WEEKLY ECONOMIC REVIEW

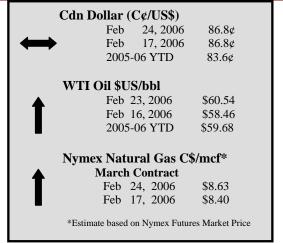
February 24, 2006

Data released this week show that the Alberta economy is expected to remain strong in 2006. According to Statistics Canada's Private and Public Investment (PPI) survey, investment in Alberta is expected to increase by 9.5 per cent in 2006. The growth is expected to be driven by oil and gas, with investment in oil sands reaching a record \$10.8 billion. This is up \$1 billion from an upwardly revised 2005 estimate of \$9.8 billion. Alberta's service sector is expected to have a surge in investment, rising by over 16 per cent in 2006. Invesment is forecast to increase by 37 per cent in transportation and warehousing and by 35 per cent in utilities.

Investment in Canada is expected to increase by 6.1 per cent. All provinces, with the exception of Newfoundland and Labrador (-6.9 per cent), are projected to see gains in investment for 2006. Ontario (up \$5.8 billion) and Alberta (up \$5.7 billion) are expected to have the largest dollar increases.

Retail sales in Alberta rose by 12.1 per cent in 2005, about double the Canadian pace of 6.1 per cent. Alberta contines to have the highest per capita retail sales among the provinces in Canada.

Led by higher energy prices, the consumer price index in Alberta, Canada and the United States started 2006 with a brisk pace,



but core prices remained contained. In January, Alberta's annual inflation rose 4.1 per cent, versus the national increase of 2.8 per cent as increases in energy prices were higher in Alberta than the Canadian average. For example, natural gas prices rose 36 per cent in Alberta, compared to an increase of 26 per cent in Canada. Core inflation (excluding food and energy) rose by 2.4 per cent in Alberta, by 1.4 per cent in Canada and by 2.1 per cent in the United States.

Crude oil prices increased further on Friday and were trading around US\$62.50/bbl after an attack on a Saudi Arabia oil facility, although no damage to oil flow was reported. Earlier in the week, concerns about supply disruptions in Nigeria and nuclear issues in Iran caused oil prices to rise.

Economic Indicators Released this Week	Reference Period	Month/Previous Month	Month/Previous Year's Month	Year-to-date ¹
Consumer Price Index (1997=100)	January			
Alberta	137.1	1.3%	4.1%	4.1%
Canada	128.8	0.5%	2.8%	2.8%
United States (1982-84=100)	198.3	0.7%	4.0%	4.0%
Retail Trade (\$ millions)	December			
Alberta	4,239	0.9%	14.2%	12.1%
Canada	31,251	0.3%	6.7%	6.1%

Source: Statistics Canada, U.S. Bureau of Labour Statistics