

News Release

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Alberta businesses like looks of New Year, BSI survey shows

Edmonton – Alberta businesses charge into the first quarter of 2010 with an optimistic outlook not seen in the province since late 2008, according to the latest ATB Financial Business Sentiments Index™ (BSI).

The BSI surveys companies throughout Alberta to gauge their opinion and sentiment for the coming quarter. Expectations for the first quarter of 2010 rose to 128.6, after fourth-quarter 2009 sentiment stood at 114.9. First-quarter 2009 sentiment was 99.7. (An index value more than 100 indicates optimism, and less than 100 indicates pessimism.)

“Without question, confidence is returning to Alberta’s business community,” said Todd Hirsch, ATB’s Senior Economist. “But we’ve just come off a very challenging year. Improved optimism doesn’t necessarily mean things are fantastic, though it’s encouraging to see some New Year’s cheer in the waning weeks of 2009.”

The BSI, a joint effort of ATB and the Western Centre for Economic Research at the University of Alberta School of Business, surveyed 410 companies between Nov. 24 and Dec. 8. The sentiments index is up substantially in every sector measured – manufacturing, professional/technical, wholesale, transportation/warehousing, construction, and oil and gas.

Only the construction sector registered an index response below 100, at a marginally improved 86.6. Oil and gas sentiment vaulted to 141.2, from a neutral – or worse – outlook the past four quarters.

“We’re a bit surprised to see the strong rebound in the energy patch,” Hirsch said. “Given very weak natural gas prices throughout the survey period, we didn’t expect to see optimism return that strongly.” Hirsch said steady increases in crude oil prices, improvements in businesses’ cost structures, and optimism about natural gas prices could be driving those gains.

The complete report – available at www.business.ualberta.ca/wcer – also tracks activity and hiring indexes, both of which improved in the most recent survey. Ted Chambers, a research professor at the Centre, sees the results as positive.

“Our survey confirms that recovery is underway in Alberta but that employment growth, like elsewhere in North America, will be slow to respond,” Chambers said.

The survey also measures businesses' medium-term expectations. This quarter's BSI suggests that more than two-thirds of Alberta businesses expect activity to grow over the next 12 months. Some 42 per cent expect activity to increase by more than 10 per cent, while 27 per cent expect it to increase by less than 10 per cent. Some 23 per cent expect outputs to remain stable, while 7 per cent expect them to drop.

The next ATB Financial Business Sentiments Index™ report will be released on March 18, 2010.

About ATB Financial – ATB Financial is the largest Alberta-based financial institution, with assets of \$27.2 billion. It provides Personal and Business Financial Services, Investor Services, and Corporate Financial Services to more than 690,000 Albertans in 243 communities. It provides service through 165 branches and 133 agencies, telephone and Internet banking, a Customer Contact Centre, and Automated Banking Machines. ATB Financial was established in 1938 and has been a provincial Crown corporation since 1997. Alberta Venture magazine named ATB Alberta's Most Respected Corporation in the area of corporate social responsibility. ATB has also been named one of Canada's 50 Best Employers by Report on Business Magazine, one of the 75 Best Workplaces in Canada by the Great Place to Work Institute, and one of Canada's Top 100 Employers and Alberta's Top 50 Employers by Mediacorp Canada Inc.

About the Western Centre for Economic Research – The WCER is an applied research centre within the University of Alberta School of Business. The centre monitors the performance of Western Canada's economy, its policies and programs, and implications for business enterprises. Drawing on a wide range of expertise, recent work of the WCER has included analyses of the Alberta resource economy, Western Canadian international trade, the effects of free trade agreements, barriers to trade and the role of small business in the West.

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