



UDI-ER Brief – August 2018: ATB Alberta Economic Outlook

Prepared by: ATB Financial, Economics & Researchⁱ

- Alberta Treasury Branch (ATB) Financial's *Alberta Economic Outlook* summarizes research on Alberta's most important sectors. It analyzes the province's economic happenings and outlines what may occur in the next few months.

Highlights from the most recent quarterly report (August 2018):

- Alberta's economy continues to improve (albeit at a slower pace)
 - Currently, uncertainty surrounding NAFTA negotiations along with deteriorating global trade relations between the United States and China, Mexico, the EU and Turkey pose the biggest risk and uncertainty to Alberta's economic outlook
- Real GDP Growth (annual % change):
 - 4.9% (2017)
 - 2.6% (*Forecast for 2018*)
 - 2.2% (*Forecast for 2019*)
 - 2.1% (*Forecast for 2020*)
- Consumer Price Index (annual % change)
 - 2.1% (2017)
 - 2.6% (*Forecast for 2018*)
 - 2.3% (*Forecast for 2019*)
 - 2.0% (*Forecast for 2020*)
- Unemployment (annual average %)
 - 7.9% (2017)
 - 6.4% (*Forecast for 2018*)
 - 6.1% (*Forecast for 2019*)
 - 5.8% (*Forecast for 2020*)
- Housing Starts (000s)
 - 29.3 (2017)
 - 27.6 (*Forecast for 2018*)
 - 26.8 (*Forecast for 2019*)
 - 26.1 (*Forecast for 2020*)

Information per economic sector:

- **Oil & Gas**

- Rising demand along with political/economic unrest in Venezuela and US sanctions against Iran have combined to stabilize the price of oil (and this is in spite of OPEC halting 2016 production cuts)
- Forecasts for West Texas Intermediate (WTI) is to average around **\$66 (US)/barrel**
- Forecast for Western Canadian Select (WCS) is to average around **\$42 (US)/barrel**
- Uncertainty over oil transportation infrastructure continue to affect Canadian crude prices (WCS) negatively – meaning investment spending in Alberta’s oil industry is expected to be flat this year (and in the years ahead)

- **Labour Market**

- Employment levels are improving (albeit slowly)
- Forecast is for the Alberta unemployment rate to average 6.4% in 2018 (and to fall slightly in subsequent years)

- **Construction and Real Estate**

- Non-residential:
 - Activity is expected to be flat over the next two years – largely due to the surplus of downtown office space created by the combination of the economic boom (2010-2014) and subsequent recession (2015-2016)
- Residential:
 - Stricter mortgage rules and rising borrowing rates have led to reduced sales activity and homes prices – resulting in fewer housing starts

- **Population Growth**

- The outflow of interprovincial migration prevalent during the recession has been reversed during the last three quarters
- This inflow is expected to continue, with a possibility of about 5,000 people migrating inter-provincially to the province in 2018
- The rate of positive interprovincial migration is expected to increase over time, due to a number of more favorable statistics attracting workers to the province

ⁱ For the full report, please visit: <https://www.atb.com/SiteCollectionDocuments/About/Alberta-Economic-Outlook-August-2018.pdf>