

WEEKLY ECONOMIC REVIEW

January 13, 2006

The US trade deficit improved slightly to \$64.2 billion in November from \$68.1 billion in October, as exports rose by 1.8 per cent while imports fell by 1.1 per cent. In the first 11 months of 2005, the trade deficit totaled \$661.8 billion, surpassing the 2004 annual record of \$617.7 billion.

Canada's trade surplus slipped to \$6.9 billion in November from October's \$7.6 billion, due entirely to a lower surplus in energy products. Natural gas volumes and values each fell by 10 per cent as gas production is being restored in hurricane affected areas of the Gulf Coast.

Nonetheless, the balance in net energy trade was \$5.3 billion, accounting for close to 80 per cent of the trade surplus.

In 2005, housing starts in Alberta increased by an estimated 9.3 per cent to 39,500. In Canada, housing starts declined by 4.1 per cent to 223,900 units. A strong housing market combined with higher material, labour and land costs are pushing up new house prices in Alberta. Alberta's new house price index increased by 4.7 per cent in the first 8 months of 2005 over the

Cdn Dollar (C¢/US\$)		
↔	Jan 13, 2006	86.1¢
	Jan 06, 2006	85.9¢
	2005-06 YTD	83.1¢
WTI Oil \$US/bbl		
↑	Jan 12, 2006	\$63.94
	Jan 05, 2006	\$62.79
	2005-06 YTD	\$59.05
Nymex Natural Gas C\$/mcf*		
January Contract		
↓	Jan 13, 2006	\$10.35
	Jan 06, 2005	\$11.38
*Estimate based on Nymex Futures Market Price		

comparable period in 2004 while in the past three months, September to November 2005, prices have increased by 9.2 per cent from a year ago. In November alone, prices were up 11.7 per cent, with Calgary experiencing a 13.6 per cent increase from November 2004. During the same month, new house prices rose by 5.5 per cent in Canada.

Oil prices rose this week in response to lower inventories and geopolitical uncertainties. Natural gas prices bucked the trend and fell as milder weather and higher storage levels pushed prices down.

Economic Indicators Released this Week	Reference Period	Month/Previous Month	Month/Previous Year's Month	Year-to-date ¹
Housing Starts²	December			
Alberta	39,200	-2.5%	1.0%	9.3%
Canada	227,700	1.2%	-3.6%	-4.1%
Building Permits (Millions)	November			
Alberta	936.4	-2.5%	21.3%	38.8%
Canada	4,944	-5.7%	-2.6%	9.6%
Canadian International Trade (\$ millions)	November			
Exports	39,718	-2.0%	13.9%	5.1%
Imports	32,838	-0.1%	9.8%	6.8%
Trade Balance	6,880	-9.8%	38.5%	-3.7%
New Motor Vehicle Sales	November			
Alberta	18,375	1.5%	6.5%	13.5%
Canada	136,226	3.1%	3.1%	4.0%

Source: Statistics Canada and Canadian Mortgage and Housing Corporation

¹Year-to-date 2005 compared to the same time period in 2004. For example: January-November 2005 versus January-November 2004

²Seasonally Adjusted at Annual Rates

Alberta Finance