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Service Industries Fuel Growth

According to the updated provincial (GDP) figures released last week, Alberta's economy was very close to 0% growth in 2008. But broken down into industry aggregates, it is clear that some sectors of Alberta's economy expanded quite healthily, while others saw little (or negative) growth.

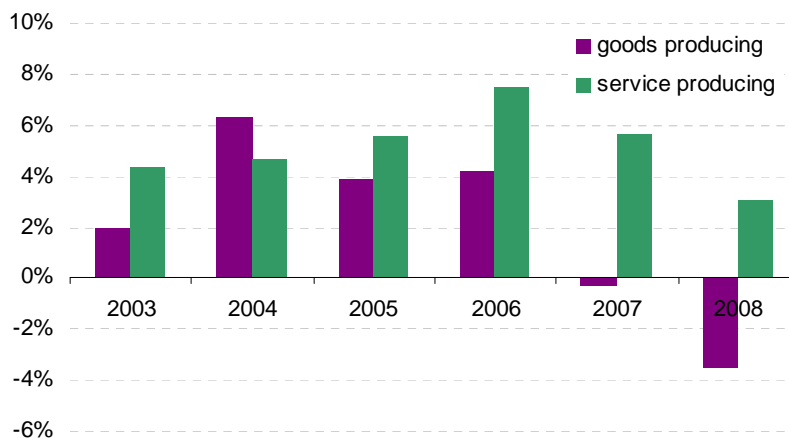
In 2008, Alberta's economic growth was strongest in the service-producing industries, which grew by 3.1% collectively. By contrast, output from Alberta's goods-producing industries shrunk by 3.5%.

The goods-producing sector includes industries like agriculture, natural resource extraction, manufacturing and construction, while the service sector includes finance and insurance, health care, retail and wholesale trade, and information technology, to name a few.

These statistics are consistent with recent trends, as service industries have fueled Alberta's economic growth over the last few years (see graph). Although provincial GDP data for 2009 isn't available yet, it appears as though a similar phenomenon occurred—goods-producing industries were by far the hardest hit in terms of output.

Due to Alberta's energy industry, the provincial economy here derives a much larger portion of its GDP from goods-producing industries than other provinces. This is one reason why the recession has hit Alberta just as hard as the Central Canadian economies, despite the fact that Alberta companies and residents entered the downturn in a relatively strong position.

Alberta GDP Growth by Industry Aggregates



Source: Statistics Canada, Provincial and Territorial Economic Accounts Review, Nov.9, 2009

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Where there's a way