Scotiabank

GLOBAL ECONOMICS

FISCAL PULSE

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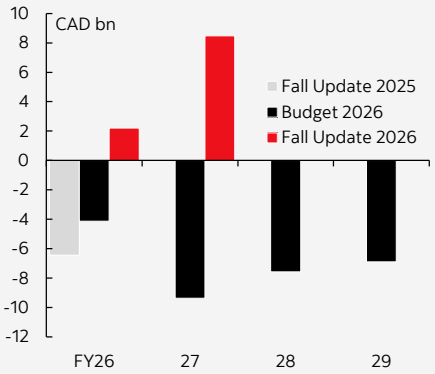
Chart 1

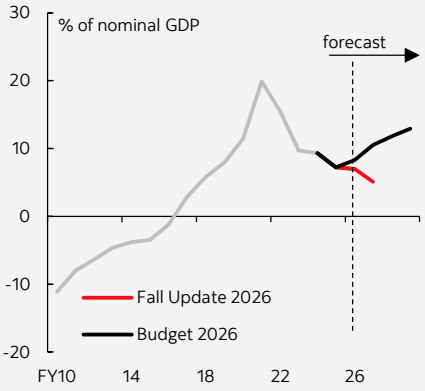
Alberta: Budget Balances



FY26 figure is final as of Fall Update 2026.
Sources: Scotiabank Economics, AB Treasury Board & Finance.

Chart 2

Alberta: Net Debt



Sources: Scotiabank Economics, Finance Canada, AB Treasury Board & Finance.

Alberta: 2026–27 Mid-Year Update

- **Alberta's mid-year fiscal update projects a budget surplus of $8.5bn in FY27 (1.6% of nominal GDP), a significant swing from the $9.4bn (-1.9%) deficit previously projected in its spring Budget 2026 release.** The roughly $17.9bn adjustment comes as total revenues were substantially revised upwards vs Budget 2026, while expenses also increased, but only modestly.
- **Non-renewable resource revenue completely flips the script for FY27, and economic growth is robust.** Significantly higher WTI oil prices through most of 2026 have led to large revisions to total oil revenues expected in FY27. Alberta now expects WTI oil prices to average $83.50 USD/bbl for the year, $23 USD higher than previously estimated in Budget 2026, in turn greatly pushing up forecasted royalties for the fiscal year. While roughly in-line with the current year-to-date price average for WTI, ongoing volatility and uncertainty in the Middle East can continue contributing to price pressures in either direction. Meanwhile, strong forecasted employment growth (3% y/y), a declining unemployment rate, and healthy non-energy business investment (9.8%) all contribute to stronger than expected real GDP growth in 2026 (2.6%, up from 1.8% in Budget 2026 and much more closely aligned with our own forecast of 2.7% in the October *Scotiabank Forecast*). The nature of how U.S. tariffs have been applied (particularly with Canadian energy products exempt) has meant that Alberta faces one of the lowest effective tariff rates among the provinces, mitigating its impact on the broader economy.
- **Total revenue projections have improved by $18.5bn, or 25%.** The overwhelming majority of this significant boost has come via non-renewable resource revenues. As previously mentioned, heightened WTI oil prices have pushed the province to more than double its non-resource revenue projection for FY27, from $13.2bn in Budget 2026, to $28.6bn in today's release (+60% vs FY26). An expected $580mn increase is personal income tax revenue ($16.5bn total, 8% y/y), greater corporate income tax revenue (+$1.1bn, $8.4bn total, 9% y/y), transfers from the federal government (+$434mn), and additional net income from GBEs (+$1.1bn) have all contributed to an overall far rosier revenue outlook for the province in FY27. The application of the Alberta Fuel Tax Relief Program, however, reduced FY27 fuel and electric vehicle tax revenues from roughly $1.5bn in Budget 2026, to $968mn, a decrease of $482mn. As a result, total revenues are anticipated to land at $93.1bn, 17% greater than total revenue earned in FY26.
- **Total expenses forecasts have increased very modestly, by $646mn, or 0.8%.** Operating expenses were revised upwards by $856mn vs Budget (1.2%), of which, $149mn were derived from AIMCo-related expenses (though offset by revenue), a +$34mn revision from the province's previous first quarter fiscal update in the cost of selling oil via an increase in royalty volumes increasing trucking, tariff and purchase activity to manage marketed volumes, and a $18mn increase to support summer highway maintenance operations. The increase in operating costs is partially offset by a $224mn reduction in forecasted debt servicing costs, as well as a reduction in the contingency envelope from $2bn in Budget 2026 to $1.1bn in today's update. Hence, expenses in FY27 are now expected to total $84.7bn, a 9.2% increase over total expenses tabled in FY26.
- **Alberta's debt path has improved significantly.** Alberta's swing from a budget deficit to a surplus in FY27 has subsequently improved the province's debt position relative to previous Budget estimates. Net debt is now expected to fall by $6.3bn relative to FY26 results, to $27.3bn. Combined with nominal GDP forecasted to grow by 11.3% in 2026 (vs 1.9% in Budget), Alberta's net debt-to-GDP is expected to fall to 5.1% by year-end, compared to the 10.5% projected in the spring.

- **Total borrowing requirements have decreased by $13.1bn, or 63%.** Substantially lower borrowing requirements via taxpayer-supported debt (-$16.3bn, $2.4bn total, -82% y/y) and GBEs (-$905mn, $893mn total, -68% y/y) have pushed the province's borrowing requirements in FY27 down from a previously projected $21bn, to approximately $7.8bn, a 54% reduction over total borrowing requirements in FY26. Meanwhile, capital plan funding has increased by $620mn over Budget, due to increases in capital grants and investment. The $487mn capital grant increase vs Budget stems largely from new funding added over the interim (+$291mn), and $196mn in re-profiling unspent funds from 2025–26. The remaining $133mn originates via new funding for schools, housing and mental health facilities, and sports and recreation infrastructure.
- **The medium-term outlook still poses questions and obstacles.** Despite Alberta faring far better fiscally than what could have been expected in the early months of the year, the province will have to remain diligent going forward. Today's budget surplus runs counter to the fiscal outlook lined up in Budget 2026, which had the province running deficits through FY29, where most of the credit can be attributed to significantly higher revenue from non-renewable resources as a consequence of ongoing volatility in the Middle East and elevated oil prices. The welcome boost to this revenue line could moderate in FY28, should tensions subside and prices normalize. However, with several major projects advancing and non-energy business investment forecasted to grow, along with the longer-term expectations of the Productivity Mega Deduction boosting investment, productivity, and economic growth, there is room for optimism in the medium-term for its economic outlook.

Table 1: Alberta - Updated Fiscal Forecast (CAD bn)

	FY26		FY27	
	Bud. '26	Final	Bud. '26	Nov. '26
Total Revenue	75.3	79.8	74.6	93.1
Total Expenses	79.4	77.5	84.0	84.7
Budget Balance	(4.1)	2.2	(9.4)	8.5
% of GDP	(0.9)	0.5	(1.9)	1.6
Contingency	-	-	2.0	1.1
Net Debt	39.7	33.6	51.4	27.3
% of GDP	8.3	7.0	10.5	5.1
Debt Service	2.9	2.9	3.4	3.2
% of Revenue	3.9	3.7	4.6	3.4

Sources: Scotiabank Economics, AB Treasury Board & Finance.

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