

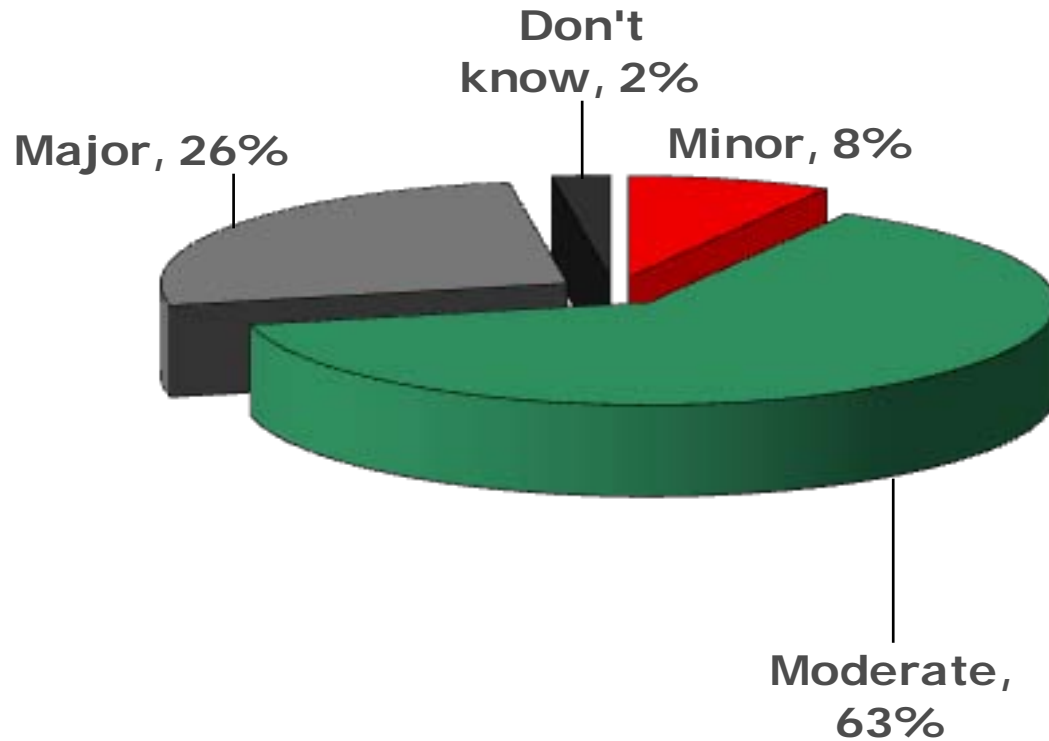
ECONOMIC OUTLOOK 2010

October 6, 2009

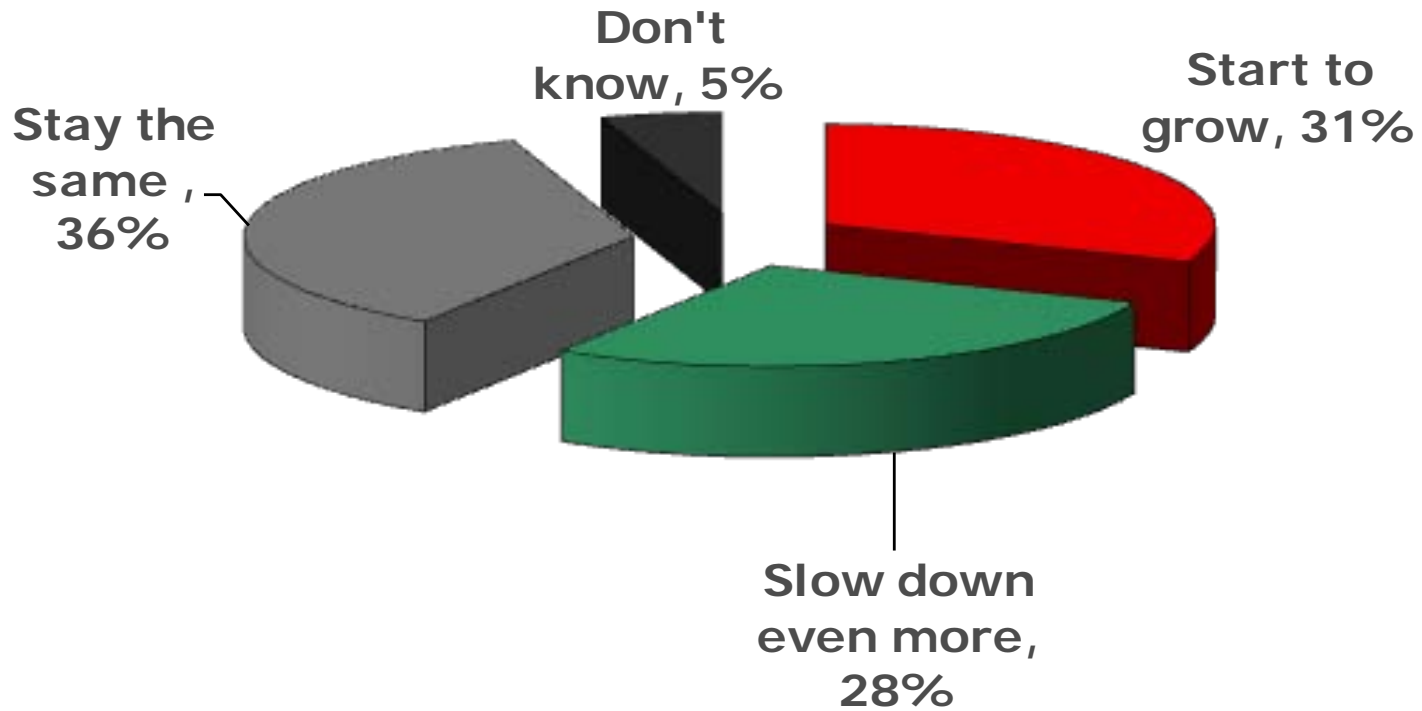


2009 Calgary Business Survey

Impact of Economic Downturn on Calgary



Calgary's Economy in the Near Future



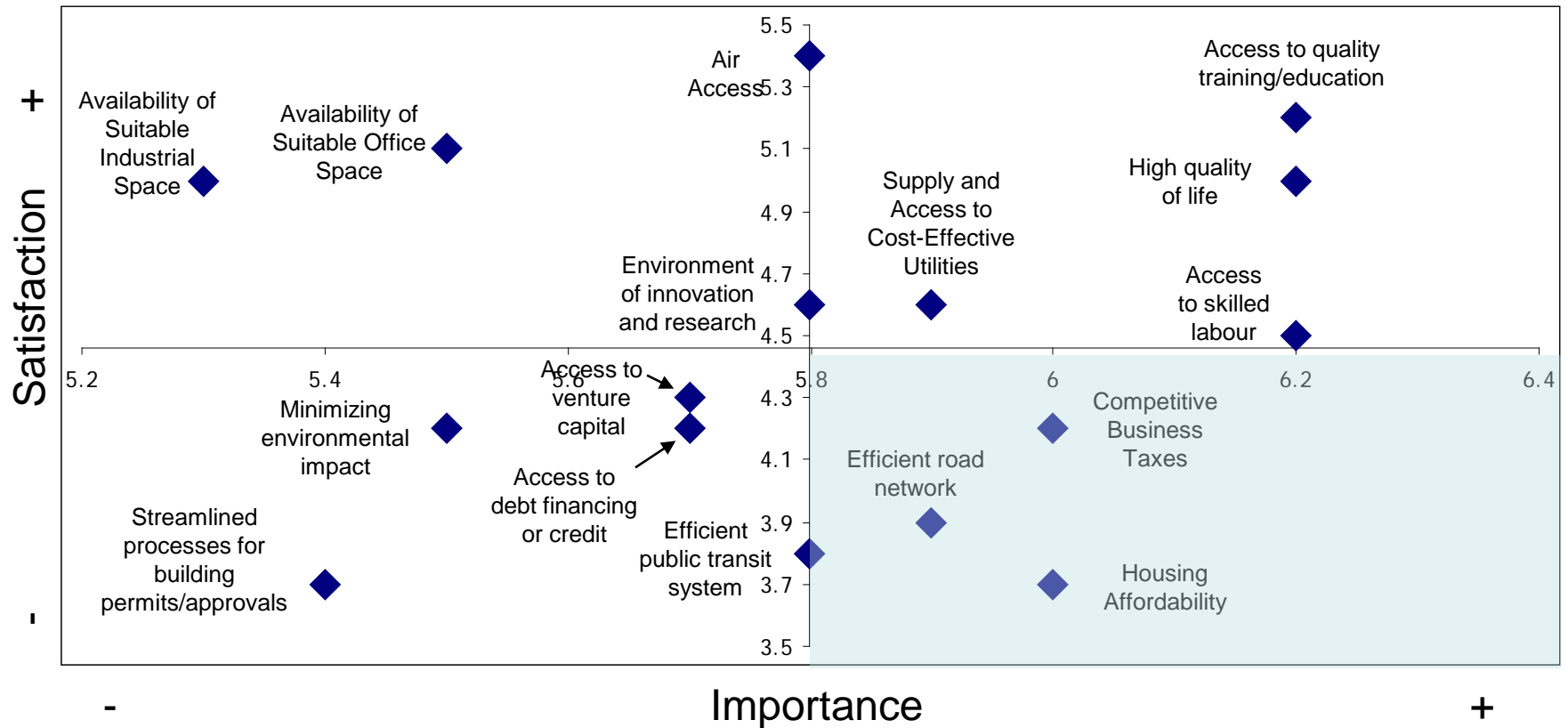
Most Important Issues Affecting Economic Development in Calgary

Economic Development Issues in Calgary	2009	2008	2007
A high quality of life to attract and retain staff **	80%	82%	**
Access to skilled labour	79%	86%	88%
Access to quality education, skill development and training	78%	81%	70%
Competitive business taxes	73%	67%	63%
Housing affordability	71%	74%	75%

***Note that “A high quality of life to attract and retain staff” was a new issue added in the 2008 survey.*

Very Important (6 or 7 on a 7-point scale)

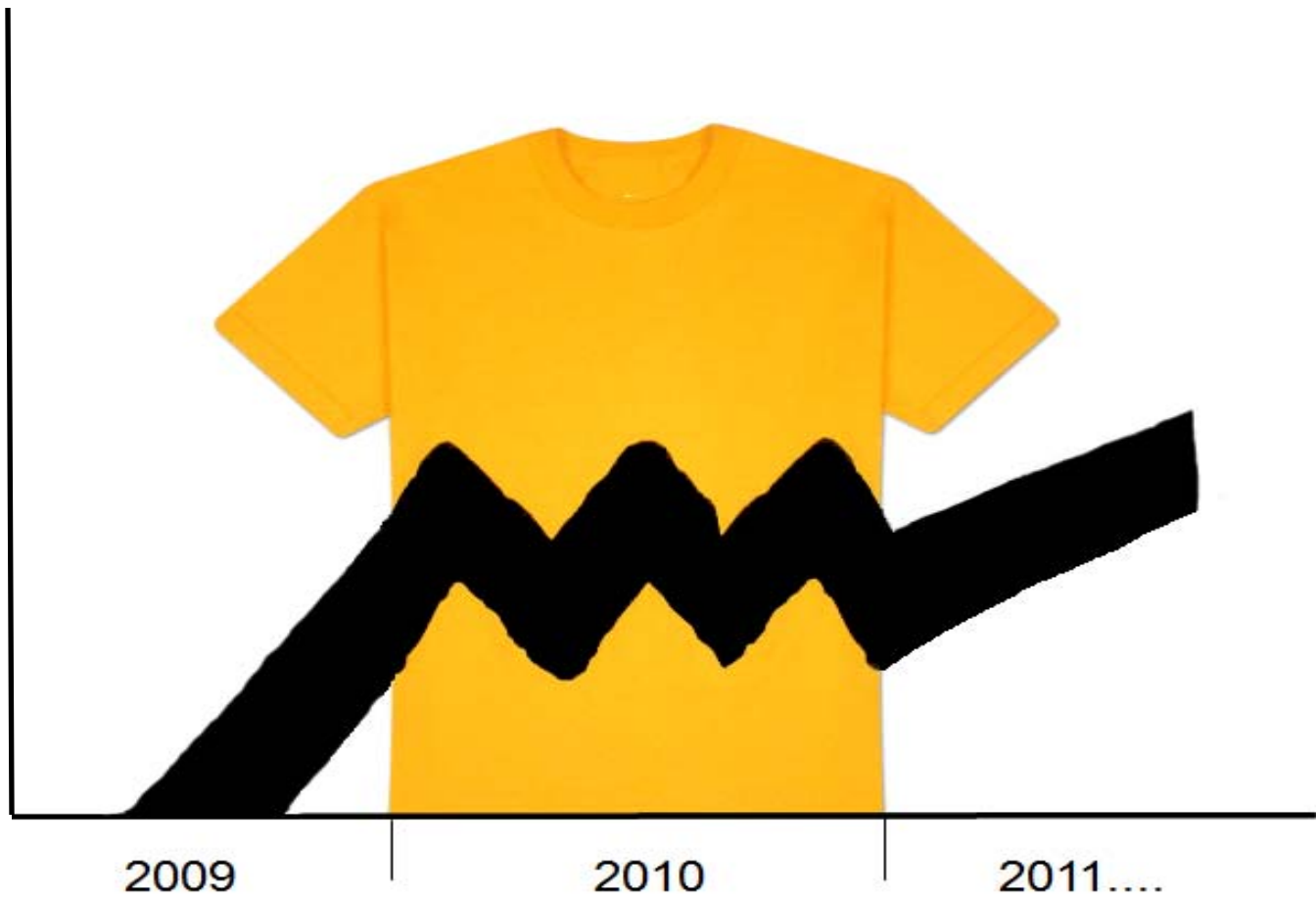
Importance vs. Satisfaction Grid



2010 Calgary Economic Outlook



Source: Charles Monroe Schulz



Calgary's economy is dependent upon the state of the U.S.
economy and energy markets

Exports make up nearly 50 per cent of Alberta's economy

87 per cent of Alberta exports go to the U.S.

Do you really have to ask?

State of the U.S. Economy

Fragile

State of the U.S. Economy

- GDP contraction slowed in Q2
- Case-Shiller house price index rose for 3rd consecutive month
- ISM Manufacturing Index dropped in September
- Sales of existing homes dropped 2.7 per cent in August
- 263,000 jobs lost in September, unemployment at 9.8 per cent

State of the U.S. Economy

24 per cent of U.S. mortgages are in negative equity

2.8 million interest-only mortgages in U.S. worth \$908 Billion

U.S.\$1.8 Trillion in commercial mortgages and development loans

State of Energy Markets

Oil

Supply constraints

Demand growth

Inventories

Geopolitical issues

Source: Tertzakian

State of Energy Markets

Oil

2010 is shaping up to be a decent year on the oil side for Calgary companies

State of Energy Markets

Oil

China

State of Energy Markets

Natural Gas

Demand

Inventories

Rig Availability

Production Levels

Production Costs

The Weather

State of Energy Markets

Natural Gas

Natural gas supply explosion in North America
has fundamentally changed the game for
Alberta

State of Energy Markets

Natural Gas – Unconventional Break-Even Prices

- Fayetteville (U.S.) – U.S.\$4.10
- Barnett 1 (U.S.) – U.S.\$4.42
- Canadian Shale – U.S.\$6.80
- NYMEX Near Month (Oct. 5 close) – U.S.\$4.98
- NYMEX Future (Dec 2010) – U.S.\$7.10

State of Energy Markets

Natural Gas

Even if prices reach economic viability, can Alberta capture market share?

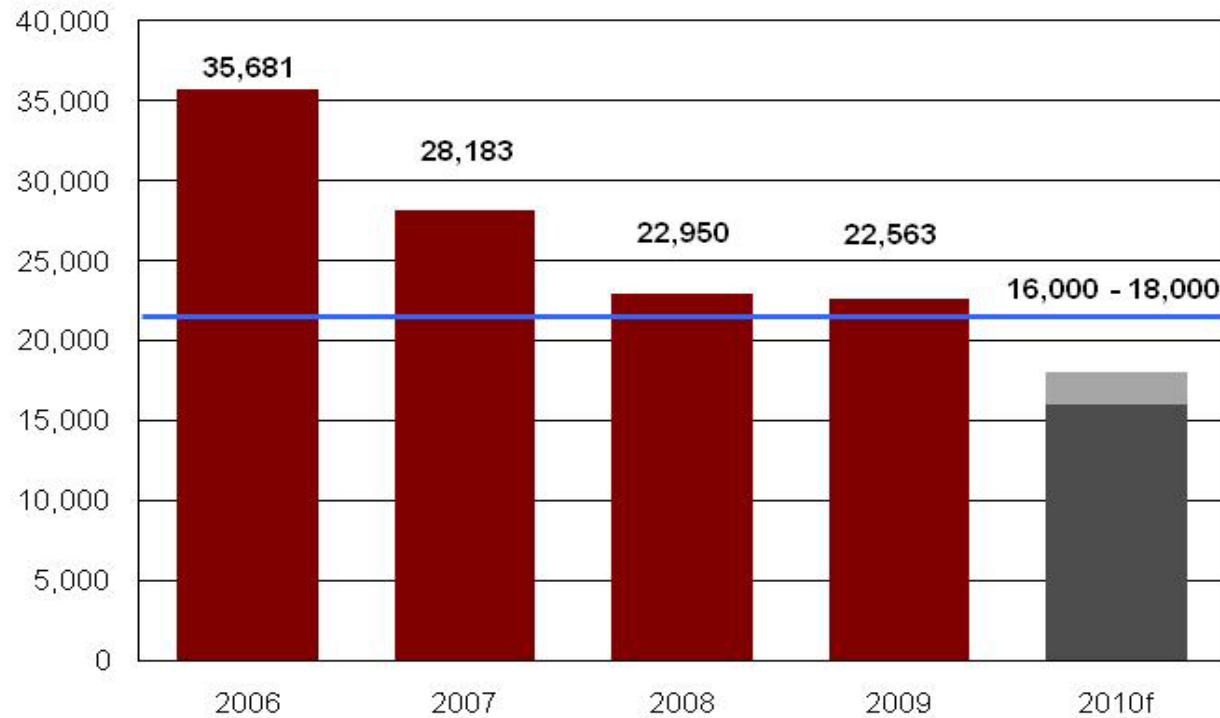
Implications for Calgary

- Lower economic performance
- Potential for further job losses, M+A
- Slow commercial real estate markets
- Growing demand on social service agencies

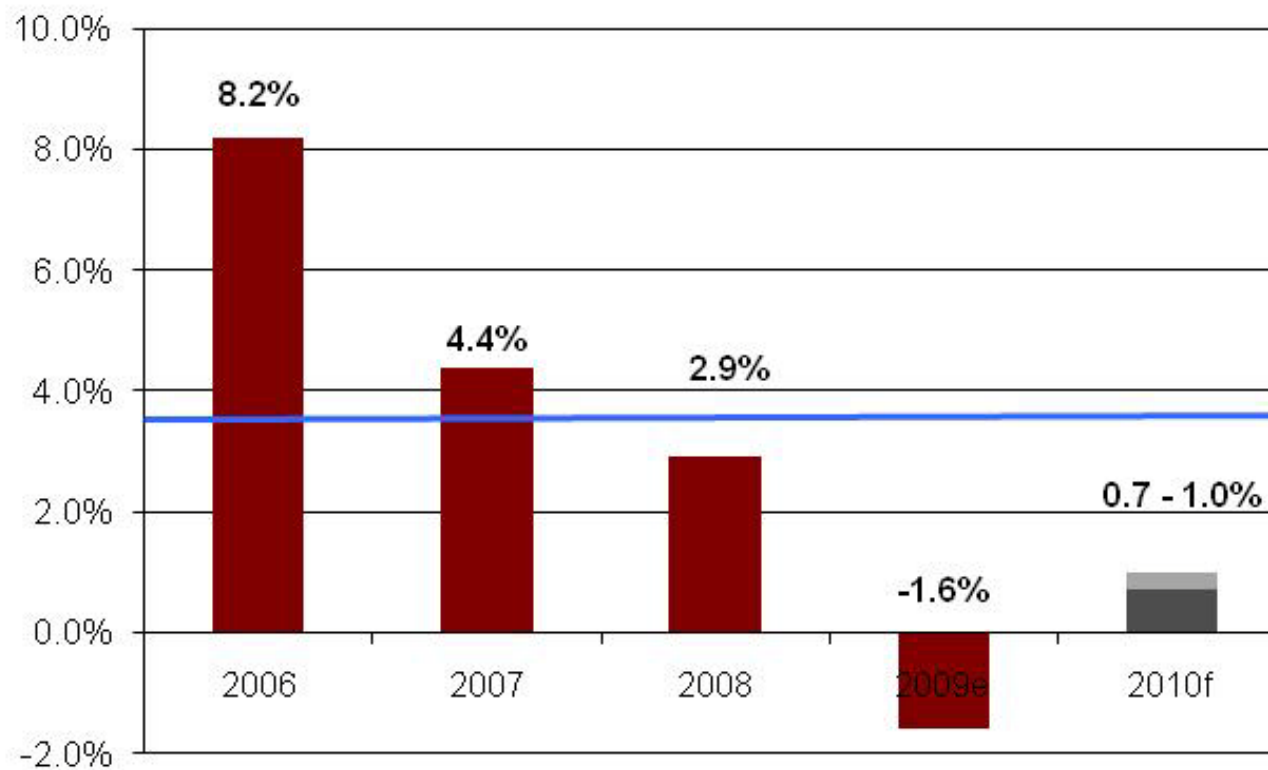


Source: Charles Monroe Schulz

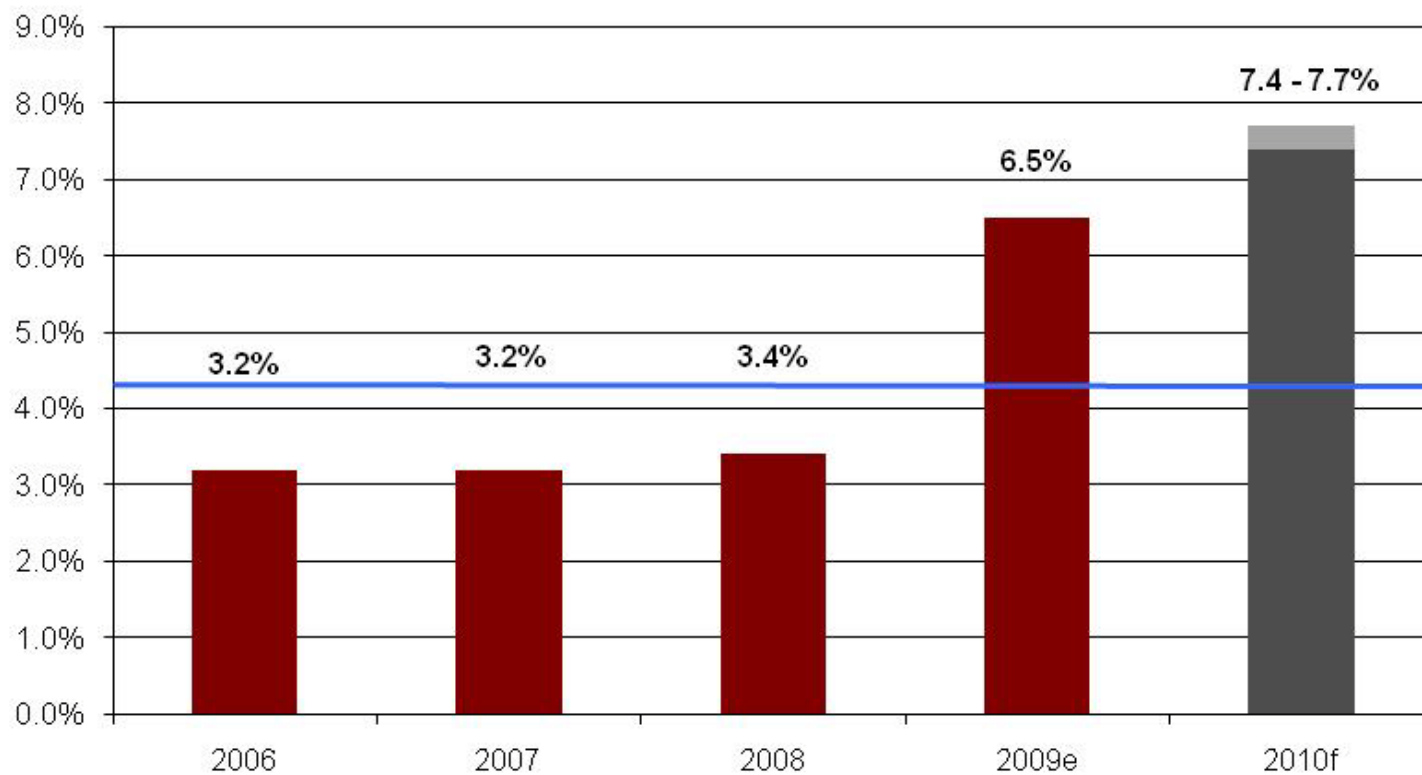
Population Growth



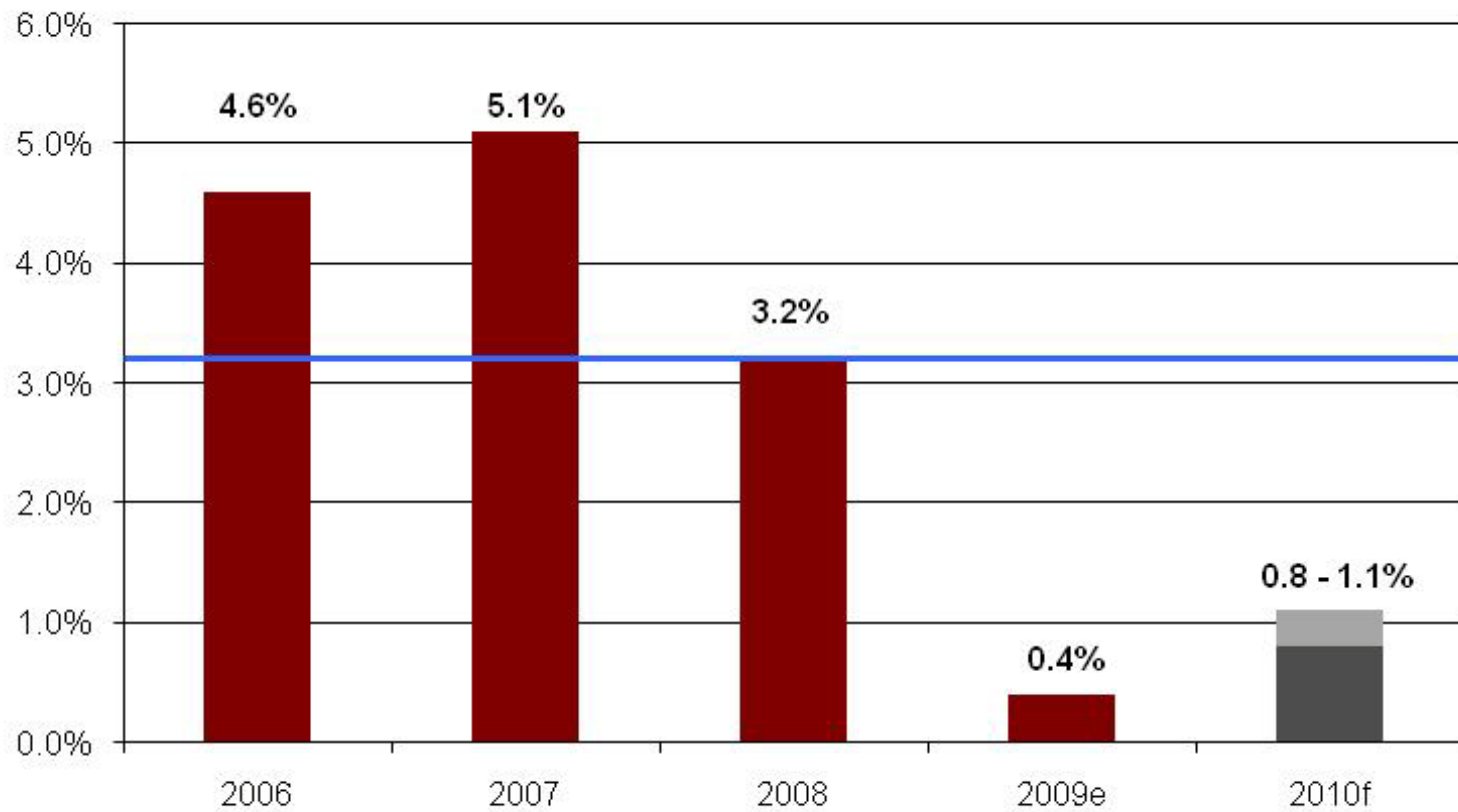
Employment Growth



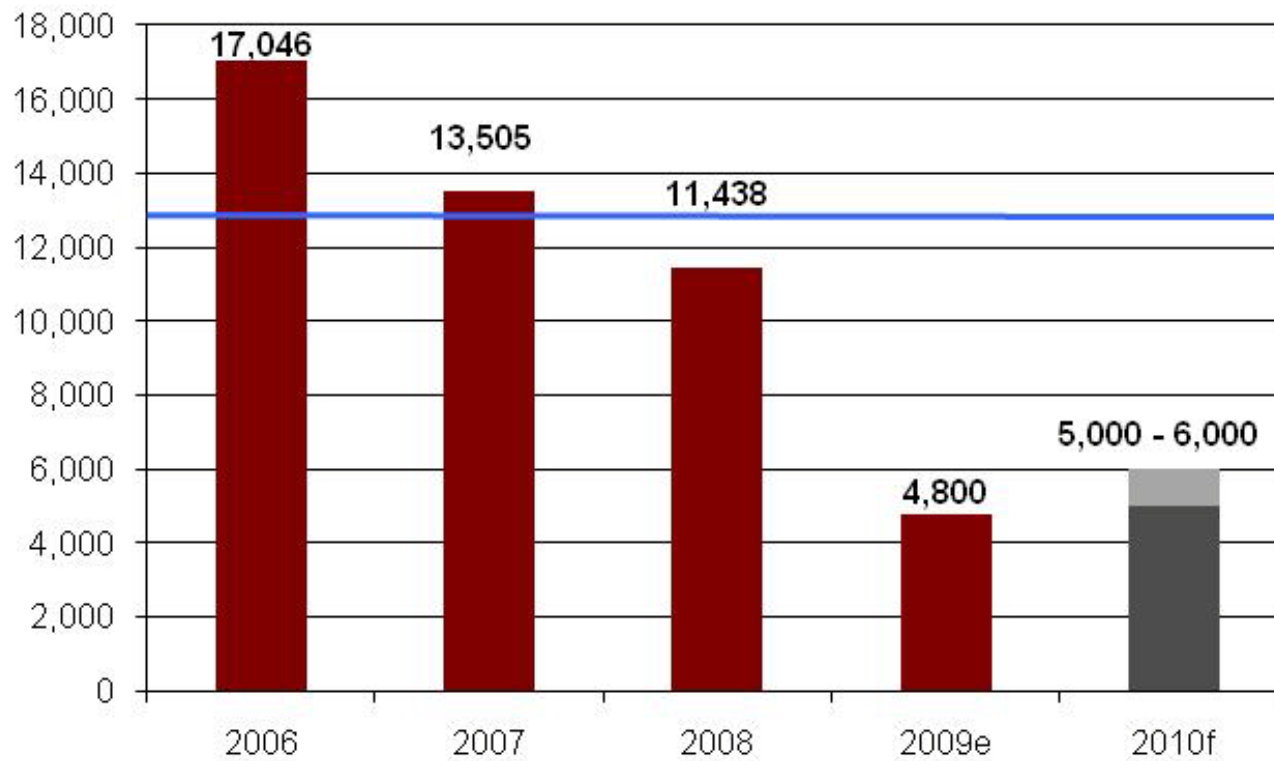
Unemployment Rate



Inflation Rate



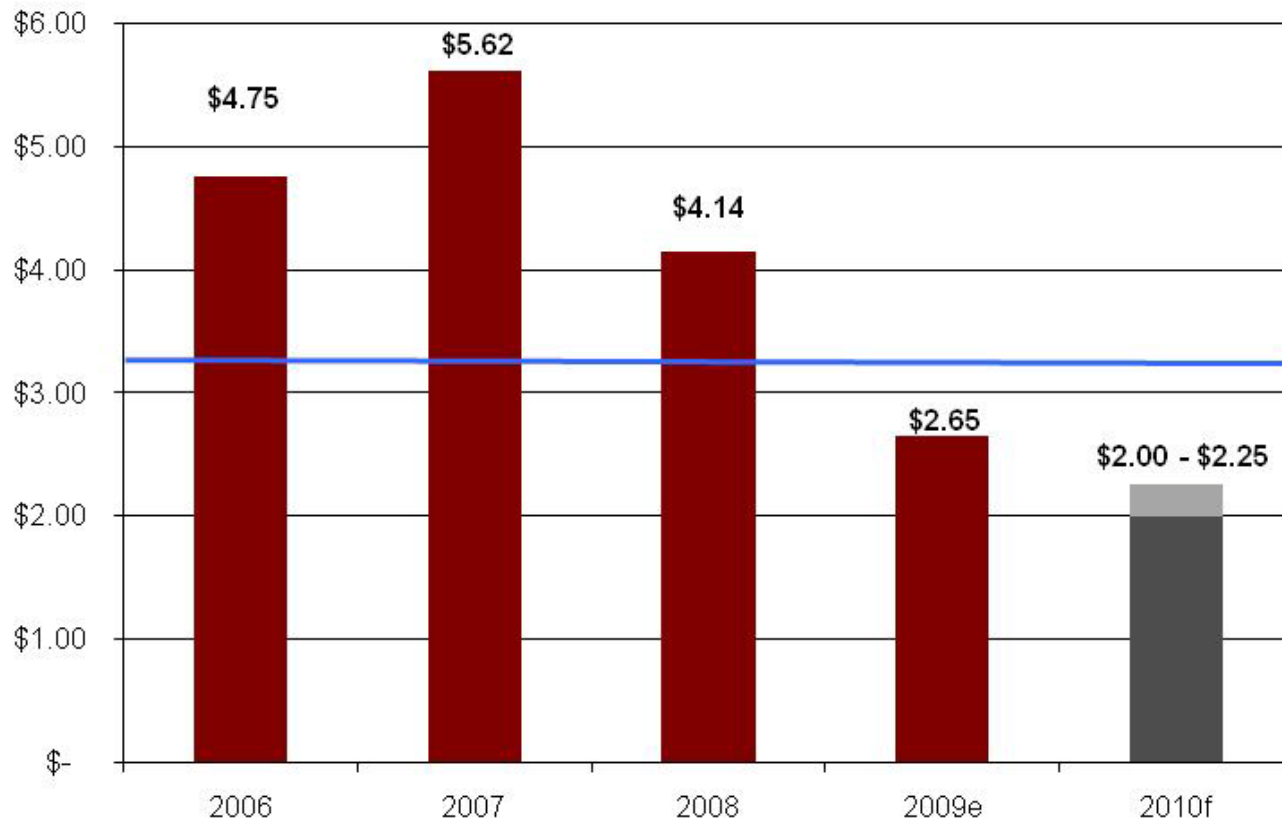
Housing Starts



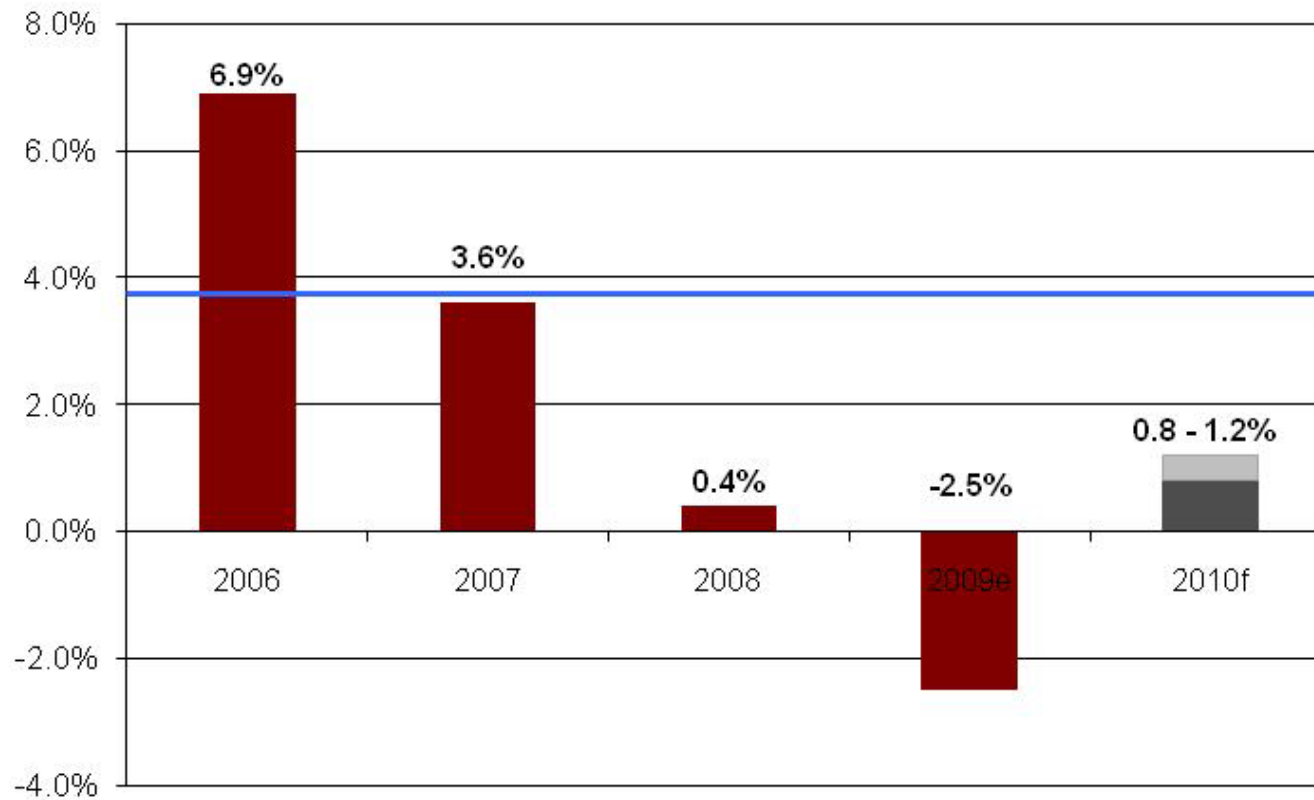
Non-Residential Real Estate

- Office
 - Rising vacancies
 - Downward pressure on prices
 - Limited new supply announcements
- Industrial
 - Steady but slower

Building Permit Values (\$Billions)



Real GDP Growth



Looking Beyond 2010

Utilize meaningful metrics for recovery

Looking Beyond 2010

Practice Upward Peripheral Vision

Looking Beyond 2010

Calgary as THE global centre for ALL things energy



Source: Charles Monroe Schulz

- www.calgaryeconomicdevelopment.com
- 2010 Outlook presentation, CED and TD Economics
- CED 2010 Calgary Economic Outlook Report
- 2009 Calgary Business Survey
- Calgary Economic Development Strategy

ECONOMIC OUTLOOK 2010

Thank you for joining us

