

# WEEKLY ECONOMIC REVIEW

October 13, 2006

Canada's housing market, while maintaining its overall strength, moderated in September with 211,300 annualized housing units, 7.6 per cent drop relative to September, 2005. This compares to a steep 20 per cent decline in U.S. housing starts during the same period.

Alberta's housing market is maintaining its momentum, with housing starts averaging just under 50,000 (seasonally adjusted at annual rate), up 1.1 compared to September, 2005. On a year-to-date basis, housing starts are up 25 per cent.

Record house prices are also present in Alberta. Calgary's new house price index for August increased 60.6 per cent from last year and Edmonton's advanced 37.8 per cent. These increases are caused by rising wage costs, land prices and higher costs of construction materials.

Canada's trade surplus rose to \$4.2 billion in August, as exports increased for the fourth consecutive month. Large gains were concentrated in industrial goods and automotive products, which is in line with

<b>Cdn Dollar (C¢/US\$)</b>		
↓	Oct 13, 2006	88.0¢
	Oct 6, 2006	88.8¢
	2006-07 YTD	89.2¢
<b>WTI Oil \$US/bbl</b>		
↓	Oct 12, 2006	\$57.86
	Oct 5, 2006	\$60.03
	2006-07 YTD	\$70.00
<b>Nymex Natural Gas C\$/mcf*</b>		
<b>September Contract</b>		
↓	Oct 13, 2006	\$6.50
	Oct 6, 2006	\$6.94
*Estimate based on Nymex Futures Market Price		

Alberta's increase in motor vehicle sales by 14.5 per cent from last year.

The U.S. trade gap widened in August, as the deficit hit a record high of US\$69.9 billion. However, given that the US imports a large amount of oil, the recent softening of oil prices will likely have a positive impact on future balances.

Oil prices fell below US\$60/bbl, despite the announcement that the Organization of Petroleum Exporting Countries (OPEC) would cut crude oil production by 1 million barrels a day starting next month.

Economic Indicators Released this Week	Reference Period	Month/Previous Month	Month/Previous Year's Month	Year-to-date <sup>1</sup>
<b>Housing Starts<sup>2</sup></b>	<b>September</b>			
<b>Alberta</b>	47,700	0.6%	1.1%	25.0%
<b>Canada</b>	211,300	-2.4%	-7.6%	3.9%
<b>New House Price Index (1997=100)</b>	<b>August</b>			
<b>Alberta</b>	228.7	4.0%	53.5%	36.1%
<b>Canada</b>	155.7	1.6%	12.9%	9.4%
<b>Canadian International Trade (\$ Millions)</b>	<b>August</b>			
<b>Exports</b>	38,672	0.3%	0.1%	3.8%
<b>Imports</b>	34,469	-0.6%	6.8%	4.3%
<b>Trade Balance</b>	4,203	9.1%	-24.5%	-0.04%
<b>New Motor Vehicle Sales</b>	<b>August</b>			
<b>Alberta</b>	22,204	2.4%	14.5%	12.3%
<b>Canada</b>	144,394	2.8%	4.9%	0.3%

Source: Statistics Canada and Canadian Mortgage and Housing Corporation

<sup>1</sup>Year-to-date 2006 compared to the same time period in 2005. For example: January-August 2006 versus January-August 2005

<sup>2</sup>Seasonally Adjusted at Annual Rates