

Consumer Price Index (CPI)

Alberta records the lowest inflation rate in the country

Alberta consumer prices were unchanged from a year ago in December. At 0.0%, the province had the lowest inflation rate in the country, mainly due to a 27.3% drop in electricity prices over last year. Price growth remained subdued even after electricity and other energy prices are accounted for. Excluding energy, inflation was only 1.1% in December. In 2012, Alberta's annual inflation rate was only 1.1%, tied for the lowest in Canada with British Columbia.

Nationally, total CPI inflation was unchanged in December at a modest 0.8%. Core CPI inflation (CPI excluding the 8 most volatile components) continued a six month slide, falling to 1.1%. This is tied for the fourth lowest core inflation reading on record.

Job Vacancies

Plenty of unfilled positions in Alberta

Alberta's job vacancy rate, defined as the number of job openings as a share of labour required (employed individuals plus job openings), averaged 3.2% between August and October of last year. This remained well above the national average of 1.8%. Over the same period, there were only 1.7 unemployed people for every job opening in Alberta, significantly lower than the national average of 5.0.

Retail Sales

Spending flat in November

Alberta's retail sales were unchanged in November at \$5.9 billion, but up 4.4% over the same month last year. The year-over-year growth was led by increases in vehicle sales and spending at grocery stores. On a

year-to-date basis, Alberta continued to lead the country at 8.1% growth. Canadian retail sales rose for the fifth straight month (0.2%), fueled by higher sales at vehicle dealers and electronics and appliance stores. Despite recent monthly gains, Canadian retail sales were up a modest 1.4% compared to November 2011.

Monetary Policy Report (MPR)

Interest rate hike "less imminent"

The Bank of Canada kept the target for the overnight rate at 1% and said that an eventual interest rate hike is "less imminent" owing to a stabilization in household credit growth and a deterioration in the outlook for Canadian inflation and GDP growth.

The Bank estimates that much of the unanticipated slowdown in GDP growth is due to Canadian oil exporters being forced to sell their

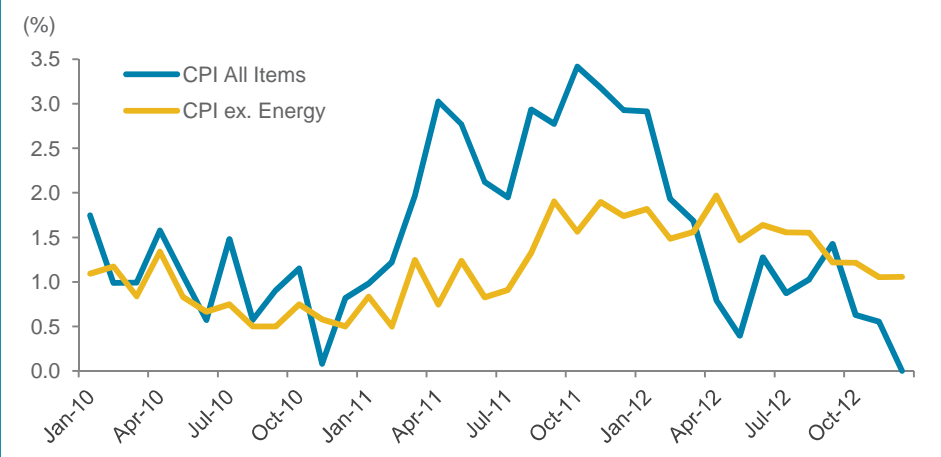
oil at a deep discount to what is paid by Canadian importers. This has led to a deterioration in Canada's terms-of-trade, and reduced both investment and exports. Together with unscheduled shutdowns at various oil sands and offshore facilities, the Bank estimates that these factors subtracted 0.9 percentage points from GDP growth in the third quarter of 2012.

Residential Investment

Good signs for Alberta housing market

Residential investment in Alberta rose for the 13th straight month on a year-over-year basis in November. The 18.7% increase over November 2011 reflected increases across all housing segments. In the first eleven months of 2012, new housing investment grew an impressive 24.4% over the same period in 2011. The growth in residential investment is also reflected in housing starts, which were up by 30.6% in 2012.

Inflation in Alberta (year-over-year change in CPI)



Source: The Canadian Real Estate Association

Closing Prices	January 17, 2012	January 24, 2012	2012-13 Fiscal YTD
Canadian Dollar (US¢/\$CAN)	101.49	99.74	100.18
WTI Oil (\$US/bbl)	\$95.49	\$95.95	\$91.47
NYMEX Natural Gas (\$US/MMBtu)	\$3.49	\$3.45	\$2.96

Alberta Economic Indicators

Population	2010	2011	2012YTD	Jul	Aug	Sep	Oct	Nov	Dec
Population ¹ (000's)	3,724	3,778	3,874	3,874	--	--	3,907	--	--
y/y % change	1.4	1.5	2.5	2.5	--	--	2.9	--	--
Net Interprovincial Migration ¹	-3,271	8,443	28,170	8,544	--	--	13,915	--	--
Net International Migration ¹	24,100	16,703	37,990	14,546	--	--	10,809	--	--
Net Non-permanent Residents ¹	14	-7,604	9,721	5,244	--	--	3,946	--	--
Labour Market									
Employment (000's), SA	2,017	2,094	2,150	2,150	2,154	2,156	2,161	2,171	2,165
y/y % change	-0.4	3.8	2.7	2.2	2.1	1.8	1.7	1.8	1.5
Unemployment Rate (%), SA	6.5	5.5	4.6	4.6	4.4	4.4	4.5	4.2	4.5
Participation Rate (%), SA	72.9	73.7	73.4	73.3	73.2	73.1	73.1	73.0	72.9
Average Weekly Earnings (\$), SA	993.28	1,038.69	1,070.70	1088.99	1088.45	1083.98	1098.37	--	--
y/y % change	4.6	4.6	3.3	5.5	3.6	3.9	4.3	--	--
Price Indices									
NEW: Consumer Price Index (y/y % change)	1.0	2.4	1.1	0.9	1.0	1.4	0.6	0.6	0.0
Excluding food and energy	0.8	0.8	1.3	1.4	1.4	1.1	1.2	0.9	1.1
Non-Res. Building Cons. Price Index ² (y/y % change)	-0.1	3.4	4.1	--	--	3.5	--	--	--
Farm Product Price Index (y/y % change)	-1.8	18.0	5.2	4.6	5.0	2.3	--	--	--
Crops	-9.6	19.3	1.9	0.5	4.2	1.7	--	--	--
Livestock	5.7	16.7	7.8	7.1	5.2	3.7	--	--	--
Household Sector									
Housing Starts (SAAR, 000's)	27.1	25.7	33.3	33.2	29.3	33.4	33.6	39.7	30.0
y/y % change	33.5	-5.1	30.6	32.7	-5.9	34.2	-0.5	32.2	4.7
New Housing Price Index ³ (y/y % change)	0.5	0.4	1.2	1.5	1.6	1.8	1.6	1.7	--
Edmonton	-0.8	0.9	0.9	0.8	0.9	1.3	0.8	0.8	--
Calgary	1.7	-0.1	1.5	2.3	2.4	2.3	2.4	2.8	--
MLS Average Resale Prices (\$ 000's)	350.9	352.7	362.0	363.2	364.2	362.4	367.5	371.6	370.5
y/y % change	3.1	0.5	2.6	3.2	3.6	0.4	4.1	4.3	4.6
Edmonton (\$ 000's)	326.5	324.2	332.7	332.6	335.9	322.4	332.5	347.3	343.9
y/y % change	2.3	-0.7	2.6	1.1	3.2	-3.5	1.6	4.3	4.4
Calgary (\$ 000's)	397.4	401.9	410.8	411.1	411.5	409.1	423.5	418.7	434.5
y/y % change	3.4	1.1	2.2	2.9	1.6	-0.4	5.5	3.7	7.3
NEW: Retail Sales, SA (y/y % change)	6.0	6.9	8.1	9.6	8.4	8.0	5.4	4.4	--
New Motor Vehicle Sales (y/y % change)	9.5	9.6	11.5	10.8	9.0	15.7	9.1	2.6	--
Consumer Bankruptcies	8,150	7,029	4,993	489	454	421	489	--	--
y/y % change	-18.4	-13.8	-16.4	-8.4	-23.7	-19.8	-5	--	--
Business Sector									
Rigs Drilling	207	286	250	198	223	229	236	258	287
y/y % change	68.1	30.4	-12.6	-17.5	-30.9	-33.7	-29.6	-21.8	-16.6
Goods Exports, customs based (y/y % change)	12.6	18.5	4.0	0.8	-7.5	-9.1	7.1	-3.2	--
Energy	17.1	19.4	5.1	3.3	-9.9	-9.0	9.5	-1.9	--
Farm, Fishing and Intermediate Food	-15.9	27.2	20.4	-6.2	30.4	25.2	26.2	6.4	--
Farm Cash Receipts (quarterly, y/y % change)	-3.7	15.2	15.0	--	--	8.8	--	--	--
Manufacturing Shipments, SA (y/y % change)	11.3	18.0	6.5	7.1	5.0	1.2	2.0	-6.5	--
NEW: Wholesale Trade, SA (y/y % change)	8.5	15.0	11.9	12.6	9.6	7.4	4.5	4.9	--
Building Permits, SA (y/y % change)	1.3	11.8	15.2	0.1	11.0	6.1	25.5	26.3	--
Residential	22.4	5.2	19.0	1.2	30.2	9.4	15.2	23.9	--
Non-residential	-18.3	20.9	10.5	-1.5	-10.4	1.4	42.2	29.9	--
Business Bankruptcies	378	264	199	16	10	21	18.0	--	--
y/y % change	-6.7	-30.2	-12.3	6.7	-61.5	-8.7	-40.0	--	--

YTD (year to date) represents the change since the beginning of the year compared to the same period in the previous year. "SA" denotes seasonally adjusted. "SAAR" denotes seasonally adjusted at annual rate.

¹Quarterly; annual numbers are presented on a census year basis (July 1–June 30).

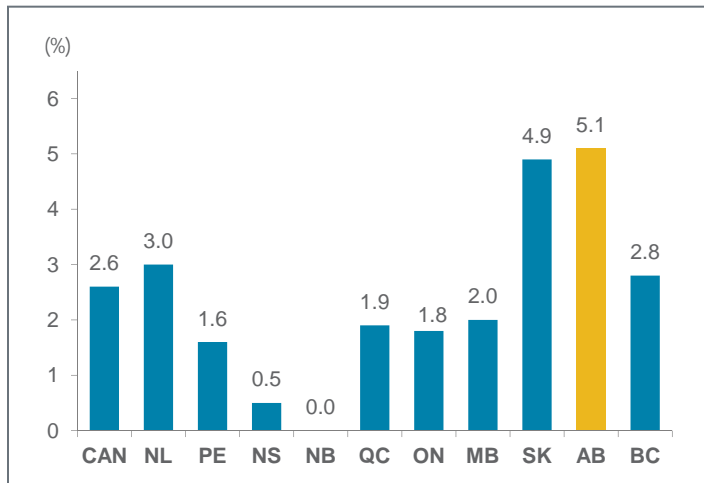
²Quarterly, average of Calgary and Edmonton

³Average of Calgary and Edmonton

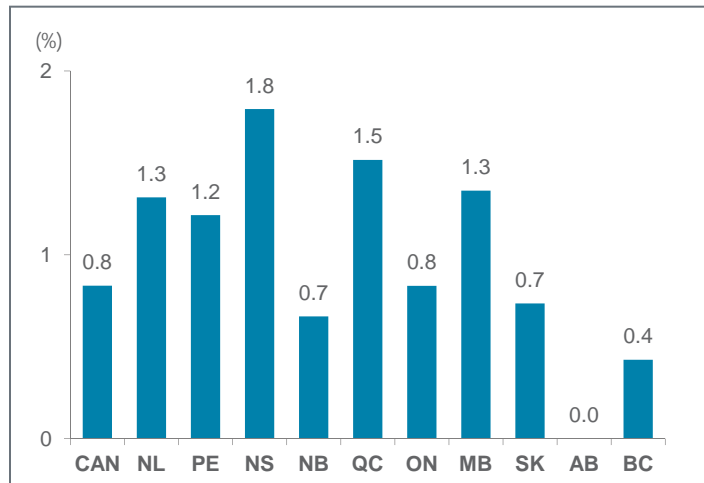
Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

Economic Indicators by Province

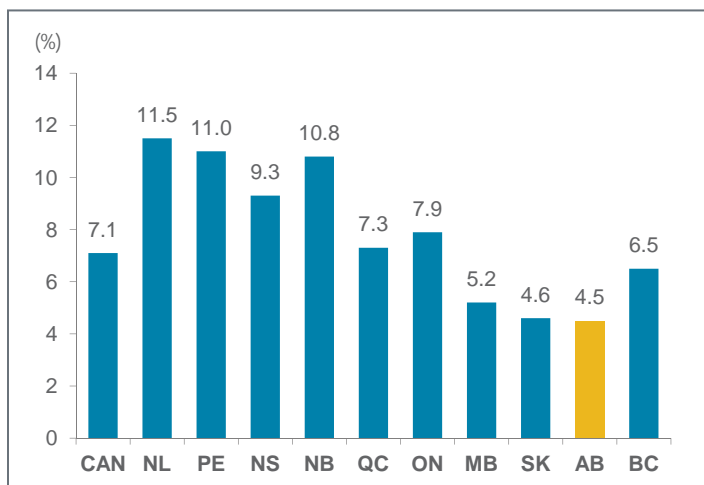
Real GDP Growth by Expenditure
(2011, year-over-year growth)



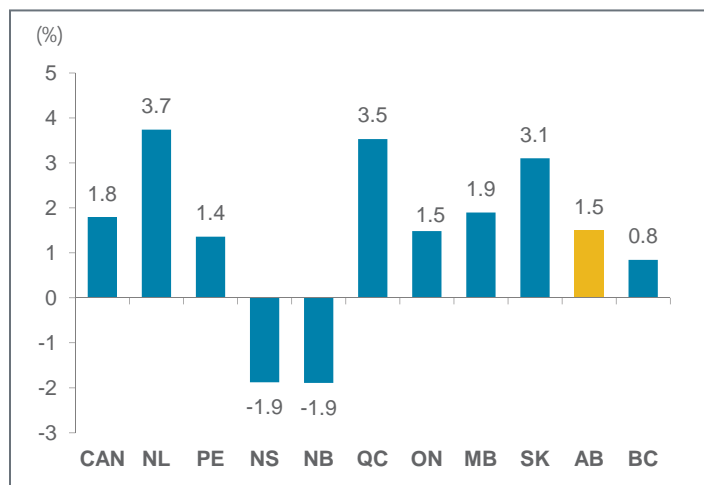
CPI Inflation
(December 2012, year-over-year growth in CPI)



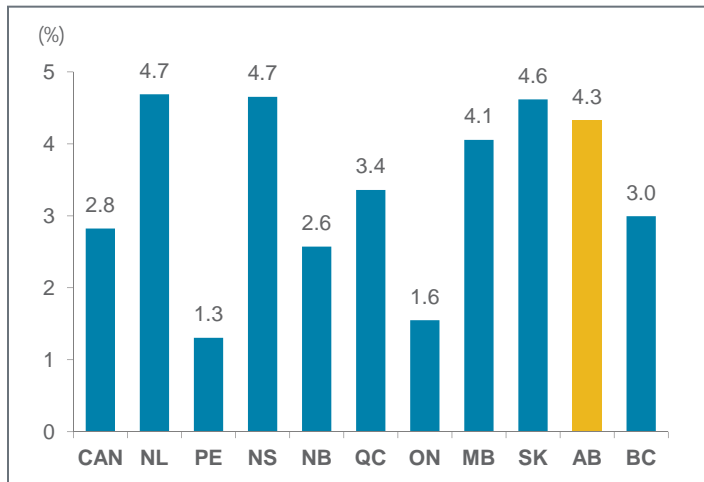
Unemployment Rate
(December 2012)



Employment
(December 2012, year-over-year growth)



Average Weekly Earnings
(October 2012, year-over-year growth)



Housing Starts
(December 2012, SAAR, year-over-year growth)

