

A blue-tinted photograph of the Edmonton skyline, featuring several high-rise buildings of varying heights and architectural styles. The sky is a clear, pale blue.

Edmonton's Economic Outlook

May 10, 2018

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Agenda

The Context

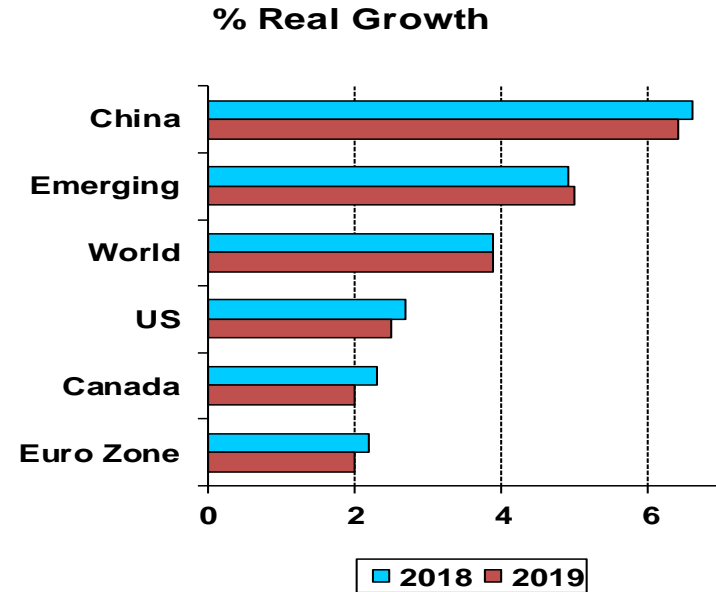
- International Context
- Energy Prices
- Regional & Local Current Indicators

Long-Term Outlook

- Edmonton, the Region and Alberta
- Risks to the Outlook

Global Context

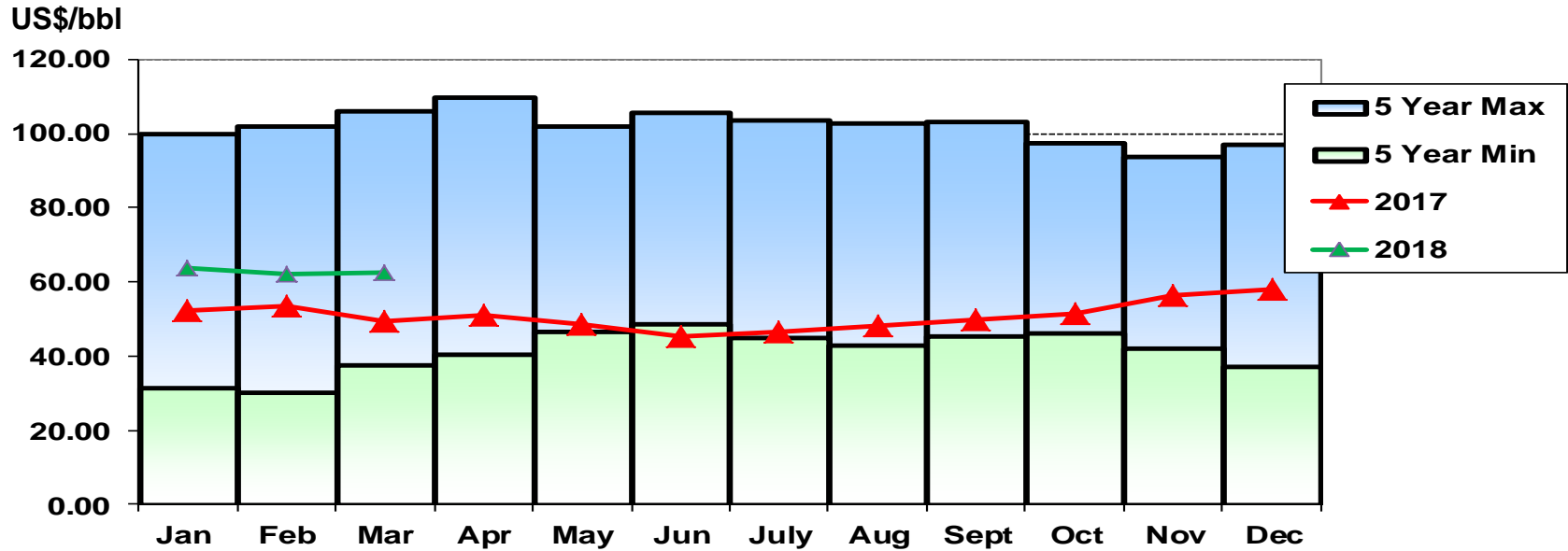
- While very prolonged, global recovery is gaining momentum
- Forecast growth rates in most regions have been raised
- Euro zone countries finally showing sustained growth
- Global financial markets remain fragile – large capital outflows from emerging markets
- 2018 will be a slightly better year globally, slowing growth in China is problematic due to its increasing share of global output



Source: International Monetary Fund

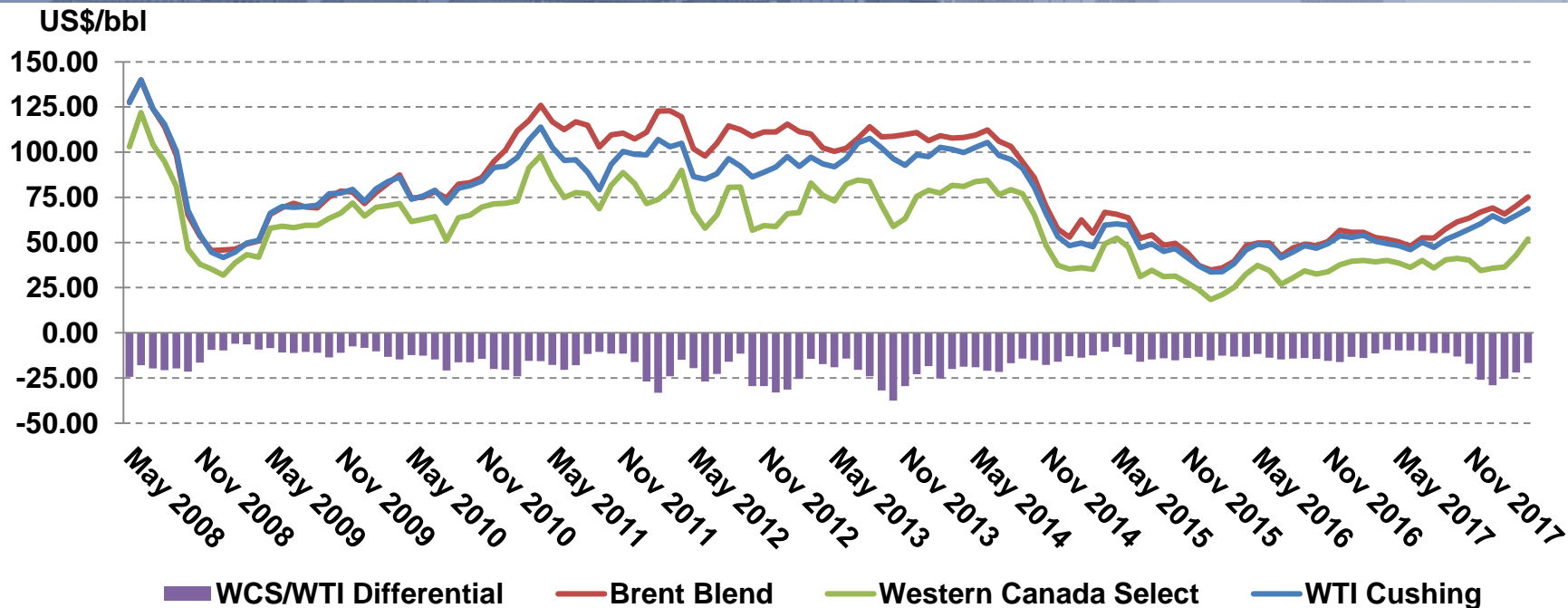
Oil Prices

West Texas Intermediate



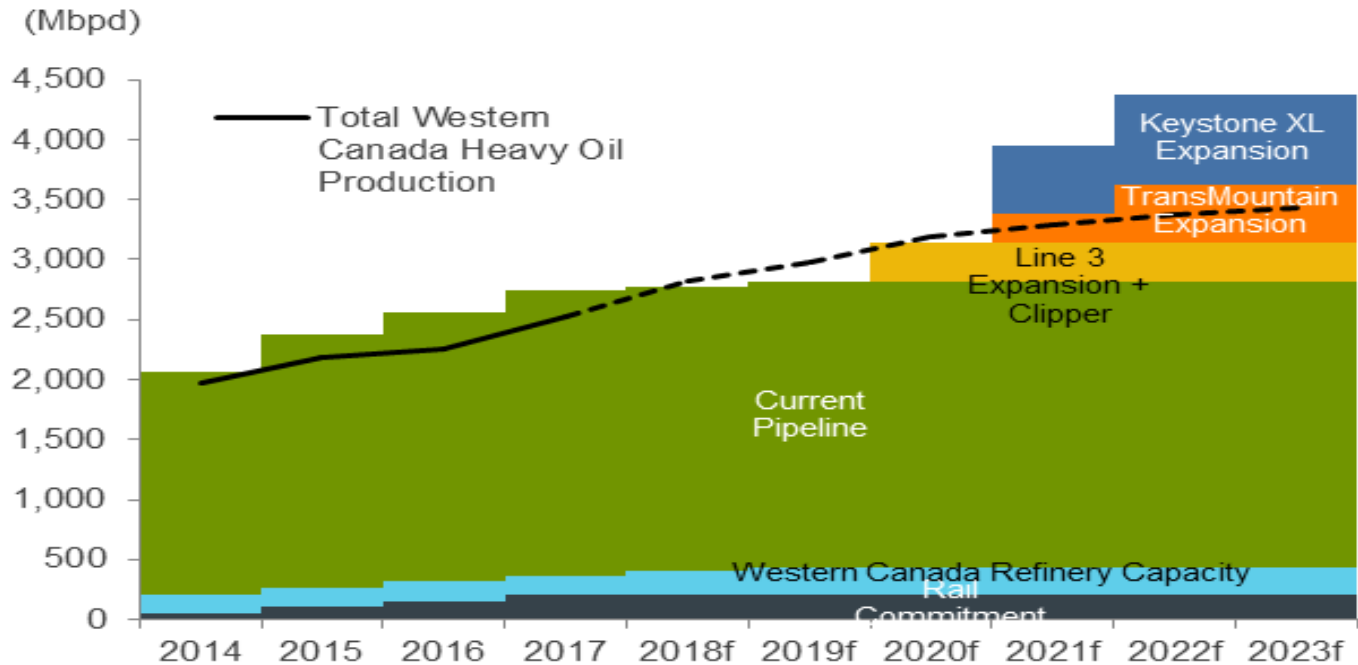
Source: U.S. Energy Information Administration

Oil Prices are Improving



Source: Bloomberg

Alberta oil export capacity

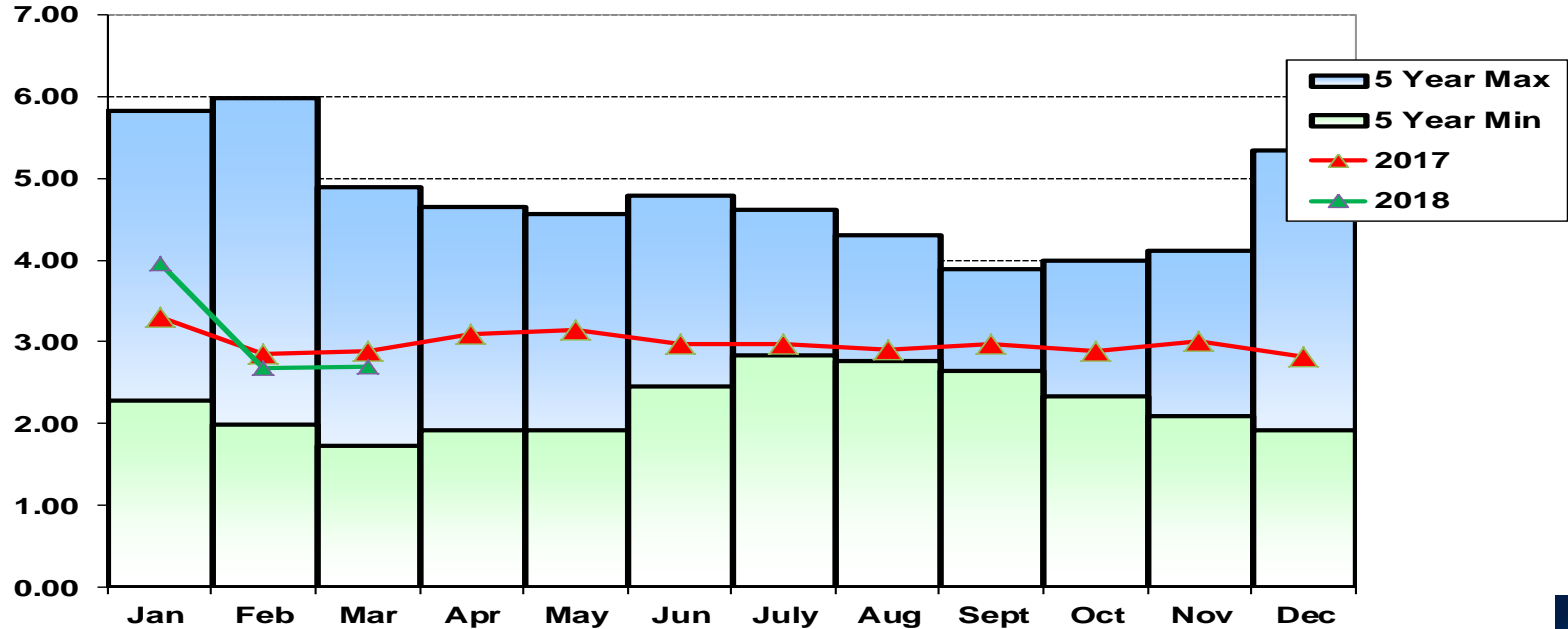


Source: Alberta Energy

Natural gas prices

Henry Hub

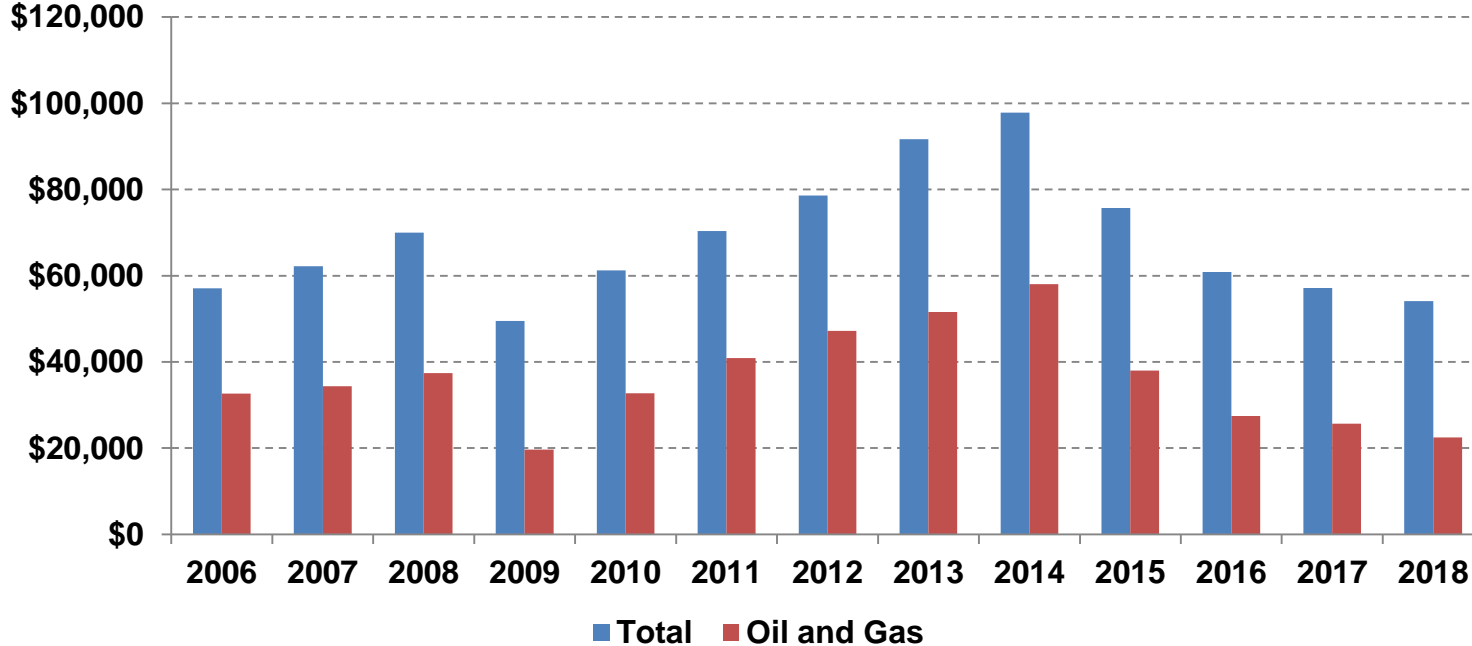
US\$/mmBtu



Source: U.S. Energy Information Administration

Alberta Capital Expenditures

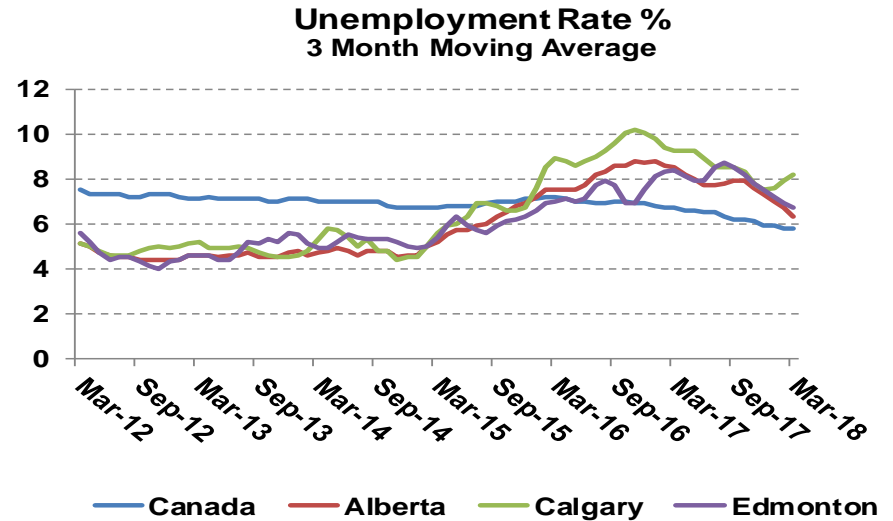
CDN \$, million



Source: Statistics Canada

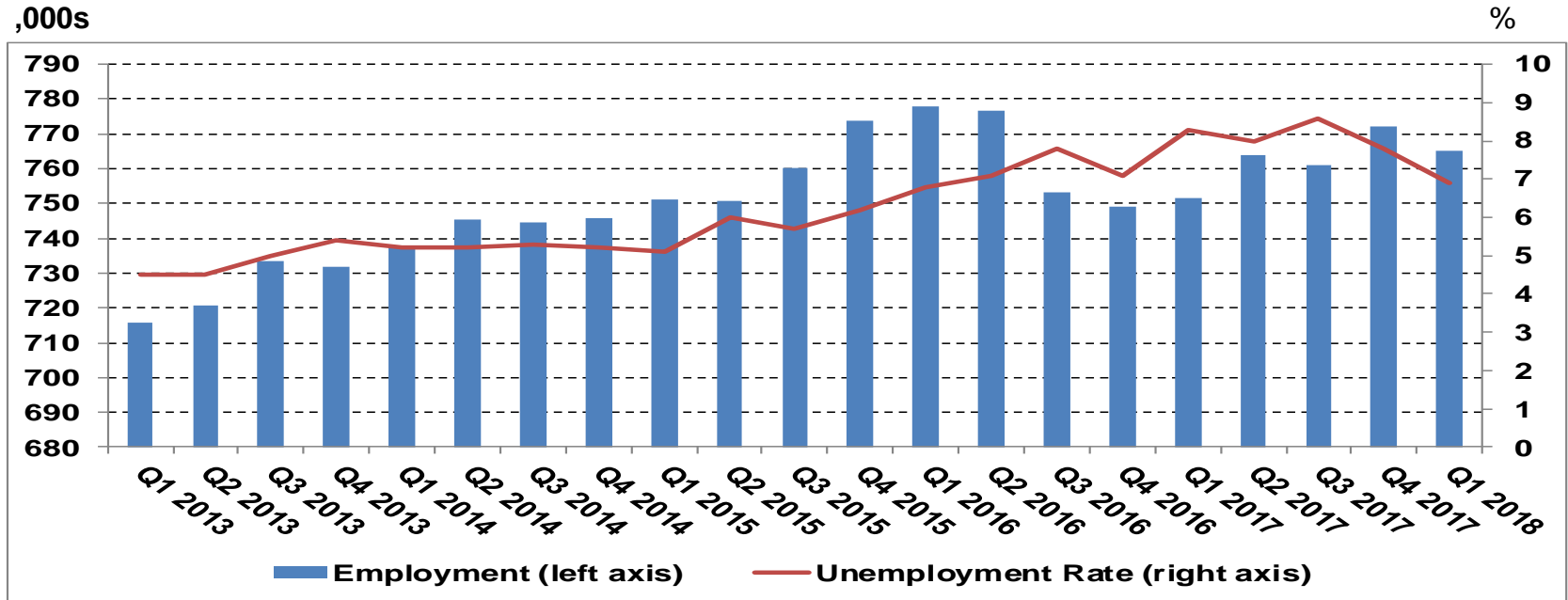
Unemployment moving lower

- Higher unemployment in Edmonton is driven largely by labour force growth.
- A recent shift away from part-time job gains will support consumer spending over the next 12 to 18 months.
- Unemployment in the Edmonton region will drift down slowly from the 6.7% range over 2018.



Source: Statistics Canada

Employment in the Edmonton CMA



Source: Statistics Canada

Change in Employment

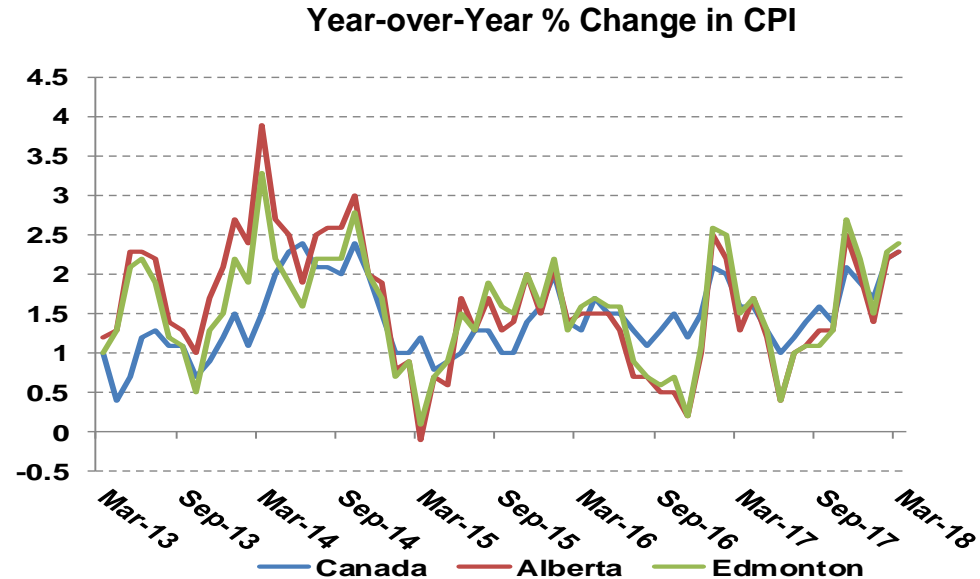
March 2017 to March 2018
Three-month moving average

Job Gains		Job Losses	
Alberta (45,900)			
Manufacturing	18,100	Other services	-8,600
Primary	13,800	Prof. Services	-2,300
Business, building and support services	5,900	Construction	-2,000
F.I.R.E.	5,400	Health Care	-1,700
Edmonton CMA (2,600)			
Education	9,000	Trade	-15,000
Manufacturing	7,400	Public Admin.	-4,700
Health Care	7,100	Business, building and support services	-4,500
Prof. Services	5,600	Transportation and Warehousing	-4,100

Source: Statistics Canada

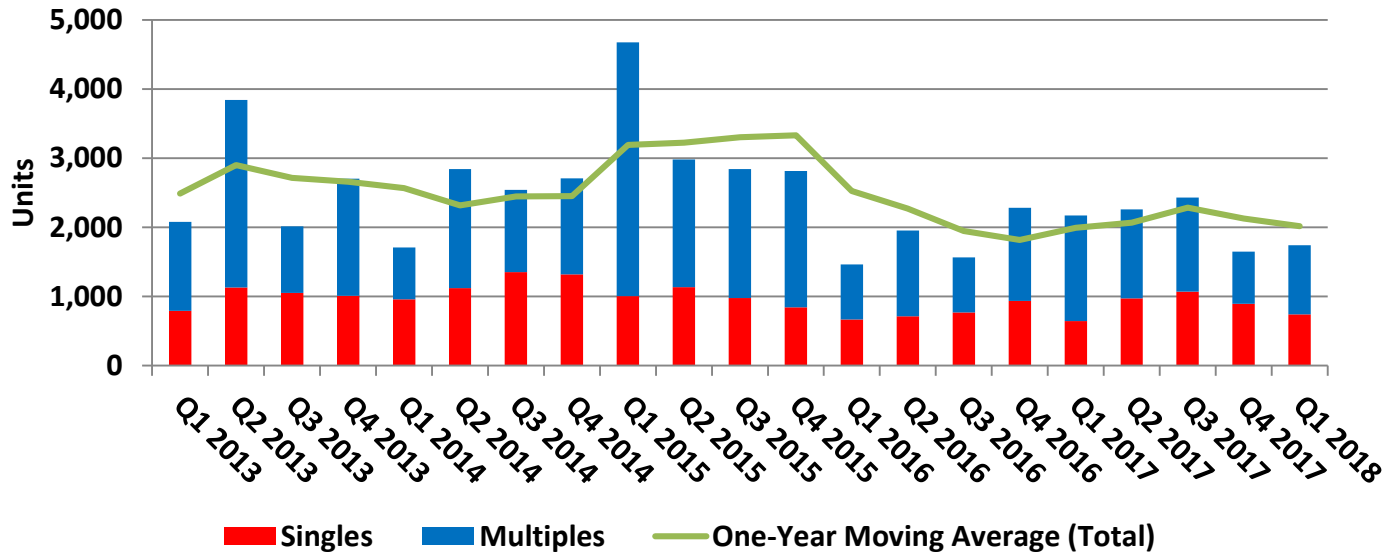
Consumer inflation moderating

- The region's year-over-year inflation rate slowed sharply in 2016 and then began to accelerate
- Energy prices have been a key driver of inflation with natural gas and gasoline highly volatile
- Forecast is for inflation to remain around 1.5% then gradually move up to the 2% range for the remainder of 2018
- Low inflation will boost real incomes for Edmonton residents as average weekly wages are rising again



Source: Statistics Canada

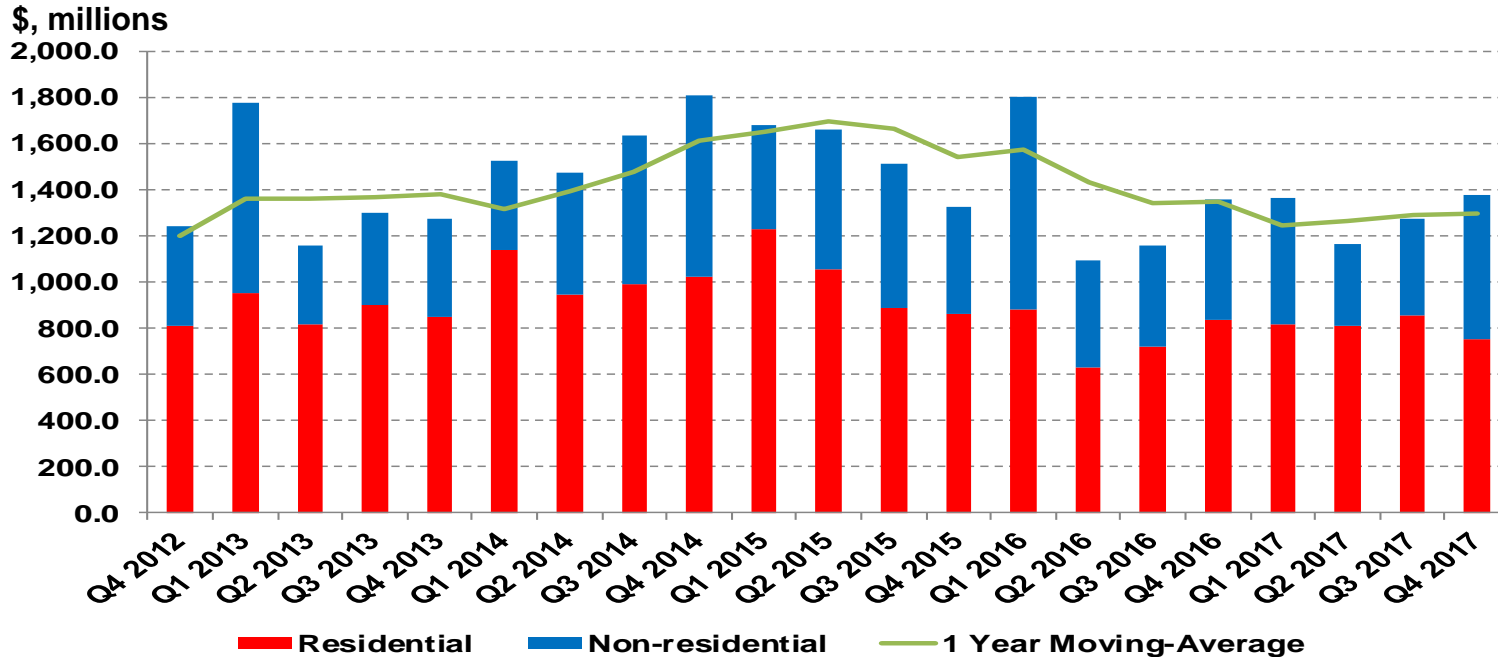
City of Edmonton housing starts



Source: CMHC

Value of building permits

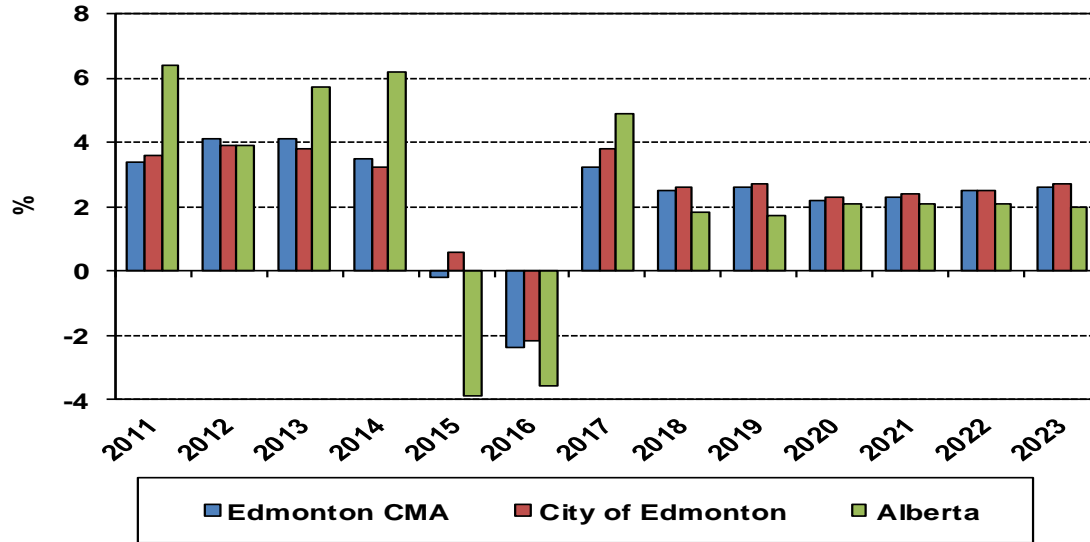
Edmonton CMA



Source: Statistics Canada

Growth moderates in the longer term

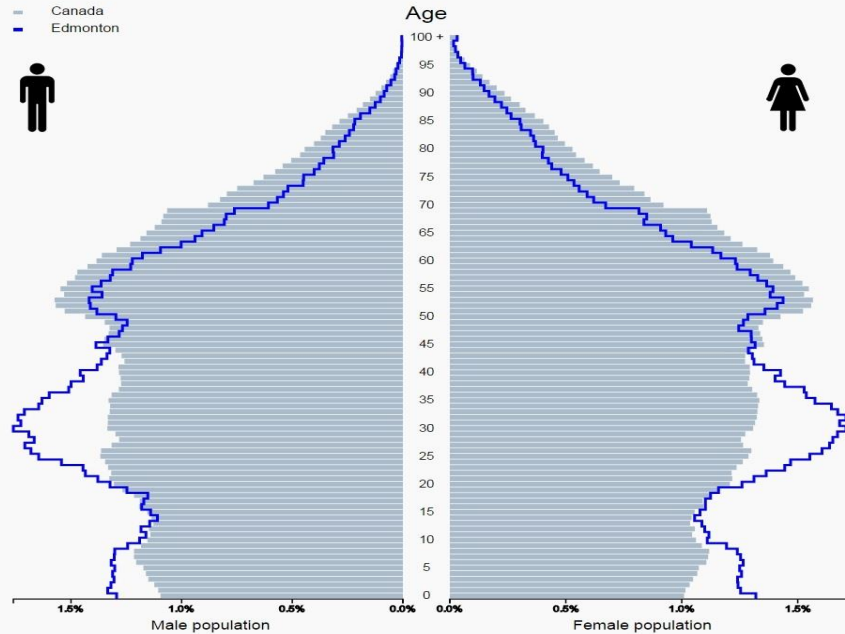
Real GDP Growth



- The City of Edmonton experienced a sharp slow down in mid-2016.
- City and region made a clear recovery to faster growth in 2017 along with the province
- Continuing in-migration will allow the City and the region to grow more rapidly than Alberta and Canada in the final years of the outlook.

Source: City of Edmonton, C4SE

Edmonton's demographic advantage



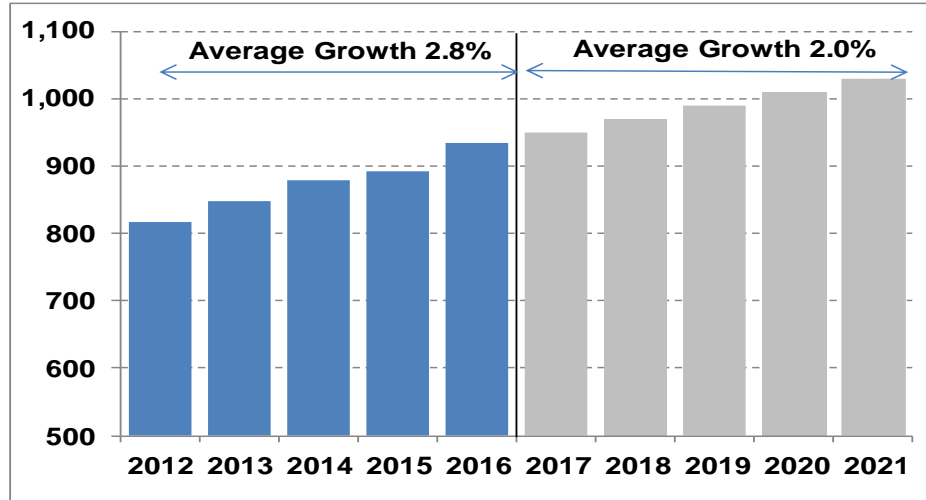
Average Age
Canada 41.0
Alberta 37.8
City of Edmonton 37.7

Source: Statistics Canada

Population growth slows

- Population growth will continue but at a slower pace.
- Natural growth, international migration and intra-provincial migration to support an expanding population.
- Higher levels of unemployment than typical of past years will discourage inter-provincial migration and slow the overall growth rate.

Population (000) – City of Edmonton



Source: Statistics Canada, City of Edmonton

Risks to the Edmonton Outlook

Downside

Oil prices fall through 2018 and 2019 causing severe slump in energy investment and government spending

Consumer confidence falters with concerns growing over housing, debt, rising interest rates, and inflation

Conclusion of a number of major construction projects leads to further contraction in the building sector

Stricter controls on carbon emissions and opposition to energy investments constrain longer term growth

Upside

U.S. recovery gains additional momentum with proposed tax cuts and infrastructure spending

Canadian economy likely to perform better than currently forecast

OPEC and other major oil producers agree to continue and enforce additional production cuts

Euro Zone and Emerging Market countries succeed in stimulating more rapid growth



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Upcoming events

ESNA.CA

A blue-tinted photograph of the Edmonton skyline, featuring several high-rise buildings and a clear sky.

Thank you!

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