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Rob Roach, ATB ECONOMICS | March 9, 2023

And now we wait

To paraphrase Yogi Berra, it might feel like déjà vu all over again in 2023 as the main economic stories continue to be inflation and interest rates.

Because it takes months, if not years, for interest rate hikes to have their full effect on the economy, we are waiting to see if higher borrowing costs will cool inflation and, at the same time, what impact those higher borrowing costs will have on economic growth and the labour market.

You can add to this some early indications that history *may* not repeat itself this time around when it comes to the impact of higher interest rates, potentially “sticky” inflation, an ongoing ground war in Europe, and the ever-present volatility of energy markets.

What's next is, as a result, especially foggy.

On the bright side, and helping to shine light on where the Alberta economy is headed, it appears that the momentum built up in the provincial oil and gas sector last year will continue to provide a solid boost in 2023.

As we noted in our previous economic outlook, the Alberta economy can't avoid the challenges created by elevated inflation and interest rates, but it will continue to grow with help from its natural resource industries and expanding population.

With all this in mind, our [current forecast](#) sees Alberta's real GDP growing by 2.6% in 2023 and by 2.3% in 2024.

These rates of growth will put us at or near the top of the provincial leaderboard when it comes to overall growth.

This is good news, but individual households and businesses will still be dealing with the economic drag brought on by higher interest rates and by inflation's slow march back to a more reasonable level.

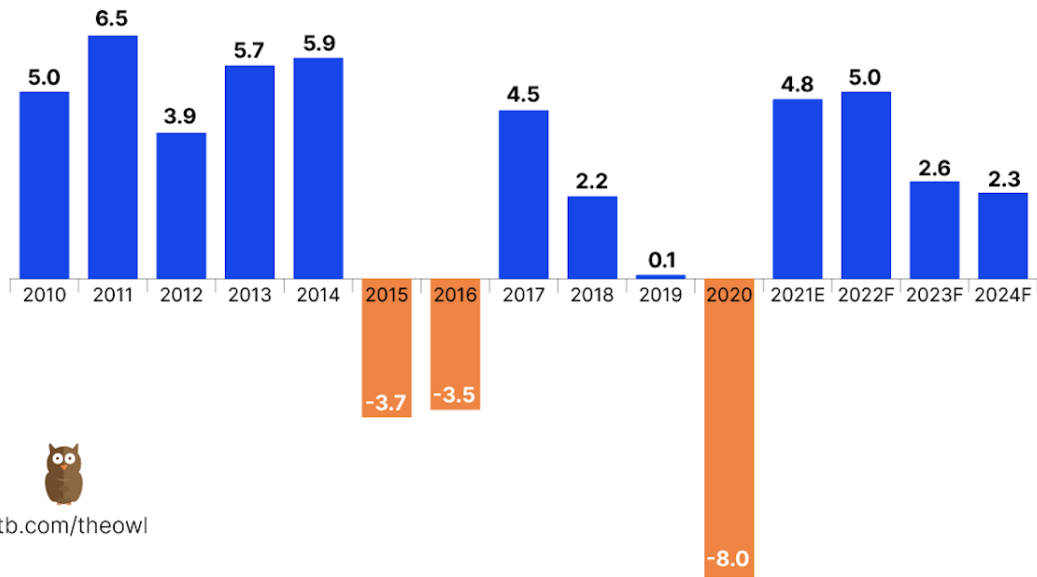
In other words, while the economic weather will be noticeably better in Alberta, the forecast still calls for some unfavourable conditions.

Answer to the previous trivia question: The first [International Women's Day](#) was held in 1911.

Today's trivia question: In what year did Canadian Pacific Railway move its head office from Montreal to Calgary?

Annual % change in Alberta's real GDP

Chained (2012) dollars



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F=forecast

Source: Statistics Canada Table 36-10-0222-01 and ATB Economics



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