

Edmonton's Economic Future 2009

Presented By:

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Over the Past 12 Months

- ***Significant downturn in the global economy***
- ***Virtual seizing up of credit markets***
- ***Precipitous decline in stock markets around the world***
- ***Dramatic drop in commodity prices***
- ***Decisive and coordinated actions by world governments to address the financial and economic crisis***

Edmonton's Economic Future



2007

Irrational Exuberance

Allan Greenspan

2008

Optimism

Pessimism

2009

Irrational Depression

Stephen Jarislowsky



Important Economic Questions

- *Is this a Recession or a Depression?*
- *How severe will it be, and how long will it last?*
- *How will Canada, Alberta and Edmonton be impacted?*
- *When it is over, will the world have changed and if so, how?*
- *What are the implications for Edmonton, both over the short and longer term?*

Presentation Outline

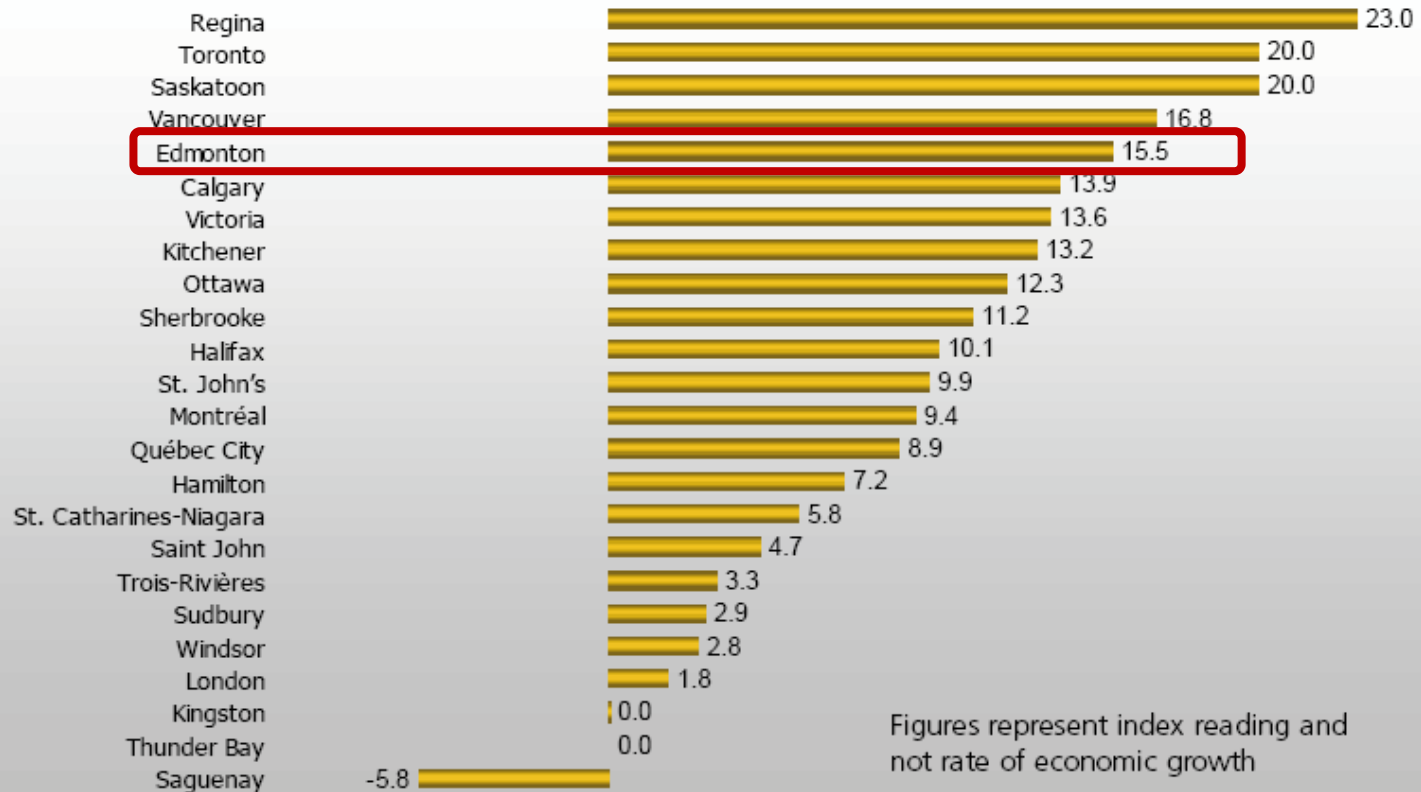
- ***Edmonton Today***
- ***Opportunities and Threats***
- ***The Challenge***
- ***The Plan***

Edmonton Today

Overall Economic Performance

CIBCWM Metropolitan Economic Activity Index (2008Q3)

3Q Moving Average



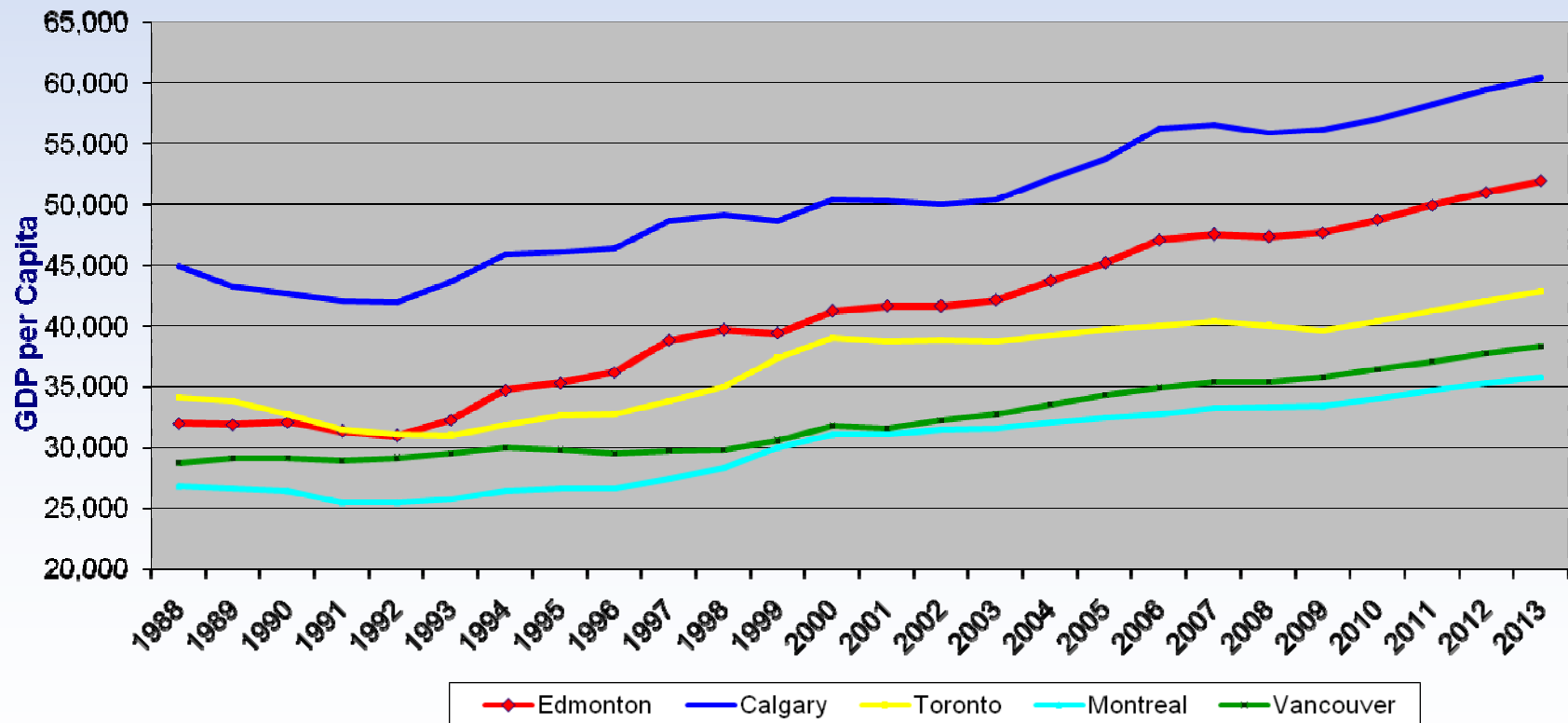
Figures represent index reading and not rate of economic growth

Overall Economic Performance

- Edmonton continues to have important economic strengths
- Key indexes
 - Unemployment rate - #2 – second lowest in Canada
 - Full time employment - #5 – fifth highest in Canada
 - Consumer bankruptcies - # 5 – fifth lowest in Canada
 - Business bankruptcies - #1 – lowest in Canada

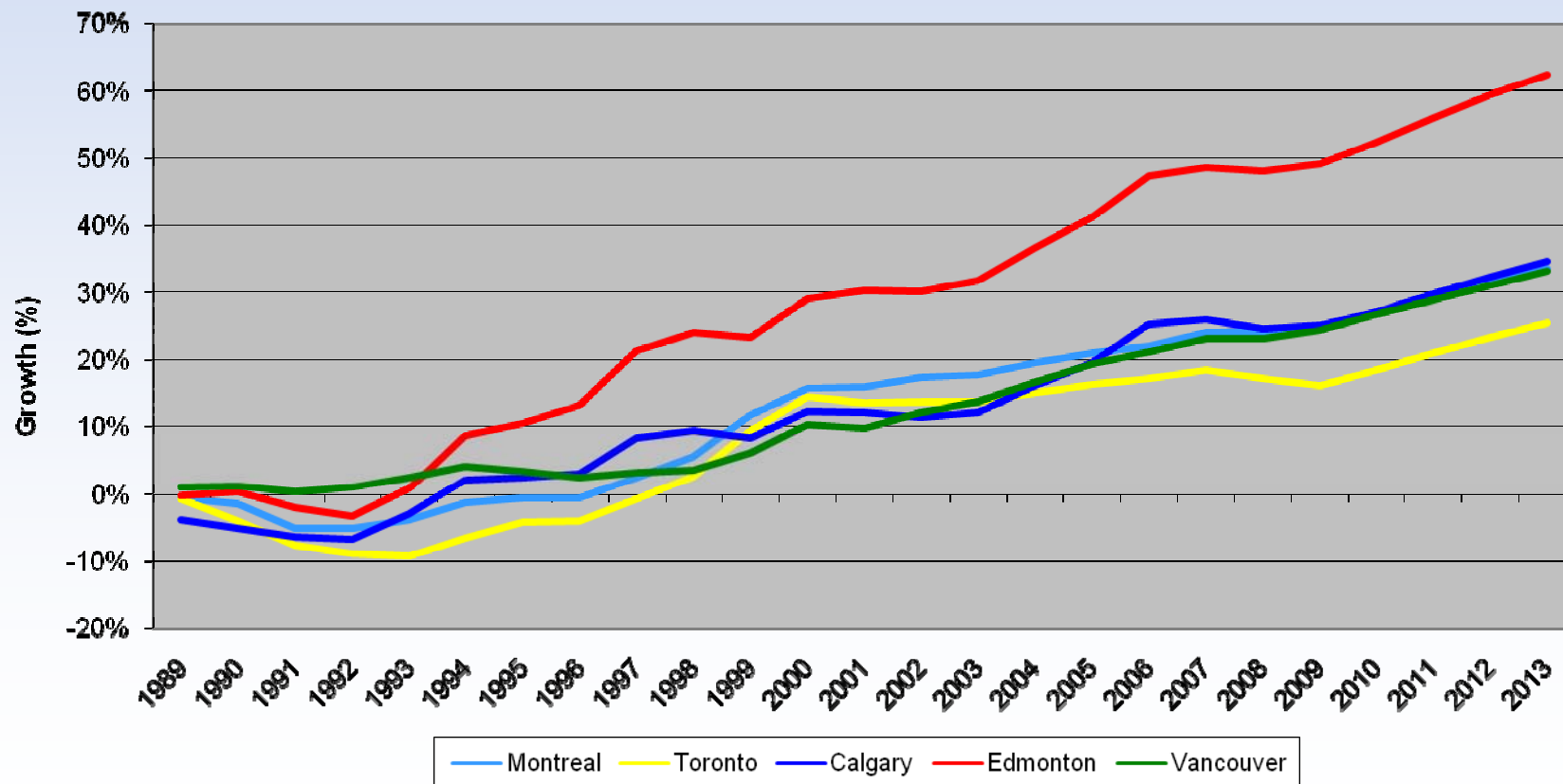
Economic Growth

GDP per Capita



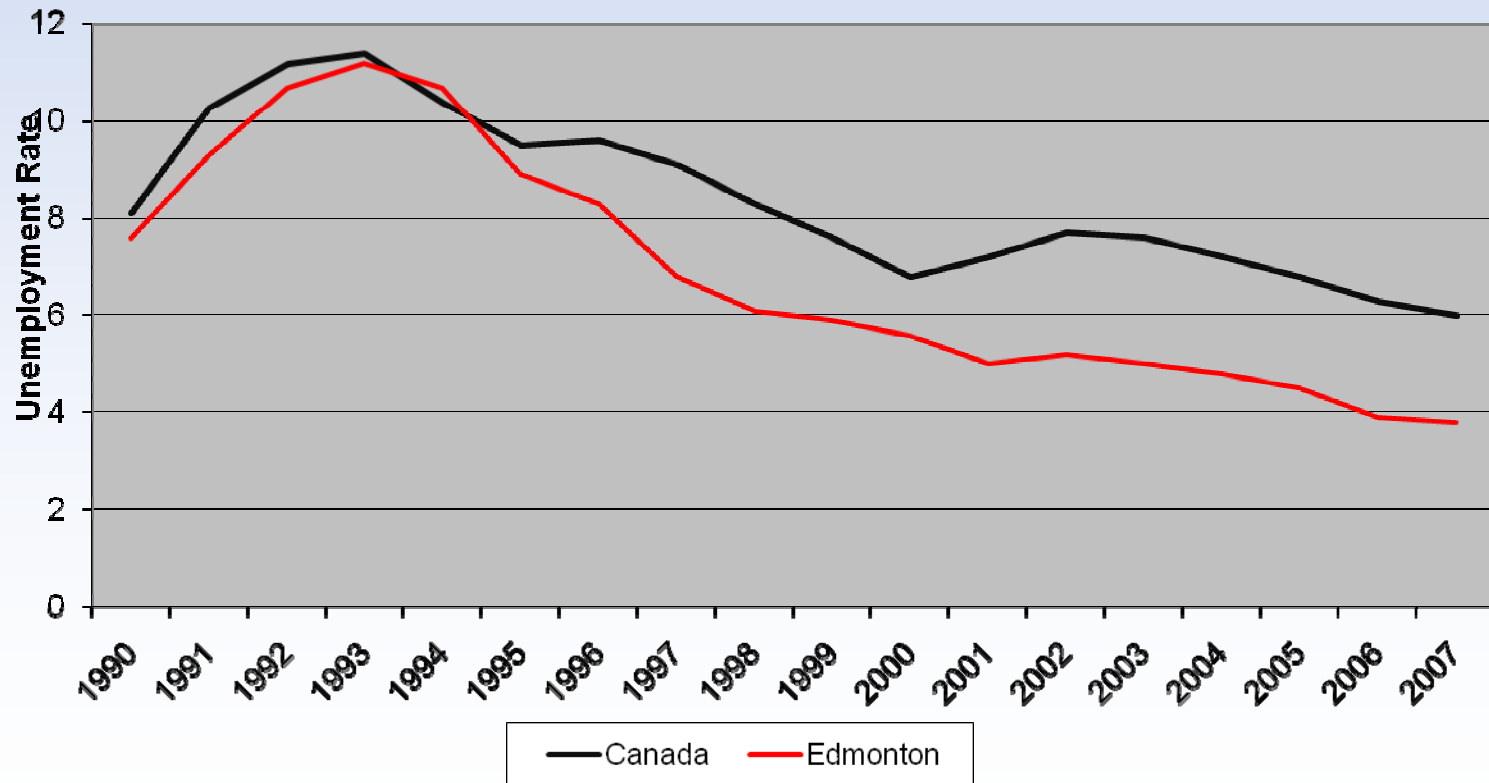
Economic Growth

GDP per Capita Growth

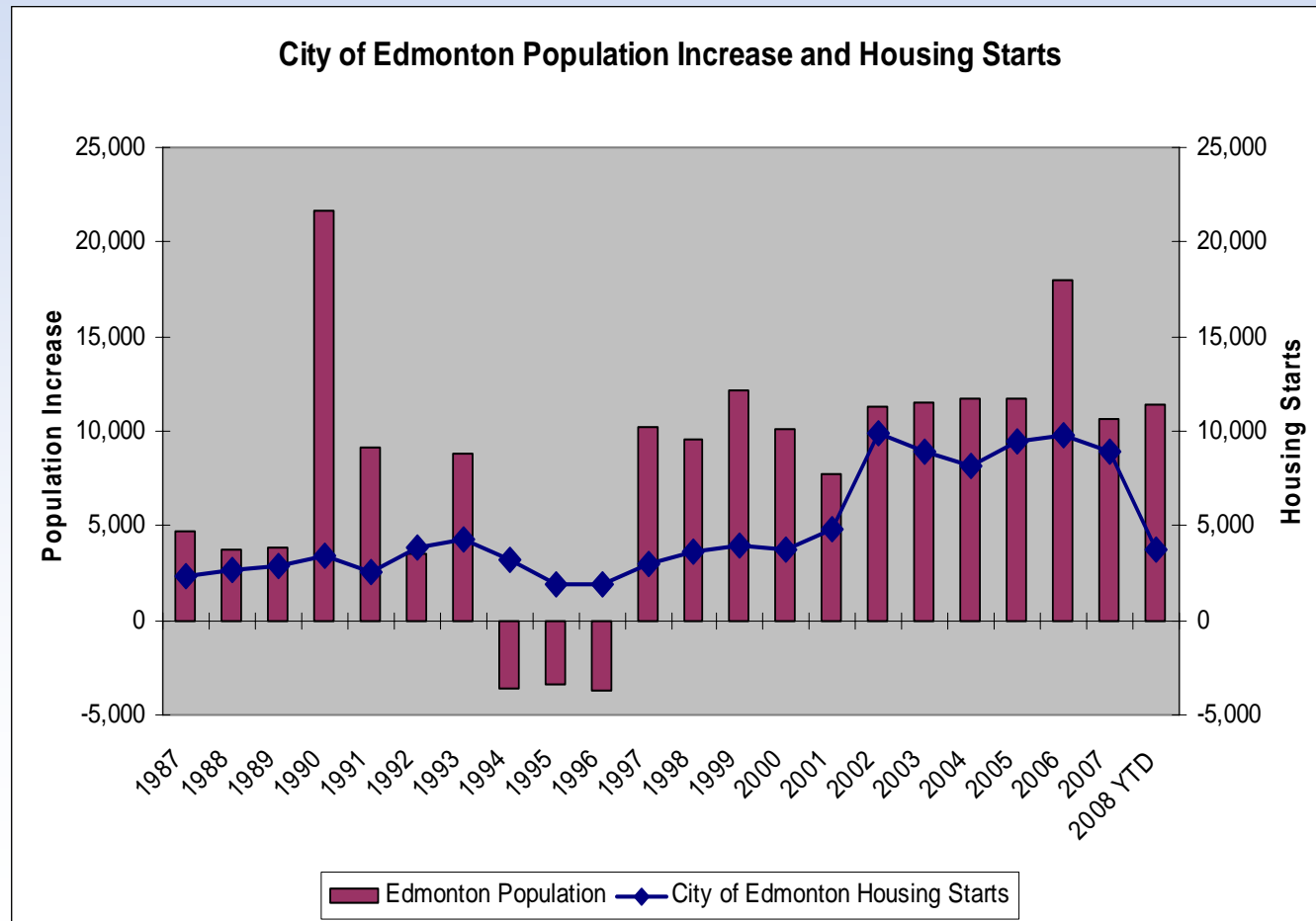


Employment

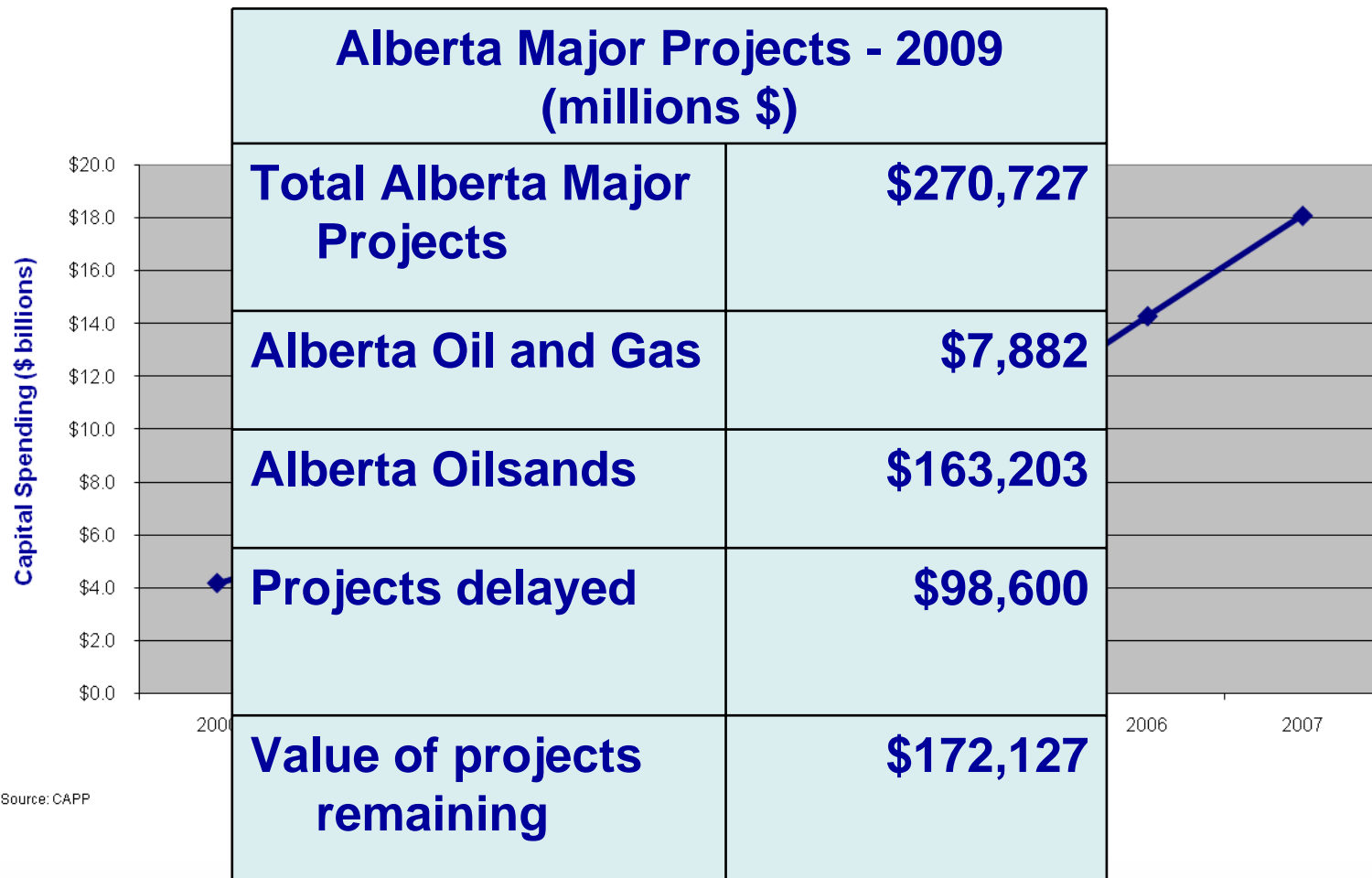
Unemployment Rates



Housing



Major Projects



Current State of Edmonton's Economy

- Edmonton's economic fundamentals remain solid
- Can expect a slowing down of the economy in the coming year
 - Slowdown varies by industry sector and market
 - Overall still expecting positive growth for the year
- Slower growth brings some benefits
 - Reduced inflationary pressures
 - Helps address problems with the “Dutch disease”

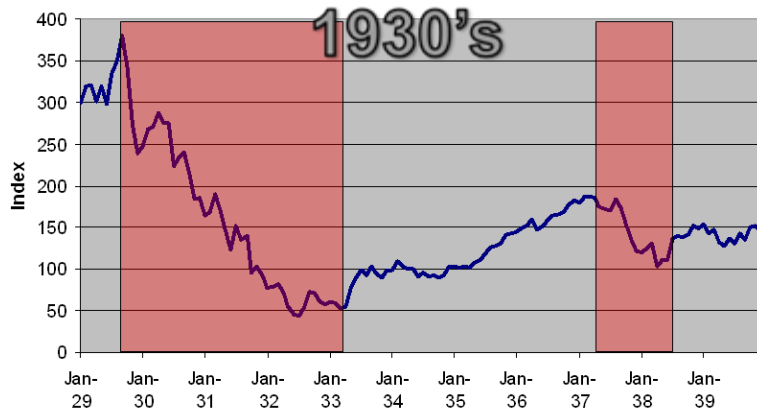
Opportunities and Threats

Major Economic Events and Trends Impacting on Edmonton and Alberta

- Global financial and economic crisis
- Changing world economy
- Global oil and gas markets
- Populations and labour forces
- Edmonton's changing economy

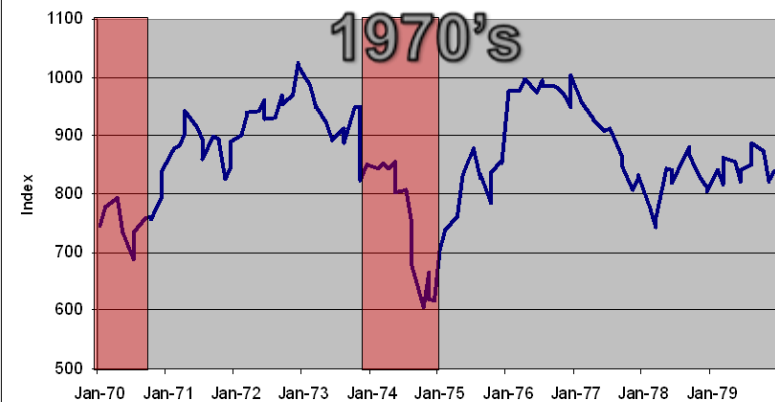
Opportunities and Threats

Dow Jones Industrial Average: 1929-1940



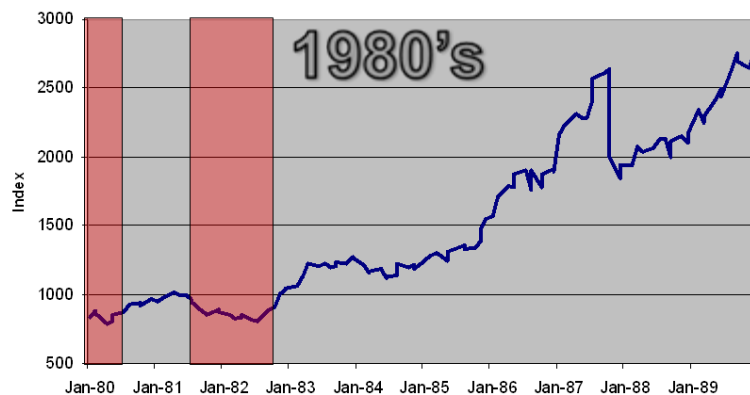
Source: Dow Jones Index; National Bureau of Economic Research

Dow Jones Industrial Average: 1970's



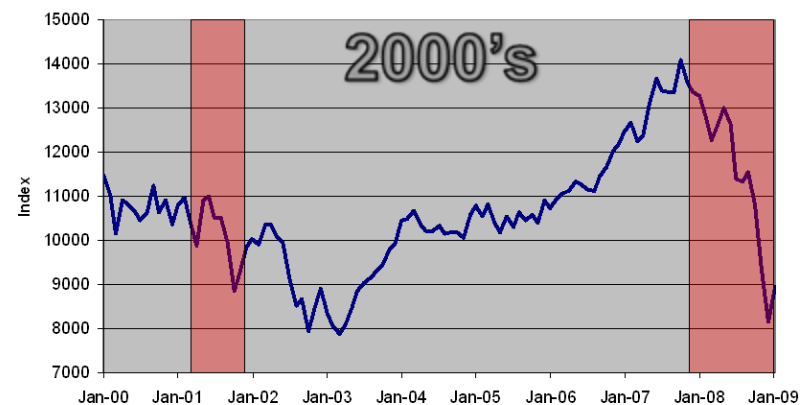
Source: Dow Jones Index; National Bureau of Economic Research

Dow Jones Industrial Average: 1980's



Source: Dow Jones Index; National Bureau of Economic Research

Dow Jones Industrial Average: 2000-Present



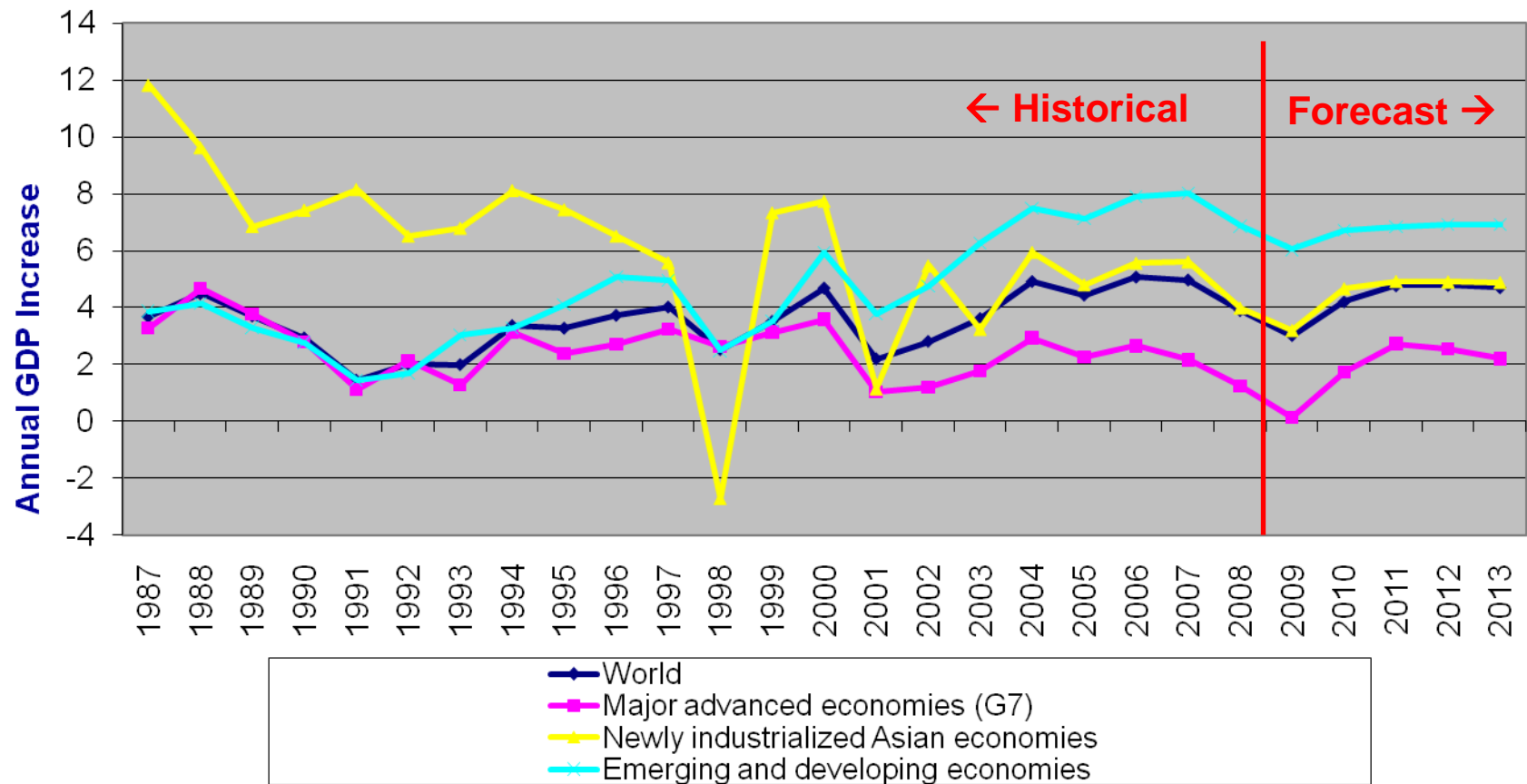
Source: Dow Jones Index; National Bureau of Economic Research

Financial and Economic Outlook

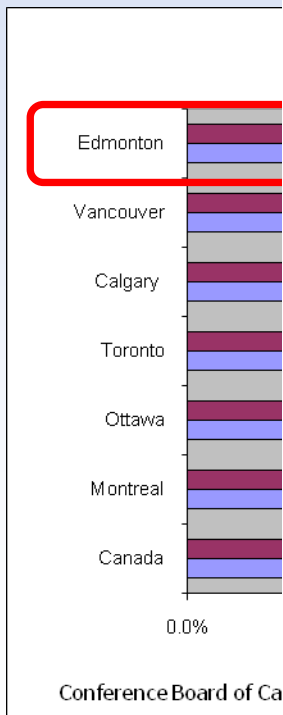
- This is part of an economic cycle, and at some point the recession will end and growth will resume
- The downturn will likely be more severe and longer lasting than most originally expected
- Canada, Alberta and Edmonton will likely fare better than other countries / provinces / areas of Alberta

Opportunities and Threats

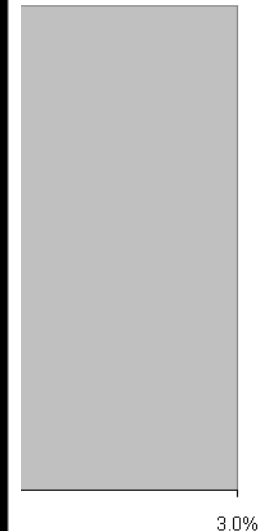
GDP Forecast
International Monetary Fund



Near Term Economy



Provincial Forecast		Real GDP		
		(year-over-year change, %)		
		07A	08F	09F
British Columbia		3.0	1.5	1.5
Alberta		3.1	1.3	1.9
Saskatchewan		2.5	3.0	2.4
Manitoba		3.3	2.0	1.4
Ontario		2.3	-0.1	0.1
Québec		2.6	0.4	0.4
New Brunswick		1.7	1.2	0.7
Nova Scotia		1.7	1.2	1.2
Prince Edward Island		2.4	0.7	0.7
Newfoundland & Labrador		9.1	0.7	0.7
Canada		2.7	0.6	0.8



A Changing World

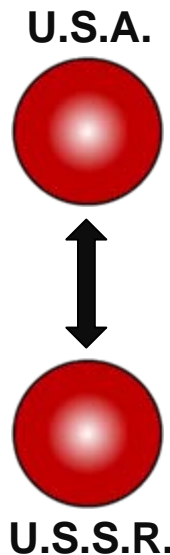
- Dramatic shifts in the global economy can be expected over the next 3 to 4 decades
- These shifts being driven by, or reflected in, changes in:
 - Balance of power
 - Population
 - GDP
 - Globalization

Opportunities and Threats

Balance of Power

Cold War

**A Bi-Polar
World**



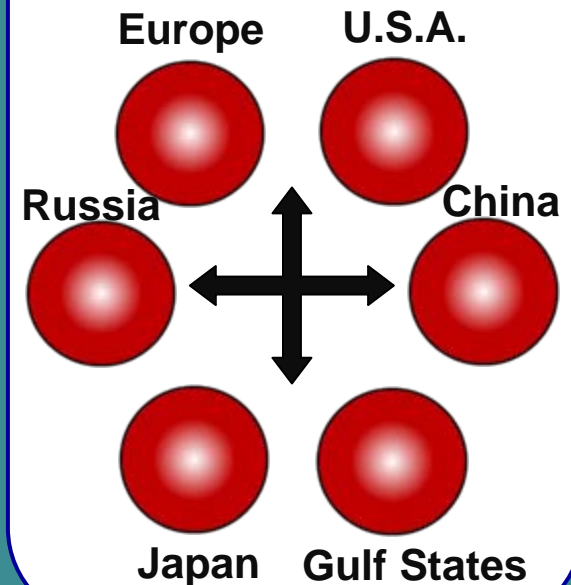
Recent

**A Uni-Polar
World**



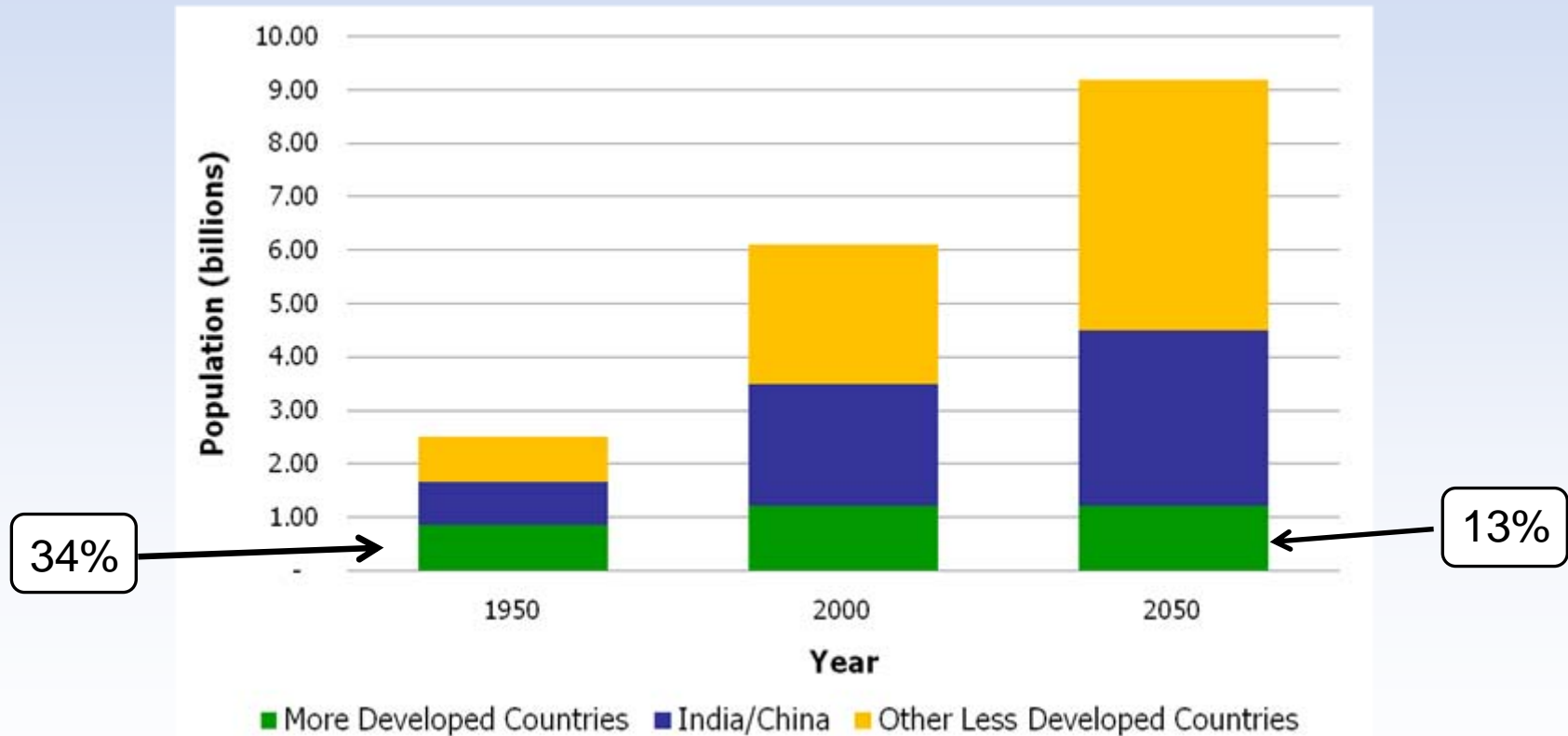
Future

**A Multi-Polar
World**



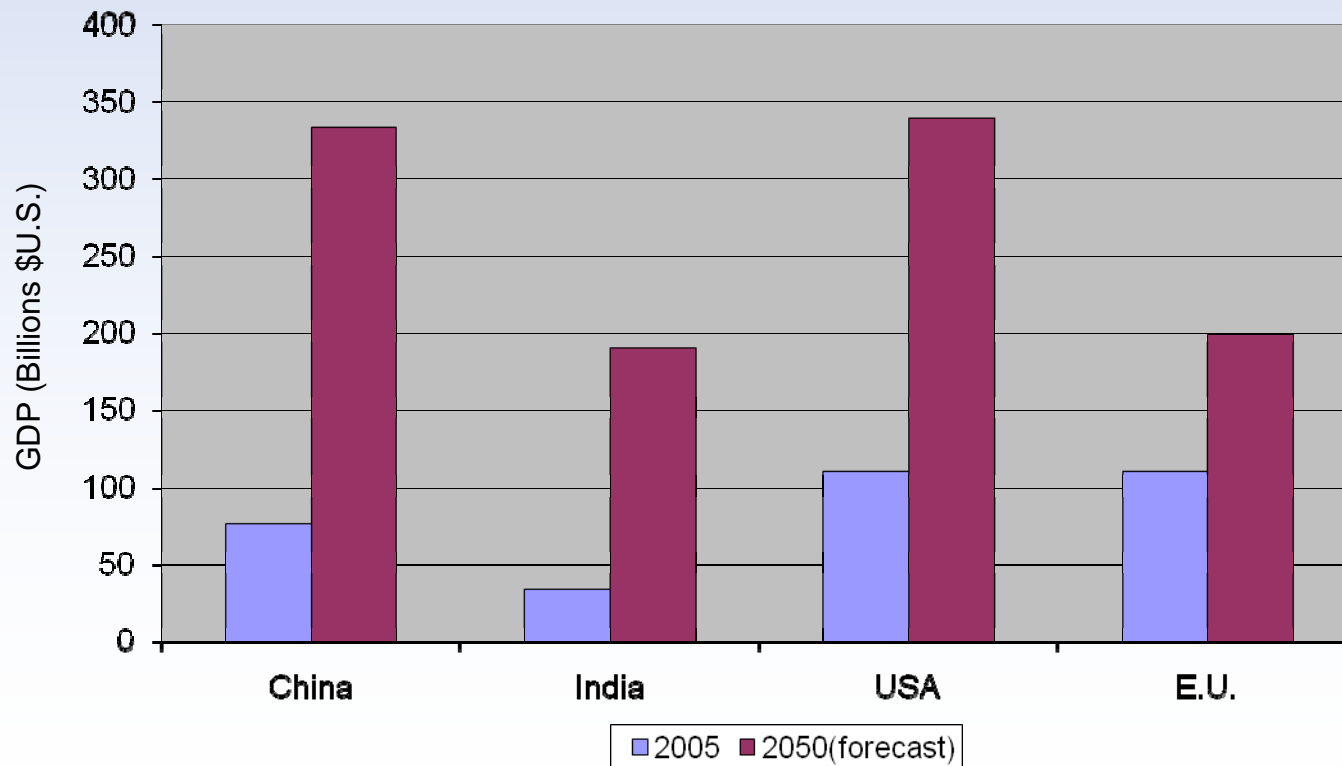
Opportunities and Threats

Global Population Changes



Changing World Economy

GDP of Major Nations 2005 and 2050



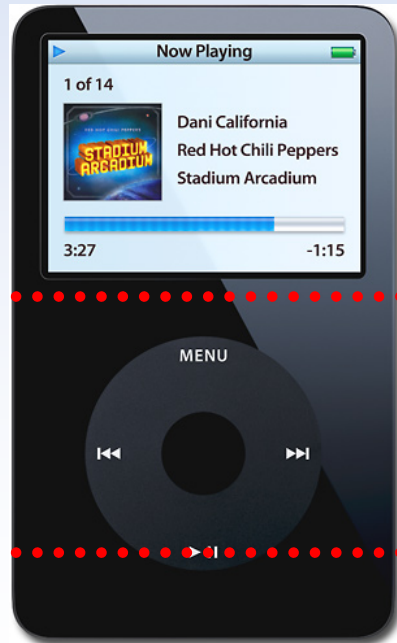
Opportunities and Threats

Globalization

The iPod Value Chain

\$224 Wholesale Price

Where are revenues are captured



Apple:

59%



Manufacturers Headquartered In:

32%

Japan

8%

USA

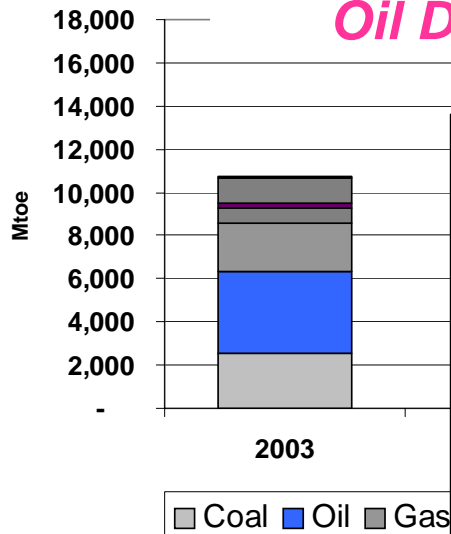
1%

**Taiwan / Korea /
Other**

Source: Personal Computing Industry Center: 2006

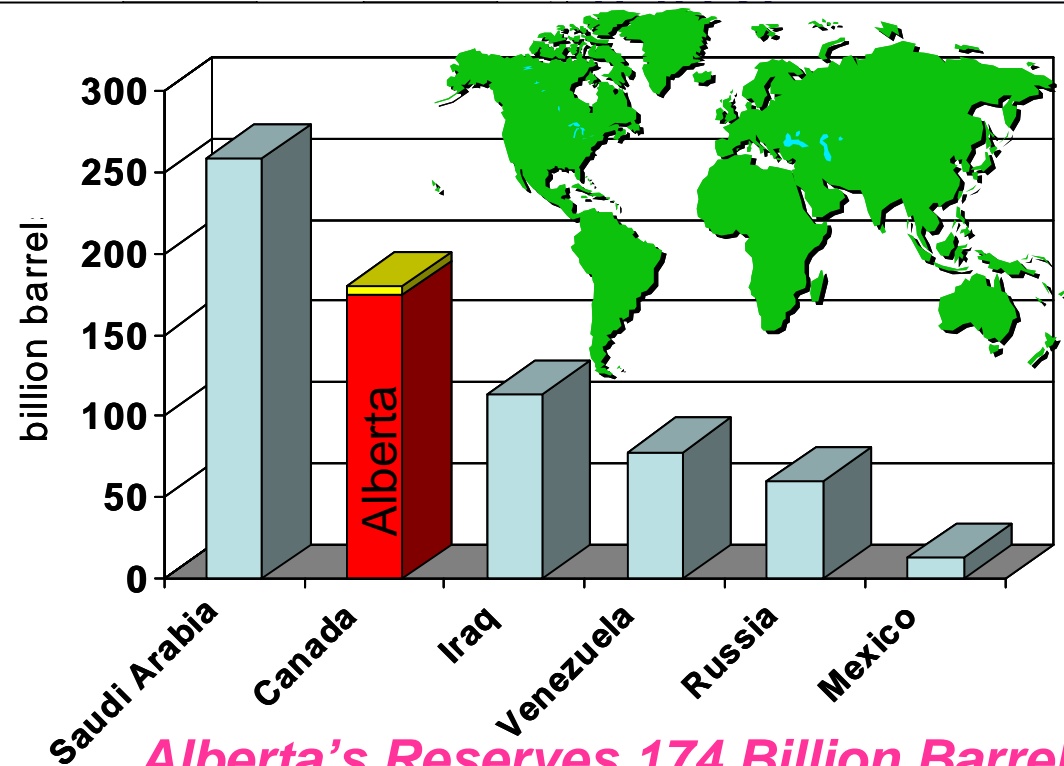
Opportunities and Threats

WORLD ENERGY DEMAND



Markets

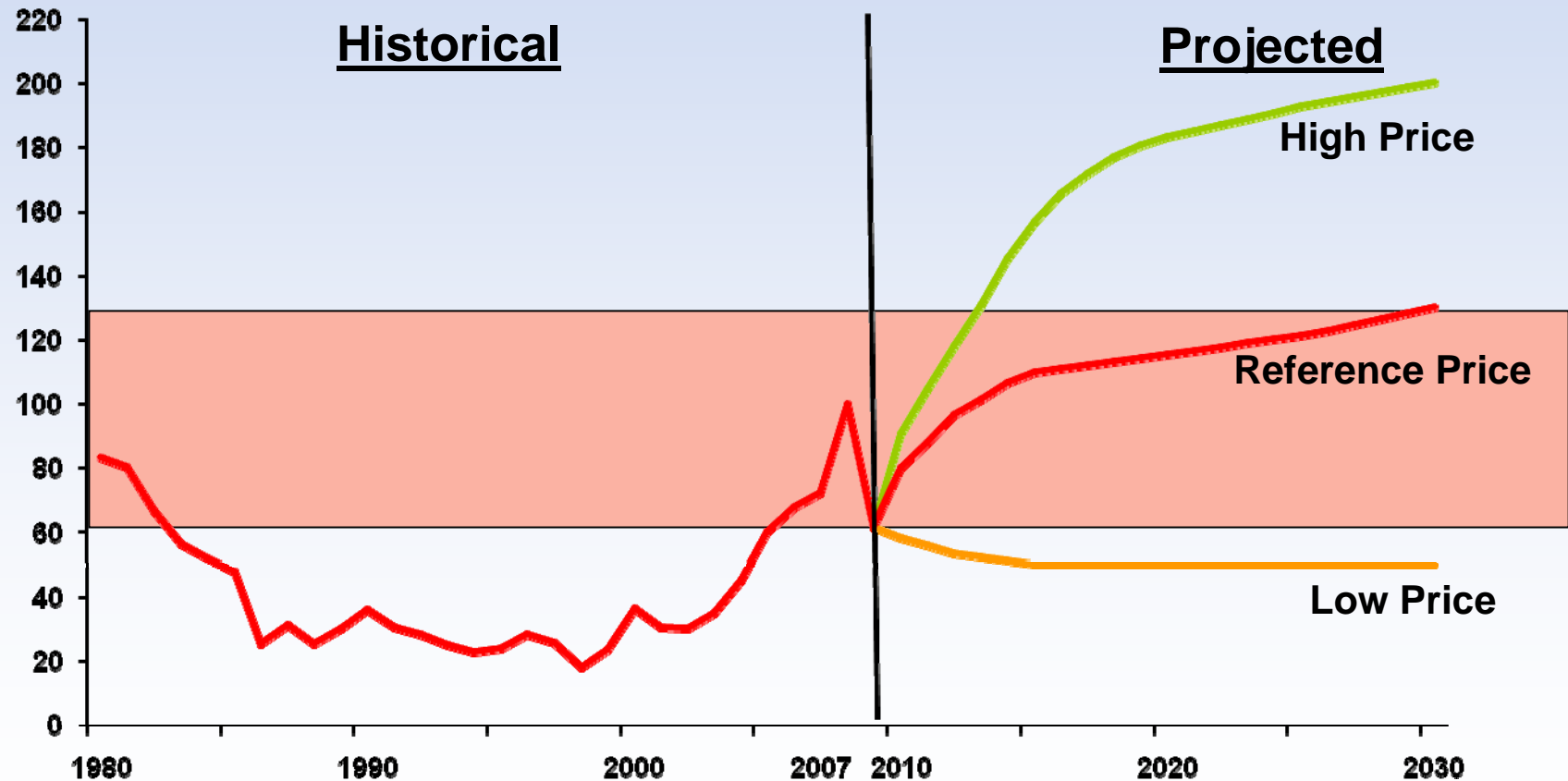
PROVEN OIL RESERVES



- Alberta's viewed a *political*

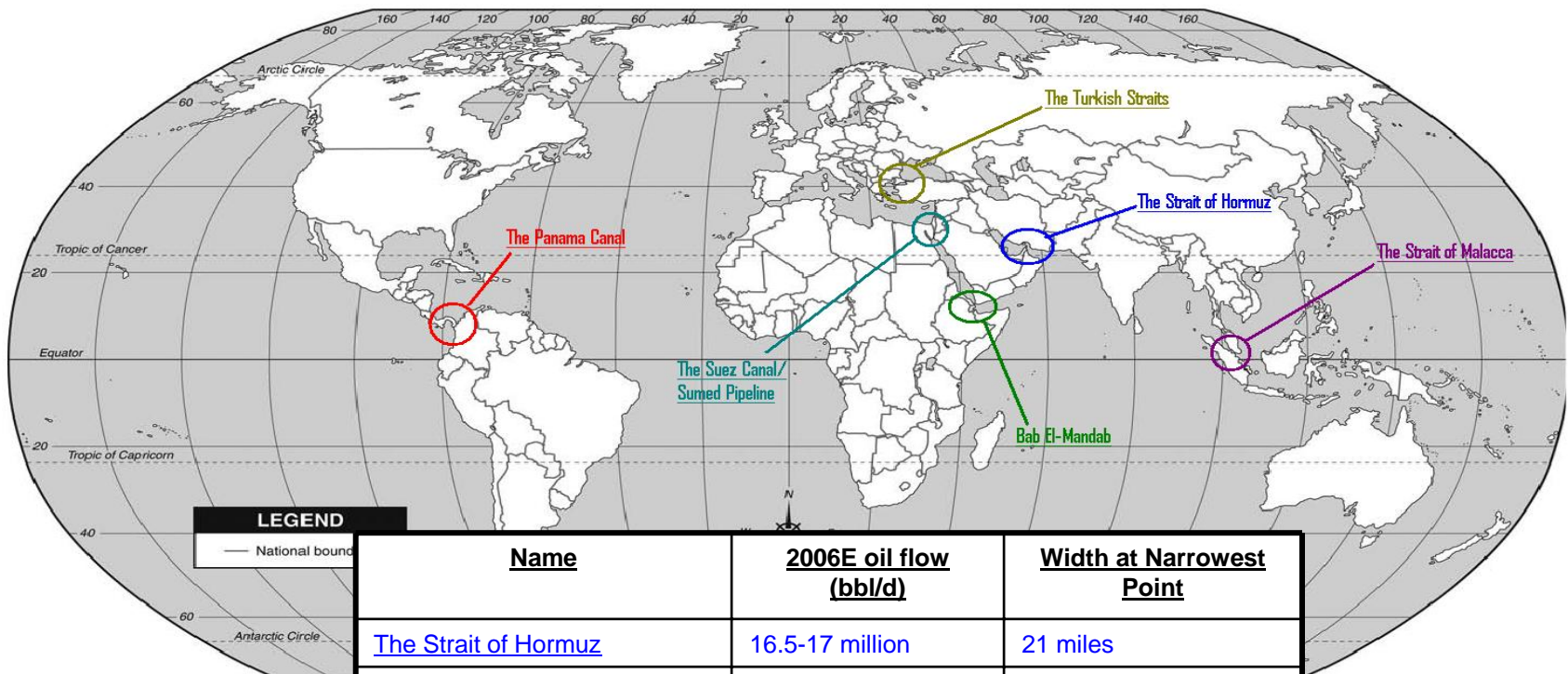
Opportunities and Threats

Price of Oil



Opportunities and Threats

Global Oil Transport Routes



<u>Name</u>	<u>2006E oil flow (bbl/d)</u>	<u>Width at Narrowest Point</u>
The Strait of Hormuz	16.5-17 million	21 miles
The Strait of Malacca	15 million	1.7 miles
The Suez Canal/Sumed Pipeline	4.5 million	1,000 feet
Bab El-Mandab	3.3 million	18 miles
The Turkish Straits	2.4 million	0.5 miles
The Panama Canal	0.5 million	110 feet

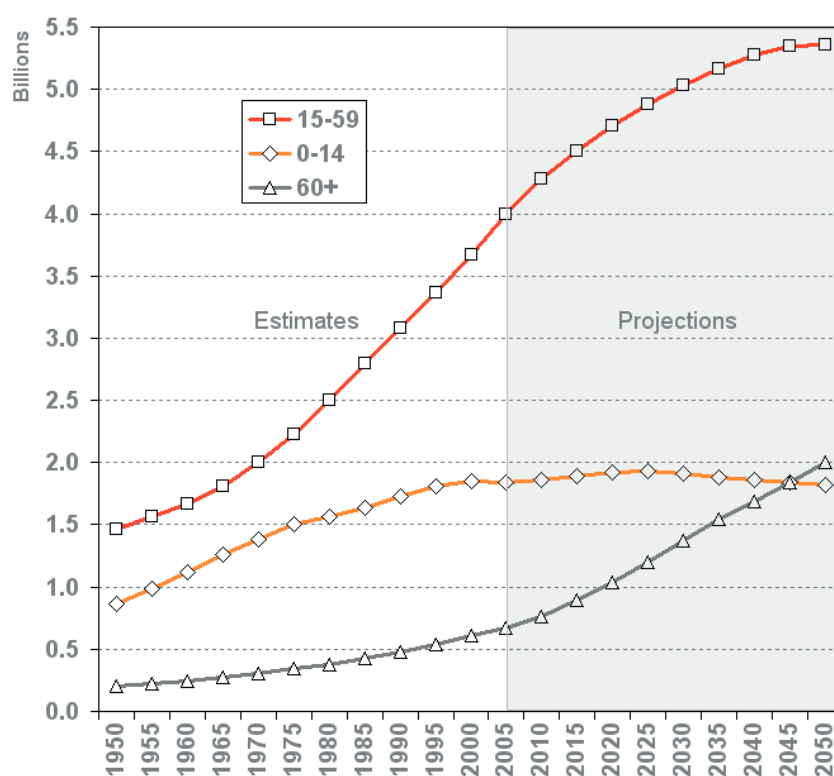
Populations and Labour Forces

- In virtually all industrialized nations, labour forces being impacted by 2 macro trends:
 - Declining populations
 - Aging populations
- As a result, in these nations' unemployment levels are approaching all time lows
- Over the coming 50 years, labour shortages will be one of the most important challenges to be faced by industrialized nations

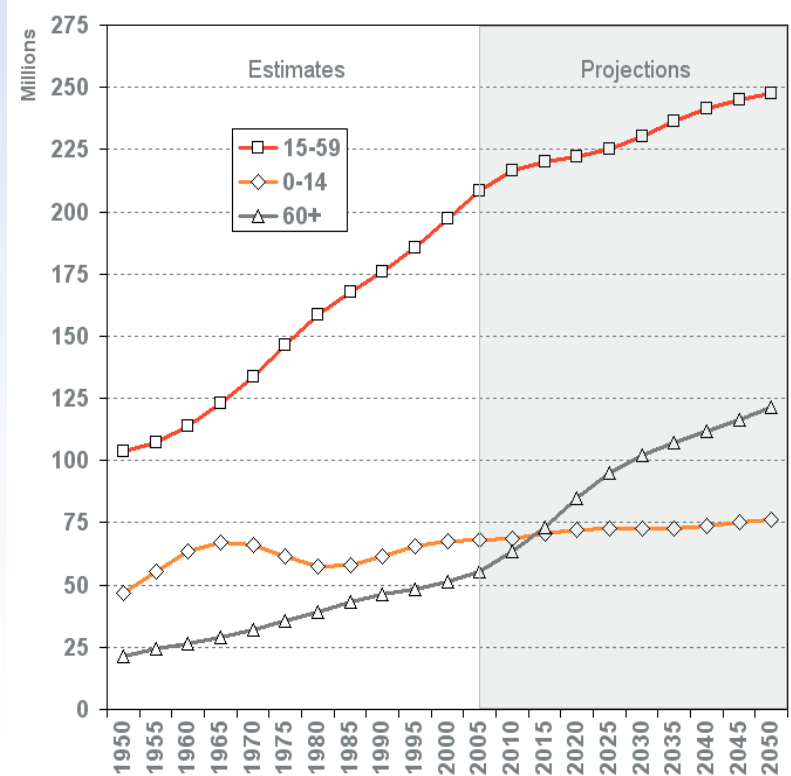
Opportunities and Threats

Populations and Labour Forces

**World Population by Age Groups
1950-2050**



**Northern America's Population by Age Groups
1950-2050**



Edmonton's Changing Economy

- We are becoming more productive
- We are benefiting from higher incomes
- We are becoming better educated
- We are growing as a centre of economic activity
 - Health care
 - Education
 - Advanced Technology
 - Financial Services and Investment Management

Edmonton's Changing Economy

In the Future

**To be competitive,
we need to rely on:**

- Innovation
- Productivity
- Flexibility
- Responsiveness

In the Future

**We won't be able to
compete in terms of:**

- Cost
- Labour availability
- Access to markets

What This Means for Edmonton

- ***The current recession is part of a cycle***
 - We can expect a slowdown, but we also need recognize that there will be a recovery
 - Individuals, companies and governments need to manage prudently
 - Use this time to plan and prepare for future growth
- ***The global economy will change significantly in the future***
 - Important that Edmonton understand these changes and their impact on our economy
 - Important that we begin to think and act like a global player

What This Means for Edmonton

- *Alberta is increasingly being recognized as an energy superpower*
 - Oil will continue to be a valued source of energy for the foreseeable future
 - Alberta can expect to become one of the world's largest, and most secure, suppliers of oil and value added products
 - Environmental issues are real, and if not dealt with, pose a serious threat to Alberta's energy industry

Opportunities and Threats



What This Means for Edmonton

- ***Availability of labour is critical***
 - Shortage of skilled labour is one of the most important long-term challenges faced by the Alberta economy
- ***Edmonton's economy of the future***
 - To sustain our quality of life and income levels, working harder and longer won't be enough
 - The key is a knowledge-based economy – one that is characterized by innovation, productivity, flexibility and responsiveness

The Challenge

Where Do We Want to be 20 Years?

- 1. Establish a sustainable and internationally competitive economy**
- 2. Offer high quality employment opportunities and good incomes**
- 3. Provide citizens with a world-class quality of life**
- 4. Be globally recognized as a leading city**

The Challenge



Setting a Goal

***To have Edmonton become recognized
as one of the world's top 5 mid-sized
cities***

The Challenge

The World's Largest Cities

City Type and Size		Number of Cities		
Type	Population	North America	Rest of World	Total
Mega	20.0 M Plus	2	5	7
Very Large	10.0 – 20.0 M	1	17	18
Large	5.0 – 10.0 M	11	28	39
Intermediate	2.5 – 5.0 M	11	86	97
Mid-Size	1.0 – 2.5 M	43	264	307
Total		68	400	468

Who are the Benchmarks?

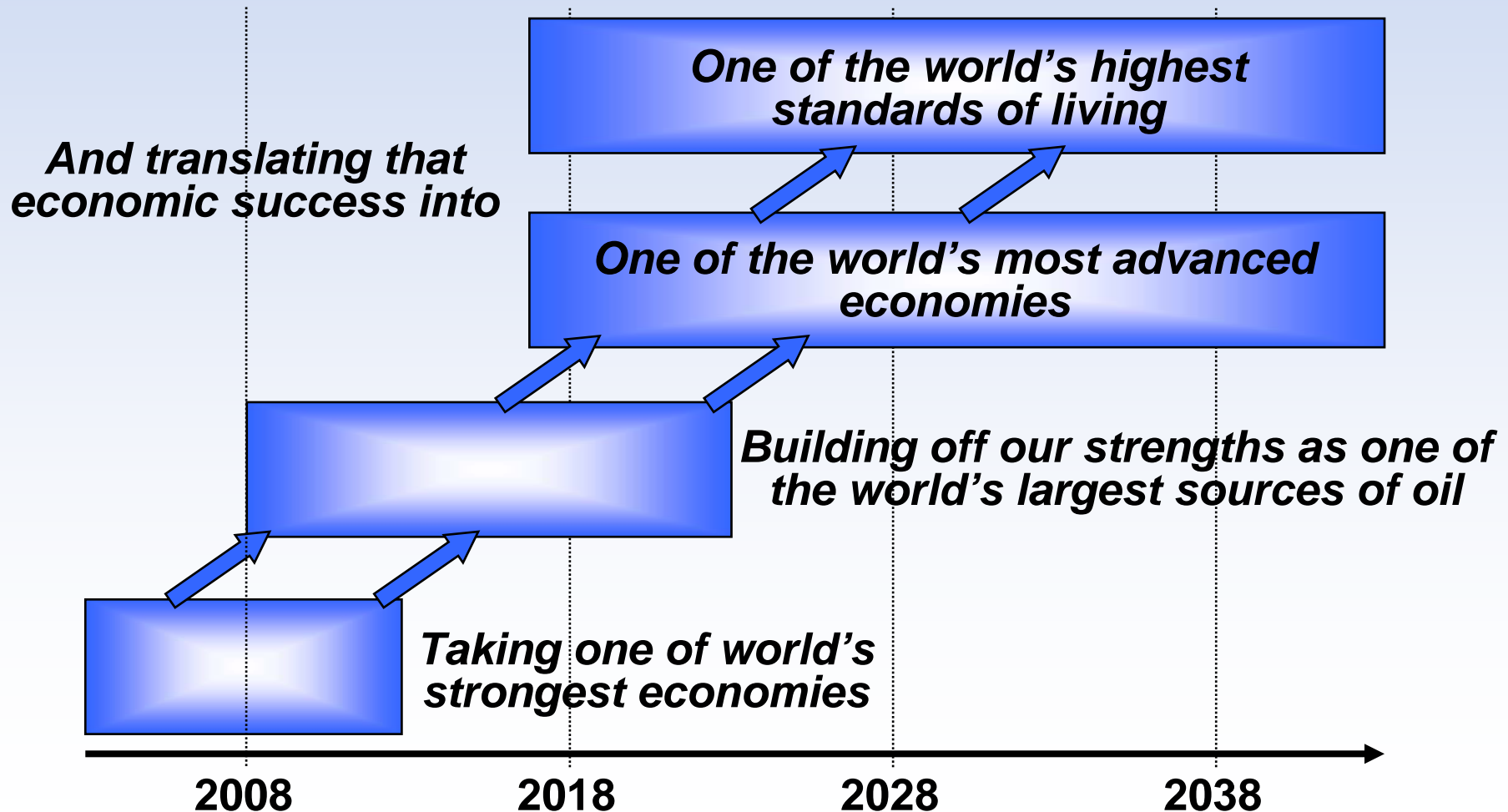
Who is our Competition?

- Munich
- Lyon
- Orlando
- San Antonio
- Abu Dhabi
- Pretoria
- Stockholm
- Vancouver
- New Orleans
- Cologne
- Calgary
- Amsterdam
- Xiamen
- Glasgow
- Dubai
- Copenhagen
- The Hague
- Auckland
- Memphis
- Oslo
- Ottawa
- Fukuoka
- Columbus
- Brisbane

The Plan

The Plan

Edmonton's Economic Strategy



Economic Priorities

- Labour force growth
 - Improved productivity and innovation
 - Increased immigration
- Improved image as a world-class city
- Continued efforts to diversify the economy and support the growth of knowledge-based sectors

Medium Term Economy

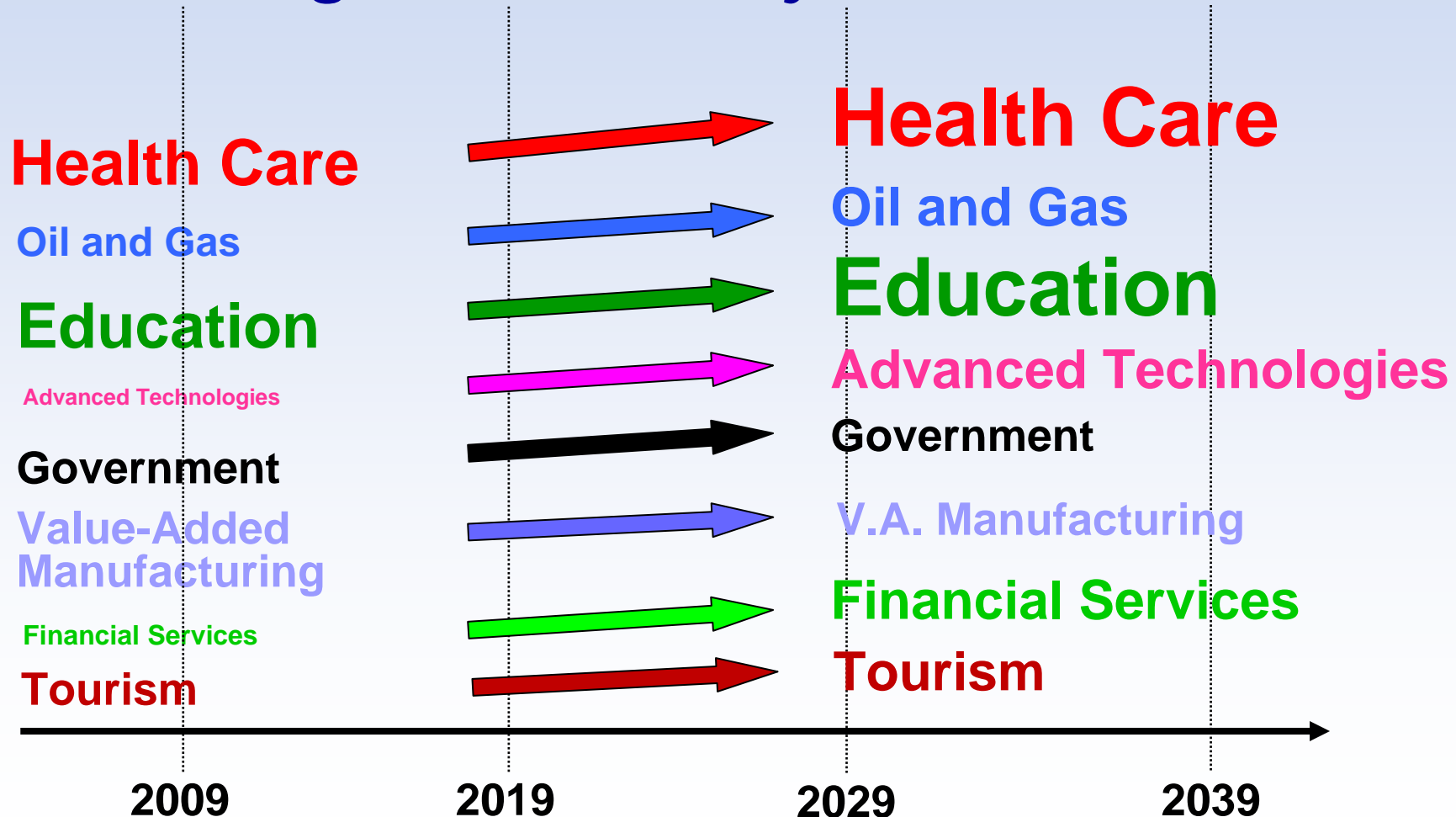
Economic Priorities

- Labour force growth
- “Getting it right” – balancing economic growth with sustainability
- Continued diversification of the economy
- Creating Edmonton’s “economy of the future”



Long Term Economy

Growing the Economy of the Future



Edmonton's Quality of Life

***Focus on
establishing
Edmonton as
one of the
world's great
mid-size
cities***

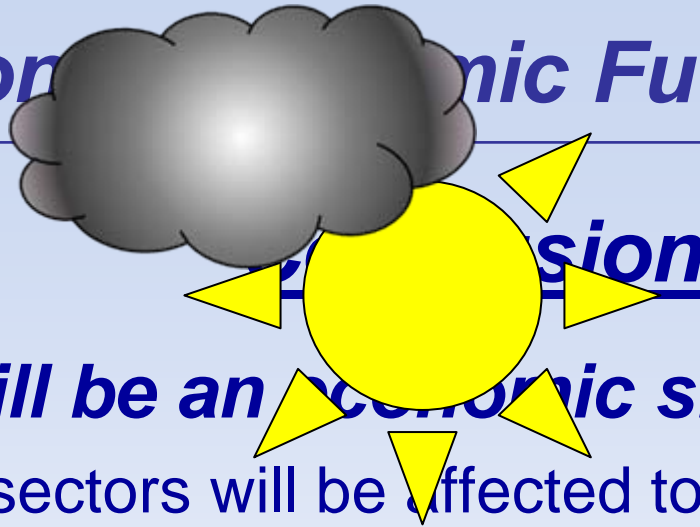


Major Initiatives

- ***Workforce***: requires significant improvement and expansion
- ***Edmonton's Image***: need to raise and continue to improve the recognition and perception of the community
- ***Diversified Economy***: need to develop the “economy of the future”
- ***River Valley***: need to exploit Edmonton's most unique and impressive geographic feature

Major Initiatives

- ***Civic Infrastructure***: downtown development, transportation routes and services, cleanliness
- ***External Transportation***: airports and air service, highways, pipelines, railways
- ***Cost of Living***: need to keep it competitive, especially housing
- ***Crime and Safety***: have to improve both the reality and perception
- ***Major Events***: key to raising Edmonton's profile



- ***There will be an economic slowdown***
 - Not all sectors will be affected to the same extent
 - Edmonton will likely be less impacted than most other major centres
- ***Edmonton continues to have a bright economic future***
- ***The world is changing, and we need to change with it***

This presentation can be obtained from EEDC's corporate website: www.edmonton.com/eedc

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