

# Alberta Economy at a Glance



Slower Growth and Lower Energy Prices



© TransCanada Pipelines Limited



## Key Economic Trends in View of US and Global Slowdown



- Alberta is headed for a dramatic economic slowdown as the province's vital energy sector ratchets down exploration, drilling and expansion in the face of lower than US\$50-a-barrel oil
- A lower 0.3 percent growth rate in the province next year - the lowest since 1986, when oil prices were also at low levels
- Slowing employment growth
- 1.1 percent increase in employment next year



## Macro Economic Trends



- The sharp slide in commodity prices, compounded by limited access to credit for financing projects, this has caused many oil-patch players to scale back big projects and slash their spending
- General view that once the credit crisis is resolved, demand for oil, especially in emerging economies, will ramp back up. That will pinch supply and eventually drive prices back up - probably into the US\$75 to \$100 a barrel range
- Inventory of Major Alberta Projects declining from 400 in January 2008 to less than 70 in 2009



## Comparative Overview of Alberta and Ontario Economies



- Alberta's Gross Domestic Product (GDP) in 2007 was \$258.9 billion with a population of 3.5 million or 16% of national GDP
- Ontario's GDP in 2007 was \$560 billion or around 40% of Canada's GDP with a population of 12.8 million
- Real Economic Growth 2002-2006 in Alberta was 4.5%. In 2007 it was 3.1%
- Real Economic Growth in Ontario 2002-2006 was 2.3%
- Investment in Alberta was \$80.7 billion in 2007. This translates into \$23,230 per capita. Compared to \$9,783 in the rest of Canada. Ontario Foreign Direct Investment was over \$322 billion



# Oil and Gas Production 1990-2007

Thousands of Barrels Per Day

	Non-Heavy	Heavy	Coventional Oil	Bitumen	Synthetic Crude Oil (SCO)	Pentanes & Condensates	Total Crude & Equivalent
<b>1990</b>	739.0	174.3	913.3	135.4	208.5	102.5	<b>1,359.7</b>
<b>1991</b>	705.1	192.9	898.1	122.6	226.2	107.8	<b>1,354.8</b>
<b>1992</b>	691.4	225.3	916.7	126.9	237.5	118.7	<b>1,399.9</b>
<b>1993</b>	726.1	214.3	940.5	132.5	239.0	133.2	<b>1,445.2</b>
<b>1994</b>	734.0	218.0	952.0	134.6	253.4	135.0	<b>1,475.0</b>
<b>1995</b>	712.0	243.0	955.0	149.7	268.4	140.0	<b>1,513.0</b>
<b>1996</b>	682.0	262.0	944.0	165.6	269.9	153.0	<b>1,532.5</b>
<b>1997</b>	636.2	258.0	894.1	241.9	276.1	154.3	<b>1,566.5</b>
<b>1998</b>	603.0	251.7	854.7	287.5	296.5	153.6	<b>1,592.3</b>
<b>1999</b>	544.0	240.5	784.5	264.8	319.2	152.5	<b>1,521.0</b>
<b>2000</b>	510.4	237.7	748.1	287.8	316.0	144.5	<b>1,496.4</b>
<b>2001</b>	480.2	239.5	719.7	301.1	343.9	133.0	<b>1,497.6</b>
<b>2002</b>	437.7	222.7	660.4	302.6	436.1	128.7	<b>1,527.8</b>
<b>2003</b>	414.2	215.4	629.6	348.6	502.9	135.4	<b>1,616.5</b>
<b>2004</b>	388.7	211.2	599.9	380.2	593.1	133.3	<b>1,706.5</b>
<b>2005</b>	373.6	197.8	571.4	433.1	532.9	133.3	<b>1,670.7</b>
<b>2006</b>	359.7	183.5	543.1	466.1	659.7	139.4	<b>1,808.3</b>
<b>2007</b>	346.6	178.0	524.7	503.7	680.6	140.9	<b>1,849.9</b>

Source: Energy Resources Conservation Board (ERCB) of Alberta

Note that bitumen production is marketable volumes, not raw bitumen production, and does not include bitumen produced from Suncor and Syncrude (included in SCO production).



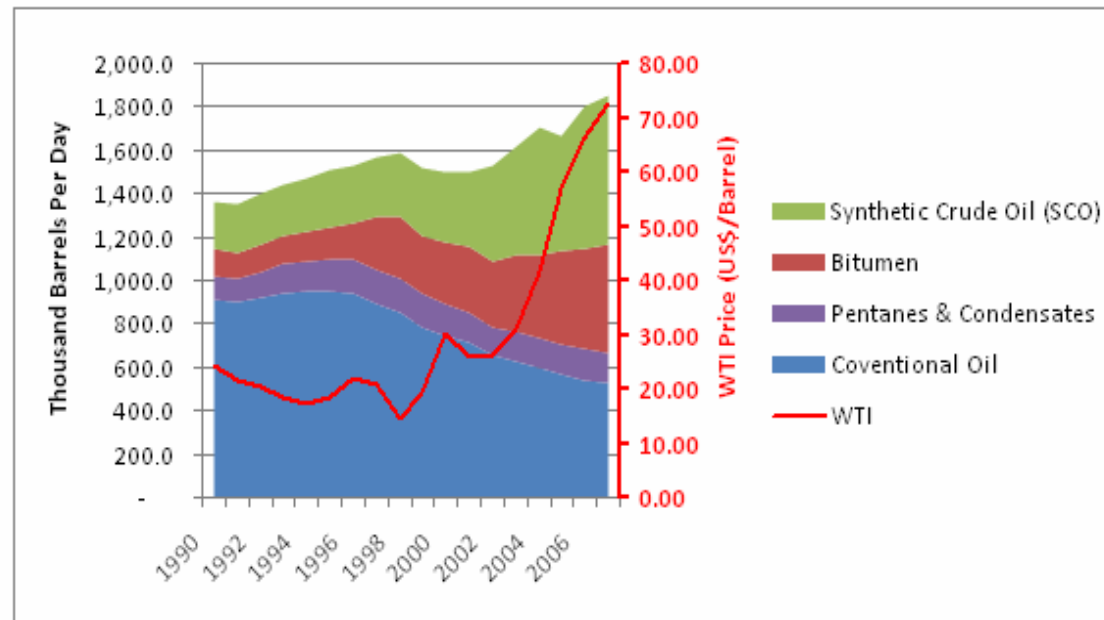


# Alberta Oil Production by Source



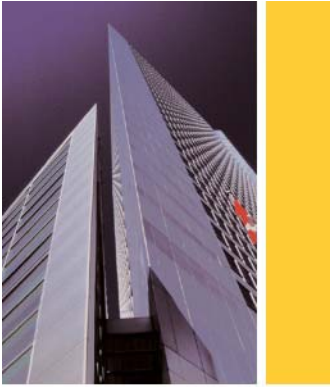
WTI @ Cushing  
(US\$/barrel)

- 24.50
- 21.50
- 20.58
- 18.48
- 17.19
- 18.40
- 22.03
- 20.61
- 14.40
- 19.30
- 30.26
- 25.95
- 26.15
- 30.99
- 41.47
- 56.70
- 66.25
- 72.41

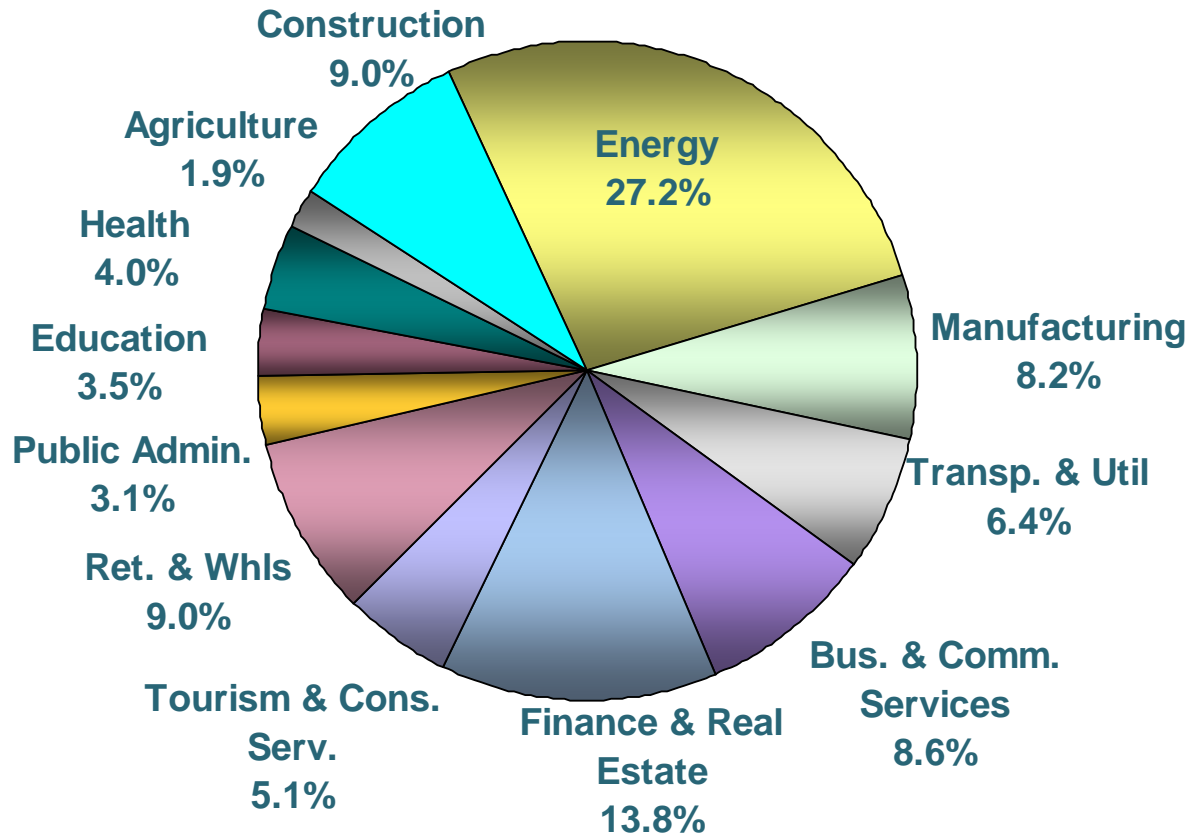


Source: EIA (Energy Information Administration of US Department of Energy)

West Texas Intermediate (WTI) is a high-quality light sweet crude produced in Texas and is a major benchmark crude oil in the world



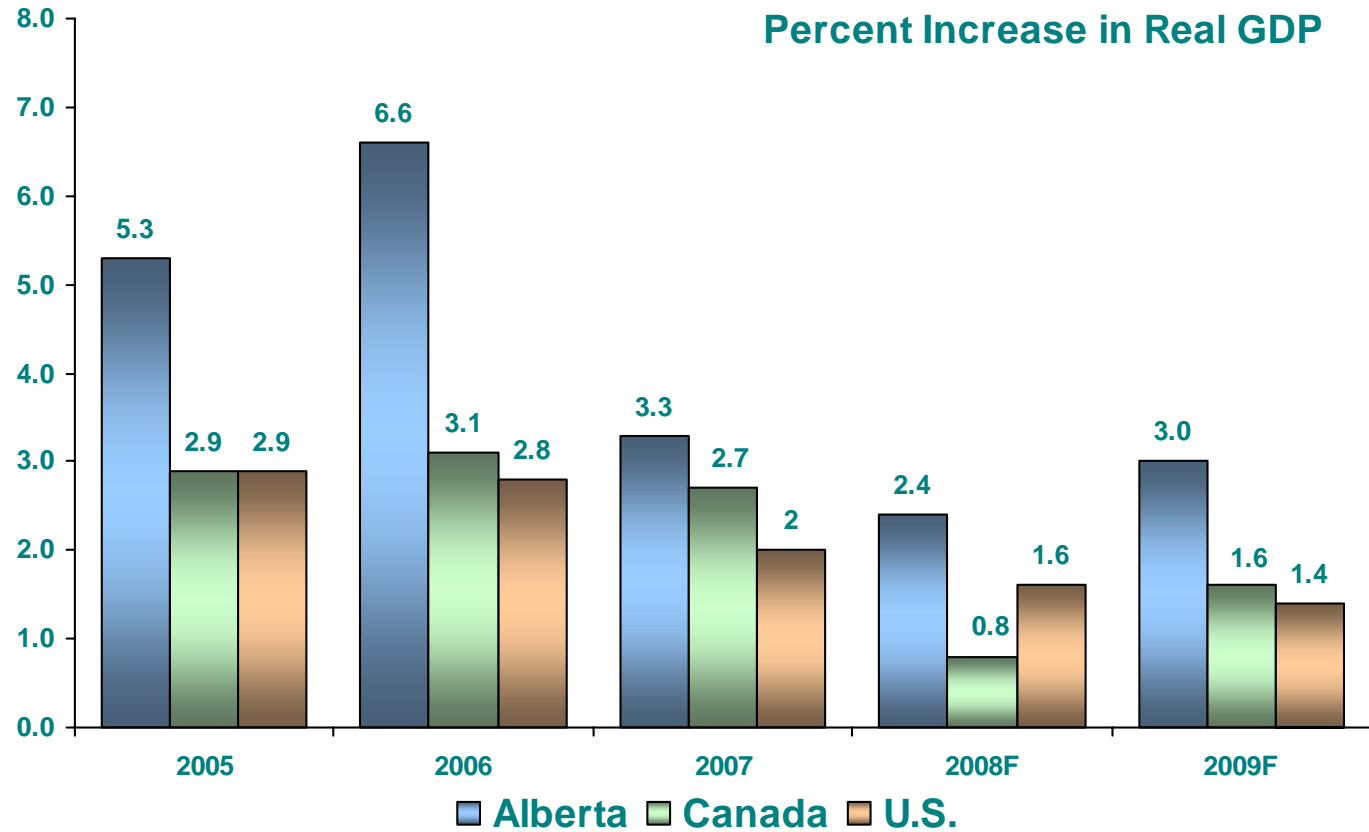
# Alberta GDP by Industry





## Growth in Gross Domestic Product (Alberta, Canada and U.S.)

**Alberta**  
Economic Development







## Outlook

- After robust first half, growth has moderated sharply since then. Economic forecasters expected growth of about 1% to 2% for all of 2008
- Downside risks on the rise: rising wages; very weak retail sales growth; falling housing starts; high construction/housing costs; US/global recession; deferral of oil sands projects; financial crisis; falling oil/gas prices
- Consensus forecast: 1.5% growth in 2008; 1.2% in 2009; 2.9% in 2010 (forecasts by major banks, CBoC and GI). F&E forecast: 1.7% in 2008 and 2009
- More moderate growth will help ease pressures on housing/infrastructure and reduce inflation

**Alberta**  
Economic Development





## Conclusion

- Uncertain economic climate
- Lower Energy Prices
- Lower economic growth
- Increasing Impact of US recession
- Continued deterioration in US housing markets and slowing housing sector in Canada
- Higher unemployment and slower manufacturing activity
- Globally more focus on new energy resources and technologies
- More focus on environmental protection
- More Green Jobs





# Thank You.



Sal Husain  
(780) 415-8833

