

WEEKLY ECONOMIC REVIEW

January 20, 2006

The consumer price index in the United States dropped 0.1 per cent in December, due mostly to a 2.2 per cent decline in energy prices. With the December numbers, headline inflation for 2005 finished at 3.4 per cent, but core inflation (excluding food and energy prices) was well contained at 2.2 per cent for the year.

In Canada, the consumer price index fell 0.1 per cent in December; inflation averaged 2.2 per cent for 2005. The core inflation rate, using the Bank of Canada's definition, which excludes the eight most volatile components, averaged 1.6 per cent for 2005, well inside the Bank of Canada's inflation target band of 1-3 per cent. With the Canadian economy operating at full capacity, markets are expecting the Bank of Canada to increase interest rates over the months ahead.

Within Alberta, the consumer price index dropped 0.5 per cent in December, with inflation averaging 2.1 per cent for the year. The core inflation rate in Alberta, which excludes food and energy prices, was at 1.4 per cent growth for 2005, in line with the Canadian average.

↑	Cdn Dollar (C¢/US\$)	
	Jan 20, 2006	86.7¢
	Jan 13, 2006	86.1¢
	2005-06 YTD	83.2¢
↑	WTI Oil \$US/bbl	
	Jan 19, 2006	\$66.83
	Jan 12, 2006	\$63.94
	2005-06 YTD	\$59.18
↔	Nymex Natural Gas C\$/mcf*	
	January Contract	
	Jan 20, 2006	\$10.61
	Jan 13, 2005	\$10.35
*Estimate based on Nymex Futures Market Price		

Manufacturing shipments in Alberta posted a monthly increase of 1.3 per cent for November. In the first 11 months of 2005, Alberta's manufacturing shipments have increased by a remarkable 11.5 per cent, which is the largest increase among the provinces and well above the Canadian average of 3.4 per cent. As well, thus far in 2005, Alberta's wholesale trade averaged growth of 16.1 per cent, which is more than double the Canadian average of 5.7 per cent.

Oil prices rose again this week due to global uncertainties and geopolitical tensions. Natural gas prices remained fairly constant for the week, trading within a narrow range.

Economic Indicators Released this Week	Reference Period	Month/Previous Month	Month/Previous Year's Month	Year-to-date ¹
Consumer Price Index (1997=100)	December			
Alberta	135.4	-0.5%	2.4%	2.1%
Canada	128.1	-0.1%	2.2%	2.2%
U.S. Consumer Price Index	December			
	196.8	-0.1%	3.4%	3.4%
Manufacturing Shipments (\$ millions)	November			
Alberta	5,137	1.3%	6.1%	11.5%
Canada	51,439	-1.5%	2.1%	3.4%
Wholesale Trade (\$ millions)	November			
Alberta	4,768	0.9%	15.4%	16.1%
Canada	40,504	-0.2%	7.2%	5.9%

Source: Statistics Canada

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