

**The Canadian economy continued to be depressed by current weaknesses in the U.S. economy, particularly in the sectors that are important for Canadian exports: residential construction and motor vehicle sales and production.**

- Real GDP in Canada contracted for the seventh month in February (- 0.1 % from January), albeit at a slower speed. A 19 % rise in motor vehicle and associated parts manufacturing offset some of the declines in construction and mining activities.
- Significant structural changes are underway in the Canadian economy, especially in automotive and forestry sectors. These changes resulted in mass layoffs across industries. In March, total employment<sup>1</sup> fell by 61, 300 nation wide, pushing the unemployment<sup>2</sup> rate to 8%, the highest rate in seven years.
- Due to the release of more production capacities, inflation has been trending downward for several months and is expected to be negative in the second half of 2009.
- In response to the deteriorating economic conditions, The Bank of Canada cut its target for the overnight rate again on April 21, by another ¼ of a percentage. The current 0.25 % overnight rate is at a historic low and could last until the second quarter 2010, conditional on the outlook for inflation.

1, 2 Seasonally adjusted data

**Alberta's economy has been hit hard by the lingering weakness in energy prices, especially in AECO natural gas prices.**

- In March, the monthly WTI price firmed up by 23%, while the AECO price dropped further to below \$4/GJ.
- Investment cancellations in well drilling and oil sands projects led to more layoffs in the province's construction and service sectors.
- More Albertans are receiving regular EI benefits. Year-over-year personal bankruptcies jumped 72% in February. Retail sales in Alberta continued to drop after many years increases.

**Calgarians are feeling more pain in various aspects of their lives.**

- The local labour market condition has been deteriorating since August 2008. Although total employment increased 10,200 in March compared to a year ago, there were 16,300 full-time employment losses. With more people competing for fewer jobs, the wage rate growth in Calgary has been declining.
- However, relative low unemployment rate in Calgary compared to the rest of Canada still attracted net in migrations from other regions. The city's population in March is estimated to increase by 27,000 compared to the same month last year.
- After several years of build up, housing market in Calgary is experiencing a correction, with declines in housing starts and sales to listing ratios and average MLS prices.

April 2009

# CURRENT ECONOMIC ANALYSIS

Calgary Economic Region



Patrick Walters, City Economist | Ivy Zhang, Corporate Economist

City of Calgary Monthly Economic Indicators	2006	2007	2008													2009		
				Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	
<b>General Indicators</b>																		
<b>Inflation (12 month moving average)</b>																		
Calgary Census Metropolitan Area (CMA)	4.6%	5.0%	3.2%	4.6%	4.3%	4.1%	4.0%	3.9%	3.7%	3.7%	3.7%	3.5%	3.4%	3.2%	3.1%	3.0%	2.9%	
Canada	2.0%	2.1%	2.4%	2.2%	2.1%	2.1%	2.1%	2.2%	2.3%	2.4%	2.5%	2.5%	2.5%	2.4%	2.3%	2.2%	2.2%	
<b>Unemployment Rate (%) (3-month moving average, unadjusted for seasonality)</b>																		
Calgary Economic Region (C.E.R.)	3.4%	3.2%	3.3%	2.9%	3.0%	2.9%	3.0%	3.0%	3.2%	3.5%	3.8%	3.9%	3.6%	3.8%	4.1%	5.1%	5.8%	
Canada	6.3%	6.0%	6.1%	6.0%	6.0%	6.1%	6.2%	6.2%	6.1%	6.1%	6.1%	6.2%	5.8%	6.0%	6.8%	7.5%	8.3%	
C.E.R. Employment (Person - 000s)	700	735	756	734	734	740	749	761	768	772	770	769	770	767	762	753	744	
Employment insurance Alberta - # of recipients - (seasonally adjusted)	18,834	16,838	17,422	15,820	16,060	16,520	16,950	16,800	18,770	17,590	17,060	18,240	20,110	22,530 <sup>R</sup>	24,060 <sup>R</sup>	30,630		
Year-over-year % change	-15.4	-10.4	4.03	-7.1	-4.5	-2.5	-2.5	-1.1	-0.6	-1.5	6.0	15.0	28.8	44.1 <sup>R</sup>	50.7 <sup>R</sup>	93.6		
Employment insurance Calgary - # of recipients (un-adjusted)	5,293	4,469	4,903	5,460	5,370	4,680	4,130	3,960	5,070	5,680	3,960	4,060	4,630	6,310	8,940	11,690		
Year-over-year % change	-24.5	-15.6	9.7	-3.87	0.56	4.23	4.29	7.03	9.03	8.60	13.14	17.00	28.61	47.09	61.66	114.10		
City of Calgary Population Estimate (000s)	992	1,020	1,048	1,034	1,037	1,043	1,046	1,047	1,051	1,052	1,055	1,056	1,060	1,062	1,064	1,067	1,069	
West Texas Intermediate (\$US/barrel)	66.1	72.3	99.7	95.35	105.56	112.57	125.46	133.93	133.44	116.61	103.90	76.65	57.44	41.91	41.87	39.31	48.06	
Alberta Natural Gas (Cdn\$/GJ)	6.18	6.12	7.73	7.44	8.20	8.91	9.50	10.60	9.09	7.01	5.89	6.39	6.51	6.27	5.55	4.54	3.97	
Canadian real GDP y-o-y % Change - (Chained 2002 dollar)	2.9	2.5	0.5	1.5 <sup>R</sup>	1.0 <sup>R</sup>	1.3	0.7	0.5	1.0	0.3	0.1 <sup>R</sup>	-0.1	-0.9	-1.3P	-2.4	-2.3		
Prime lending rate - Bank of Canada (%)	5.81%	6.10%	4.73%	5.75%	5.25%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.00%	4.00%	3.50%	3.00%	3.00%	2.50%	
<b>Consumer Indicators</b>																		
Hourly earnings - Alberta (\$) Year-over-year % change	6.9%	6.0%	5.7%	6.7%	6.9%	5.6%	5.7%	5.6%	4.7%	5.3%	5.5%	6.2%	5.0%	4.1%	6.2%	4.5%	3.6%	
Hourly earnings - Calgary (\$) Year-over-year % change	7.7%	5.2%	5.9%	8.3%	7.2%	6.2%	6.4%	6.1%	6.7%	5.9%	4.9%	3.8%	3.2%	2.7%	3.2%	3.7%	3.9%	
Retail sales - Alberta (\$ billions)	55.9	61.2	61.0	5.2	5.2	5.1	5.1	5.1	5.1	5.1	5.1	5.1	4.9 <sup>R</sup>	4.7	4.8	4.7		
Consumer confidence - Canada	98.8	99.1	83.9	96.6	94.5	92.8	85.8	79.6	81.0	83.2	85.7	73.9	71.0	67.7	70.2	68.8	71.5	
Housing starts - Calgary CMA	17,046	13,505	11,438	877	3,068	1,096	1,488	577	877	594	573	599	575	403	243	206		
# of personal bankruptcies - Alberta	4,823	4,768	6,066	409	476	458	455	505	457	514	526	632	595	606	696	706		
Calgary Housing (# of units sold) MLS	32,912	32,286	23,137	2,162	2,374	2,413	2,358	2,400	2,244	1,990	2,007	1,453	1,141	777	928	1,392	1,797	
Household sales/listing ratio - Calgary	77.76	61.21	41.77	41.72	38.36	40.25	38.74	47.24	47.93	48.50	42.62	33.92	40.01	48.44	24.63	38.01	47.39	
Y-o-y change of Calgary City MLS average prices	38.6	21.7	-2.0	8.2	3.4	1.4	-1.8	-3.9	-7.5	-7.0	-7.4	-5.9	-7.2	-9.5	-12.3	-10.9	-11.6	
<b>Business Indicators</b>																		
Wholesale sales - Alberta - seasonally adjusted (\$billions)	59.1	61.7	68.2	5.4	5.4	5.5	5.8	5.6	5.7	6.1	5.9 <sup>R</sup>	6.1	5.9 <sup>R</sup>	5.6	5.5	5.3		
Manufacturing sales - Alberta - seasonally adjusted (\$billions)	64.4	65.6	70.1	5.6	5.5	5.8	6.1	6.3	6.3	6.1	6.3 <sup>R</sup>	5.8 <sup>R</sup>	5.5	5.0	5.0	5.0		
# of business bankruptcies - Alberta		449	447	39	38	37	28	55	37	38	32	35	45	30	39	44		

\*\* Tracking of these indicators commenced in late 2008. Some comparative historical data has not been obtained.  
R = Revised Data  
P = Preliminary Data