2026 : Alberta continue to experience solid growth

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Agenda

1. Alberta’s Economic Outlook
2. Looking ahead: structural challenges meet opportunities

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Alberta's Economic Outlook

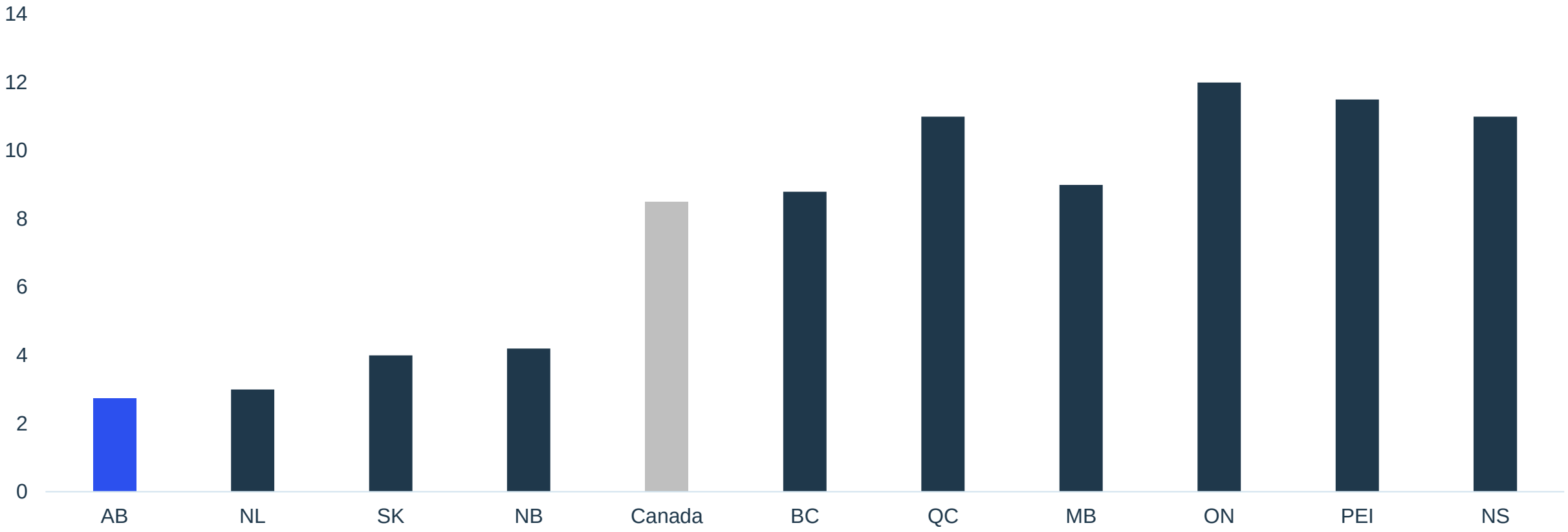
U.S. tariffs are still in place

U.S. tariffs on Canada:

- 50% on aluminum, steel and copper
- 25% on cars
- 45% on softwood lumber
- Removal of “de minimis” provision
- 25% on kitchen cabinets, upholstered furniture and bathroom vanities
- 25% on trucks

Alberta has the lowest effective rate of all the provinces..

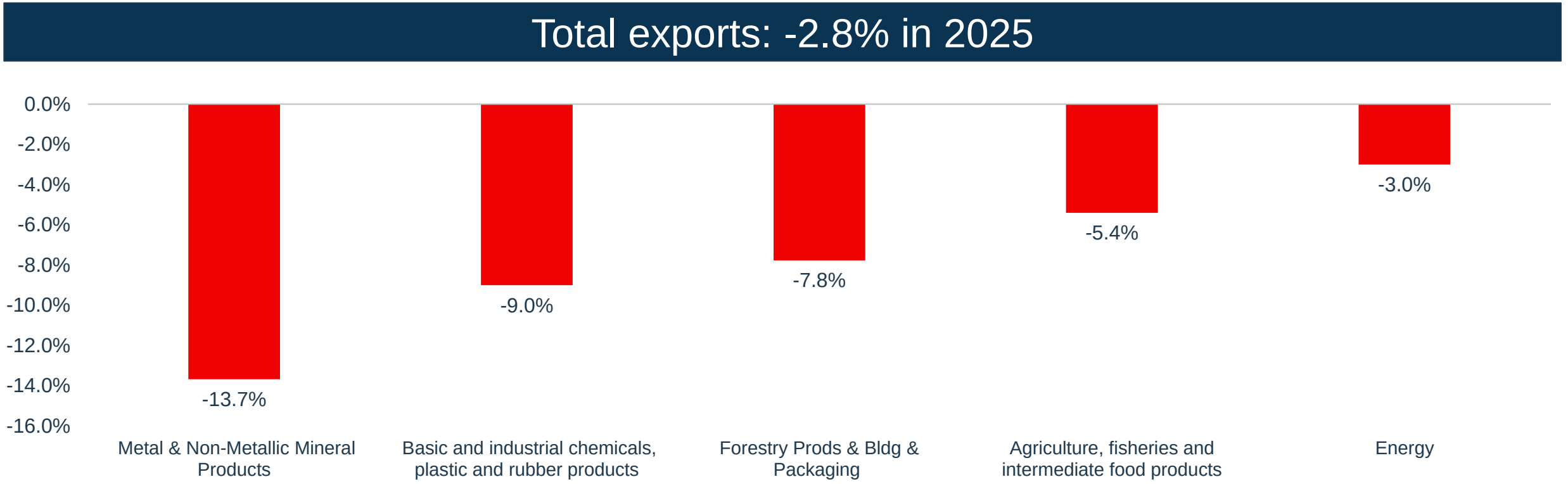
Effective U.S. imposed tariff rate, by province



Sources : Government of Alberta, May 2025

..but targeted industries took a hit and lower oil prices in 2025 put pressure on trade

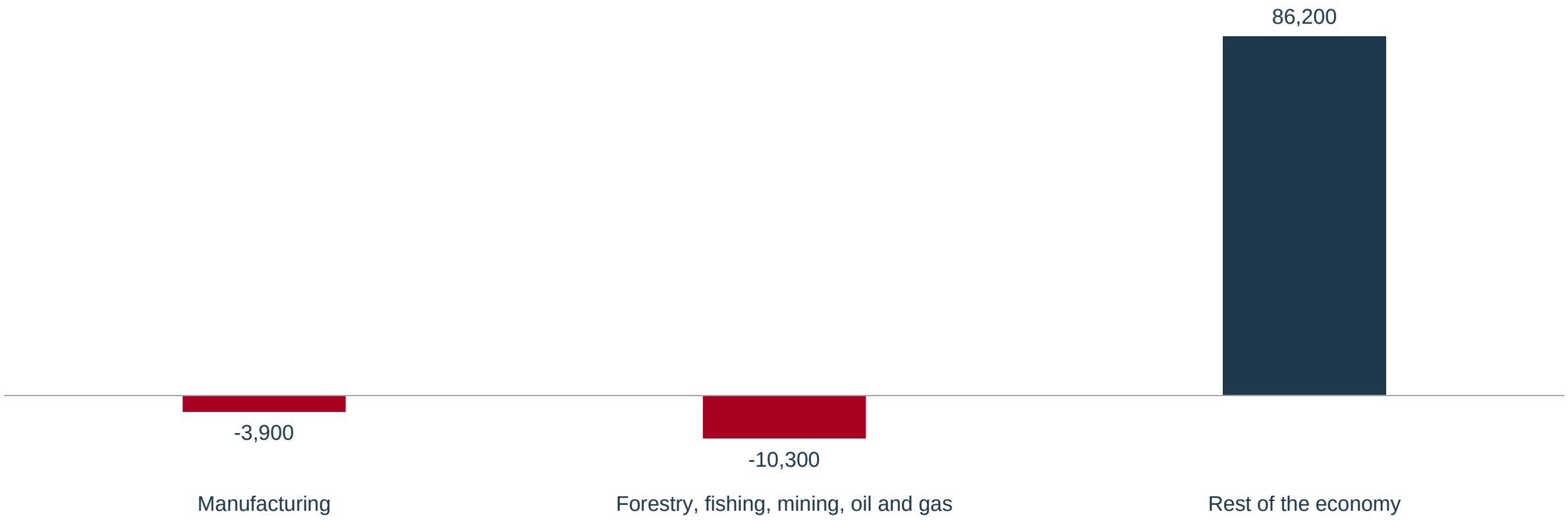
Change in exports, 2025, (%)



Sources : via Haver Analytics, BDC.

Weaker hiring was concentrated in some industries

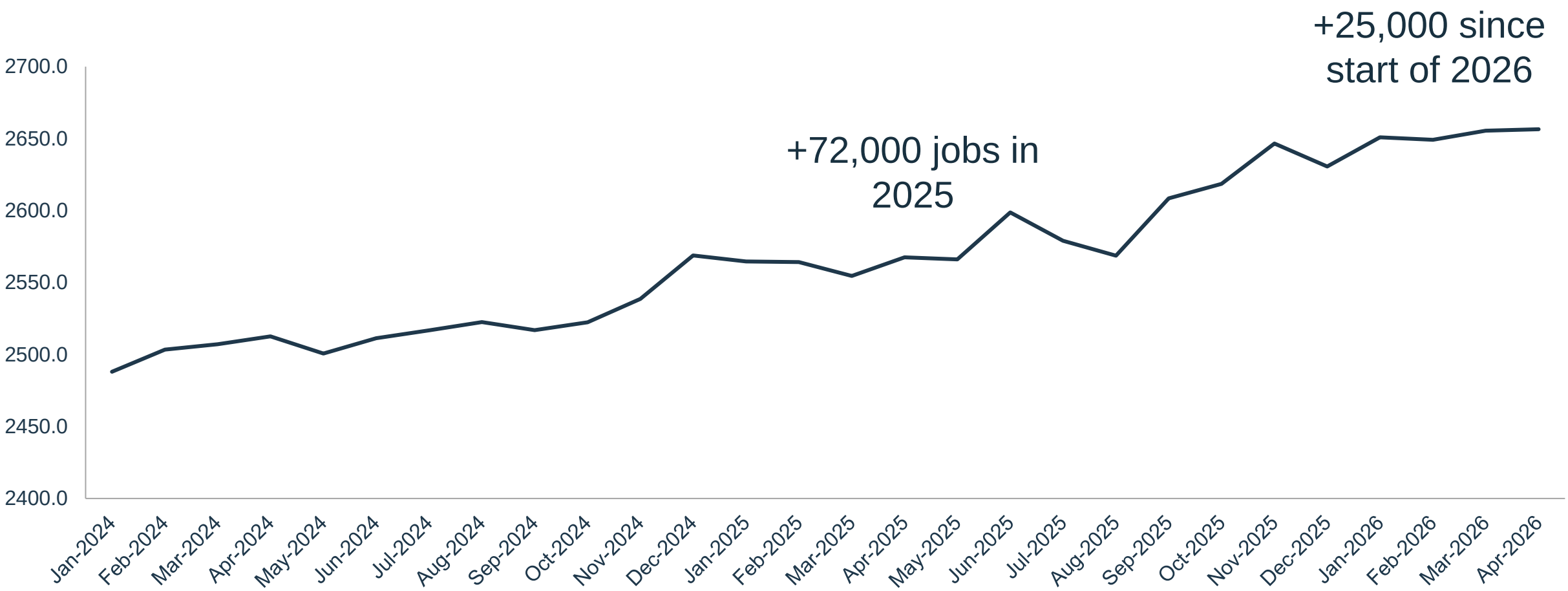
Job gains or losses, 2025



Source : via Haver Analytics, BDC.

But total employment increased in 2025 and so far in 2026

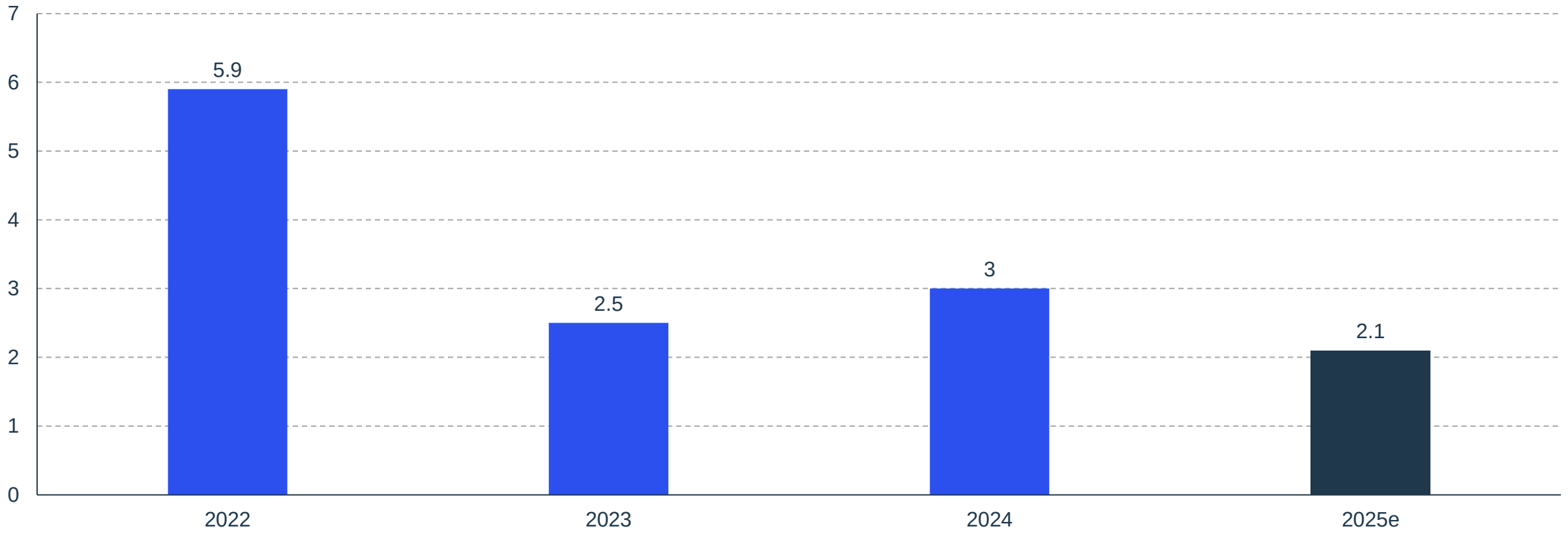
Employment, in thousands, Alberta



Source : via Haver Analytics, BDC.

The economy slowed but growth remained solid in 2025

Real GDP growth, (%), Alberta



Source : via Haver Analytics, BDC.

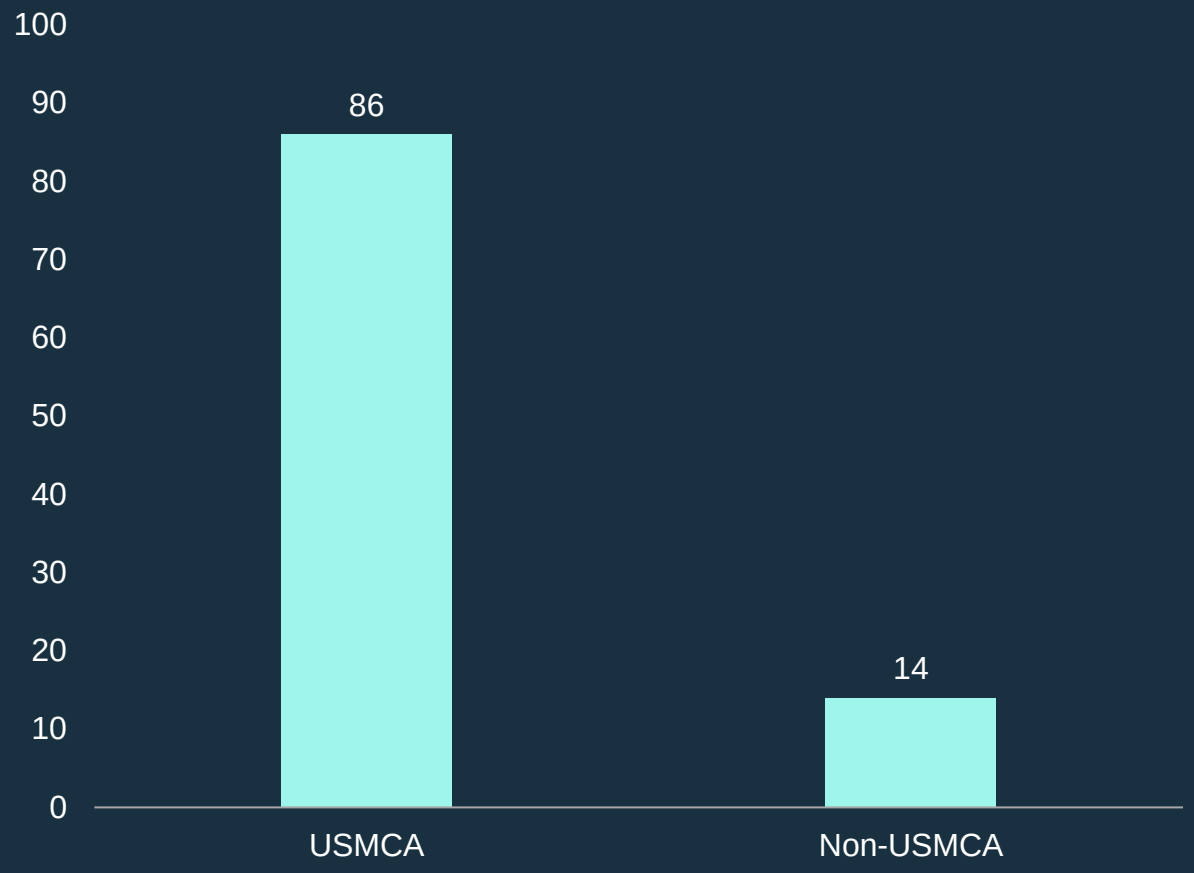
What to watch for in 2026

Deal or no deal?

CUSMA negotiations are taking center stage …

Most of our exports are compliant

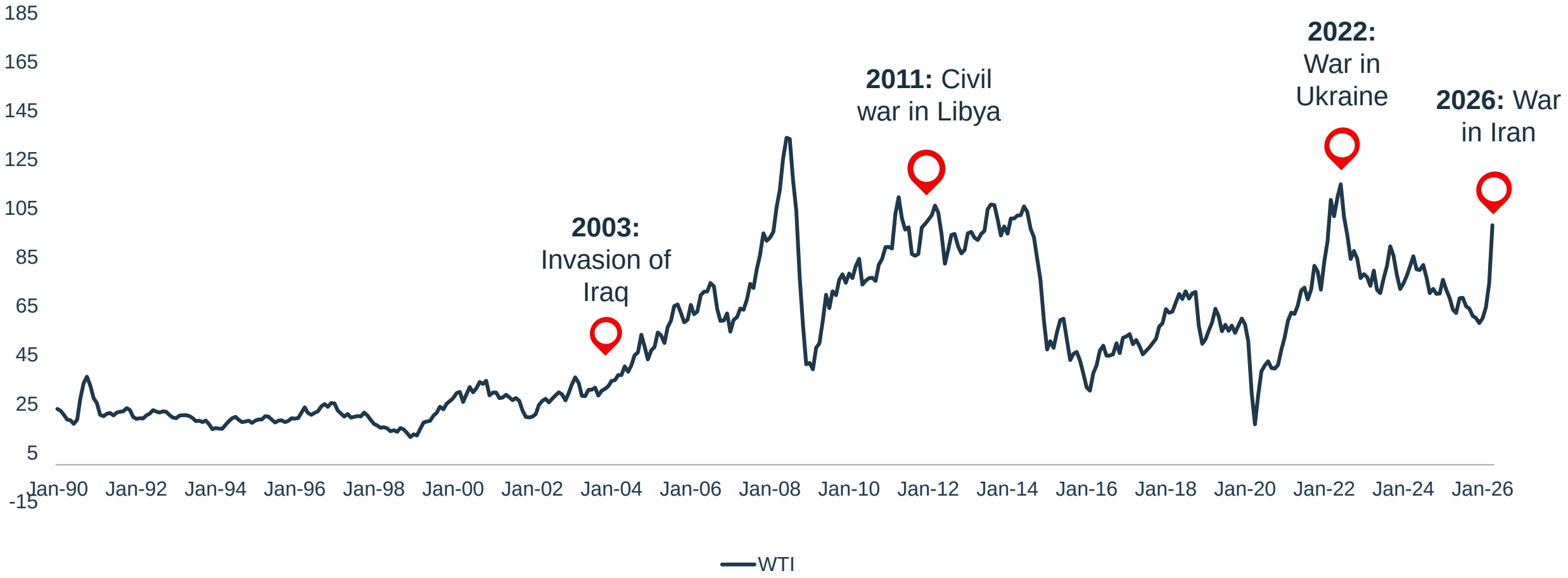
Proportion of exports that can be considered compliant if they meet the USMCA rules of origin, (%)



Source : Report:: Will it shield Canada from U.S. tariffs? April 2025, RBC.

The war in Iran is putting pressure on oil prices

WTI price (in dollars per barrel)



Source : via Haver Analytics, BDC.

Rising oil prices have two different effects on the Canadian economy

Upward pressure on inflation

Negative impact on consumption

Higher incomes for producers

Positive impact on regional economies

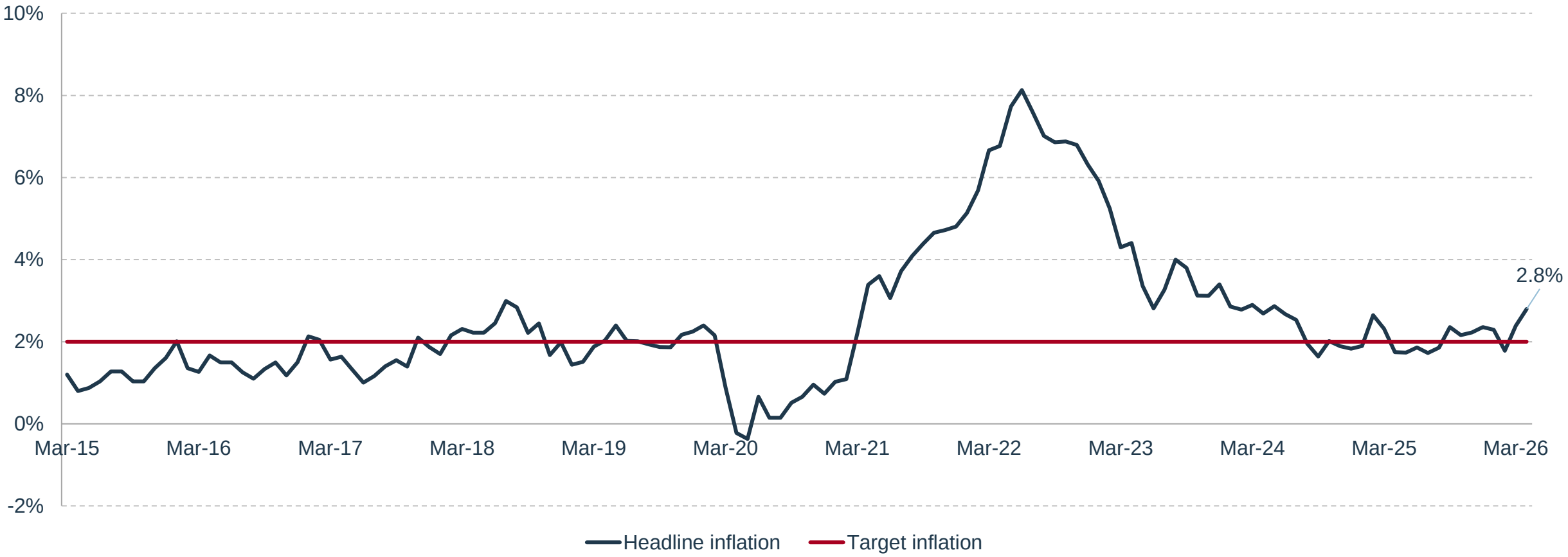
But overall, Alberta will benefit from it!

The impact of rising oil prices on regional economies

Source: BDC forecasts, November 2025

The rise in oil prices fueled inflation in April

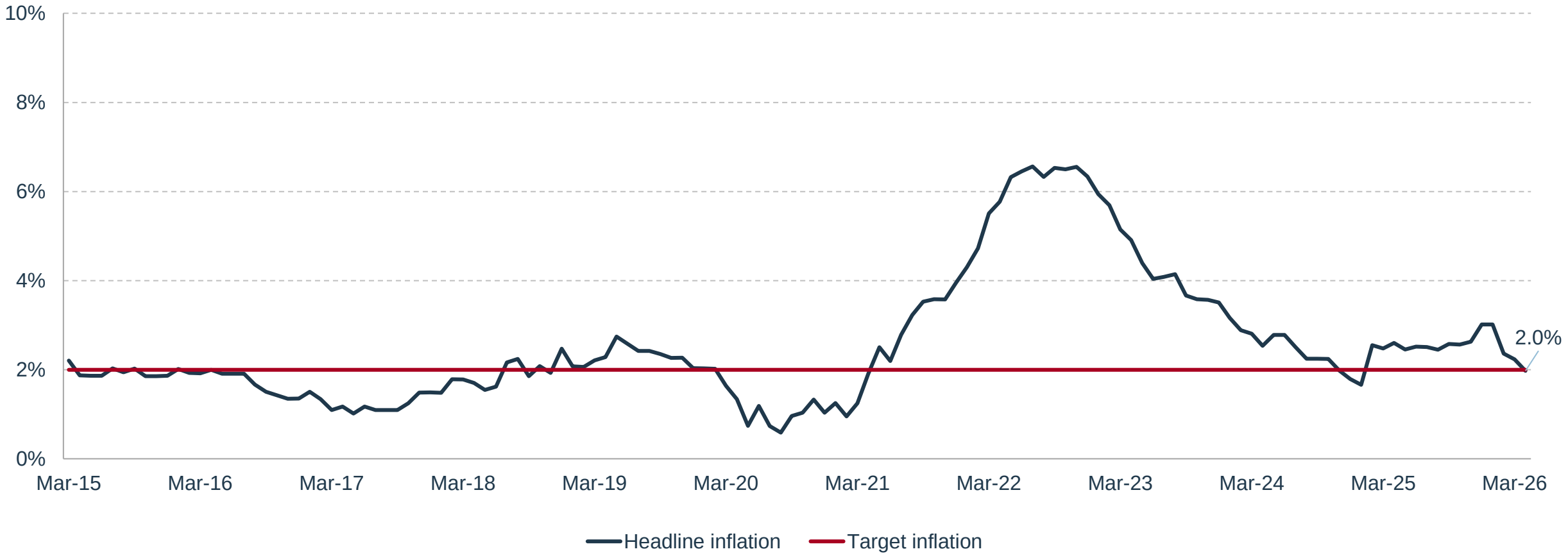
Inflation rate (%), Canada



Sources: Bank of Canada, BDC

However, core inflation remains at target

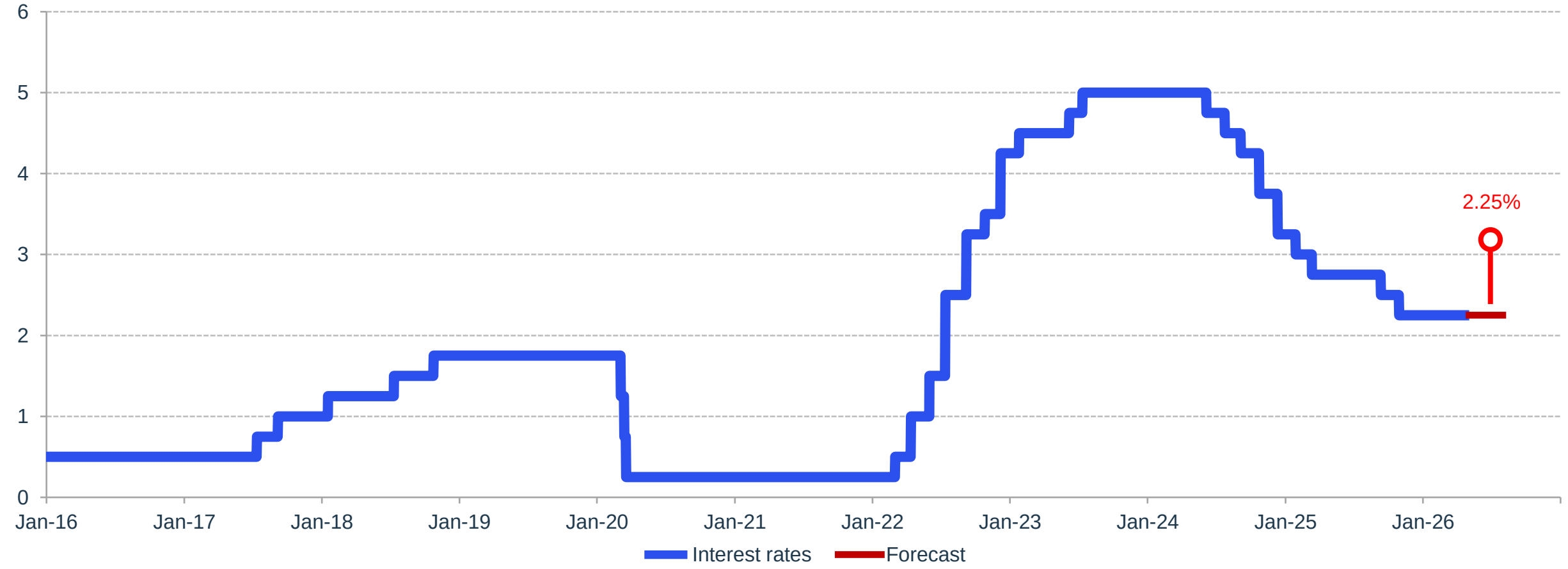
Inflation excluding energy (%), Canada



Sources: Bank of Canada, BDC

The Bank of Canada is unlikely to use its policy tools to counter shocks

Policy rate (%), Canada

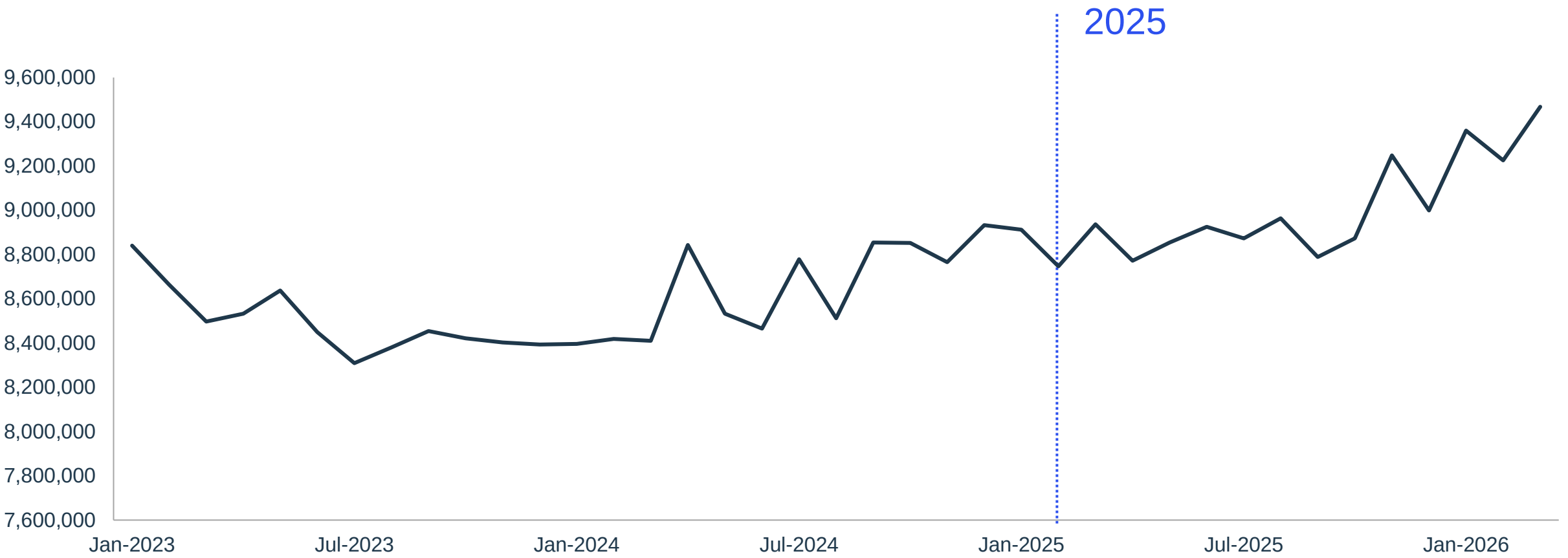


Sources: Bank of Canada, BDC.

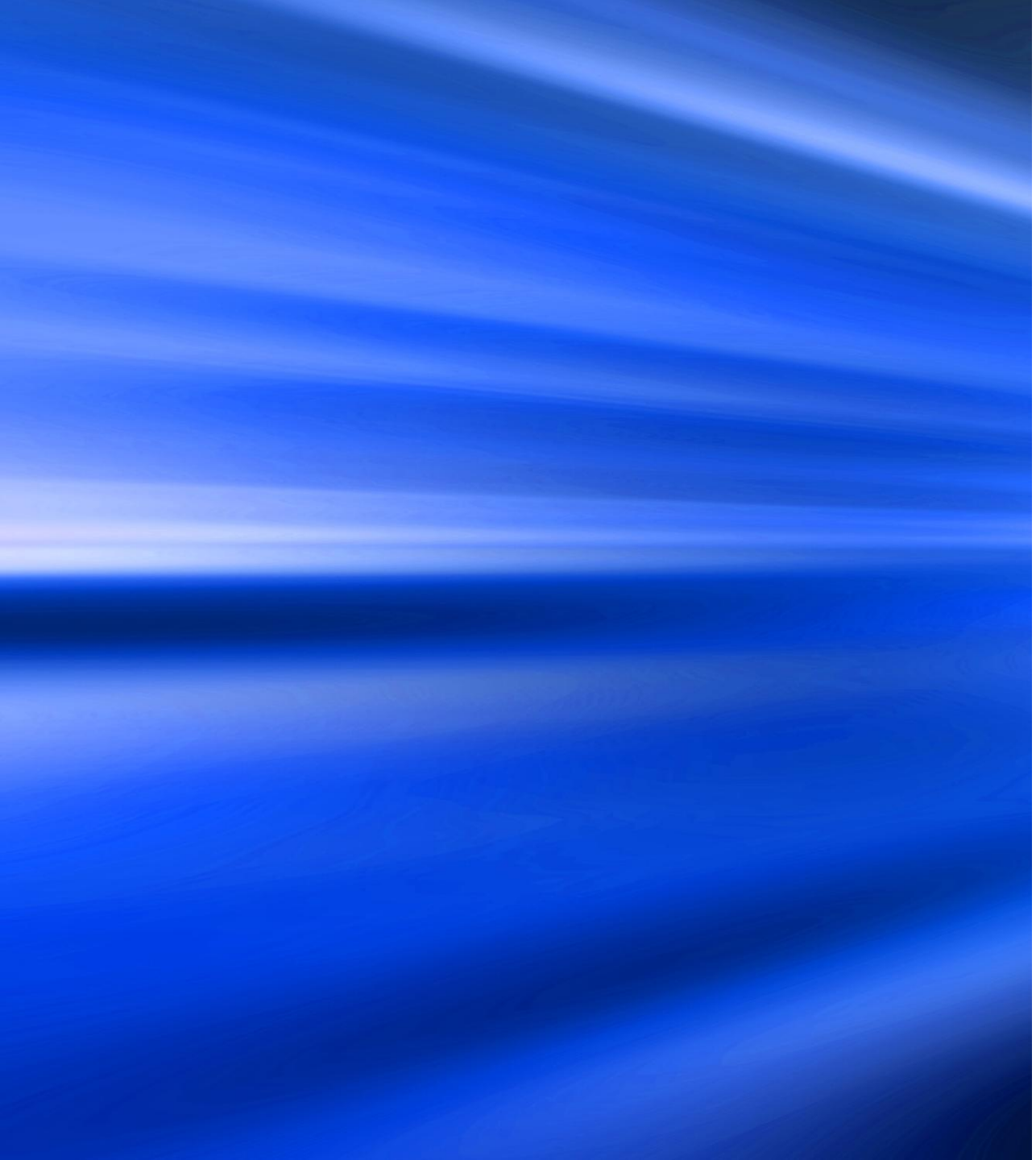
What will be the drivers of growth this year?

Consumption will continue to increase

Retail sales, in thousands of dollars, Alberta



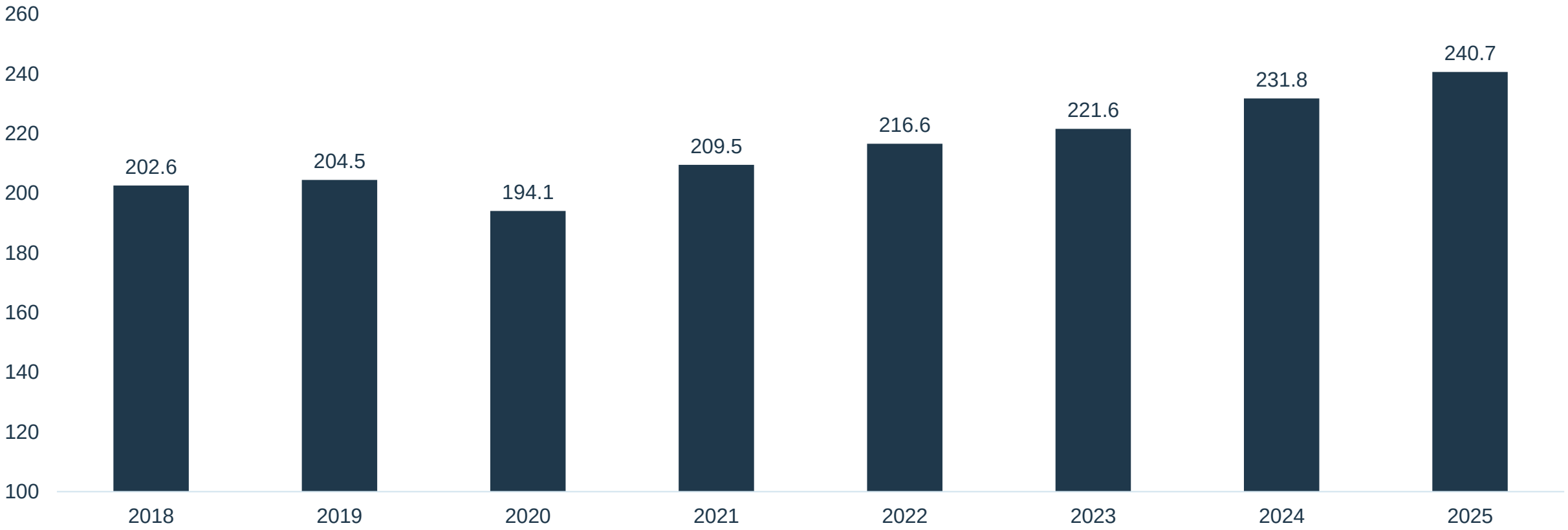
Sources: via Haver Analytics, BDC.



Oil production is rising

Oil production continues to rise

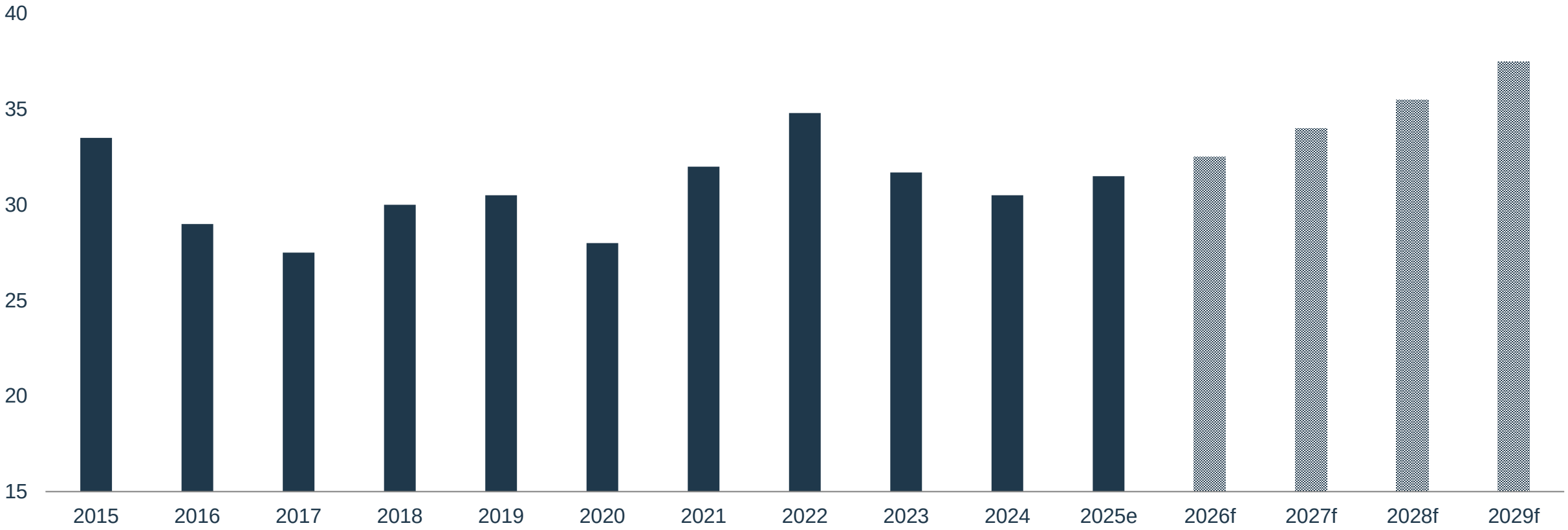
Total oil production per year, millions cubic meters, Alberta



Source: Alberta Energy Regulator, BDC.

Business investment is expected to increase in the coming years

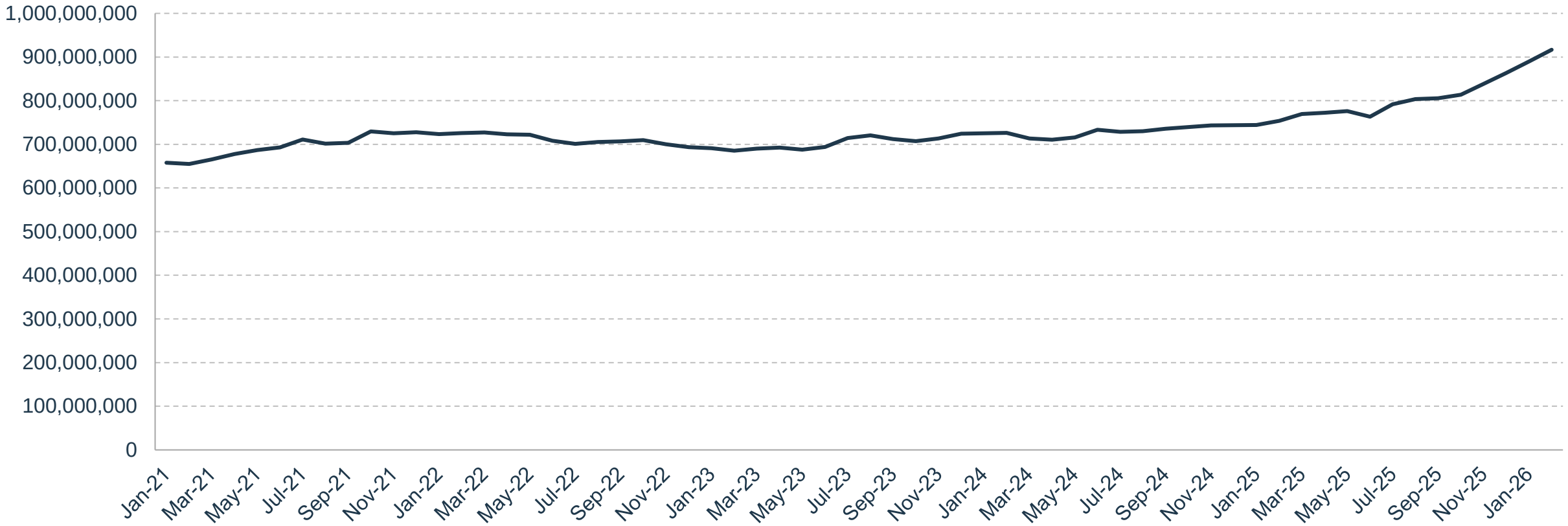
Real business investment in industries outside oil and gas extraction, in billions of dollars, Alberta



Source : Government of Alberta, Budget 2026

Non-residential construction is on the rise

Non-residential investment, seasonally adjusted - constant



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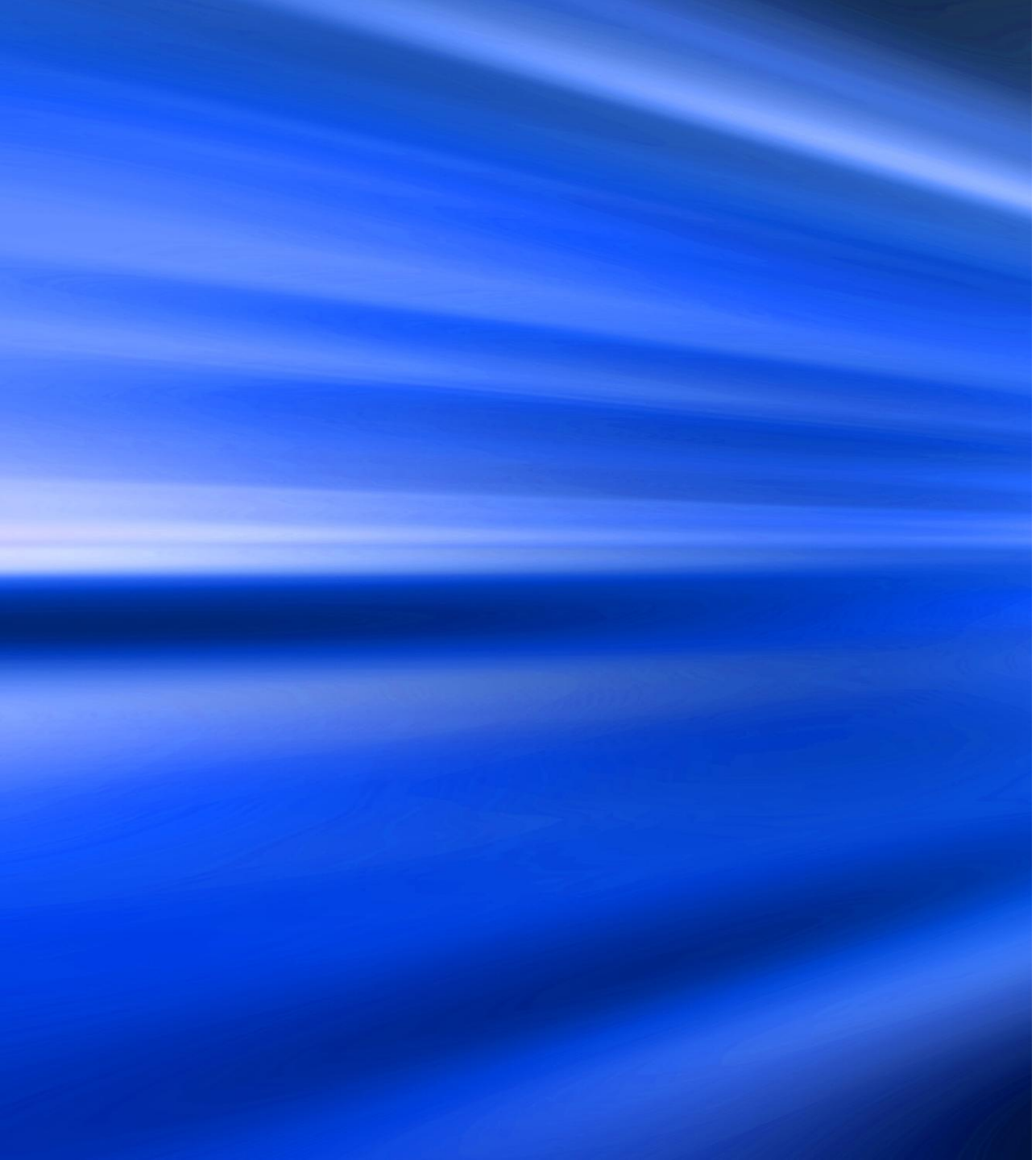
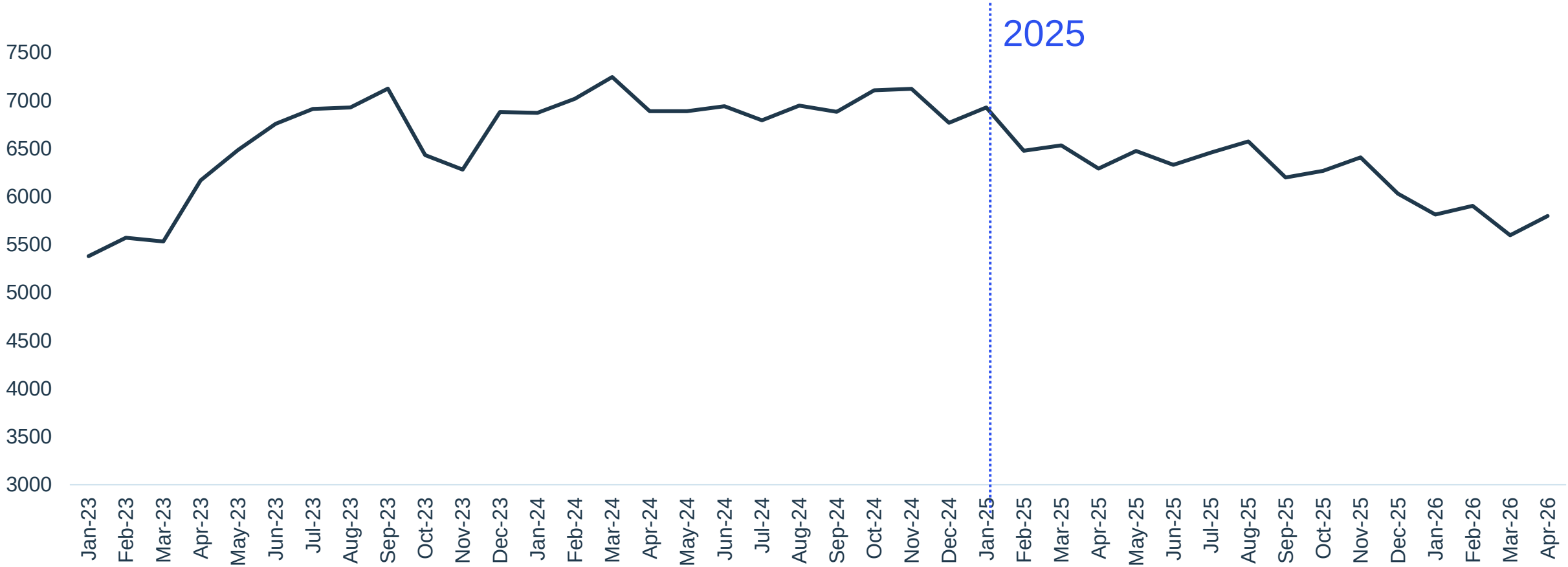


Housing to remain under pressure

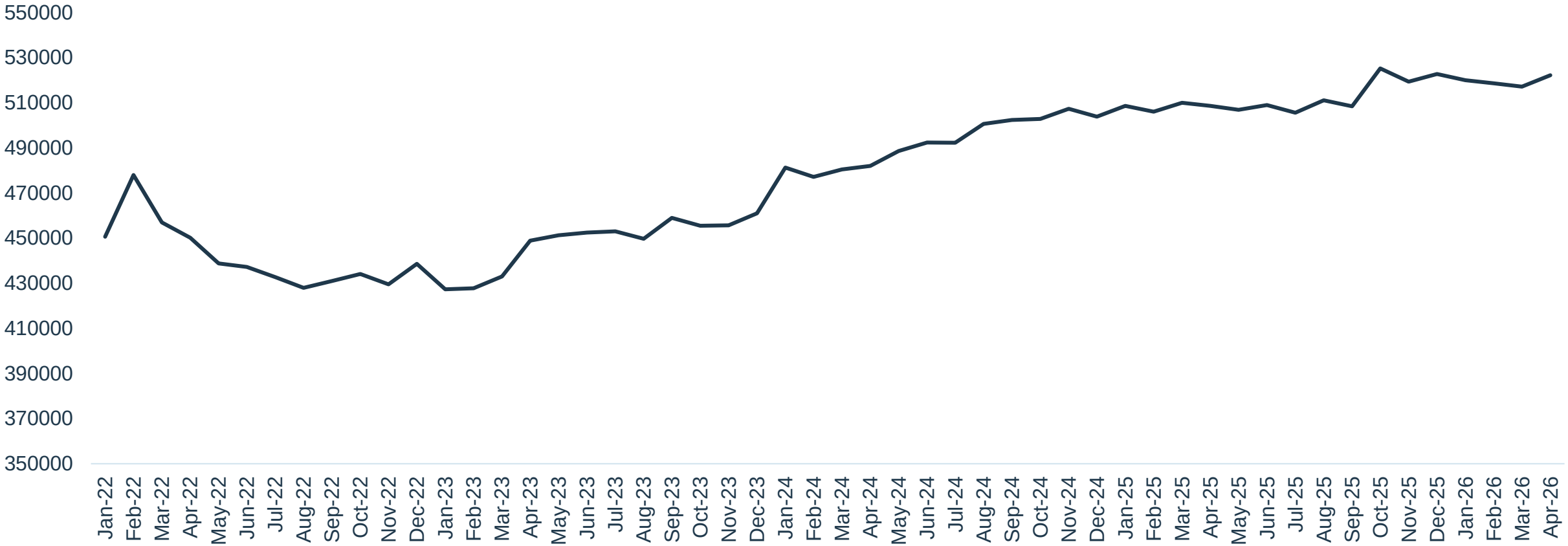
Home sales are not expected to bounce back

Residential sales, units, Alberta



Prices are grinding higher in Alberta

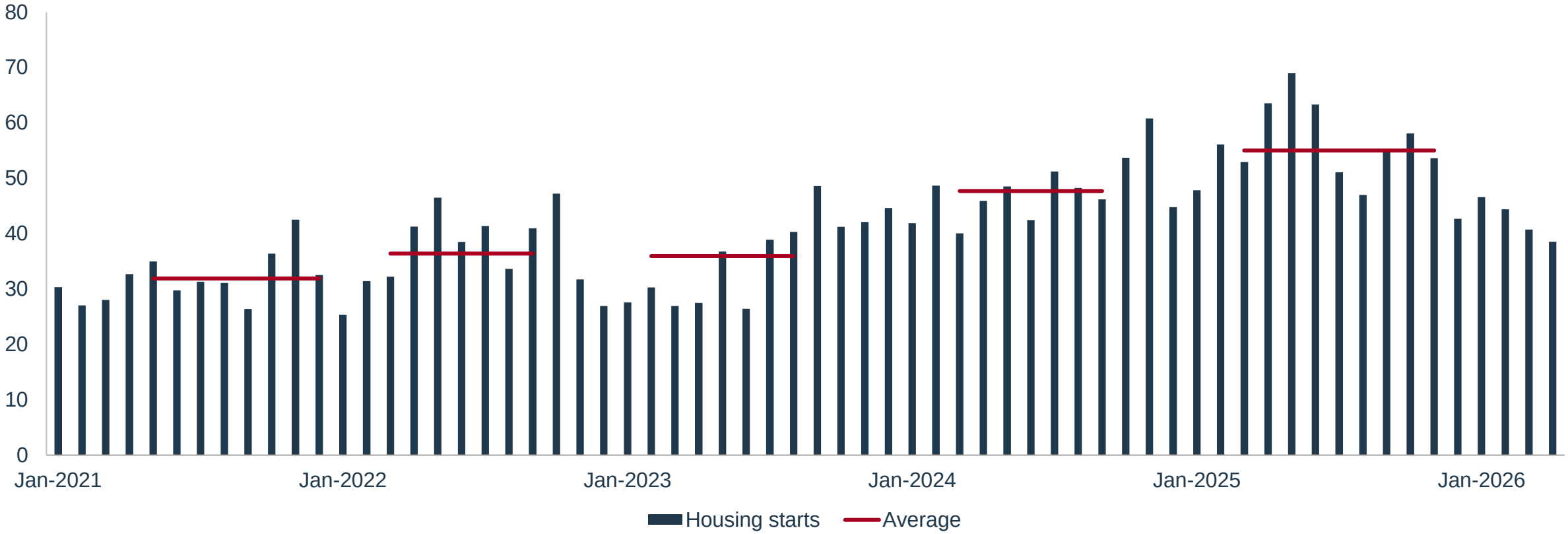
Average residential sale price, Alberta, (SA, C$)



Sources: via Haver Analytics, BDC.

Housing construction was strong in the past two years but is slowing in 2026

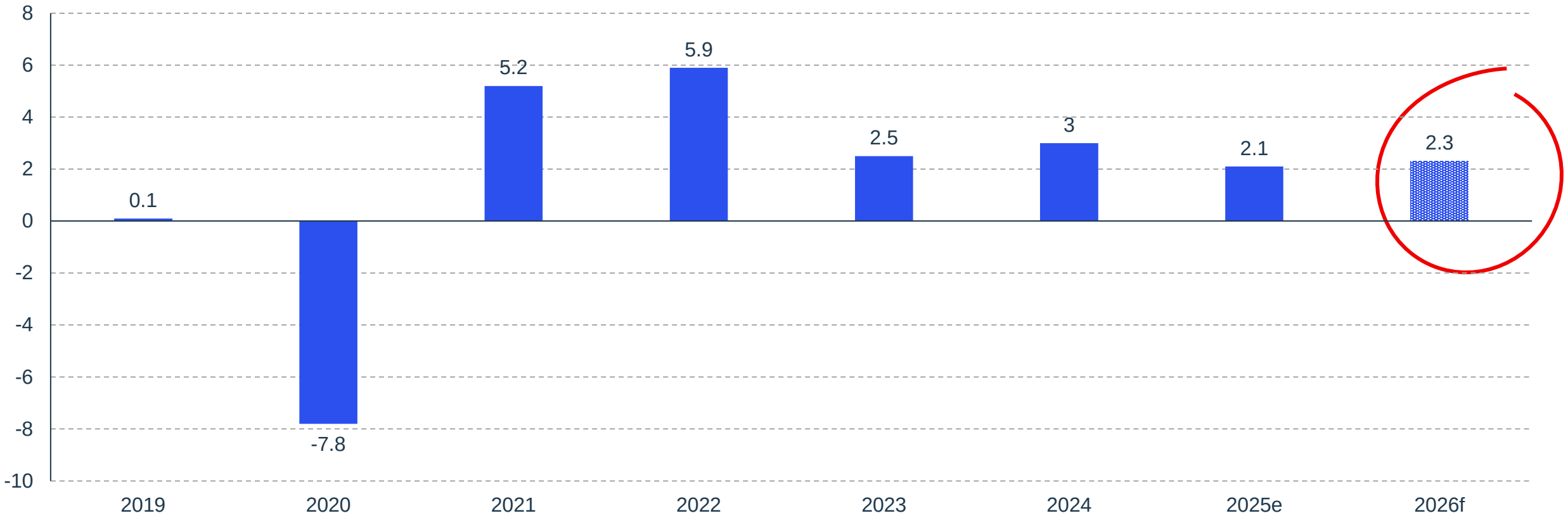
Housing starts, in thousands, Alberta



Sources: via Haver Analytics, BDC.

Alberta’s economy is set to keep growing at 2.3%

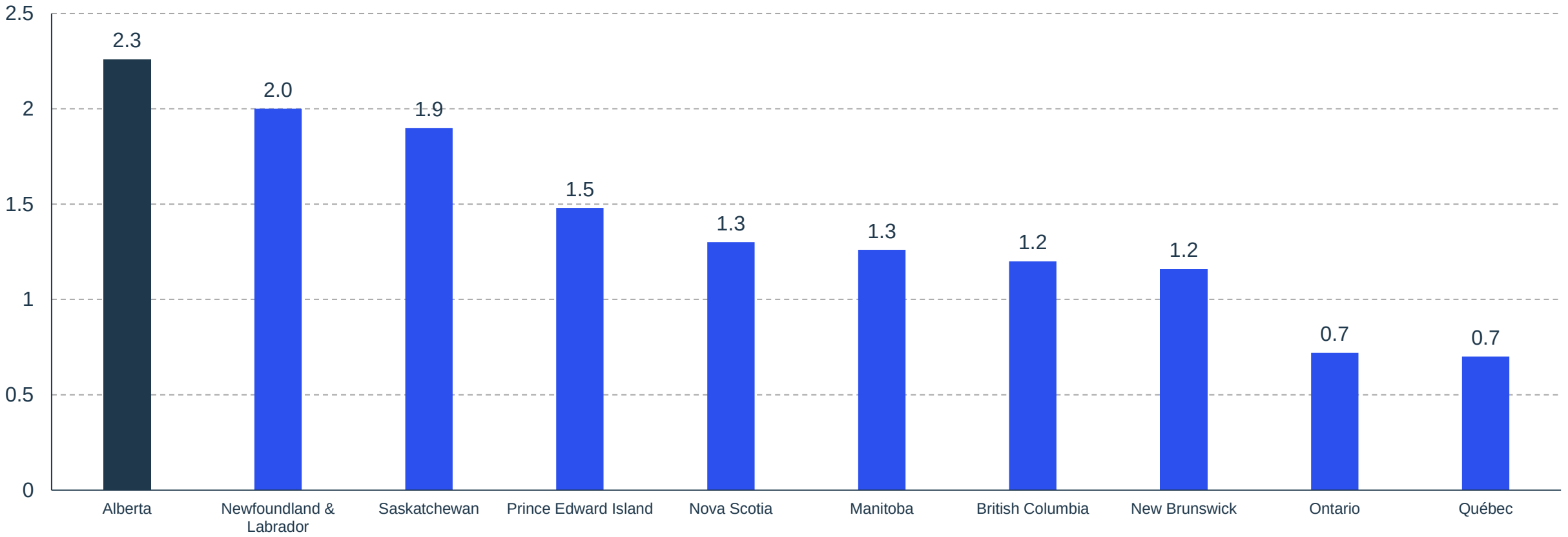
Real GDP growth, Alberta, (%)



Source : via Haver Analytics, BDC.
e: estimates f: forecasts

..the highest growth among provinces

Real GDP growth, Alberta, (%)



Source : via Haver Analytics, BDC.
e: estimates f: forecasts

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On the horizon: structural challenges

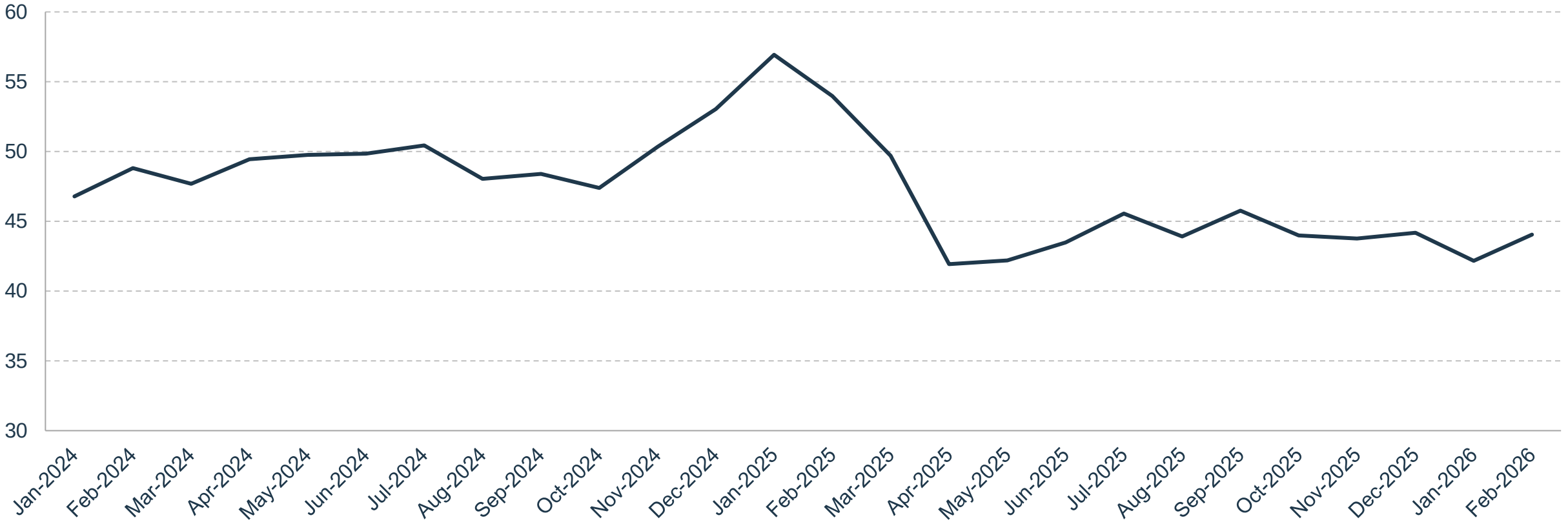
A new world order

A new world order

1. Geopolitical tensions are creating uncertainty
2. Allies are being asked to invest more in defence
3. The United States is moving away from free trade

US demand for Canadian products is expected to remain moderate

Exports to the United States (seasonally adjusted, in billions of dollars)

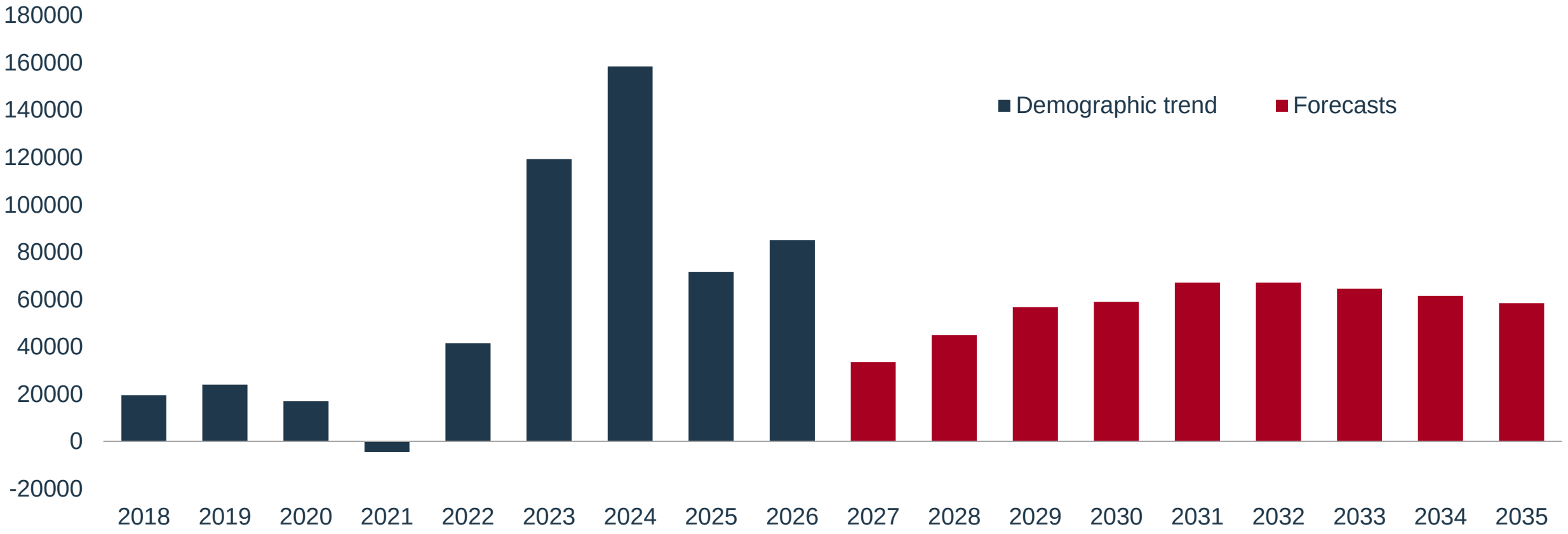


Source : via Haver Analytics, BDC.

Slower population growth

The working-age population will grow at a much slower rate

Population projections for Alberta, annual change in figures



Source: Statistics Canada, BDC.

Digitalization and AI adoption

More and more SMEs are investing in artificial intelligence (AI)

80 %

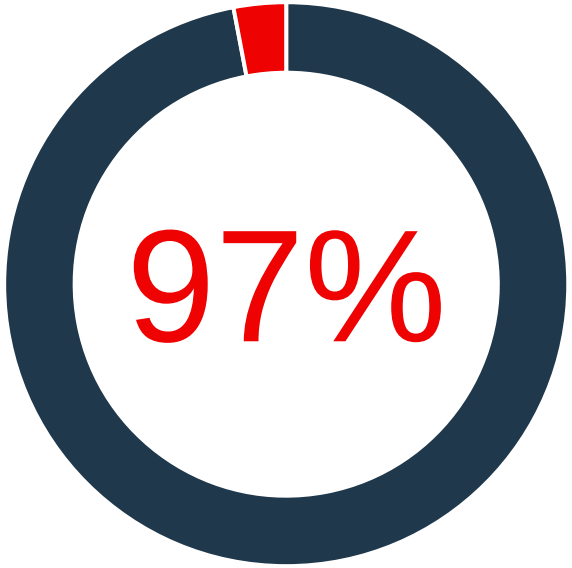
Larger SMEs have set aside a budget for the adoption of AI

20 %

Some micro-enterprises have set aside a budget for adopting AI

Source : BDC survey on Canadian SMEs' attitudes and their use of AI products and services, April 2024.

SMEs are seeing the benefits of AI



Companies using AI have reported that it has helped their business

- Time saved/increased efficiency
- Improving customer service
- Increased sales/growth
- Simplified forecasting

Source: BDC survey on Canadian SMEs' attitudes towards and use of AI products and services, April 2024.

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What does this mean for businesses?

The next five years will be different

1. The labour market will tighten
2. AI will transform our business models
3. Uncertainty will remain, and access to the US market will become more difficult
4. This transformation also presents significant opportunities

Major projects will add $670B in new spending

Based on the modelling work done by the Transition Accelerator and the BDC economics team, the base case for spending generated by the Major Projects is $670B over 5 years.

This amount represents spending above the trend-rate of spending in Canada. The impact from this spending would boost Canada's GDP by 4.1% over the baseline forecast by 2030

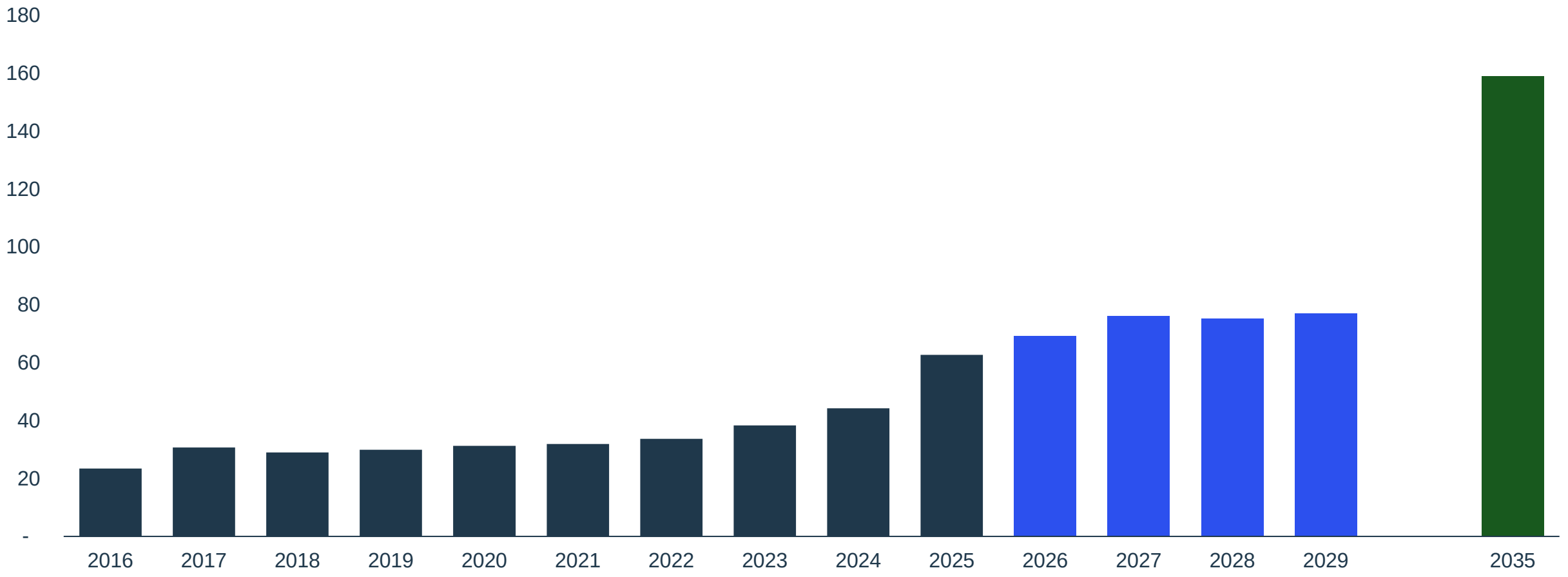
$670B in new spending	
Defence	$140B
Housing	$115B
Civil infrastructure	$106B
Electricity	$106B
Mining	$35B
LNG	$34B
Nuclear	$23B
AI	$11B
New exports	$100B

A new pipeline has been agreed on :

- West Coast Oil Pipeline
- Alberta Pathways Carbon Capture project

Defence spending will increase significantly, and even more is needed to hit 2035 target

Budget of the Canadian Department of National Defence ($ billions)



Sources: Historical: NATO, Defence Expenditure of NATO Countries (2014-2025). Forecast: BDC estimates based on spending growth rate from the Department of National Defence and the Canadian Armed Forces 2026-27 Departmental Plan. Pledged: PBO, Fiscal Implications of Meeting NATO's 5% Commitment. The year refers to the beginning of the fiscal year : 2025 is for fiscal 2025-2026.

Conclusion

- Alberta’s economy is benefiting from higher oil prices and is expected to grow over 2% this year.
- Businesses are facing unprecedented structural challenges, but opportunities lie within the fog of uncertainty
- Digital adoption is more important than ever for Canadian businesses, offering a path to grater efficiency and productivity
- Major spending will boost economic growth in Canada, resulting in many opportunities for businesses across the country

Questions

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