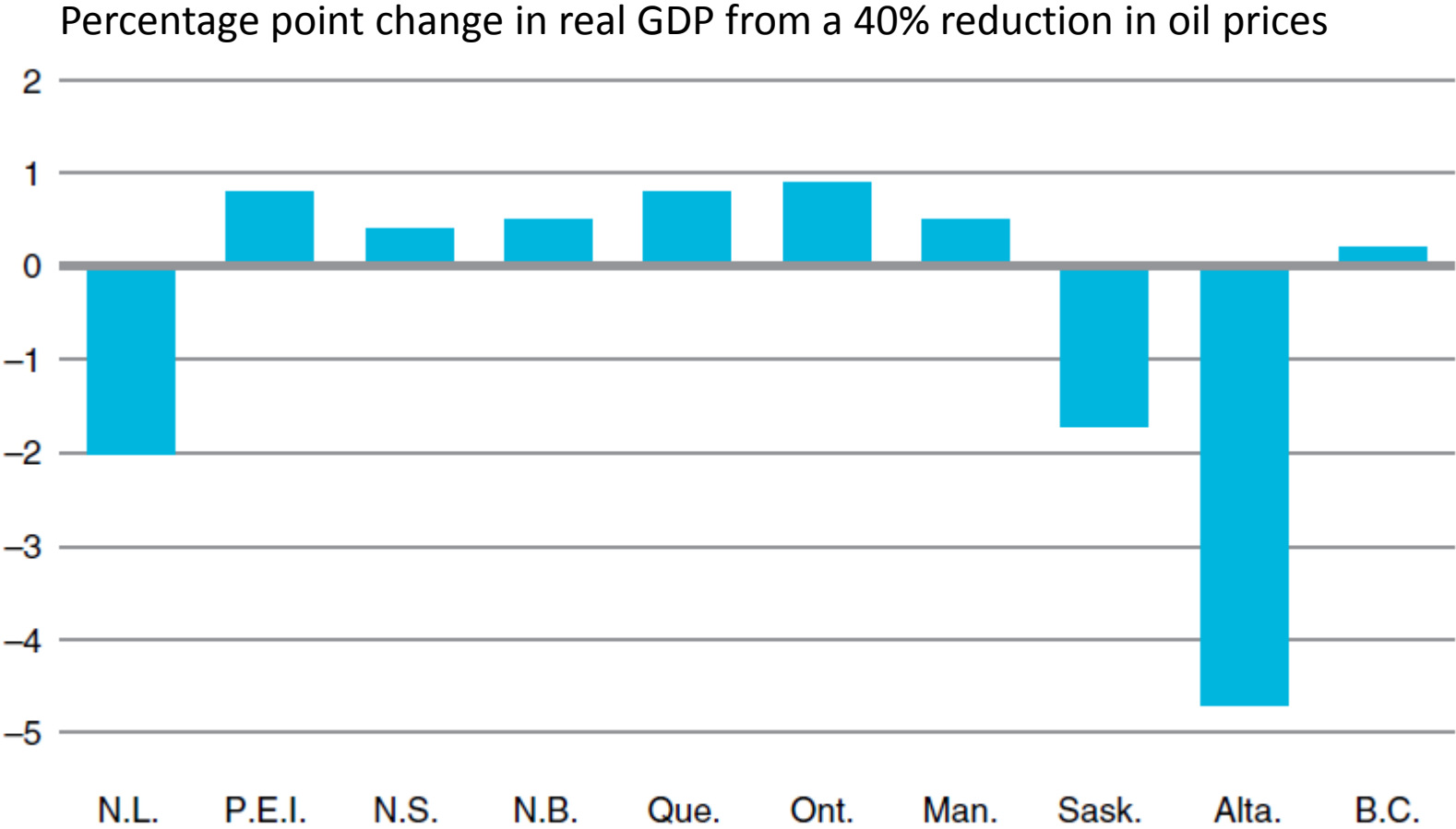


Source: Bank of Canada, *Monetary Policy Report*, January 2015

\*ratio of export prices to import prices



# Real GDP by province – oil shock impact in 2015

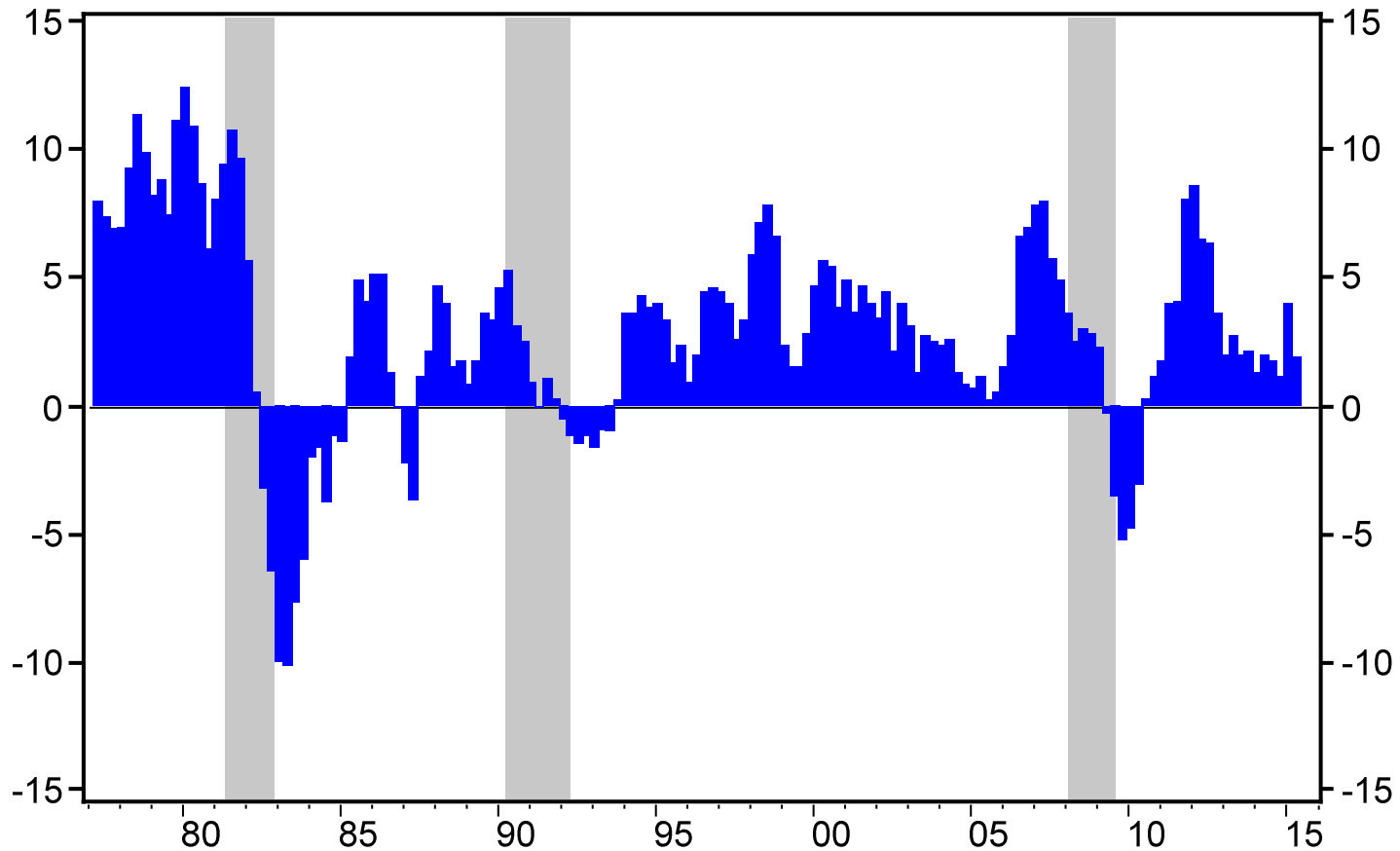


Source: The Conference Board of Canada.

# Alberta employment growth

Private Sector Employees

% Change - Year to Year



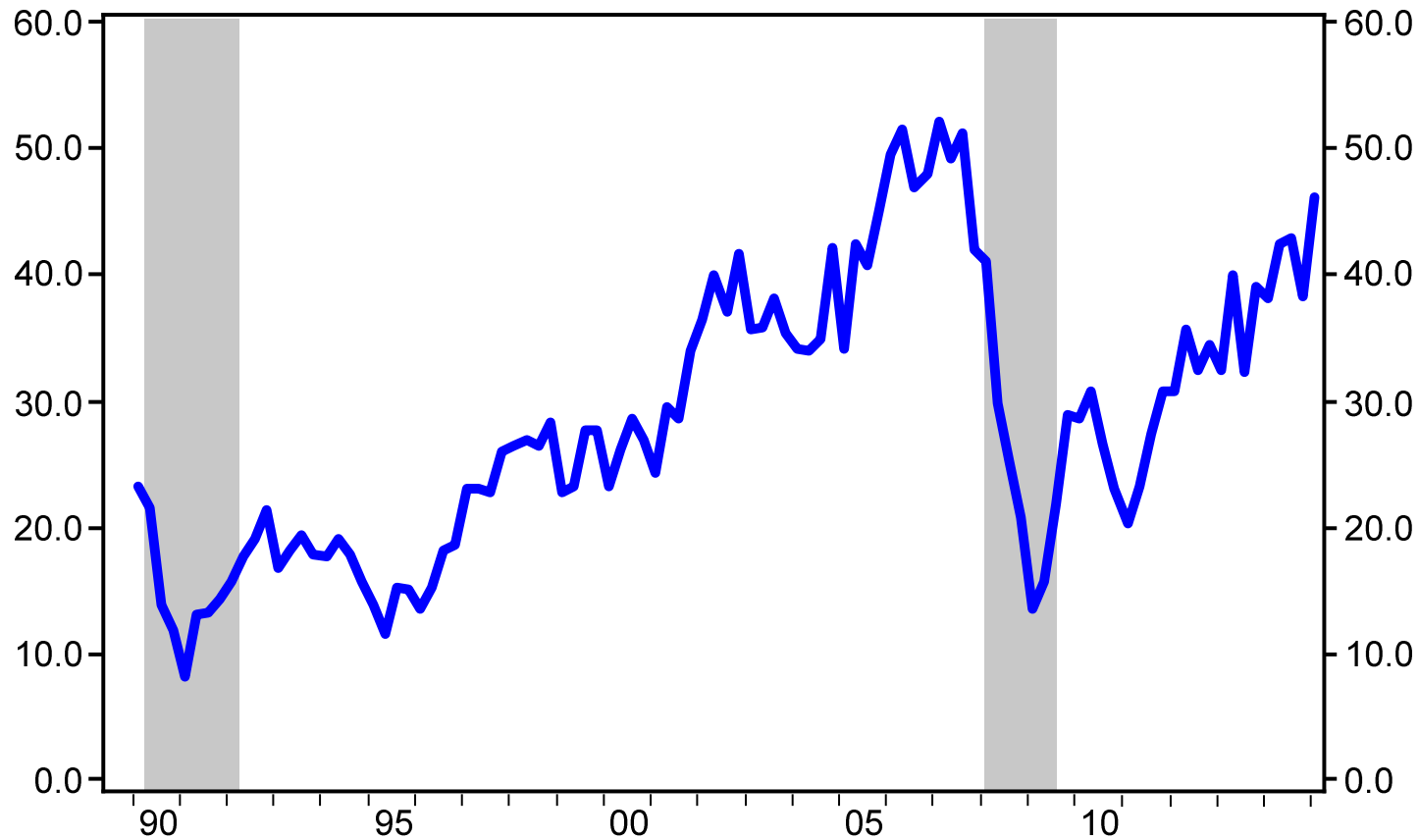
Source: Statistics Canada /Haver Analytics

Shaded areas are Canadian recessions

# Alberta housing starts

Alberta Housing Starts: All Areas

Quaretrly. SAAR, Thous.Units



Source: Canada Mortgage and Housing Corporation /Haver Analytics

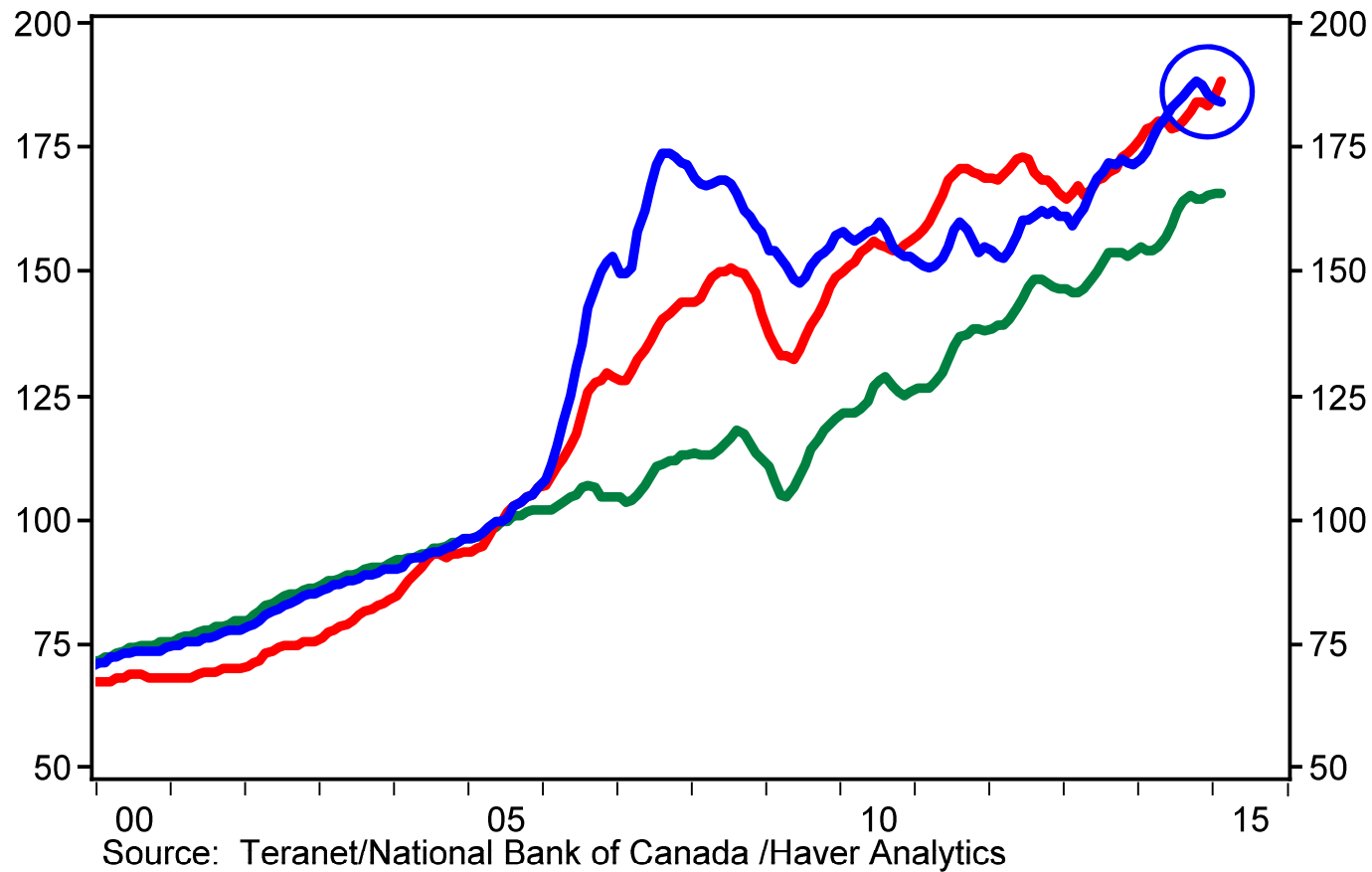
Shaded areas are Canadian recessions

# House prices

Calgary, Alberta: House Price Index (NSA, Jun-05=100)

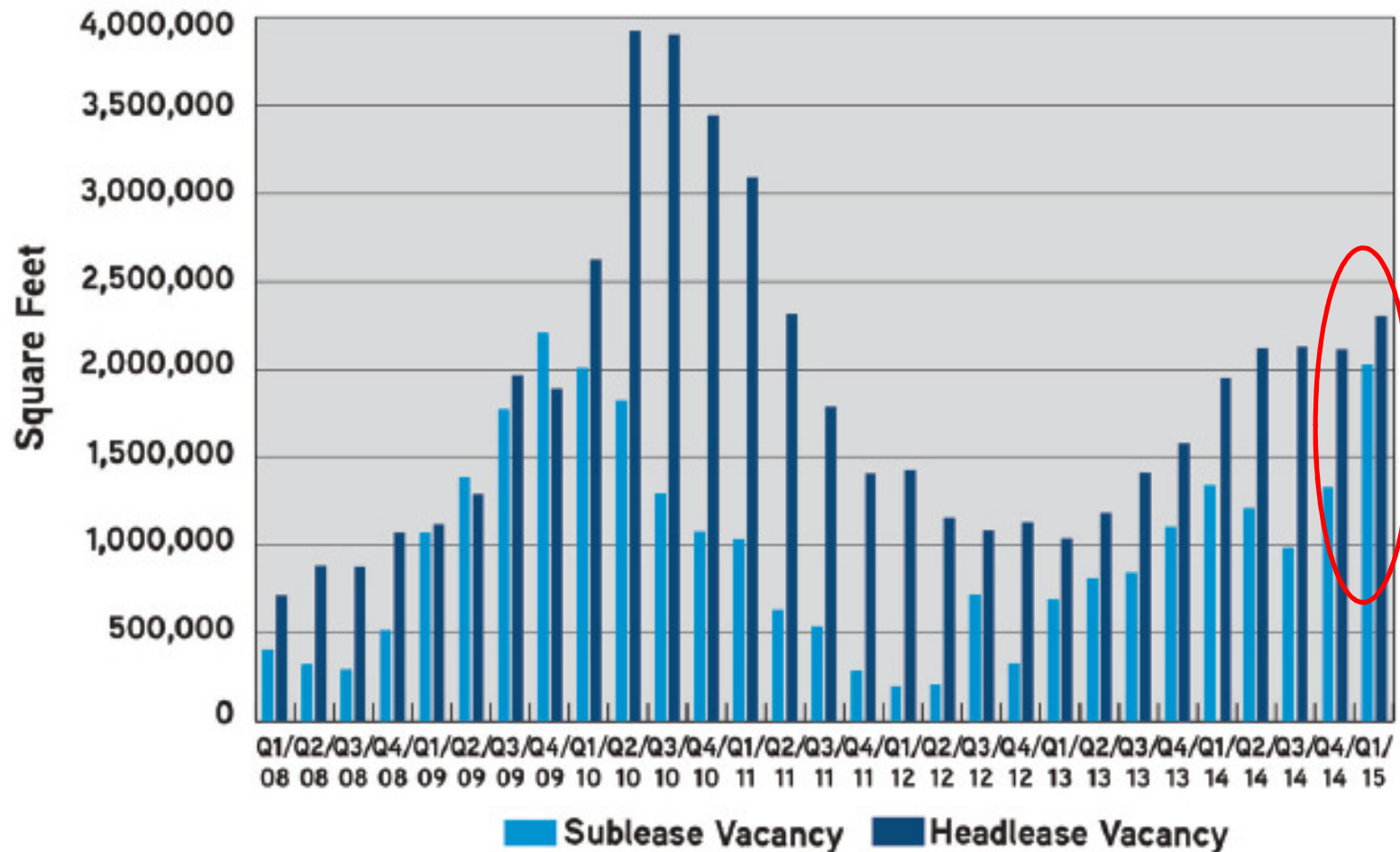
Vancouver, British Columbia: House Price Index (NSA, Jun-05=100)

Toronto, Ontario: House Price Index (NSA, Jun-05=100)



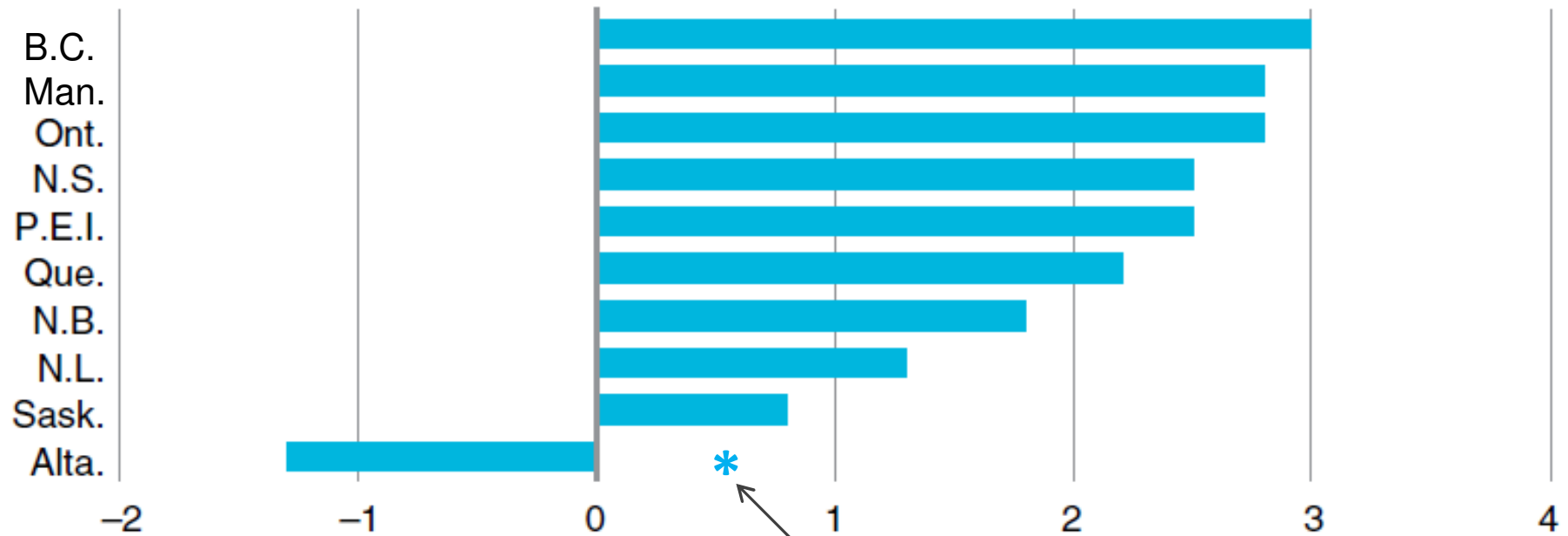
# Calgary office market

Downtown Headlease and Sublease Vacancy 2008 - 2015



# Regional 're-balancing' – 2015 forecast

Real GDP growth  
(per cent)

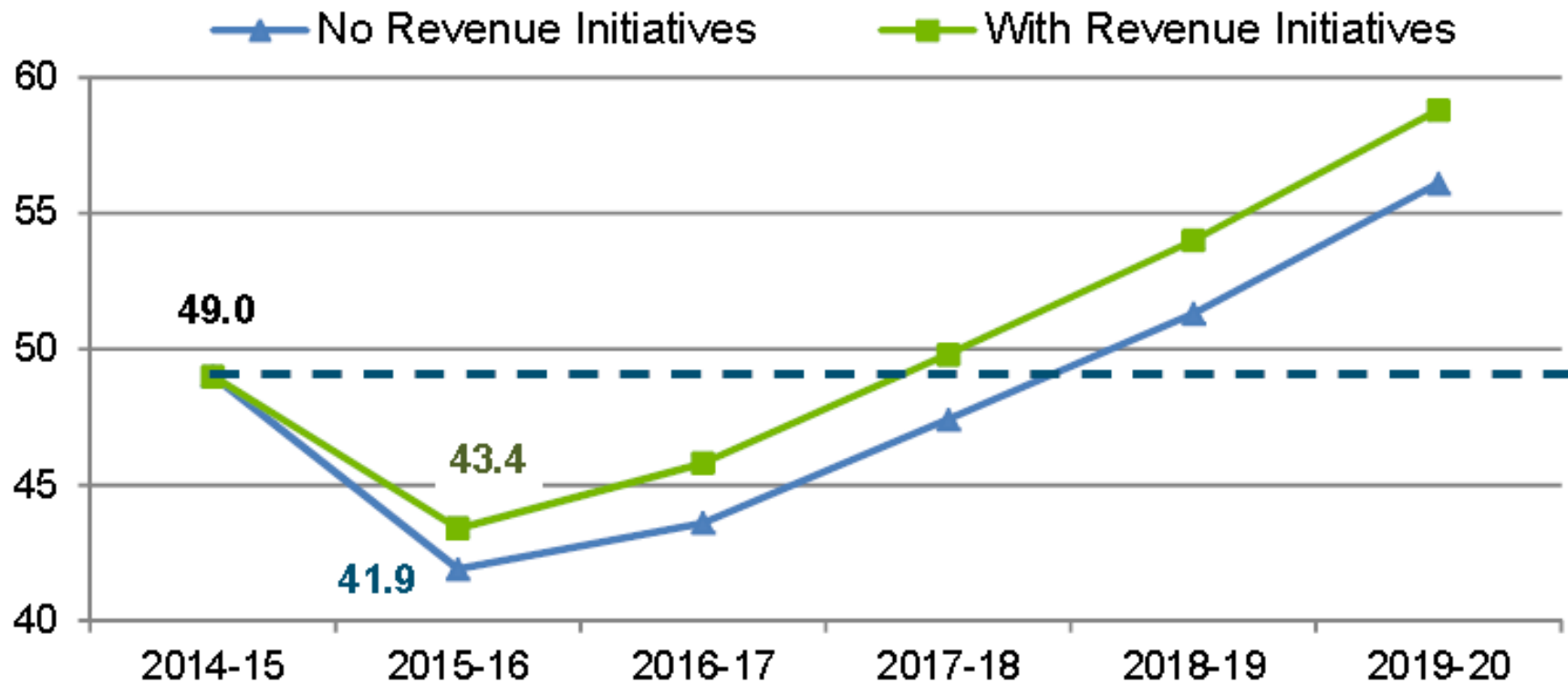


Source: The Conference Board of Canada.

Average of private-sector forecasts

# Alberta's revenue challenge

(billions of dollars)



Source: Alberta Treasury Board and Finance

# Alberta's fiscal position

