



**Mark Parsons, ATB ECONOMICS | September 19, 2023**

## **Ahead of the crowd: Alberta's economy heading into 2024**

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In the past year, Alberta's economy has weathered the inflation storm better than most. Strong population growth and a revitalised energy sector will continue to put Alberta's economy ahead of the crowd even as it slows in the face of higher interest rates.

Consumer spending, employment and population growth have been stronger than expected in our previous quarterly outlook. Our forecast is for real GDP growth in Alberta of 2.7% in 2023, up from 2.4% in June. However, with interest rates now looking to be "higher for longer" we have lowered our growth forecast for 2024 to 2.0% from 2.2%.

Alberta's economy has weathered formidable storms, including the tumultuous oil price crash of 2014-15, market access hurdles in 2019, and the unprecedented challenges of the 2020 pandemic. The province's economy has recovered and is now firmly in expansion mode.

As we approach the final months of the year, ATB's latest economic forecast examines the pivotal factors affecting our economy.

## **Population growth surges**

Alberta is experiencing record levels of net international migration and near-record gains from interprovincial migration. Over 200,000 residents have been added to our population since last summer. ATB has revised its 2023 population growth forecast to 4.5%, marking the highest rate since 1981. Population growth is expected to moderate next year, but remain relatively strong and continue to support consumer spending and housing demand while increasing the labour supply.

## **Energy sector comeback**

Alberta's largest sector has experienced a remarkable turnaround from the COVID lows. Rising energy investment and production is a major factor driving Alberta's real GDP growth ahead of the national average this year and next. Other growth areas over the medium term include aviation, tourism, technology, food manufacturing, biofuels, petrochemicals, hydrogen, and investments in emissions reduction.

## **Wounded from the inflation fight, but not down**

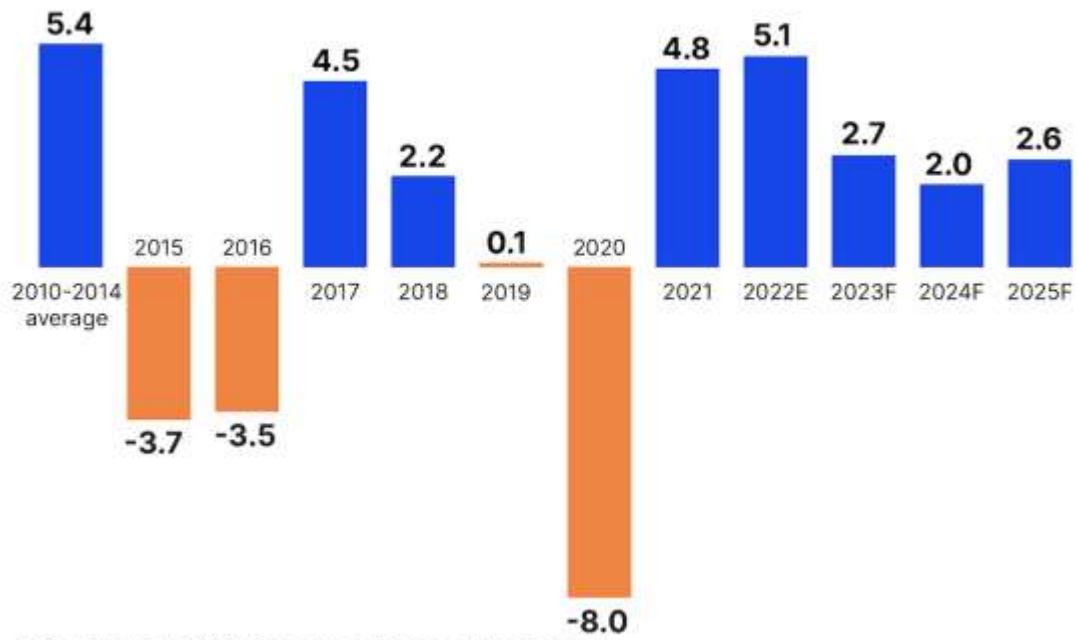
The Bank of Canada's 4.75 point increase in interest rates since March 2022 is one of the most aggressive hiking cycles since the 1990s. Although we expect the Bank will take a pause for the remainder of this year and start lowering rates next year, more significant impacts will likely be felt in 2024.

## **Turbulence**

Alberta's economy has been on a faster track, although it hasn't been without its share of bumps along the way. Economic activity has been disrupted by wildfires in May and June, while strikes at the West Coast ports in July hampered trade with Asia. The agriculture sector has faced tougher conditions due to significantly drier-than-normal weather in certain regions.

# Annual % change in Alberta's real GDP

Chained (2012) dollars



E=Estimate, F=ATB Economics forecast (base case)

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