

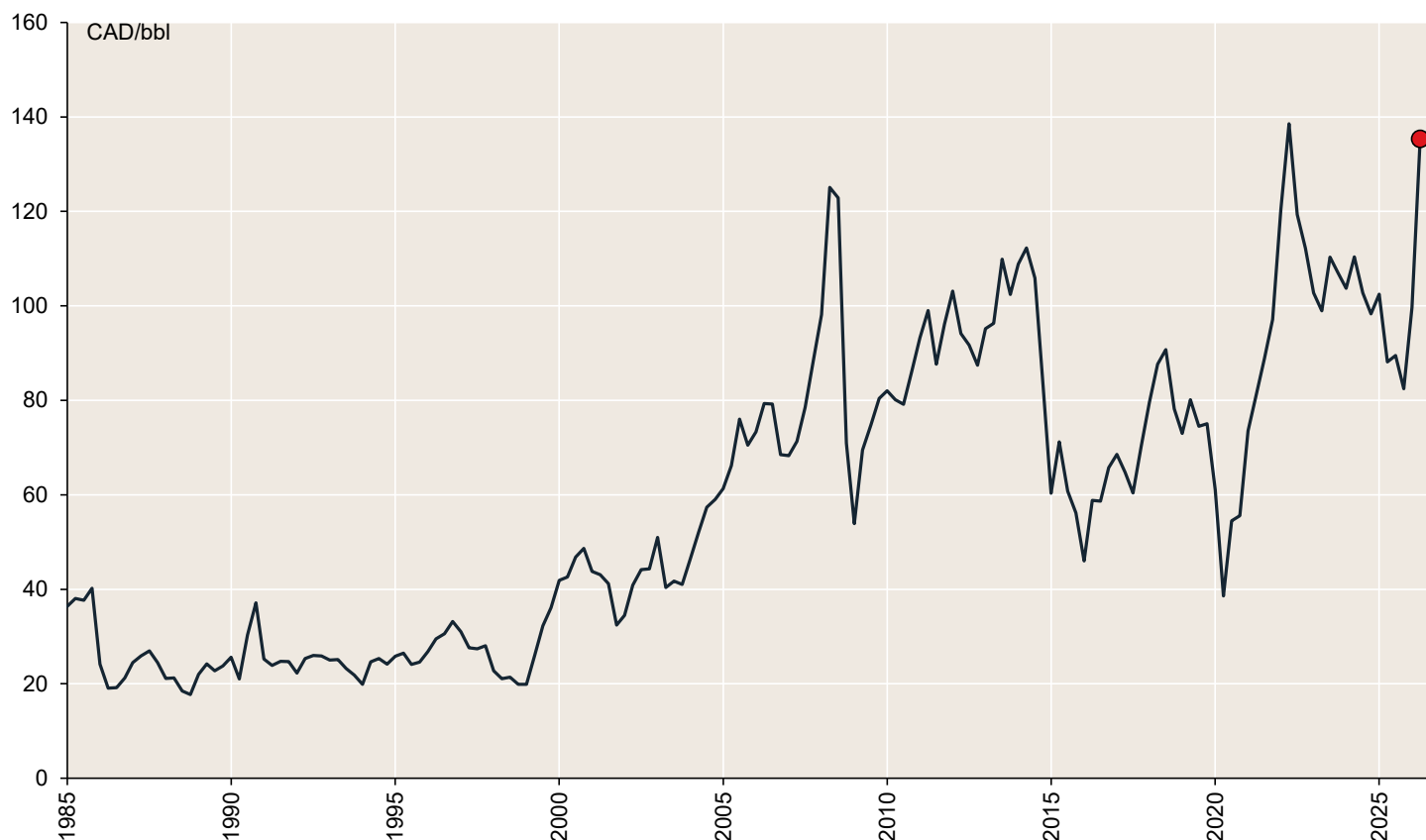
## Canada Watch

By Ethan Currie & Stéfane Marion

After surging nearly 50% since the onset of the U.S.-Iran conflict, this crude oil price shock is one of the largest on digital record since the inception of WTI futures trading (in the mid-1980s). While the change is historically significant in percentage terms, the same can't necessarily be said about where the price stands outright. That's true for the USD-denominated price, at least. As today's *Hot Chart* shows, the price of WTI in Canadian dollar terms is near a record high early in Q2, recently trading just below C\$160/bbl—a level reached only once before, briefly, during the 2022 invasion of Ukraine. Canadian producers—and governments—could thus be poised to capture one of the most lucrative quarters on record in terms of royalty revenues. How long this fiscal windfall will last is uncertain, but if sustained, its impact on provincial and federal finances ([link](#)) will be significant—particularly for oil-levered provinces such as Alberta. Though the net impact of this crude shock on the Canadian economy—and its implications for monetary policy—has yet to be fully revealed, we urge governments to capitalize on this opportunity. Most notably, this can be done by directing any additional, unbudgeted revenues to the bottom line or towards productivity-enhancing investments ([link](#)) in the national interest. This federal government has promised to “spend less to invest more”—a sentiment that will once again be tested in next week's Spring Economic Update.

### Canada: A windfall worth investing

Prompt WTI contract price expressed in CAD



NBC Economics and Strategy (data via Bloomberg) | Note: Q averages since 1985; latest data point is QTD (18 observations in April)



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