



The Booming Alberta Economy



# "Pioneers of Our Future"

## FEI Canada Conference Jasper 2008



Presented by: J. Angus Watt





## The Booming Alberta Economy



## Messages in 2006

- We are addicted to oil.
- Dr. Allard
  - Top 3 Principles when Investing in Real Estate:
    - #1. Staying power
    - #2. Staying power
    - #3. Staying power



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### Message in 2007

- “We are addicted to growth.”

Rex Tillerson, Chairman and CEO, Exxon Mobil  
(Spruce Meadows Roundtable, Sept/07)



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### **Rex Tillerson, Chairman & CEO, Exxon Mobil, Spruce Meadows Roundtable, Sept/07**

- Demand for energy in 2030 @ 40% higher than today.
- Between now and 2030, 95% of world's population growth will occur in developing nations.



### **Ban Ki-moon, United Nations Secretary General, World Food Security Conference, June 3/08**

- 60% increase in food prices since the beginning of 2007.
- The world needs a 50% increase in food production by 2030.



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## National Oil Companies (NOC)

- 77% of the resources of the world's oil reserves are under control of the NOCs with no equity participation by foreign and international oil companies.
- Of the top 20, 14 are NOCs, Exxon Mobil ranks 12<sup>th</sup>.
- NOCs fulfill important social and economical (political) functions and often don't follow normal financial guidelines when investing into new properties.



Source: The Baker Institute Energy Forum, March 2007



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### As 2007 ended . . .

- Addicted to growth
- World challenged for skilled labour
- Currencies traveling faster than my old Corvette
- NOC have their own agenda
- Credit crunch



### In 2008 . . .

We are at a fork in the road:

- Soft/hard landing?
- New role of SWF



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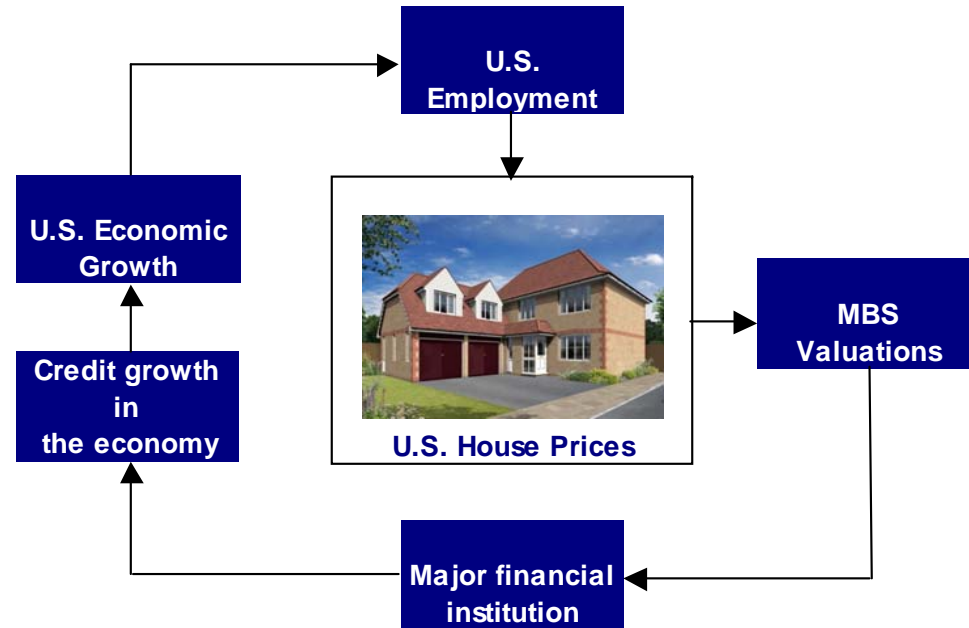


In 2008 . . .

Just one question needs to be answered in 2008!



What is the price of a home in the U.S.?



Fidelity Investments, For illustrative purposes only



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## Outlook for 2009 . . .

- Can't have **economic growth** without **credit growth**
- "Turmoil has eased . . . Far from normal".  
Ben Bernanke, Fed Chair (May 13, 2008)



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## The New Kings

New research shows that Sovereign Wealth Funds (SWF) are worth \$3.5 trillion (US) right now:

- growing by 24% a year
- major shift in power and wealth underway, from West to East
- Largest generators are China (\$1.2 trill), Russia and Kuwait
- @ 93% of SWF equity investment has targeted the western financial sector
- SWF investment is already more than enough to buy an entire year's economic output from Britain, Germany or France
- funds are not always transparent



Heather Scoffield, The Globe and Mail, Saturday, May 3, 2008



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# Sovereign Wealth Funds Projected to Surge

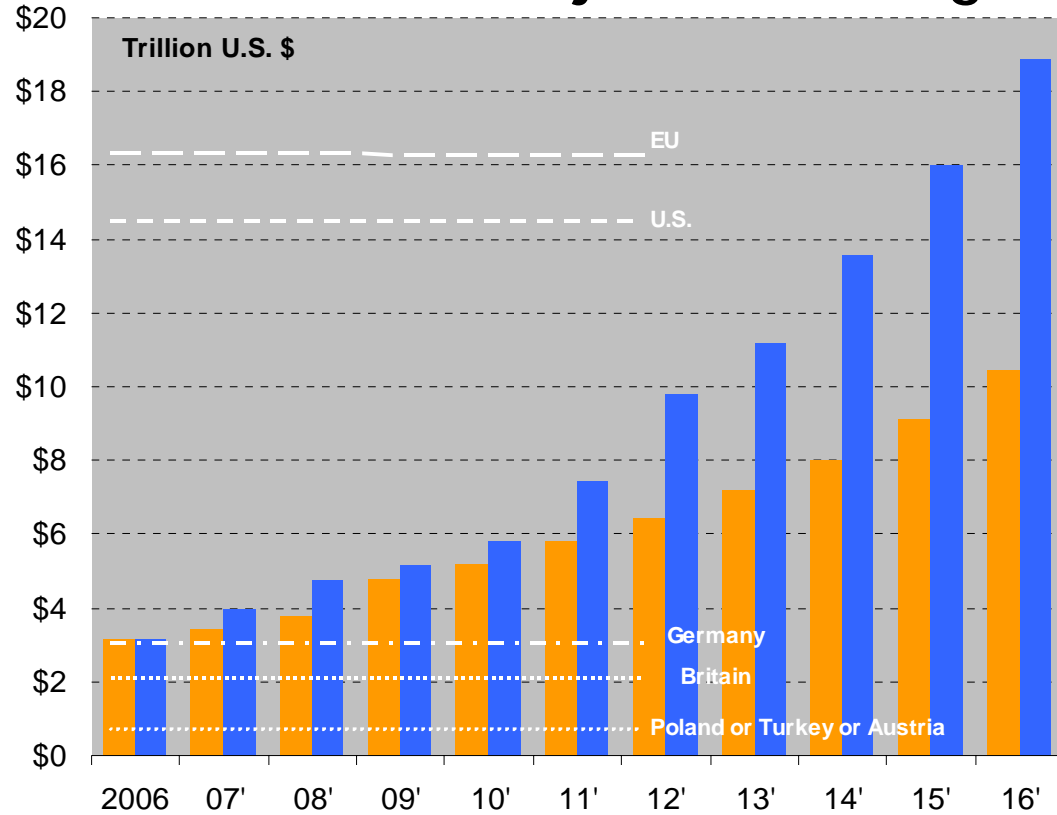


■ Assumes continued growth equal to average over past 10 years.



■ Assumes continued growth equal to average over past 5 years.

Dashed Lines:  
Current GDP



Heather Scofield, The Globe and Mail, Saturday, May 3, 2008, Source: Global Insight



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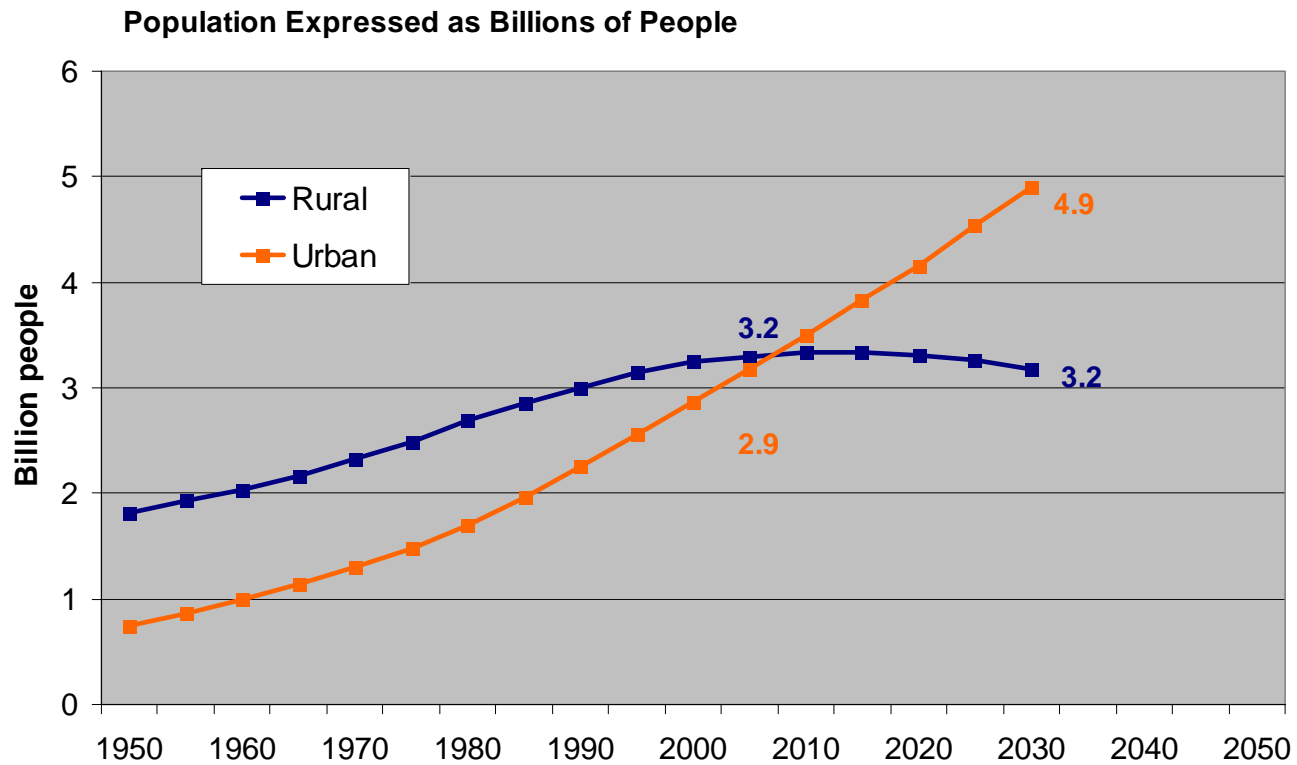




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## Global Urbanization is accelerating...



Fidelity Investments, Source: Livestock's Long Shadow: FAO 2006

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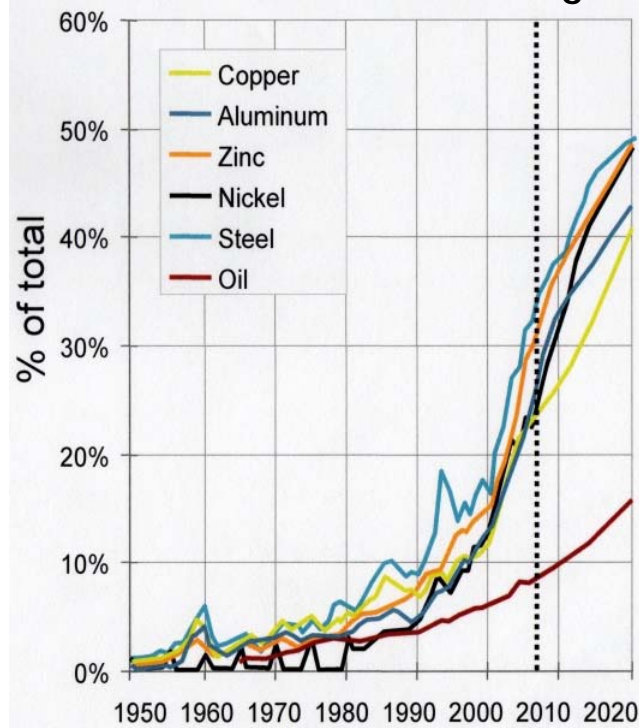


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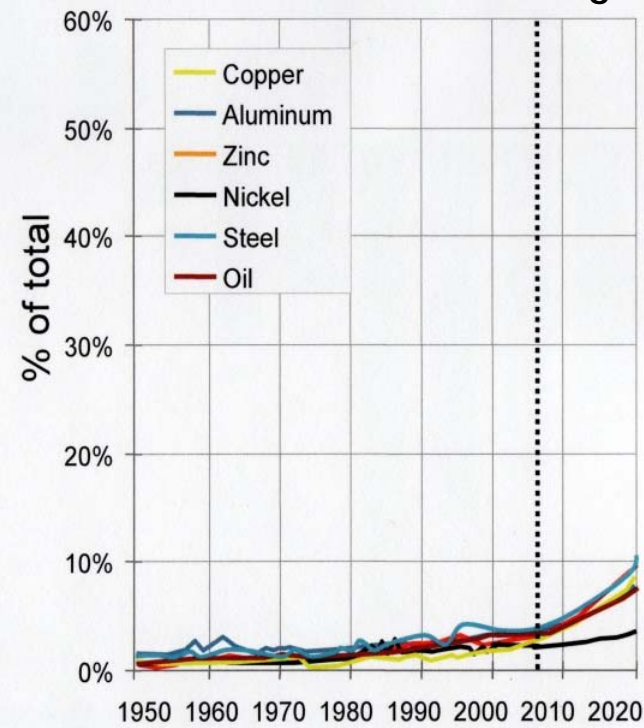


# China and India's Impact on Natural Resources

### China's Share of World Usage



### India's Share of World Usage



Fidelity Investments, Source: Macquarie Research, March 2008

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### Where do we go in 2009?

1. SWF (new world banks) - Credit growth
2. Inflation
  - Urban population > 50%
3. Time – “staying power”
4. Productivity - skilled labour shortage/technology/education
5. Environment
  - costs
  - uniformity of regulations



In short . . .



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The world is adopting our addictions to  
oil and growth.



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