

**The overall economic conditions in Canada deteriorated in 2008, indicated by slowing GDP growth in the first three quarters and negative growth in the fourth quarter.**

- The slow down in activities released some production capacities, resulting in a reduction of the national inflation rate. The inflation gap between Calgary and Canada inflation rates is still present.
- To promote economic growth, the Bank of Canada has cut the overnight interest rate aggressively. Consequently, the current prime lending rate has reached the lowest point since 1970s.
- Despite the aggressive easing of monetary policy, economic growth remains depressed; monetary policy has almost exhausted its effect. The next hope for the economic recovery is from the federal government's fiscal stimulus package.

**Alberta's economy experienced a volatile year in 2008.**

- Both wholesale and manufacturing sales, in nominal value, increased dramatically in the first half of the year due to the run up of oil and natural gas prices.
- WTI price peaked at \$147 in July, and AECO price peaked at \$10.6/GJ in June. However, both prices have collapsed as economic activity weakened.
- Measured by nominal dollars, the value of wholesale and manufacturing sales dropped sharply.
- The speed of the price decline has triggered concerns in Alberta energy industries and the government. Several large investment projects have been cancelled or suspended. In the end, Alberta economy is not immune to the global economic slowdown and the decline of energy prices.
- After many years of decline, the numbers of regular EI benefit recipients started to increase in September; up by 19% in November year-over-year.

**Up to this point, Calgary's economy has weathered the global economy turmoil. However, the future job market and consumer spending in Calgary will largely depend on the developments in energy prices and the industry's investment in Alberta.**

- CER employment growth kept a healthy pace, although down from the peak growth in 2006-07 period. The CER's unemployment rate in 2008 was one of the lowest in Canada, 2.8 percentage points lower than the national average.
- Attracted by the healthy job market in 2008, more people came to Calgary from other provinces and countries.
- Consumer Spending has been strong
  - Alberta retail sales was healthy in 2008
  - The number of Calgary Housing starts in 2008 was in line with the growth of population.
  - The resale market has been cooling down after the peak in 2006-07, due to declining affordability. The market has shifted to a buyers market indicated by low sales/listing ratios.

February 2009

# CURRENT ECONOMIC ANALYSIS

Calgary Economic Region



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City of Calgary Monthly Economic Indicators				Avg. Monthly	2008												2009
	2006	2007	2008		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan
<b>General Indicators</b>																	
<b>Inflation: Consumer Price Index (CPI), % change year-over-year</b>																	
Calgary Economic Region (C.E.R.)	4.6%	5.0%	3.2%	3.9%	4.9%	4.6%	4.3%	4.1%	4.0%	3.9%	3.7%	3.7%	3.7%	3.5%	3.4%	3.2%	NA
Canada	2.0%	2.1%	2.4%	2.3%	2.2%	2.2%	2.1%	2.1%	2.1%	2.2%	2.3%	2.4%	2.5%	2.5%	2.5%	2.4%	NA
<b>Unemployment Rate (%)</b>																	
Calgary Economic Region (C.E.R.)	3.4%	3.2%	3.3%	3.3%	3.1%	2.9%	3.0%	2.9%	3.0%	3.0%	3.2%	3.5%	3.8%	3.9%	3.6%	3.8%	4.1%
Canada	6.3%	6.0%	6.1%	6.1%	5.8%	6.0%	6.0%	6.1%	6.2%	6.2%	6.1%	6.1%	6.1%	6.2%	5.8%	6.0%	6.8%
C.E.R. Employment (Person - 000s)	700	735	756	756	734	734	734	740	749	761	768	772	770	769	770	767	762
Employment insurance Alberta - # of recipients -	18,834	16,838	**	17,037	15,970	15,820	16,060	16,520	16,950	16,800	18,770	17,590	17,060	17,300	18,570	NA	NA
Employment insurance - Alberta - % change in # of recipients from same month last year	-15.4	-10.4	**	0.8	-5.8	-7.1	-4.5	-2.5	-2.5	-1.1	-0.6	-1.5	6.0	9.1	19.0	NA	NA
West Texas Intermediate (\$US/barrel)	66.1	72.3	99.7	99.65	92.95	95.35	105.56	112.57	125.46	133.93	133.44	116.61	103.90	76.65	57.44	41.91	41.87
Alberta Natural Gas (Cdn\$/GJ)	6.18	6.12	7.73	7.73	6.99	7.44	8.20	8.91	9.50	10.60	9.09	7.01	5.89	6.39	6.51	6.27	5.55
City of Calgary Population Estimate (000s)	992	1,020	1,048	1,048	1,032	1,034	1,037	1,043	1,046	1,047	1,051	1,052	1,055	1,056	1,060	1,062	1,064
GDP - Canada (\$ billions, in 2002 constant dollar)*	1191	1221	**	1,231	1,230	1,228	1,226	1,232	1,231	1,233	1,239	1,234	1,235	1,233	1,223	NA	NA
Prime lending rate - Bank of Canada (%)	5.81	6.10	4.73	4.73%	5.75%	5.75%	5.25%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.00%	4.00%	3.50%	3.00%
<b>Consumer Indicators</b>																	
Retail sales - Alberta (\$ billions)	5.1	5.2	5.2	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.0	NA	NA	5.1	5.0	23-Feb	20-Mar
Consumer confidence - Canada	83.9	95.3	96.6	92.8	85.8	79.6	81.0	83.2	85.7	73.9	71.0	67.7	67.7	73.9	71.0	67.7	67.7
Housing starts - Calgary	953	711	877	1,096	1,488	577	877	594	573	599	575	403	NA	599	575	403	05-Mar
# of personal bankruptcies - Alberta	506	433	409	458	455	505	457	514	526	632	595	606	NA	632	595	606	Mar
Calgary Housing (# of units sold) MLS	1,928	1,818	2,162	2,413	2,358	2,400	2,244	1,990	2,007	1,453	1,141	777	928	1,453	1,141	777	928
Household sales/listing ratio - Calgary	41.77	33.52	41.72	40.25	38.74	47.24	47.93	48.50	42.62	33.92	40.01	48.44	24.63	33.92	40.01	48.44	24.63
<b>Business Indicators</b>																	
Wholesale sales - Alberta - seasonally adjusted (\$billions)	59.1	61.7	**	5.7	5.3	5.4	5.4	5.5	5.8	5.6	5.7	6.1	6.0	6.1	6.0	NA	NA
Manufacturing sales - Alberta - seasonally adjusted (\$billions)	64.4	65.6	**	5.9	5.6	5.6	5.5	5.8	6.1	6.3	6.3	6.1	6.4	6.0	5.5	NA	NA
# of business bankruptcies - Alberta		449	447	38	33	39	38	37	28	55	37	38	32	35	45	30	NA

\*\* Tracking of these indicators commenced in late 2008. Some comparative historical data has not been obtained.