

# WEEKLY ECONOMIC REVIEW

February 17, 2006

Interest in Alberta's oil sands continues to strengthen with Government land sale bonuses topping over \$600 million in last week's sale. Ten parcels of land around Fort McMurray were purchased for approximately \$465 million by a numbered (unknown) company. So far this year, the bi-weekly land sale bonuses have collected over \$1 billion in revenues, compared with a total of \$1.1 billion in all of 2004.

A higher Canadian dollar and increased global competition put pressure on the Canadian manufacturing sector in 2005, increasing shipments by only 3.1 per cent. However, Alberta's manufacturing shipments averaged an impressive 11.9 per cent increase in 2005, maintaining the highest increase among the provinces. Strength in chemical (17.8 per cent), food (17.2 per cent), petroleum and coal (13.5 per cent), and machinery (10 per cent) manufacturing led the gains.

U.S. home construction jumped 14.5 per cent in January to a 33-year high, as unseasonably warm weather and large buying incentives contributed to the increase. The surge in January housing starts was a surprise since recent home sales

Cdn Dollar (C¢/US\$)		
↔	Feb 17, 2006	86.8¢
	Feb 10, 2006	86.6¢
	2005-06 YTD	83.5¢
WTI Oil \$US/bbl		
↓	Feb 16, 2006	\$58.46
	Feb 9, 2006	\$62.62
	2005-06 YTD	\$59.66
Nymex Natural Gas C\$/mcf*		
March Contract		
↓	Feb 17, 2006	\$8.40
	Feb 10, 2006	\$8.60
*Estimate based on Nymex Futures Market Price		

had slowed and the inventory of unsold homes on the market had risen in recent months. Following strong increases in the past five years, new home construction is expected to cool off this year.

Concerns of OPEC cutting production at its next meeting, following reports of weakening demand for energy and a build up of world oil inventories, lowered oil prices earlier in the week. On Friday, a rebel leader threatened foreign oil interests in Nigeria causing oil prices to surge US\$1 per barrel. This followed two recent attacks on Nigerian pipelines. Nigeria exports 2.5 million barrels of oil a day and is the fifth largest source for U.S. oil imports.

Economic Indicators Released this Week	Reference Period	Month/Previous Month	Month/Previous Year's Month	Year-to-date <sup>1</sup>
<b>New Motor Vehicle Sales</b>	<b>December</b>			
<b>Alberta</b>	18,909	2.4%	11.0%	13.3%
<b>Canada</b>	135,098	-0.4%	3.0%	3.8%
<b>Manufacturing Shipments (\$ millions)</b>	<b>December</b>			
<b>Alberta</b>	5,381	2.9%	14.6%	11.9%
<b>Canada</b>	52,055	1.4%	3.9%	3.1%
<b>Wholesale Trade (\$ millions)</b>	<b>December</b>			
<b>Alberta</b>	4,818	1.4%	13.4%	15.5%
<b>Canada</b>	40,363	0.4%	5.7%	5.4%

Source: Statistics Canada

<sup>1</sup>Year-to-date 2005 compared to the same time period in 2004. For example: January-December 2005 versus January-December 2004