

by Martin Connelly

Unpredictable

though the future is, here's what we can say with comfortable certainty: Natural Gas will remain inexpensive. Coal prices will rise. Time and money will be invested in the development of clean, green, energy. Electricity rates should stay even, though they are tied to oil prices, so there's an outside chance they could go up. You can be sure, however, they won't go down. The price of oil? It's a toss up.

Bottom Line

As the global economy picks up, expect demand for oil to rise, driving prices up. High demand for Natural Gas is still a couple years out.



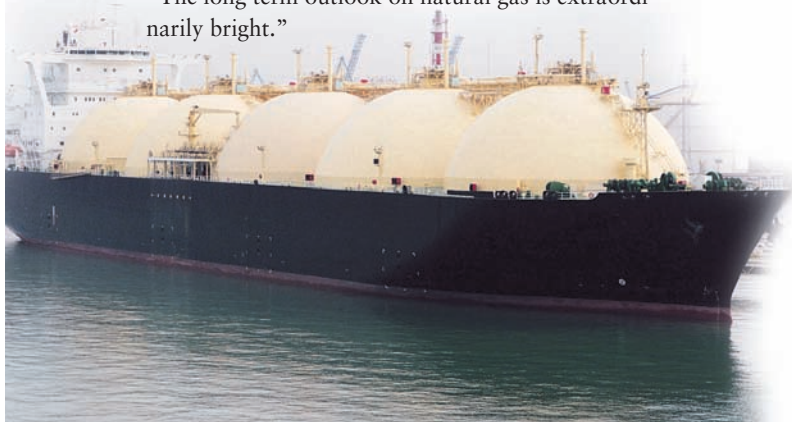
OIL The U.S. Energy Administration (EAI) forecasts: "The price of West Texas Intermediate (WTI) crude oil to average about \$83 per barrel this winter (October 1 to March 31), [and] prices rise gradually to \$87 per barrel by the fourth quarter of 2011 as U.S. and global economic conditions improve." But most people are forecasting a WTI rate around \$100 U.S. — which is directly attributable to Quantitative Easing measures introduced (for the second time) in November by the U.S. Federal Reserve. On the one hand, the QE2 may well cause inflation, driving the price up. At the same time, the FED bought bonds to drive investors into stocks and commodities, which should drive the traded price up, regardless of inflation.

NATURAL GAS Natural Gas is predicted to stay low, around \$4.31 per MMBtu in 2011 (for the Henry Hub spot price, according to the EAI). That could go up because of U.S. dollar depreciation, but it should stay low based on worries of a warm winter and, more importantly, a continued surplus in supply. On the bright side (for gas producers), the Canadian Farmers' Almanac is predicting that: "Old Man Winter will make a comeback, bringing back much colder conditions during 2010-11, particularly to the eastern half of the country." Still, a lot of thermostats will have to be turned up for a pretty prolonged period before there's any dent in the surplus supply. But don't sell those Encana shares just yet, Economides says: "The long term outlook on natural gas is extraordinarily bright."



THE FIRST TWO WEEKS IN JANUARY, IT'S GOING TO HIT A HUNDRED DOLLARS AND IT'S NOT GOING TO LOOK BACK. THE REASON FOR \$100 OIL IS NO DIFFERENT THAN THE REASONS THAT LEAD US TO \$150 OIL TWO YEARS AGO LAST JULY. THERE ARE ABOVE GROUND REASONS - POLITICAL ISSUES - AND THE U.S. ECONOMY IS SHOWING SIGNS OF NEW LIFE AFTER THE RECENT ELECTION.

MICHAEL ECONOMIDES
Editor-in-Chief, *The Energy Tribune*



OFFICE ERGONOMICS

TRENDS SPOTTING 2011

by Martin Connelly

Now is the time

to think about what you need from a workspace before you pay for it. Workspaces need to reflect the company's image, and the needs of its employees. They need to be places where people can be happy spending the better part of their day.

Bottom Line

Work spaces designed in 2011 will be individually tailored for people and organizations, and needs will be reflected in everything from the flooring to the furniture.



MATERIALS

Green designs have moved beyond trendy and are now firmly

established as best practices. This goes for buildings, lighting, carpeting, air systems, everything. If you're buying carpet, think about cradle to grave solutions, where the same company who sold it to you is responsible for recycling it when the time comes. And, did you hear the news? Linoleum is back, and it's scoring a hat trick: cheap, renewable, and retro. Materials that release toxic chemicals are out, like pressed wood products made with formaldehyde. No one wants to be a frog in a jar.



YOU CAN TAKE THE PAINT COLOR OF THE YEAR AND USE THAT (AS A HIGHLIGHT), BECAUSE IT'S EASY TO CHANGE, BUT THE BUILT-INS, KEEP THOSE AS PURE AS POSSIBLE SO THAT THEY'LL HAVE LONGEVITY.

DAWN MACLACHLAN
co-owner, MAC Interior Design Inc.

ERGONOMICS Musculoskeletal injuries are among the most prevalent sustained in the workplace, and a huge drain on an individual (they hurt) and institutional (they're expensive) level. Provinces are legislating ergonomics into occupational health and safety rules, and a greater conversation about safe and healthy work posture is coming to light. The biggest problem: Laptops and mobile devices are impossible to use in an ergonomically smart way. The solution: Education and in-house training on chair adjustments and reminding people (this means you) to stand up once in a while. The best chair in the world isn't much good if you don't know how to sit in it properly. Best advice: Talk to a certified ergonomist before you buy the same chair for everyone in the office, and make personal health a part of the design process.



SPACES Spaces are being designed to fit the kind of work you need to do, and the image your organization is trying to maintain. Traditionalists get offices with chairs for clients while kids at the hip companies get long, lunch-room style tables — but social space carries more 'oomph' across the board. That means that cubical walls are coming down to half size, and offices are getting smaller while public space gets bigger. It's all about getting up from your computer and talking to the people you work with. As for office décor, clean, traditional lines are always going to look good, and remember, an office setup lasts five years, minimum. Flavor of the month isn't going to cut it, so make sure its something you can live with. Color wise, neutrals with vibrant highlights, like teal or orange always look fun and professional.



DEMOGRAPHICS

by Martin Connelly

TRENDS SPOTTING 2011

Urban centers

in Atlantic Canada will continue to register population growth in 2011, just as rural areas will continue to lose people. Issues at stake are the usual suspects: jobs and demographics.

Bottom Line

Don't expect major changes in demographics this year or next, but listen to demographers if you want to make long term policy or business plans.



JOBS Growth sectors are concentrated around urban areas. We spend a lot of time talking about booming economies and growth, but what is often forgotten is that those booms come at the cost of rural life. Between 2004 and 2006, the area with the highest growth in job rates in Atlantic Canada was in St. John's, while the area with the lowest rates (e.g. the most negative) was the South Coast of Newfoundland. To put it another way: Employment grew by 17 per cent in St. John's, Halifax, Sydney, Moncton, Fredericton and Saint John between 1999 and 2009. It grew four per cent in the rest of the Atlantic region.

AGING The population of Canada is aging as a whole, but the population of the Atlantic provinces is aging more quickly. Baby Boomers are getting older everywhere, but there are fewer young people out East to offset the trend. This has major policy implications in terms of schools (we'll need fewer) and hospitals (we'll need more).



MIGRATION The comparative scarcity of young people in Atlantic Canada is directly attributable to a) lower fertility rates nationwide and b) out-migration in much of the preceding decade. Since the economic down turn, out-migration has reversed, and it may be that people will start returning home. Intra-provincial migration has been a significant contributor to the region's urban growth (just as it has had a lot to do with rural decline), and it's a more stable provider than international migration where retention is an issue. Someone who moves from northern New Brunswick to Moncton is much more likely to stay than someone from Azerbaijan, who might find a stronger sense of community in bigger metropolitan areas.



HEALTH CARE

Health care costs will continue to rise as the

population ages, especially in the area of musculoskeletal injuries (MSIs). Hospitals are the most expensive area of health care costs in all four provinces, and given the highly public salary disputes in Newfoundland, won't be getting any cheaper to run. Newfoundland already spends more on health care (per capita) than any other province, even accounting for demographic differences — which suggests that the costs are associated with geographic remoteness. New Brunswick spends among the least, higher only than Quebec and Ontario. The good news is that there are economies of scale when it comes to health care. Adding doctors is a lot cheaper than building hospitals.

TECHNOLOGY

by Martin Connelly

That Technology

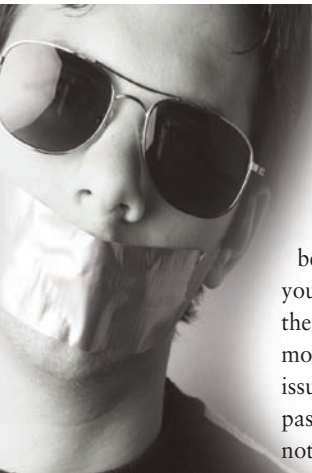
is going to change, (to advance?) in the next year is a bet as safe as they come — but it won't be an epoch defining year. Instead, expect to see various aspects of consumer tech reach maturity and become part of the mainstream Western experience.

Bottom Line

Mobile technology and Social Media have come of age. Expect better, faster, smaller, but really, more of the same.



MOBILE TECHNOLOGY Smart phones already account for 19.3 per cent of the world mobile market, and about 25 per cent of the Canadian market — expect that to double. With ubiquitous smartphones, location based and augmented reality apps will be increasingly prevalent. Mobile “check-ins,” which broadcast your location (on Foursquare, Facebook, and Beyond) will be popular in the mainstream, and a darling of the marketing community. “Blackberry Thumb” will strike many in the business community, and it will still be hard not to look like a dork carrying an iPad. Expect the consumer debut of near-field technology (where you could tap your phone to pay for gas, say), but it won't be widespread for another year at least.



FREEDOM OF SPEECH

There will be high profile cases involving free speech online and discipline in the real world, from job termination to jail time, and you might think twice before posting jokes about people you know, or fake bomb threats. At the same time, users will start hearing more about security and privacy issues, so using your birthday for a password might not be the best idea, not that it ever was.

THERE IS NO LONGER TIME TO CRAFT P.R. ANGLES AND SALES PITCHES. AS A BUSINESS YOU EITHER OFFER A VALUABLE PRODUCT OR YOU DON'T. YOU CAN'T 'SELL' PEOPLE ANYMORE BY TALKING THEM INTO BUYING THE PRODUCT. THEY'LL MAKE A DECISION ON THEIR OWN BASED ON THE INFORMATION THEY FIND ON THE WEB.



LINDSAY SMITH CEO and founder, Massive Media Inc. (producer of Canada's leading technology event for business, the F5 Expo)

ONLINE With so many digital profiles it's easy to forget if you sent someone a tweet or a Facebook message, and that can be annoying. Expect more integration between popular web services, single usernames and passwords, and more sites offering a one stop shop. There will be an emphasis on filtering the web, on providing personally tailored experiences, based on friends and networks. You will still spend too much time watching videos on YouTube.



TRENDS SPOTTING 2011

by Martin Connelly

The Canadian

dollar (CAD) is widely expected to stick close to the American greenback in 2011 — growing against world exchange rates while flirting with parity against the U.S. dollar. This forecast takes into account a projected slow-and-steady U.S. growth (around two per cent) coupled with an expected rise in world oil prices (see page 33). The Euro is expected to decrease, slowly, in relation to the U.S. dollar, suggesting that markets are gradually moving back to pre-crisis levels. If the U.S. economy rebounds more dynamically than expected, or oil prices jump higher than forecast, the pairing of the USD and the CAD could break in either direction. However, there is a strong indication that forex traders are averse to a Loonie over parity with the Dollar. Functionally, look for more of the same.

Bottom Line

Economies will remain shaky and grow slowly. The Loonie will probably stay strong, so this year might be a good time to buy into U.S. stocks.



IMPORTS A strong Canadian dollar is good for imports, pretty much across the board, which means it might be a good time to buy a new car, or a new blender. Building materials should also be comparatively inexpensive, making 2011 a good time to build.

IF OIL PRICES BREAK OUT ABOVE 90 [DOLLARS A BARREL] OUR DOLLAR IS GOING TO RISE, AND THAT'S GOING TO CROWD OUT CANADIAN EXPORTS.

PROFESSOR SCOTT LYNCH
Department of Economics, Memorial University



INVESTMENT Canadian bond markets are still strong, but business investment is lower than pre-2008 levels and it's not expected to jump any time soon. The Atlantic Provinces Economic Council projects that capital investment will be the strongest driver for growth in the next two decades.

TRAVEL Canada is no longer an inexpensive trip for U.S. vacationers, but it is an attractive location for Europeans looking to come across the pond. It would be smart to run promotions in Europe, to attract the old-worlders before the euro slides further. The flip side is that the U.S. and countries with currencies pegged to the USD (like, say, Aruba) will continue to be economical destinations for Canadian leisure seekers.

