

ECONOMIC OUTLOOK

BUDGET2009

BUILDING ON
OUR STRENGTH

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SUMMARY AND KEY ASSUMPTIONS

- ✧ Alberta is facing its first recession since 1986, with the economy expected to contract by 2% in 2009. Real business investment is expected to drop by almost a quarter due to the sharp decline in energy prices, tight credit markets and the global recession. Although government infrastructure and incentive programs are expected to keep job losses relatively modest, the unemployment rate is expected to rise to 6.5% by 2010.
- ✧ The global economy is expected to stabilize in late 2009 and the recovery to get underway in 2010. Rising energy prices and stronger exports are expected to lead to a modest recovery in economic growth to 1.8% in 2010. Alberta's real economic growth is expected to return to an average of about 3% over the medium term and the unemployment rate to return to 4.6% by 2013.

Key Energy and Economic Assumptions

Fiscal Year Assumptions	2007-08 Actual	2008-09 Estimates	2009-10	2010-11	2011-12	2012-13
Prices						
Crude Oil Price						
WTI (US\$/bbl)	82.25	85.50	55.50	64.50	72.50	76.00
Alberta Wellhead (Cdn\$/bbl) ^a	73.80	81.77	57.95	64.24	70.31	73.66
Bitumen @ Edmonton (Cdn\$/bbl) ^b	43.53	60.10	32.71	36.13	39.27	40.92
Natural Gas Price						
Alberta Reference Price (Cdn\$/GJ)	5.92	7.00	5.50	6.00	6.25	6.50
Production						
Conventional crude oil (000s barrels/day)	520	498	469	457	451	441
Raw bitumen (000s barrels/day)	1,257	1,398	1,934	2,155	2,478	2,812
Natural gas (billions of cubic feet)	5,104	4,857	4,566	4,325	4,154	4,006
Interest rates						
3-month Canada treasury bills (per cent)	3.84	1.75	0.60	1.90	4.00	4.00
10-year Canada bonds (per cent)	4.18	3.40	3.05	3.65	4.75	4.75
Exchange Rate (US¢/Cdn\$)	97.10	89.50	83.50	87.50	90.00	90.00
Calendar Year Assumptions	2008 Actual	2009	2010	2011	2012	2013
Gross Domestic Product						
Nominal (millions of dollars)	289,063 ^c	251,579	268,281	285,862	305,355	325,162
per cent change	11.6	-13.0	6.6	6.6	6.8	6.5
Real (millions of 2002 dollars)	190,213 ^c	186,502	189,842	195,445	201,948	208,236
per cent change	1.5	-2.0	1.8	3.0	3.3	3.1
Other Indicators						
Employment (thousands)	2,013	1,998	2,017	2,059	2,104	2,147
per cent change	2.8	-0.8	1.0	2.1	2.2	2.1
Unemployment rate (per cent)	3.6	5.8	6.5	6.2	5.5	4.6
Average Weekly Earnings (per cent change)	4.8 ^c	2.5	2.3	2.5	3.0	3.0
Personal Income (per cent change)	7.8 ^c	1.8	2.8	4.6	5.5	5.2
Corporate Profits (per cent change)	21.8 ^c	-49.6	28.8	16.1	12.1	10.9
Housing starts (number of units)	29,164	22,300	24,100	24,400	25,300	26,800
Alberta Consumer Price Index (per cent change)	3.1	1.0	1.7	2.0	2.0	2.0
Population (thousands)	3,585	3,652	3,714	3,777	3,843	3,912
per cent change	2.1	1.9	1.7	1.7	1.7	1.8

^a Refers to the average price per barrel of Alberta light, medium and heavy oil.

^b The bitumen price is an estimate of the price at Edmonton and is not an actual market price.

^c Alberta Finance and Enterprise estimate. Average weekly earnings are preliminary 2008 from Statistics Canada.

ECONOMIC OUTLOOK 2009 TO 2013

GLOBAL ECONOMIC RECOVERY EXPECTED IN 2010

- ◆ The worst financial crisis since the 1930s has caused the first synchronized downturn in developed countries since the Second World War. Consumer and business confidence have suffered. With lower consumer spending and investment, employment and industrial production are falling in major economies. All major developed economies are now in recession and growth has slowed significantly in emerging markets.
- ◆ Governments in major developed economies have taken extraordinary actions to stabilize the financial system and to stem the fallout in economic activity. Interest rates are at historic lows in Canada, the United States and Europe, and have also been lowered significantly in emerging markets.
- ◆ Low interest rates, a traditional tool of monetary policy, have so far been largely ineffective in supporting economic growth. Massive deleveraging, concerns about counterparty risk and falling asset prices are restraining lending to consumers and businesses. The global economy is in recession, with the US economy expected to contract by 3% in 2009 and the Canadian economy by 2%.
- ◆ Major economies are resorting to expansionary fiscal policies to boost aggregate demand. This, along with extraordinary measures to support the global financial system, is expected to stabilize the global economy by the end of 2009 and lay the foundation for a modest recovery in 2010. Global economic growth in 2010 is expected to come in around 2%, well below its recent five-year average of 4.6%.
 - ◆ The lingering effects of the credit crisis and the sharp deterioration in US labour markets suggest a slow US recovery in 2010, with growth of only 1.5%.
 - ◆ Economic growth in Canada is expected to recover more strongly, to 2.7% in 2010. Canada's financial sector, which has been rated the soundest in the world, is not facing the same daunting problems as in the US.
 - ◆ Economic growth in both the US and Canada is expected to average around 3% over the medium term.

COMMODITY PRICES TO STRENGTHEN

- ◆ With the expected recovery in economic activity and stabilization of credit conditions, demand for crude oil and natural gas is expected to rebound in 2010, which should support a recovery in oil and natural gas prices. Oil prices are likely to get a further lift from supply constraints as the credit crisis and low prices have curtailed investment in the energy sector. Oil prices are forecast to average US\$55.50/bbl in 2009-10 and to increase to US\$76.00/bbl by 2012-13.

- ◆ Natural gas prices have taken a sharp hit from falling US industrial demand and rising supplies. Alberta natural gas prices are expected to average Cdn\$5.50/GJ in 2009-10. With the projected recovery in US industrial demand and moderation in US gas production, natural gas prices are expected to recover modestly to Cdn\$6.00/GJ in 2010-11, rising to Cdn\$6.50/GJ in 2012-13.
- ◆ Although grain prices have declined from the highs reached last summer, they are likely to be above the recent five-year average. Cattle and hog prices are likely to improve slightly over the forecast period due in part to a sustained contraction in North American livestock production. Total farm cash receipts in Alberta rose over 15% in 2008. In contrast to falling demand for industrial commodities, demand for food products is still strong with some shifting in consumer buying patterns and more “at-home” meal consumption. Rising incomes in emerging markets are expected to sustain healthy global food prices over the forecast period.

TEMPORARY DECLINE IN INVESTMENT AND EXPORTS

- ◆ With significant declines in energy prices and worsening global economic conditions, real business investment in Alberta is expected to drop by about a quarter in 2009. Oil sands-related investment is expected to fall by roughly half in 2009 as several companies have cancelled or postponed large scale projects in Alberta. Ongoing volatility and uncertainty suggest no significant rebound until 2011. By that time, improving oil prices, lower costs and a more stable economic outlook are likely to make many projects economic, increasing investment expenditures gradually over the 2011 to 2013 period.
- ◆ The average number of rigs drilling was down 35% in the first two months of 2009 compared to the same period last year, in line with Statistics Canada’s survey of investment intentions. The government’s two-year \$1.5 billion incentive program should help cushion the decline in conventional energy investment. Non-residential construction investment in the conventional energy sector is expected to decline by roughly a quarter in 2009 and gradually recover over the forecast period as energy prices strengthen.
- ◆ Despite increased exports of grains and oil sands production, Alberta’s overall exports are expected to decline in 2009. Manufacturing exports are likely to be hard hit by the global recession. Natural gas exports are expected to decline over the forecast period because of rising consumption within Alberta and declining overall production. The anticipated recovery in US and global demand is expected to provide a lift to Alberta exports from 2010 to 2013.

CONSUMERS ALSO RECOVER IN 2010

- ◆ Despite the economic contraction, government support for the economy is expected to limit the decline in average employment between 2008 and 2009 to 15,000. The unemployment rate is forecast to increase from an average of 3.6% in 2008 to 5.8% in 2009.
- ◆ Higher unemployment and declines in asset values are expected to keep housing starts and retail sales weak in 2009. Even so, consumers in Alberta are likely to weather this downturn better than their counterparts in the rest of Canada as Albertans have the highest per capita incomes among the provinces. Housing starts are forecast to recover over the medium term supported by improved affordability and stronger economic activity.
- ◆ Employment is forecast to recover moderately in 2010, but the unemployment rate is expected to increase to 6.5% due to continued growth in the labour force. With the economic recovery gaining momentum, employment is projected to record solid growth between 2011 and 2013. The unemployment rate is forecast to fall to 4.6% by 2013. Improving labour market conditions are expected to lift real consumer spending to a sustainable pace of over 3% in the medium term.

INFLATION AND COST PRESSURES TO EASE

- ◆ Sharp declines in commodity prices, moderating shelter costs and the global recession have significantly lowered Alberta's inflation rate. Alberta's CPI inflation rate is expected to average 1% in 2009 and to remain around the Bank of Canada's target of 2% over the remainder of the forecast period.
- ◆ With labour market shortages easing and inflation falling, wage pressures are likely to subside, improving the competitive position of the Alberta economy. Moreover, the global economic recession and credit crisis have lowered prices of many construction materials, such as copper, steel and aluminum. Hence, construction costs are expected to fall in 2009 and remain moderate over the forecast period.

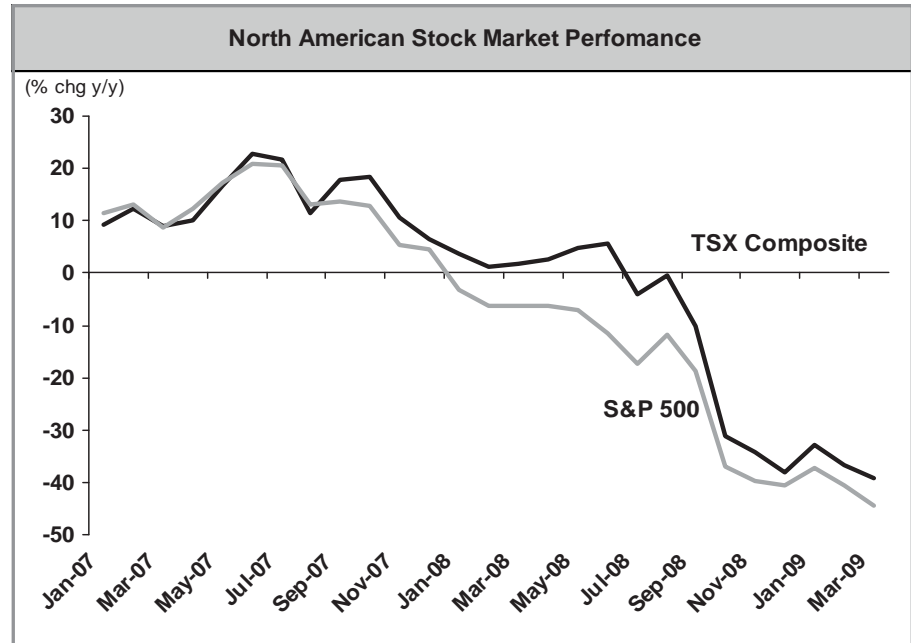
ALBERTA ECONOMIC GROWTH RETURNS TO A SUSTAINABLE PACE

- ◆ The Alberta economy is entering its first recession after more than 20 years of uninterrupted growth. With improvements in global economic conditions and financial markets, consumer and investor confidence is expected to improve and support a modest recovery in economic growth to 1.8% in 2010. Higher consumer and business expenditures are projected to boost employment and incomes in Alberta over the medium term. With cost pressures abating and commodity prices improving, Alberta's economic growth is expected to average 3.1% over the 2011 to 2013 period.

Global Financial Crisis Deepens

“The collapse of the global credit boom”, as described by the US Federal Reserve Chairman, Ben Bernanke, brought about the failure or near-failure of several major financial institutions in the United States and Europe. Investor confidence has been severely affected and global equity prices plummeted in mid-September as credit markets seized up.

Since the beginning of 2008, Canada’s TSX composite has lost nearly 40%, while the S&P 500 in the United States has dropped almost 50%.

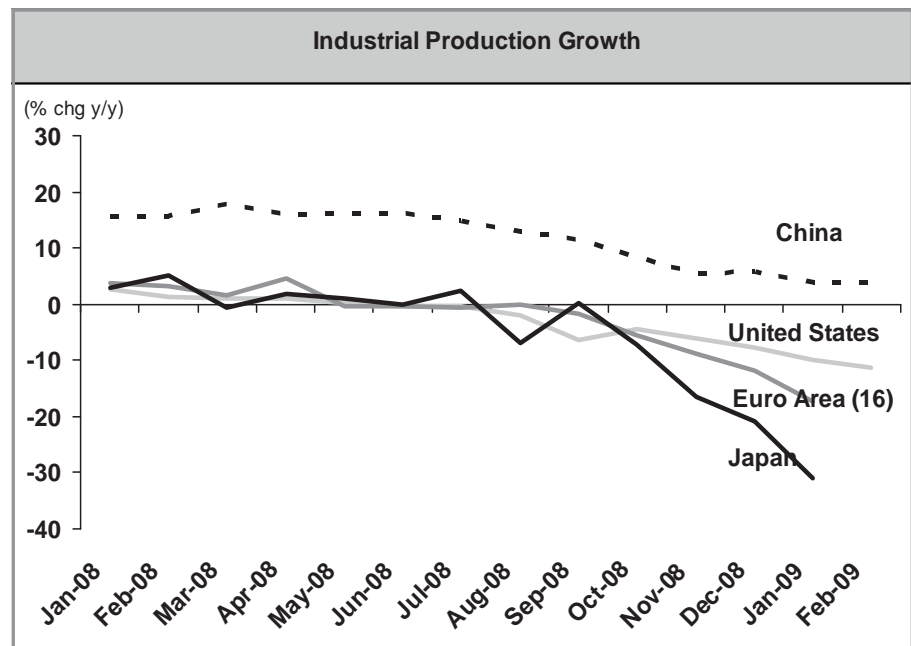


Source: Yahoo Finance. Data as of March 20, 2009.

Industrial Production Falls

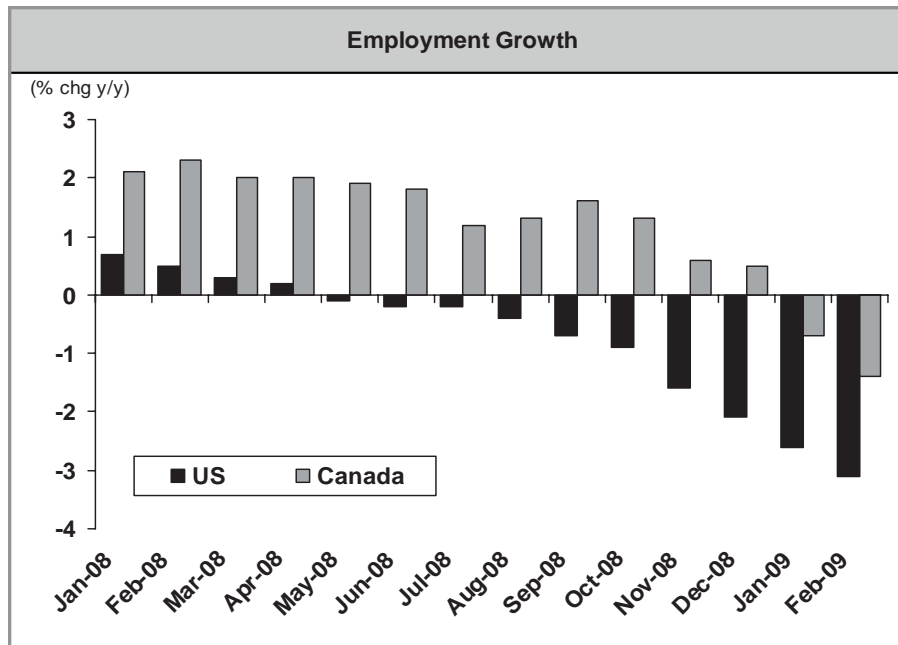
The deepening global financial crisis has spilled over into the real economy. Companies are dramatically cutting back production as a result of declining demand for almost everything from cars to toys.

Export-dependent economies have fared particularly poorly. In January 2009, total industrial production dropped by 31.0% in Japan, compared to the same period a year earlier; in China, growth in industrial production dropped to 3.8%, a sharp decline from the annual growth of 18.5% recorded in 2007.



Sources: US Federal Reserve Board, European Central Bank, Ministry of Economy, Trade and Industry (Japan) and National Bureau of Statistics of China.

North American Job Losses Accelerate



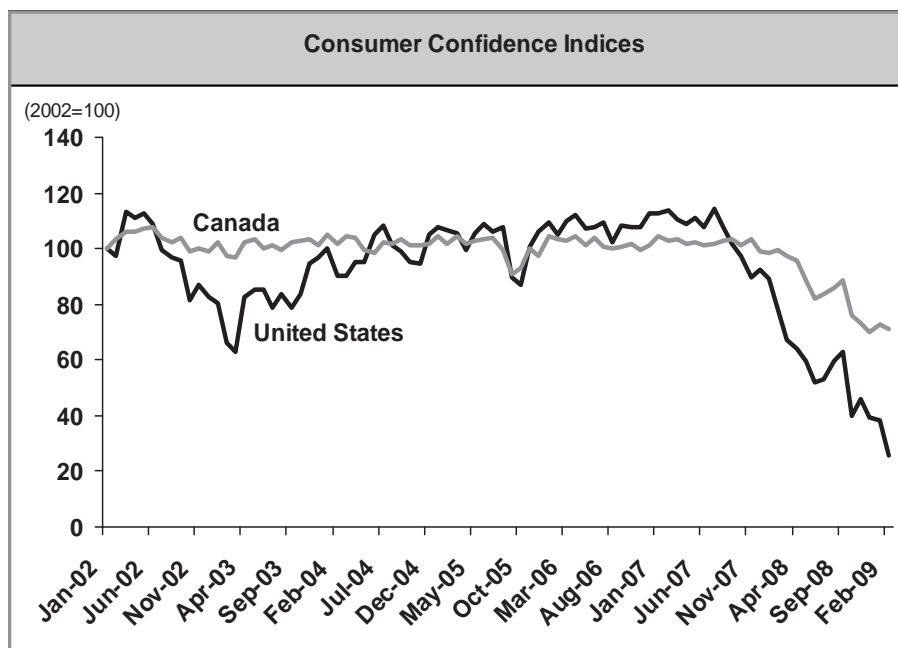
Sources: Statistics Canada and US Bureau of Labor Statistics.

Although the US officially entered a recession in December 2007, almost 60% of the 4.4 million job losses have occurred in the last four months.

The deepening US recession has now affected Canada. In January 2009, Canadian employment experienced its first year-over-year decline in nearly 16 years.

Canada's economy contracted by an annualized 3.4% in the last quarter of 2008, while the US economy contracted by 6.2%.

Consumers Lose Confidence



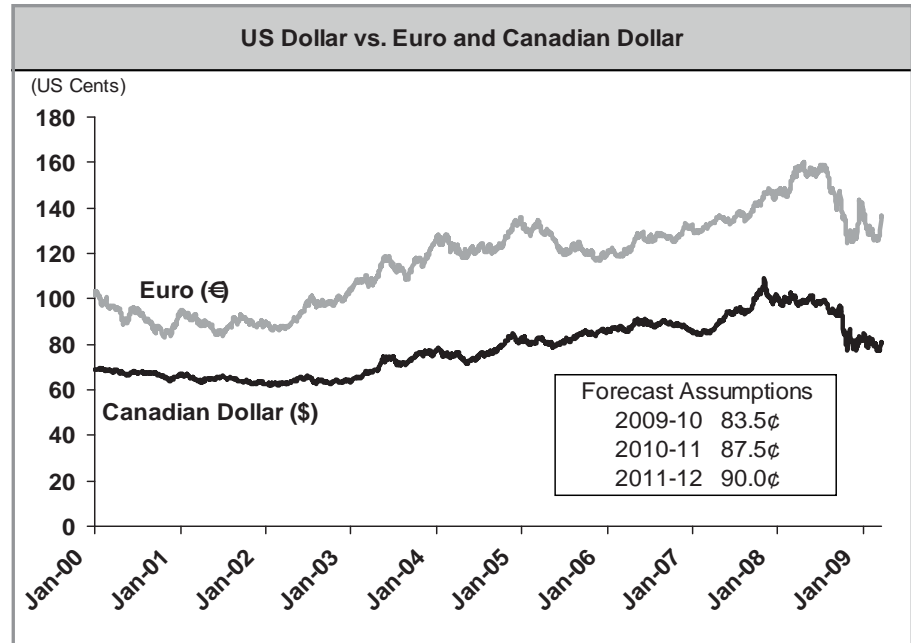
Sources: The Conference Board (US) and The Conference Board of Canada.

Falling employment and the collapse in the US housing market have driven consumer confidence to an all time low in the United States. Worsening global economic and credit conditions have also hurt confidence in Canada. Canadian consumer confidence has retreated to its 1982 recession level, weighing heavily on consumer spending. The Canadian housing market and retail sales have weakened sharply since late 2008.

Currencies Slump Against US Dollar

Most currencies have weakened against the US dollar since mid-2008, reversing a long-standing trend. The Canadian dollar has dropped from near par in early August to around 80 US cents as the US dollar picked up strength due to the repatriation of profits, liquidation of overseas assets and the global flight to safety.

The Canadian dollar is expected to appreciate over the medium term as the global economy and energy markets recover and as the US dollar weakens in response to rising deficits.

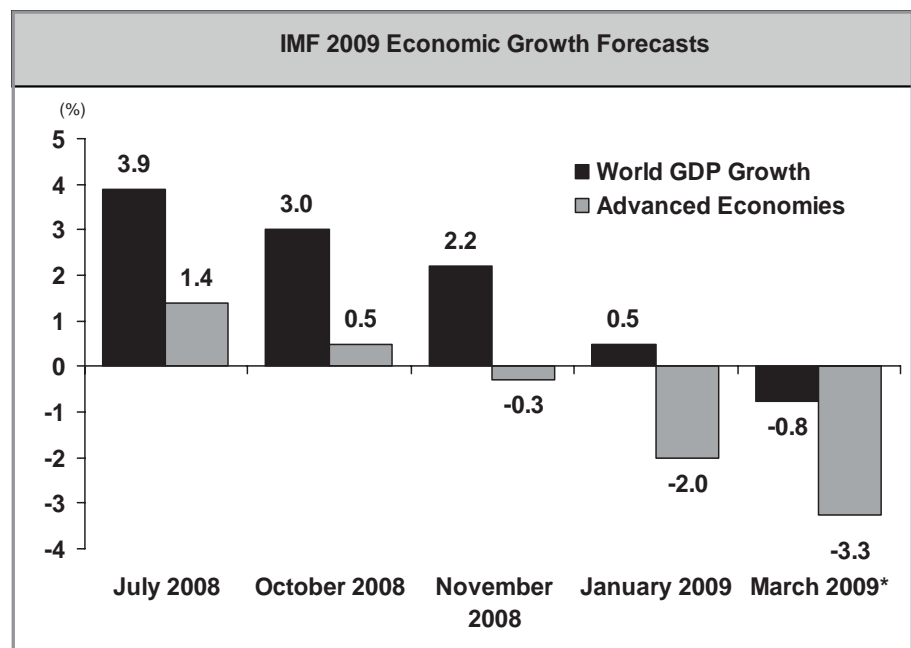


Sources: Bank of Canada, US Federal Reserve Board and Alberta Finance and Enterprise.

Global growth prospects have deteriorated sharply since the fall of 2008. As an example, the International Monetary Fund (IMF) has downgraded its 2009 world economic growth outlook four times since last summer; the IMF now expects that the advanced economies will contract by 3.0–3.5% in 2009, the first such contraction in post-war history.

The Alberta government expects the US economy to contract by 3% in 2009, Japan by 6%, Europe by 3% and Canada by 2%.

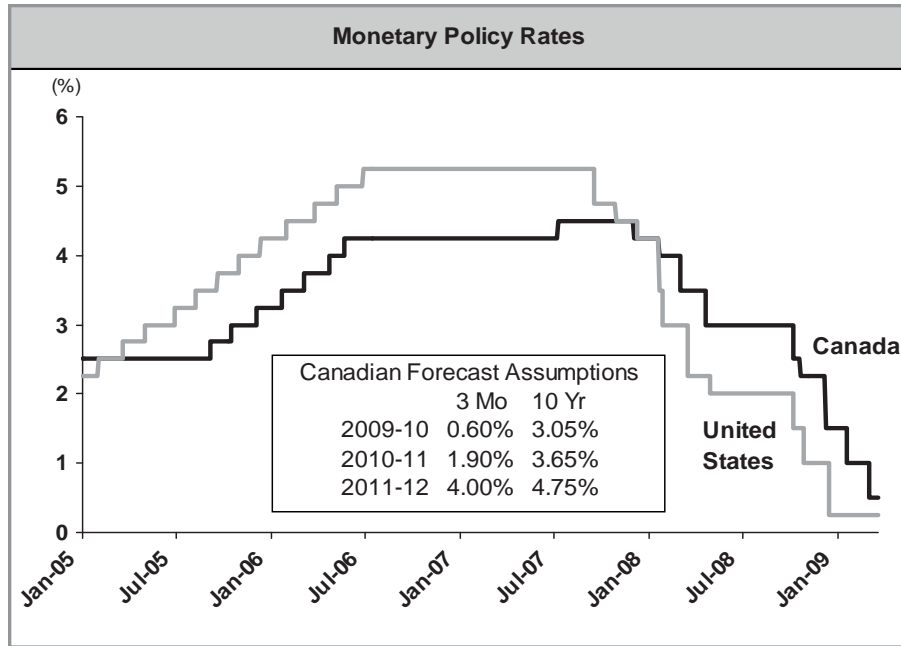
Global Growth Prospects Deteriorating



Source: International Monetary Fund.

* IMF forecasts advanced economies to contract by 3.0-3.5% and the world to contract by 0.5-1.0%.

Unprecedented Monetary Easing

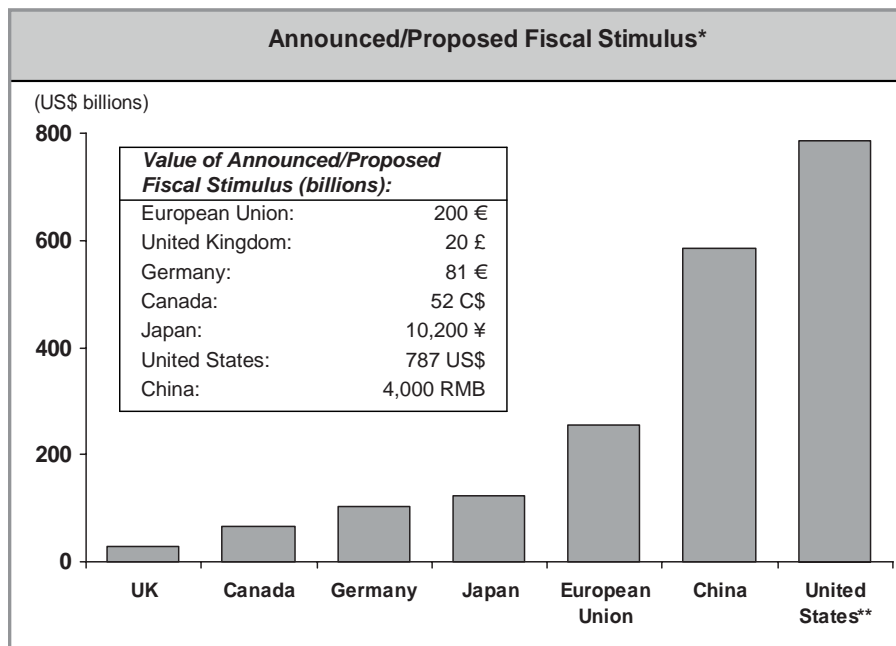


Sources: Bank of Canada, US Federal Reserve Board and Alberta Finance and Enterprise.

Central banks and government authorities in major developed countries have taken extraordinary measures to stabilize financial markets and to cushion the impact of the economic downturn. In addition to massive injections of liquidity into financial institutions, central banks have aggressively slashed key policy rates to historical lows.

Interest rates are expected to remain low in 2009, but to rise gradually in 2010 as the global economy recovers.

Massive Fiscal Stimulus



* All figures have been converted to US dollars with the closing exchange rates on March 10, 2009.

** This excludes the \$150 billion stimulus package passed by the Bush Administration.

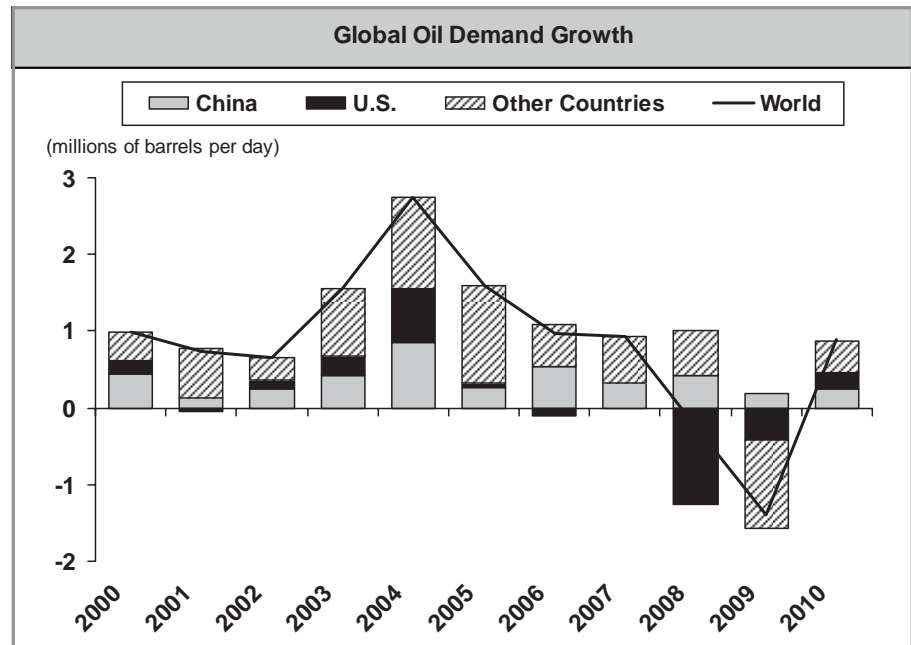
Sources: Various Government Authorities.

Since the fall of 2008, governments around the world have also introduced substantial fiscal stimulus packages to support economic activity. The IMF estimates that this still falls short of their recommendation for a stimulus equal to 2% of world GDP, particularly in 2010.

Once financial markets are stabilized, this fiscal stimulus and low interest rates are expected to lead to a modest recovery in global economic growth to around 2% in 2010. Economic growth is expected to strengthen to 1.5% in the US and 2.7% in Canada in 2010.

Recovery in Global Oil Demand

Rapid growth and rising consumption in major emerging markets like China were key factors driving up world oil prices in recent years. Moderating growth in emerging markets is not expected to offset a sharp fall in OECD demand in 2009. With the global recession intensifying, the US Energy Information Administration is projecting global oil consumption to fall by nearly 1.4 million barrels per day in 2009 and then rise in 2010 when the global economy recovers.

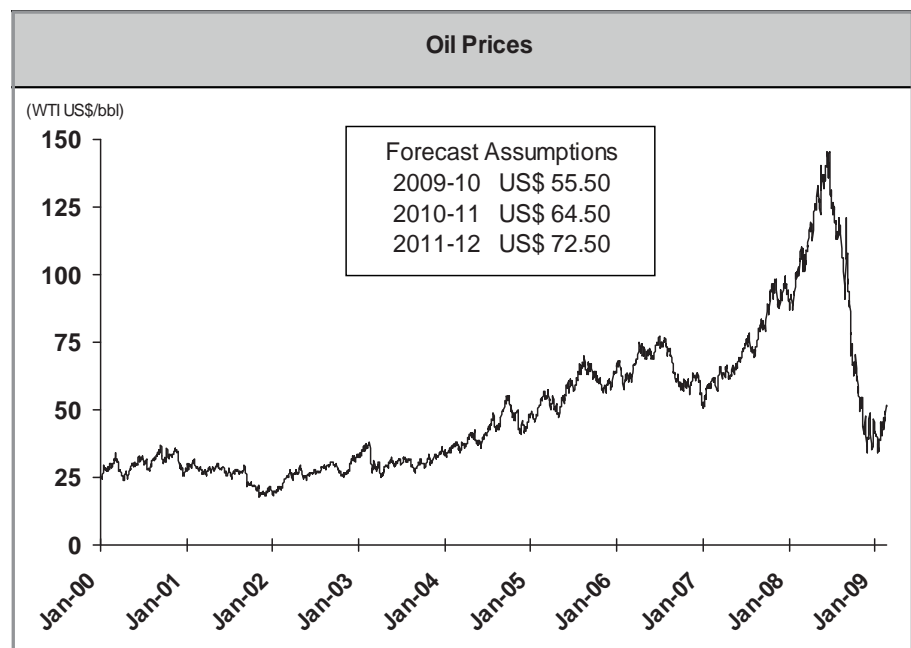


Source: US Energy Information Administration.

Strengthening Oil Prices

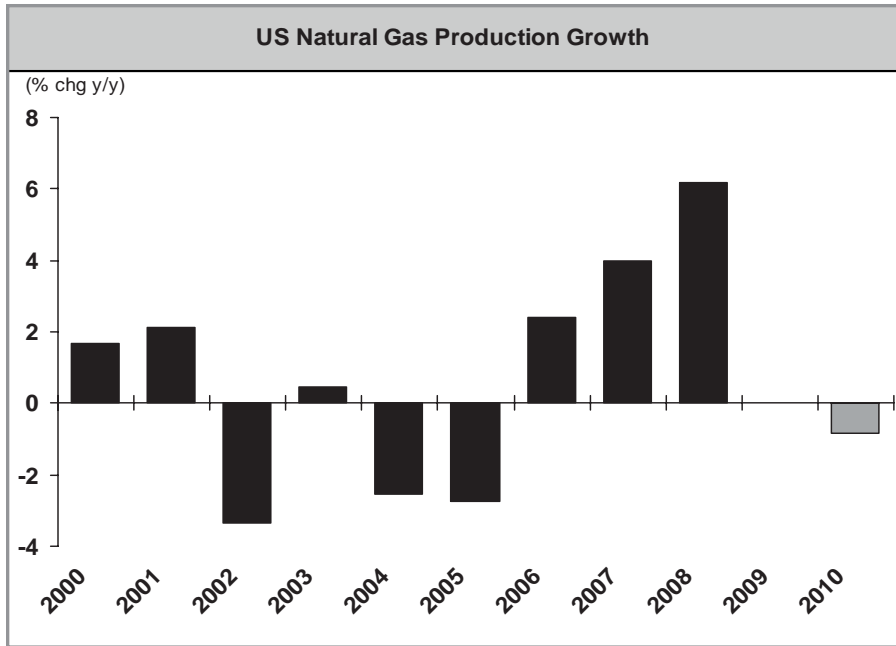
The sharp drop in world oil prices since the summer of 2008 has been a response to the global recession. OPEC has reduced output in an attempt to contain falling prices in the short term.

Lower supplies and a recovering global economy should provide some support to oil prices in 2010 and beyond. Prices are forecast to rise from US\$55.50/bbl in 2009-10 to US\$72.50/bbl by 2011-12.



Source: Alberta Energy.

Rising US Natural Gas Supplies

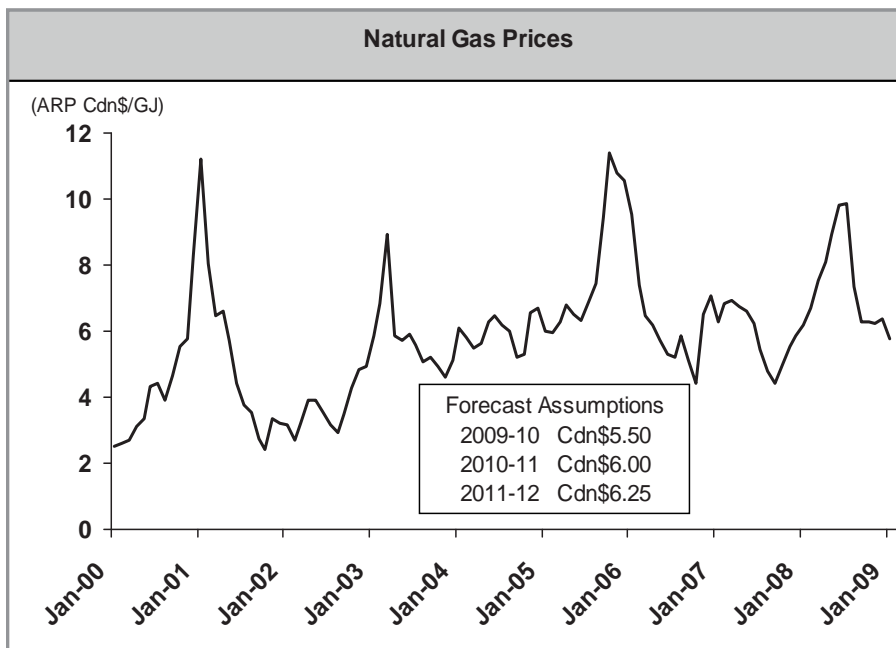


Source: US Energy Information Administration.

Higher prices and technological advancements in shale gas have boosted US natural gas production over the last three years.

With US production rising and consumption falling, natural gas inventories are up sharply, creating extreme downward pressure on prices.

Restrained Natural Gas Prices



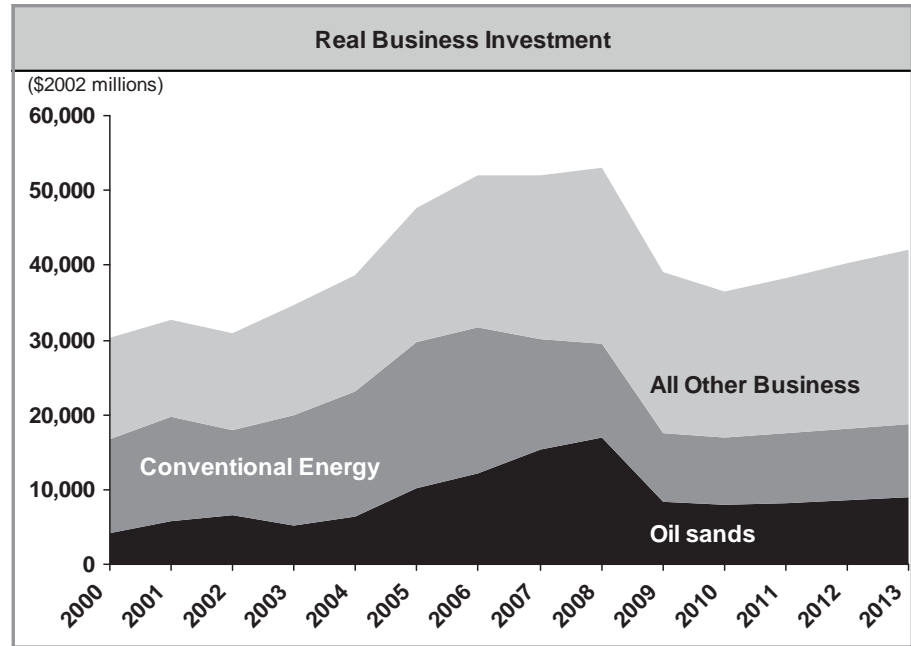
Source: Alberta Energy.

The Alberta Reference Price, which peaked at Cdn\$9.84 per gigajoule in July 2008, fell to Cdn\$5.77 per gigajoule in January 2009.

Natural gas prices are expected to average Cdn\$5.50/GJ in 2009-10 and to increase gradually to Cdn\$6.25/GJ by 2011-12 as the US economy recovers and natural gas consumption rises.

Business Investment to Recover in 2011

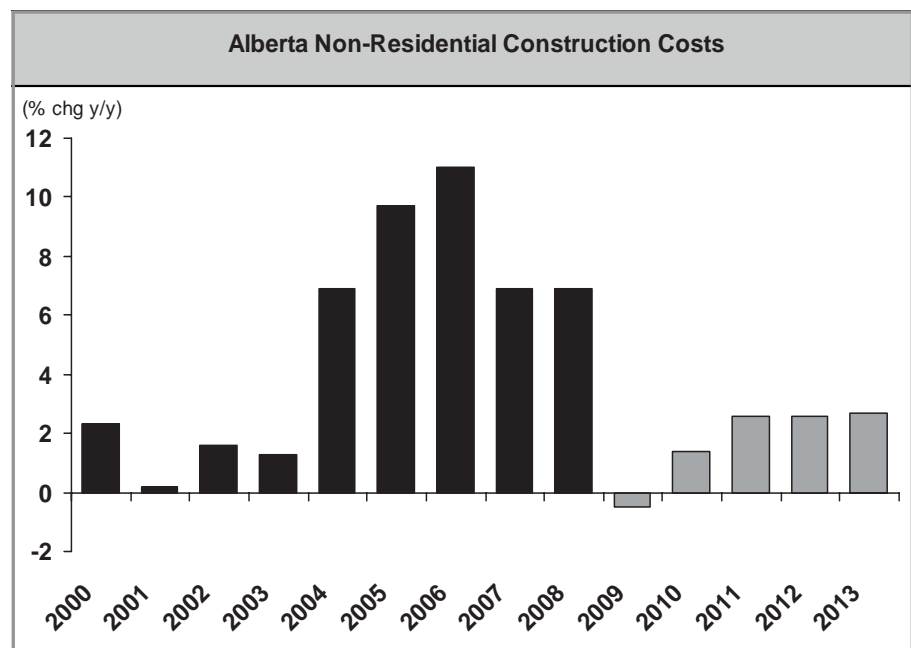
Business investment, particularly in oil sands, was a key factor driving Alberta's recent boom. Plunging oil prices and limited access to credit markets resulted in major projects being delayed in late 2008. Oil sands investment is expected to fall by a half in 2009. Although drilling activity was down 35% in the first two months of 2009 relative to last year, the government's drilling stimulus program is expected to limit the overall decline in conventional energy investment to about a quarter in 2009. Non-energy investment is also expected to weaken in response to the global recession. Total business investment is forecast to begin recovering in 2011.



Sources: Statistics Canada and Alberta Finance and Enterprise.

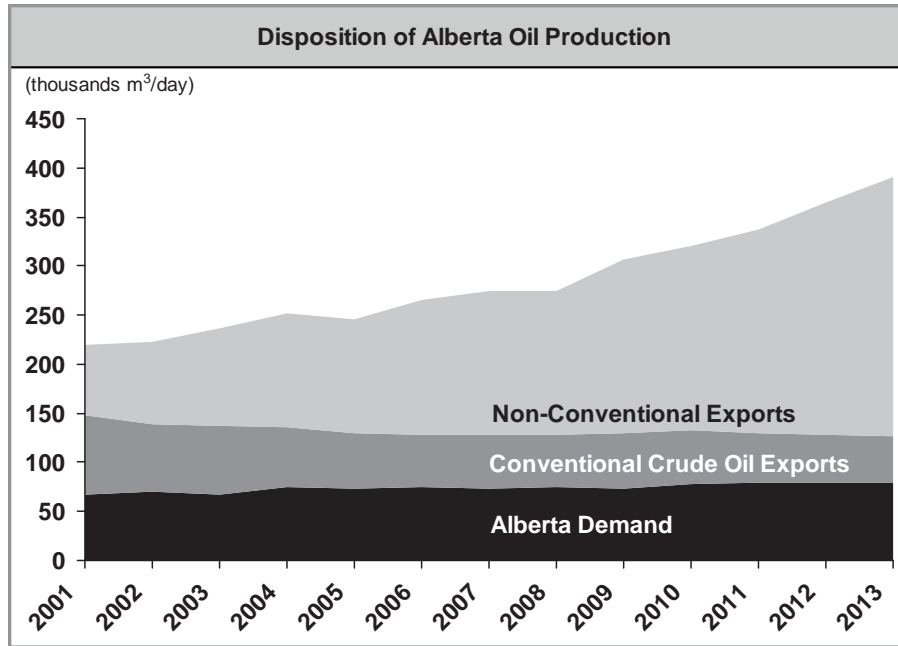
Construction Costs to Ease

The investment boom has contributed to a rapid escalation in construction costs in recent years. In the past few months, prices of steel, copper, and aluminum have declined sharply. Construction costs are expected to fall in 2009 and growth to remain restrained over the forecast horizon. This should improve investment returns for future large-scale projects and create a more sustainable pace of growth.



Sources: Statistics Canada and Alberta Finance and Enterprise.

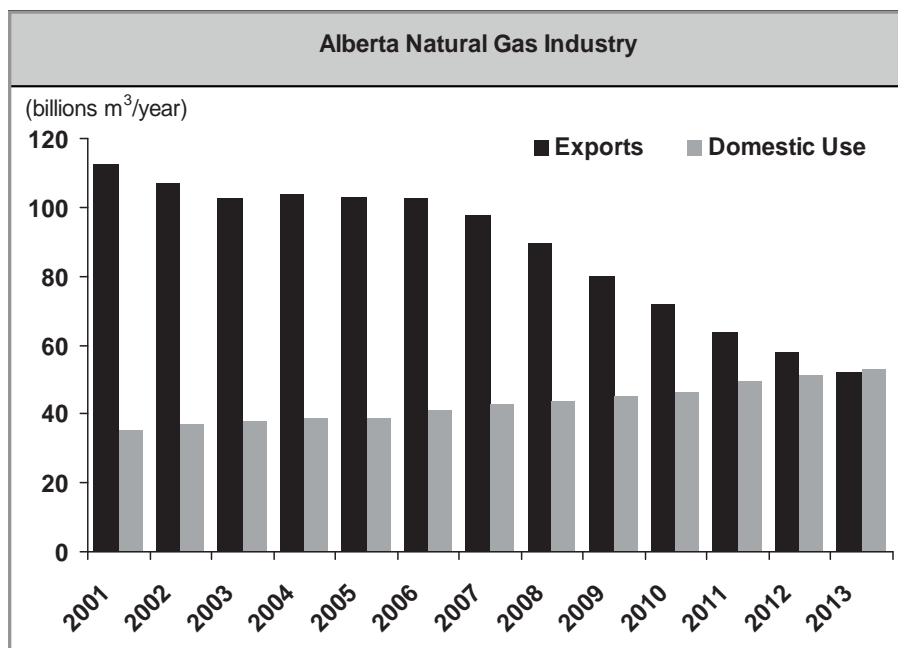
Oil Exports to Rise



Sources: Energy Resources Conservation Board and Alberta Finance and Enterprise.

Despite the sharp fall in investment, new production from recently completed projects and projects near completion will lead to higher oil sands output in 2009 and 2010. Rising output is expected to lift oil exports over the forecast period.

Natural Gas Exports to Fall



Sources: Energy Resources Conservation Board and Alberta Finance and Enterprise.

Conventional natural gas production is expected to decline by an average of 4.6% annually from 2009 to 2013.

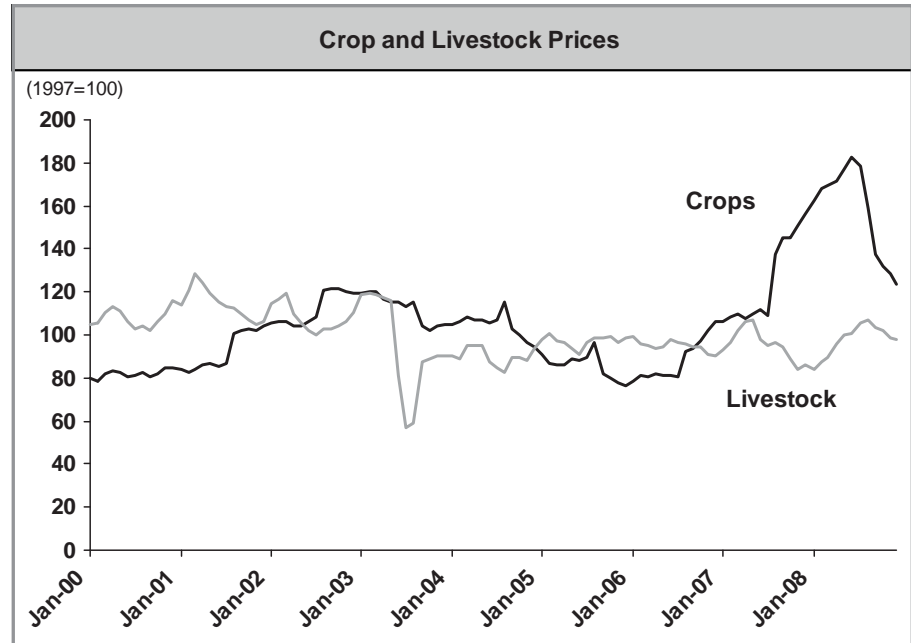
At the same time, consumption within Alberta is rising, in part because of increased use in oil sands production. As a result, natural gas exports are expected to fall significantly, dampening the growth in Alberta's total energy exports. By 2013, it is expected that about half of Alberta's gas production will be consumed domestically.

Solid Crop and Livestock Prices

Crop prices fell sharply in the second half of 2008, following eleven months of sustained increases.

Livestock prices declined as well, though not to the same extent.

The medium term outlook for agricultural prices remains relatively robust as improving living standards in emerging markets are expected to increase global demand for food products.

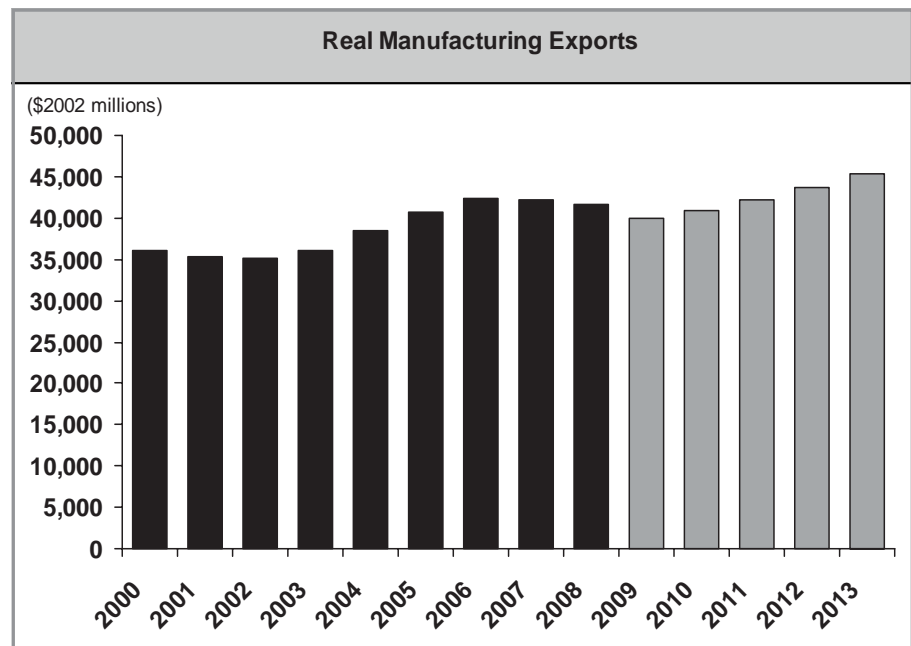


Source: Statistics Canada.

Temporary Manufacturing Slowdown

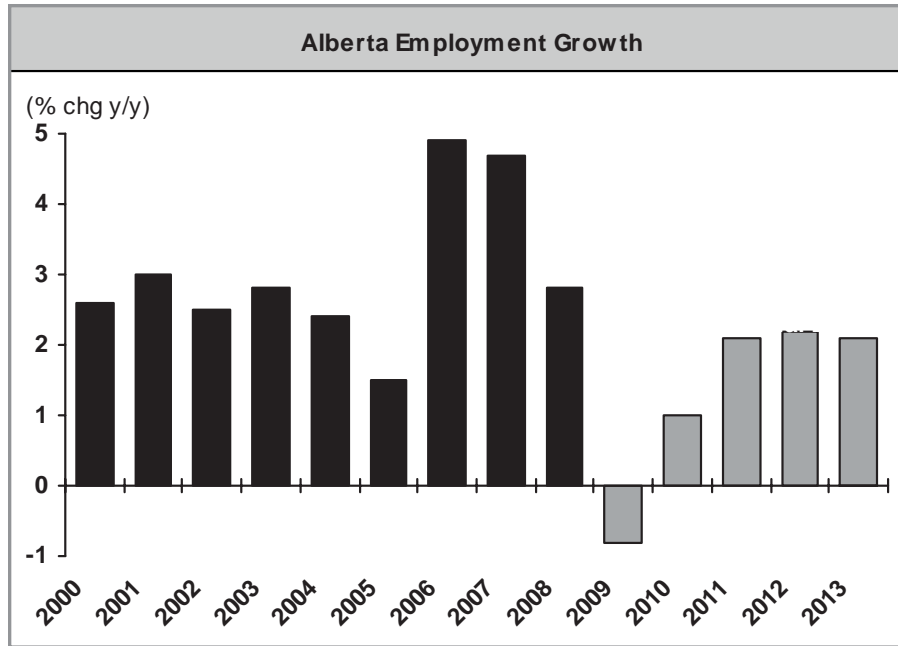
Manufacturing exports declined slightly in 2008 and are expected to weaken further in 2009. The global recession is lowering demand for petrochemicals, fabricated metals and forestry products.

After 2009, manufacturing exports are expected to increase in line with global growth.



Source: Alberta Finance and Enterprise.

Employment Growth to Recover in 2010

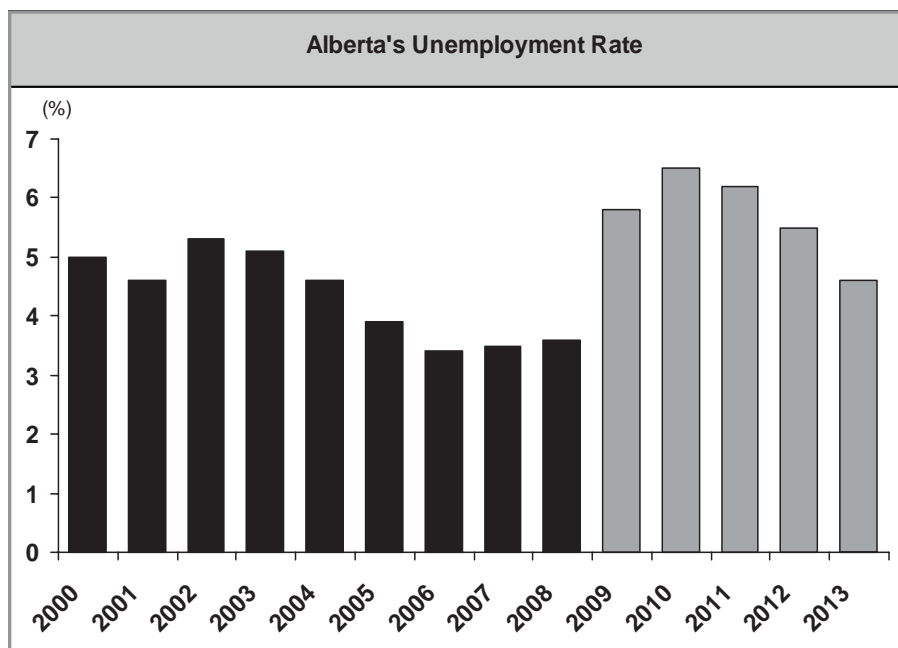


Sources: Statistics Canada and Alberta Finance and Enterprise.

Government support is expected to help moderate the decline in average employment between 2008 and 2009 to 15,000 despite the recession.

Employment growth is expected to pick up from 2010 to 2013 as business and consumer confidence rebounds and investment recovers.

Rise in Unemployment



Sources: Statistics Canada and Alberta Finance and Enterprise.

Job losses are expected to increase Alberta's unemployment rate to 5.8% in 2009. The unemployment rate is expected to peak at 6.5% in 2010 as labour force growth outpaces growth in employment.

This is still below levels prevailing in the mid-1990s.

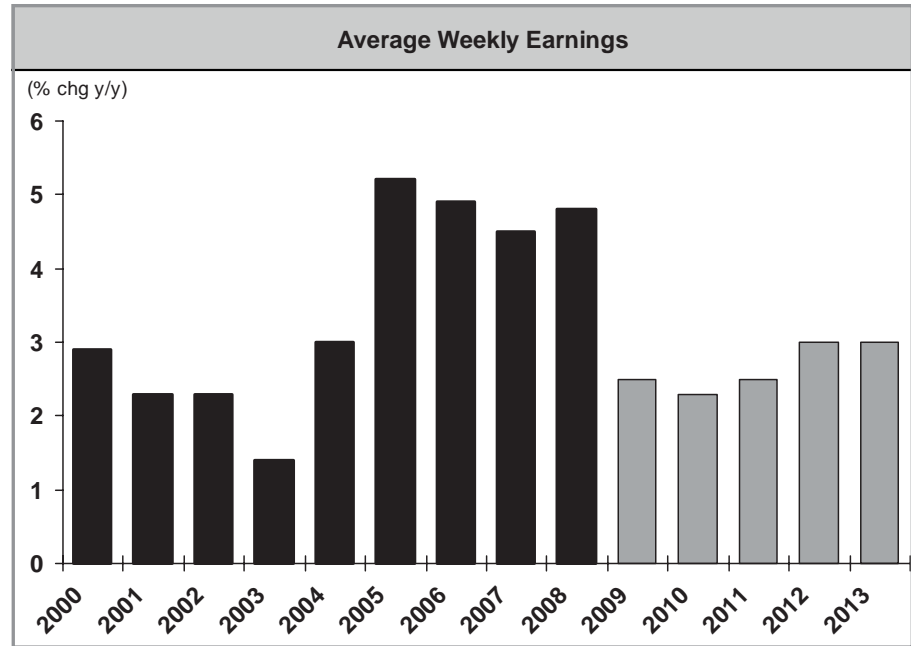
With continued growth in employment, the unemployment rate is expected to fall to 4.6% by 2013.

Wage Growth Returns to Normal

Growth in average weekly earnings is expected to ease to 2.5% in 2009.

Despite slower growth in wages, Albertans are likely to see real wage gains of over 1% as inflation subsides.

With the pick up in economic activity, wage growth is expected to average 3% over the medium term, in line with productivity growth and inflation.

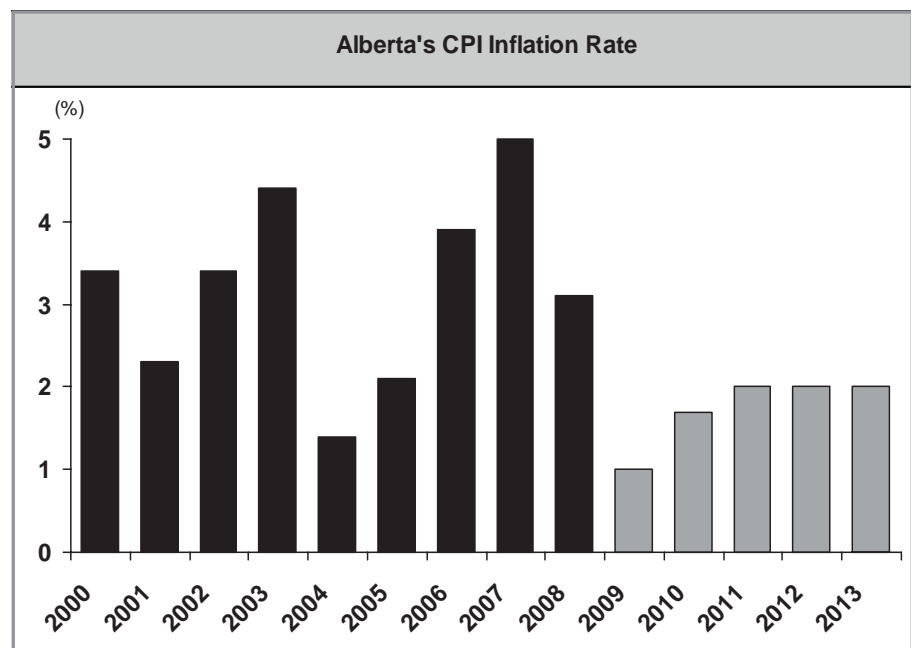


Sources: Statistics Canada and Alberta Finance and Enterprise.

Inflation to Ease

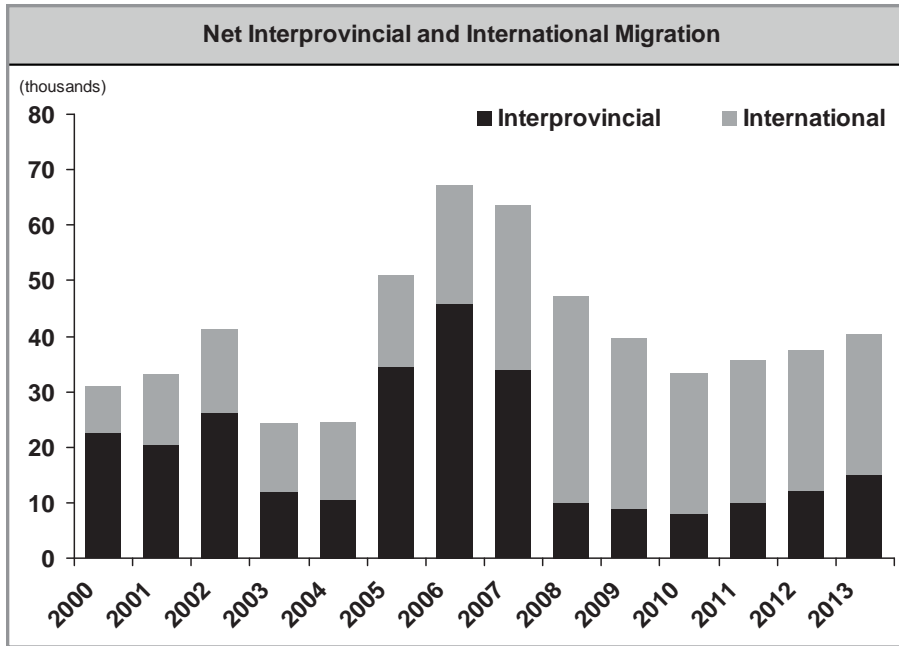
Lower energy costs and minimal gains in house prices reduced Alberta's inflation rate to 3.1% in 2008 from 5.0% in 2007.

Alberta is no longer the inflation leader among the provinces. Inflation is expected to average 1.0% in 2009 and 1.7% in 2010, before returning to its long-run expected rate of 2% in 2011.



Sources: Statistics Canada and Alberta Finance and Enterprise.

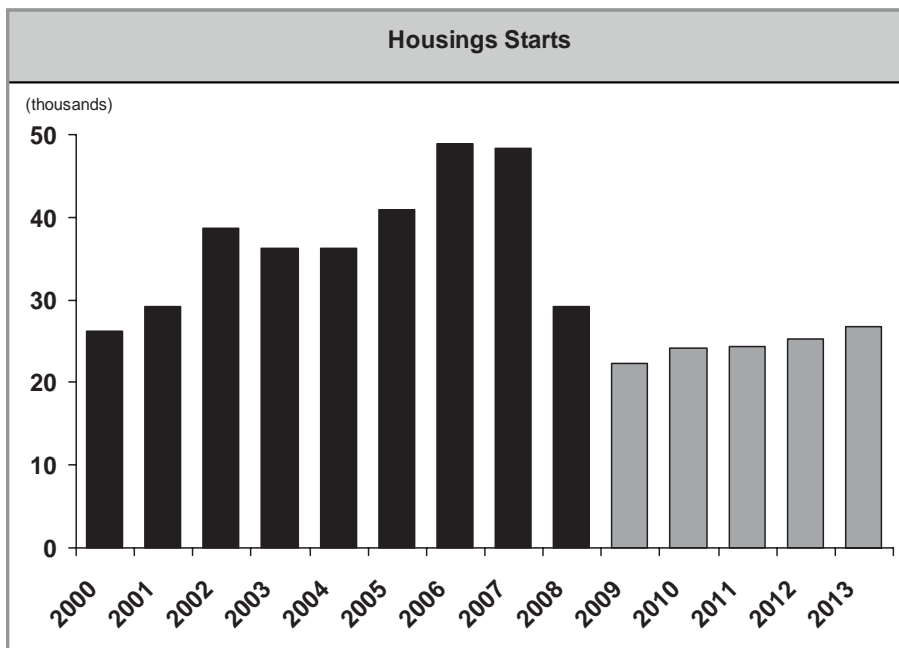
Interprovincial Migration to Recover



Sources: Statistics Canada and Alberta Finance and Enterprise.

Although international migration remained robust in 2008, it is expected to soften in 2009 and 2010. The number of interprovincial migrants fell sharply in 2008 and is expected to remain at relatively low levels in the short term. However, interprovincial migration is projected to revert to its long-run average of about 15,000 over the medium term, leading to a slight increase in overall net migration.

Housing Starts In Line with Demographics



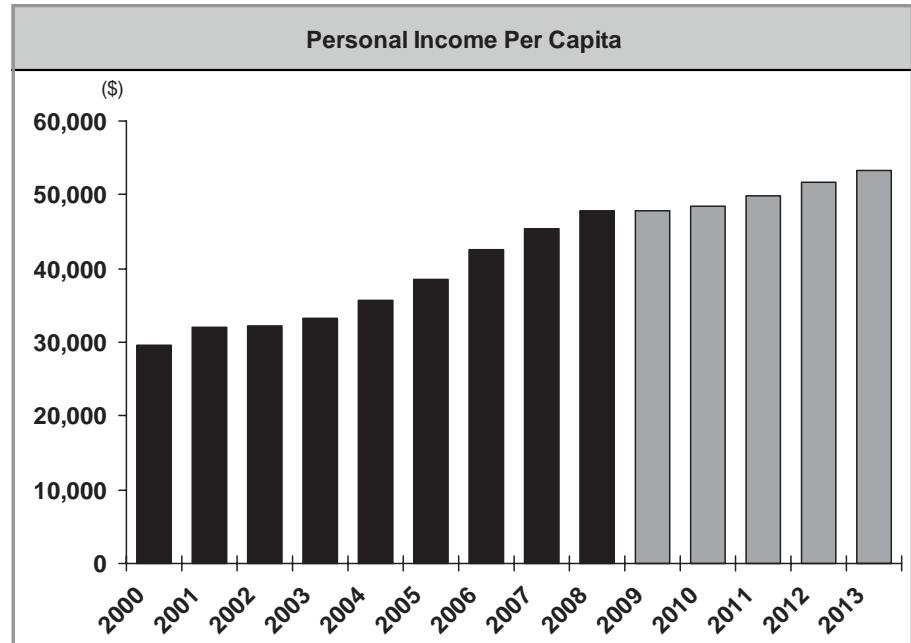
Sources: Canada Mortgage and Housing Corporation and Alberta Finance and Enterprise.

The housing market correction that began in late 2007 is likely to continue through 2009. The number of housing starts will fall further in response to fewer migrants coming to Alberta and widespread weakness in consumer confidence.

Over the medium term, housing starts are expected to stabilize in line with demographic requirements.

Personal Income to Remain Flat until 2011

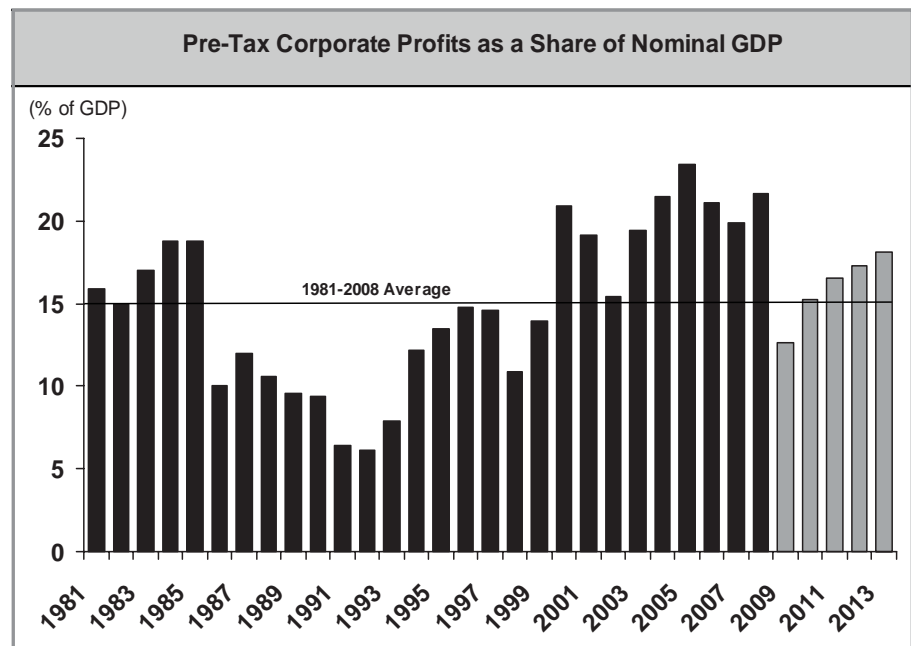
Personal incomes have risen rapidly in recent years, but growth in per capita personal income will be minimal in 2009 and 2010 due to more modest wage growth and lower investment income. Income growth is expected to strengthen in 2011, as the economic recovery in Alberta takes hold. Albertans continue to have the highest per capita personal income among the provinces.



Sources: Statistics Canada and Alberta Finance and Enterprise.

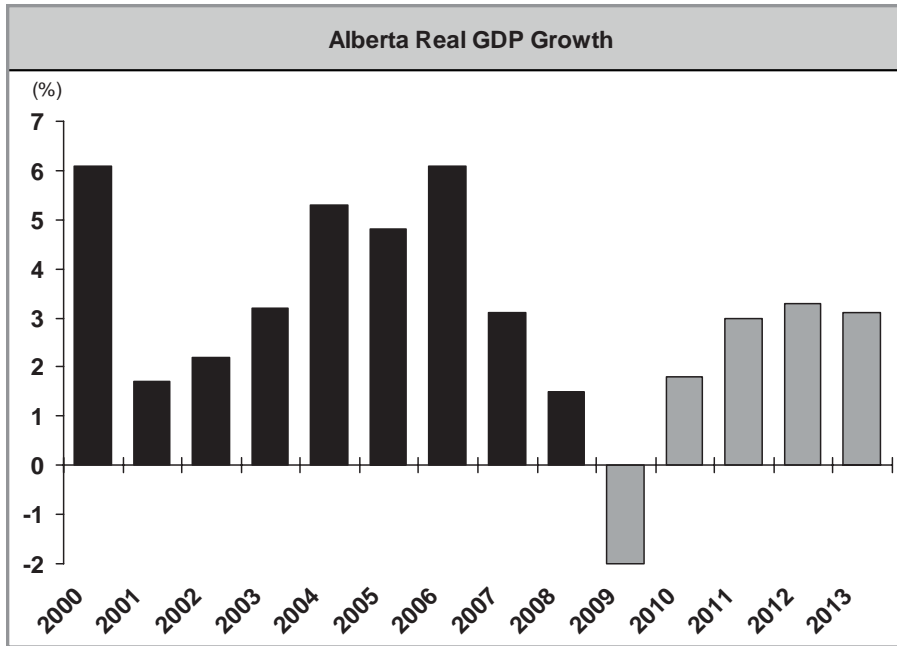
Corporate Profits to Recover in 2010

In recent years, corporate profits have been high by historical standards, typically exceeding 20% of nominal GDP. In 2009, corporate profits are projected to fall in response to the weak global economy and low oil prices. A recovering Alberta economy and rising energy prices are expected to lift corporate profits in later years.



Sources: Statistics Canada and Alberta Finance and Enterprise.

Alberta's Economy to Recover in 2010



Sources: Statistics Canada and Alberta Finance and Enterprise.

During the boom between 2004 and 2006, Alberta's real economic growth averaged 5.4%, an unsustainable pace. Alberta is now facing its first recession since 1986, with the economy forecast to contract by 2.0% in 2009.

The Alberta economy is expected to post a modest recovery in 2010 with growth of 1.8%.

Stronger exports, rising business investment and consumer spending will support growth during the forecast period. Economic growth is projected to average 3.1% during the 2011-2013 period.

ANNEX RISKS, SENSITIVITIES AND BENCHMARKING

RISKS TO THE ECONOMIC OUTLOOK

PROLONGED GLOBAL RECESSION

- ✧ The timing and strength of the global economic recovery remain highly uncertain. A deeper and protracted downturn in credit markets may prolong the current global downturn to 2010 or 2011. This could happen if the US stimulus package fails to work and/or monetary policy is ineffective. Under this scenario, the downturn in Alberta could be protracted.
- ✧ The global recovery could be threatened if countries become more protectionist, dampening global trade and worsening the downturn. This could keep oil and gas prices low, which could threaten a recovery in Alberta's investment over the medium term.

US DOLLAR INSTABILITY

- ✧ A sustained and broad-based weakening of the US dollar because of worsening economic and fiscal fundamentals could destabilize financial and currency markets. Volatile financial and currency markets could choke global growth and lower energy prices. This could make the recovery in Alberta short lived.

A MORE RAPID RECOVERY

- ✧ There is a low probability that the recovery in the US and other major economies could be stronger than expected, causing consumer and business confidence to bounce back more quickly. In this scenario, business and consumer expenditures could rebound quickly, leading to a milder downturn and a more rapid recovery in economic activity and energy prices. In this case, economic growth and inflation in Alberta could be stronger than projected.

Sensitivities to Fiscal Year Assumptions, 2009-10^a

(millions of dollars)

	Change	Net Impact (2009-10)
Oil Price (WTI US\$/bbl)	-\$1.00	-143
Natural Gas Price (Cdn\$/GJ)	-10 Cents	-126
Exchange Rate (US¢/Cdn\$)	+ 1 Cent	-221
Interest Rates	+1%	-212
Equity Market Value	-1%	-69
Personal Income	-1%	-127
Corporate Taxable Income	-1%	-16

^a Sensitivities are based on current assumptions of prices and rates and show the effect for a full 12 month period. Sensitivities can vary significantly at different price and rate levels. The energy price sensitivities do not include the potential impact of price changes on the revenue from land sales. The interest rate sensitivity has two components, an increase in cash interest income and a capital loss. When interest rates rise, bond prices go down, causing a capital loss.

Oil Price Benchmark

West Texas Intermediate (US\$/bbl)

Organization	2009	2010	2011	2012	2013
National Forecasting Agencies					
Conference Board of Canada (Feb/09)	46.17	53.28	62.09	71.17	79.05
Global Insight (Jan/09)	34.25	51.25	77.38	86.75	92.75
Centre for Spatial Economics (Jan/09)	45.00	55.00	75.00	90.00	96.50
Banks and Investment Dealers					
BMO Capital Markets (Jan/09)	45.00	65.00	n/a	n/a	n/a
Credit Suisse (Feb/09)	60.00	80.00	100.00	100.00	100.00
CIBC World Markets (Jan/09)	50.00	83.75	n/a	n/a	n/a
Goldman Sachs (Jan/09)	45.00	70.00	90.00	105.00	85.00
JP Morgan (Feb/09)	43.25	55.00	n/a	n/a	n/a
National Bank Financial Equity Research (Feb/09)	50.00	60.00	70.00	80.00	80.00
Peters & Co Limited (Feb/09)	47.55	55.60	63.79	63.79	63.79
RBC Capital Markets (Jan/09)	52.62	62.85	67.49	69.80	71.60
Scotiabank (Mar/09)	48.00	65.00	n/a	n/a	n/a
Toronto Dominion Bank (Dec/08)	36.25	66.25	n/a	n/a	n/a
Industry Analysts					
Canadian Energy Research Institute (Feb/09)	44.25	43.00	n/a	n/a	n/a
U.S. Energy Information Administration (Mar/09)	42.06	53.17	n/a	n/a	n/a
GLJ Petroleum Consultants (Jan/09)	57.50	68.00	74.00	85.00	92.01
Sproule Associates Limited (Feb/09)	48.66	56.76	61.55	76.89	81.18
Confidential Forecasts Provided to Alberta Energy^a					
Average	51.76	65.84	75.61	78.88	81.31
High	76.00	87.00	100.00	105.00	100.00
Low	34.25	43.00	48.25	49.46	48.22
Average of All Private Forecasts	48.52	62.83	74.62	81.52	83.23
Alberta Government (calendar year)	50.81	62.72	70.76	75.13	79.06

^a The Alberta Department of Energy also surveys, on a confidential basis, private sector forecasts from PIRA, KBC, Petral, Purvin & Gertz, CERA, Tristone, CGES, Wood Mackenzie and Ross Smith Energy. The annual figures presented here are the average forecast prices from these sources.

Includes forecasts finalized on or before March 10, 2009.

How Oil Price Forecasters Did in Budget 2008

West Texas Intermediate (US\$/bbl)

Organization	How did they do in Budget 2008?
National Forecasting Agencies (3)	90.42
Investment Dealers (6)	92.22
Industry Analysts (4)	90.24
Confidential Forecasts (8)	85.30
Average	88.95
Alberta Government (calendar year)	81.84
Actual	99.65

Both the Government of Alberta and the private sector substantially underestimated oil prices for 2008.

Sources: Alberta Finance and Enterprise and Alberta Energy.

Natural Gas Price Benchmark

Henry Hub (US\$/MMBTU)^a

Organization	2009	2010	2011	2012	2013
National Forecasting Agencies					
Conference Board of Canada (Feb/09)	5.78	6.63	8.27	9.93	10.74
Global Insight (Jan/09)	5.83	7.06	7.86	8.15	9.05
Centre for Spatial Economics (Jan/09)	5.80	6.50	6.50	6.90	7.00
Banks and Investment Dealers					
BMO Capital Markets (Jan/09)	5.50	6.75	n/a	n/a	n/a
Credit Suisse (Jan/09)	6.50	8.00	8.50	8.50	8.50
CIBC World Markets (Jan/09)	5.28	8.00	n/a	n/a	n/a
JP Morgan (Feb/09)	5.16	6.63	n/a	n/a	n/a
National Bank Financial Equity Research (Feb/09)	5.00	6.00	7.00	7.50	7.50
Peters & Co Limited (Feb/09)	4.74	6.08	6.86	6.86	6.86
RBC Capital Markets (Jan/09)	6.38	7.49	7.68	7.64	7.58
Scotiabank (Mar/09)	5.00	6.65	n/a	n/a	n/a
Toronto Dominion Bank (Dec/08)	5.73	6.63	n/a	n/a	n/a
Industry Analysts					
U.S. Energy Information Administration (Mar/09)	4.67	5.87	n/a	n/a	n/a
GLJ Petroleum Consultant (Jan/09)	7.00	7.50	8.00	8.75	9.20
Sproule Associates Limited (Feb/09)	4.94	6.36	7.01	7.92	8.12
Confidential Forecasts Provided to Alberta Energy^b					
Average	4.85	5.73	6.52	6.76	6.91
High	7.00	8.00	8.50	9.93	10.74
Low	4.08	4.91	5.69	6.02	6.07
Average of All Private Forecasts	5.38	6.63	7.27	7.70	7.94
Alberta Government (calendar year)	5.34	6.41	6.78	7.13	7.49

^a The natural gas price is the US price of gas at Henry Hub Louisiana, as this is the benchmark for natural gas prices in the rest of North America. The Alberta Government forecast in the table above is the Alberta Reference Price (used in natural gas royalty calculations) adjusted for the exchange rate and transportation costs to be equivalent to the price of Alberta natural gas at Henry Hub Louisiana.

^b The Alberta Department of Energy also surveys, on a confidential basis, private sector forecasts from PIRA, Petral, RSEG, CERA and Wood MacKenzie. The annual figures presented here are the average forecast prices from these sources.

Includes forecasts finalized on or before March 10, 2009.

How Natural Gas Price Forecasters Did in Budget 2008

Henry Hub (US\$/MMBTU)

Both the Government of Alberta and the private sector substantially underestimated natural gas prices for 2008.

Organization	How did they do in Budget 2008?
National Forecasting Agencies (2)	7.81
Investment Dealers (3)	9.15
Industry Analysts (3)	8.09
Confidential Forecasts (5)	8.37
Average	8.40
Alberta Government (calendar year)	8.17
Actual	9.03

Sources: Alberta Finance and Enterprise and Alberta Energy.

Alberta Real Gross Domestic Product Benchmark

(per cent change)

Organization	2009	2010	2011	2012	2013
National Forecasting Agencies					
Conference Board of Canada (Feb/09)	-0.5	4.0	4.9	4.8	3.6
Global Insight (Jan/09)	-1.1	3.0	4.6	3.9	3.5
Centre for Spatial Economics (Jan/09)	-0.3	1.4	2.2	2.6	3.1
Banks					
BMO Capital Markets (Mar/09)	-2.5	1.5	n/a	n/a	n/a
CIBC World Markets (Feb/09)	-1.0	2.3	n/a	n/a	n/a
RBC Royal Bank (Mar/09)	-2.3	2.7	n/a	n/a	n/a
Scotiabank (Mar/09)	-2.3	1.7	n/a	n/a	n/a
Toronto Dominion Bank (Dec/08)	-1.8	1.8	n/a	n/a	n/a
Other					
Canada Mortgage and Housing Corporation (Feb/09)	-0.7	2.0	n/a	n/a	n/a
High	-0.3	4.0	4.9	4.8	3.6
Low	-2.5	1.4	2.2	2.6	3.1
Average of All Private Forecasts	-1.4	2.3	3.9	3.8	3.4
Alberta Government (calendar year)	-2.0	1.8	3.0	3.3	3.1

Includes forecasts finalized on or before March 10, 2009.

Canada/United States Exchange Rate Benchmark

(US¢/Cdn\$)

Organization	2009	2010	2011	2012	2013
National Forecasting Agencies					
Conference Board of Canada (Feb/09)	83.4	85.5	87.4	88.5	88.8
Global Insight (Jan/09)	80.9	88.2	94.3	96.2	96.5
Centre for Spatial Economics (Jan/09)	85.1	86.7	87.6	87.5	87.8
Banks					
BMO Capital Markets (Mar/09)	80.2	85.3	n/a	n/a	n/a
CIBC World Markets (Mar/09)	80.1	n/a	n/a	n/a	n/a
RBC Royal Bank (Mar/09)	80.0	87.0	n/a	n/a	n/a
Scotiabank (Mar/09)	76.8	84.0	n/a	n/a	n/a
Toronto Dominion Bank (Mar/09)	83.0	88.0	n/a	n/a	n/a
Laurentian Bank (Mar/09)	81.5	n/a	n/a	n/a	n/a
High	85.1	88.2	94.3	96.2	96.5
Low	76.8	84.0	87.4	87.5	87.8
Average of All Private Forecasts	81.2	86.4	89.8	90.7	91.0
Alberta Government (calendar year)	82.7	86.5	89.8	90.0	90.0

Includes forecasts finalized on or before March 10, 2009.

Canadian Short Term Interest Rate Benchmark

3-month Government of Canada Treasury Bills (per cent)

Organization	2009	2010	2011	2012	2013
National Forecasting Agencies					
Conference Board of Canada (Feb/09)	1.35	2.90	4.32	4.35	4.35
Global Insight (Jan/09)	0.61	1.06	2.29	3.37	4.31
Centre for Spatial Economics (Jan/09)	1.00	2.80	3.00	4.00	5.40
Banks					
BMO Capital Markets (Mar/09)	0.38	1.02	n/a	n/a	n/a
CIBC World Markets (Mar/09)	0.44	n/a	n/a	n/a	n/a
RBC Royal Bank (Mar/09)	1.10	2.00	n/a	n/a	n/a
Scotiabank (Mar/09)	0.29	0.64	n/a	n/a	n/a
Toronto Dominion Bank (Mar/09)	0.35	1.04	n/a	n/a	n/a
Laurentian Bank (Mar/09)	0.59	n/a	n/a	n/a	n/a
High	1.35	2.90	4.32	4.35	5.40
Low	0.29	0.64	2.29	3.37	4.31
Average of All Private Forecasts	0.68	1.64	3.20	3.91	4.69
Alberta Government (calendar year)	0.55	1.45	3.65	4.00	4.00

Includes forecasts finalized on or before March 10, 2009.

Canadian Long Term Interest Rate Benchmark

10-Year Government of Canada Bonds (per cent)

Organization	2009	2010	2011	2012	2013
National Forecasting Agencies					
Conference Board of Canada (Feb/09)	3.73	4.14	4.93	5.24	5.42
Global Insight (Jan/09)	2.48	3.51	5.01	5.59	5.59
Centre for Spatial Economics (Jan/09)	2.60	5.20	5.30	5.00	6.40
Banks					
BMO Capital Markets (Mar/09)	2.91	3.14	n/a	n/a	n/a
CIBC World Markets (Mar/09)	3.27	n/a	n/a	n/a	n/a
RBC Royal Bank (Mar/09)	2.60	3.35	n/a	n/a	n/a
Scotiabank (Mar/09)	2.50	3.30	n/a	n/a	n/a
Toronto Dominion Bank (Mar/09)	2.79	3.09	n/a	n/a	n/a
Laurentian Bank (Mar/09)	2.65	n/a	n/a	n/a	n/a
High	3.73	5.20	5.30	5.59	6.40
Low	2.48	3.09	4.93	5.00	5.42
Average of All Private Forecasts	2.84	3.68	5.08	5.28	5.80
Alberta Government (calendar year)	3.00	3.45	4.55	4.75	4.75

Includes forecasts finalized on or before March 10, 2009.

Alberta Personal Income Benchmark

(per cent change)

Organization	2009	2010	2011	2012	2013
Conference Board of Canada (Feb/09)	3.6	5.2	6.0	5.8	5.5
Global Insight (Jan/09)	2.9	3.1	5.3	5.8	5.7
Centre for Spatial Economics (Jan/09)	2.3	3.7	4.5	6.8	7.6
Toronto Dominion Bank (Feb/09)	-1.5	4.5	5.5	n/a	n/a
High	3.6	5.2	6.0	6.8	7.6
Low	-1.5	3.1	4.5	5.8	5.5
Average of All Private Forecasts	1.8	4.1	5.3	6.1	6.3
Alberta Government (calendar year)	1.8	2.8	4.6	5.5	5.2

Note: Total personal income is used as opposed to per capita personal income.
Includes forecasts finalized on or before March 10, 2009.

Alberta Corporate Profits Benchmark

(per cent change)

Organization	2009	2010	2011	2012	2013
Conference Board of Canada (Feb/09)	-31.4	16.9	14.8	13.2	7.5
Global Insight (Jan/09)	-19.8	15.2	15.9	3.8	4.3
Centre for Spatial Economics (Jan/09)	-41.2	4.8	35.8	14.5	4.9
High	-19.8	16.9	35.8	14.5	7.5
Low	-41.2	4.8	14.8	3.8	4.3
Average of All Private Forecasts	-30.8	12.3	22.2	10.5	5.6
Alberta Government (calendar year)	-49.6	28.8	16.1	12.1	10.9

Includes forecasts finalized on or before March 10, 2009.

Alberta Housing Starts Benchmark

(thousands)

Organization	2009	2010	2011	2012	2013
National Forecasting Agencies					
Conference Board of Canada (Feb/09)	26.1	27.0	28.0	28.3	27.1
Global Insight (Jan/09)	25.1	30.2	30.2	30.7	29.6
Centre for Spatial Economics (Jan/09)	23.5	23.2	19.5	17.9	19.9
Banks					
BMO Capital Markets (Mar/09)	22.0	26.0	n/a	n/a	n/a
RBC Royal Bank (Mar/09)	23.8	28.0	n/a	n/a	n/a
Scotiabank (Mar/09)	19.0	22.0	n/a	n/a	n/a
Toronto Dominion Bank (Dec/08)	23.0	25.0	n/a	n/a	n/a
Other					
Canada Mortgage and Housing Corporation (Feb/09)	19.2	22.0	n/a	n/a	n/a
High	26.1	30.2	30.2	30.7	29.6
Low	19.0	22.0	19.5	17.9	19.9
Average of All Private Forecasts	23.2	25.9	25.9	25.6	25.6
Alberta Government (calendar year)	22.3	24.1	24.4	25.3	26.8

Includes forecasts finalized on or before March 10, 2009.

Alberta Employment Benchmark

(per cent change)

Organization	2009	2010	2011	2012	2013
National Forecasting Agencies					
Conference Board of Canada (Feb/09)	-0.1	1.7	2.8	2.2	1.6
Global Insight (Jan/09)	0.6	1.0	1.9	1.4	1.3
Centre for Spatial Economics (Jan/09)	-0.2	-0.1	0.5	1.4	2.2
Banks					
BMO Capital Markets (Mar/09)	-1.7	0.5	n/a	n/a	n/a
RBC Royal Bank (Mar/09)	-0.6	1.4	n/a	n/a	n/a
Scotiabank (Mar/09)	-1.9	0.6	n/a	n/a	n/a
Toronto Dominion Bank (Dec/08)	-0.4	0.3	n/a	n/a	n/a
Other					
Canada Mortgage and Housing Corporation (Feb/09)	0.3	1.0	n/a	n/a	n/a
High	0.6	1.7	2.8	2.2	2.2
Low	-1.9	-0.1	0.5	1.4	1.3
Average of All Private Forecasts	-0.5	0.8	1.7	1.7	1.7
Alberta Government (calendar year)	-0.8	1.0	2.1	2.2	2.1

Includes forecasts finalized on or before March 10, 2009.

Alberta Unemployment Rate Benchmark

(per cent)

Organization	2009	2010	2011	2012	2013
National Forecasting Agencies					
Conference Board of Canada (Feb/09)	5.0	5.2	4.7	4.2	4.0
Global Insight (Jan/09)	4.8	5.3	4.7	4.3	4.1
Centre for Spatial Economics (Jan/09)	4.9	5.7	5.6	4.8	3.7
Banks					
BMO Capital Markets (Mar/09)	5.9	6.5	n/a	n/a	n/a
CIBC World Markets (Feb/09)	5.4	5.6	n/a	n/a	n/a
RBC Royal Bank (Mar/09)	5.7	5.9	n/a	n/a	n/a
Scotiabank (Mar/09)	6.1	6.5	n/a	n/a	n/a
Toronto Dominion Bank (Dec/08)	5.0	6.0	n/a	n/a	n/a
Other					
Canada Mortgage and Housing Corporation (Feb/09)	4.8	5.3	n/a	n/a	n/a
High	6.1	6.5	5.6	4.8	4.1
Low	4.8	5.2	4.7	4.2	3.7
Average of All Private Forecasts	5.3	5.8	5.0	4.4	3.9
Alberta Government (calendar year)	5.8	6.5	6.2	5.5	4.6

Includes forecasts finalized on or before March 10, 2009.