

PROVINCIAL OUTLOOK

September 2009

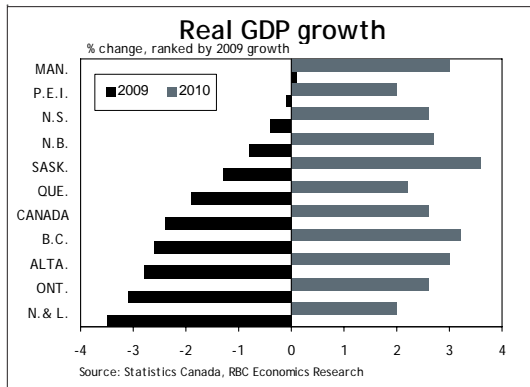
Together they fall; together they will rise again

We are now seeing some positive signals that the Canadian economy is poised to return onto a recovery track as we had forecast last quarter. However, on the provincial side, the picture is somewhat more tainted. There have been recent indications that the contraction of economic activity this year is more widespread on a provincial basis than earlier thought. We now see nine provinces posting negative growth this year, including the economies of two of the only three provincial economies that we had previously expected to expand. Our forecast for Saskatchewan's economy — the growth leader last year — has been revised substantially lower to reflect poor crop conditions this summer, a sharp drop in potash production and softer-than-expected residential investment. Similarly, Nova Scotia's economy is now projected to shrink due to weakness in capital spending. Even our forecast for Manitoba's economy, the lone remaining provincial economy expected to be in positive growth territory in 2009, has been revised down from our June forecast and is now expected to barely hold above water.

Forecast adjustments have also been made to other provincial economies as well, mostly to the downside — including to British Columbia, Alberta, Quebec and New Brunswick. However, these adjustments wash out on an aggregate basis. The main offset is that we have boosted our call for Ontario in light of the lifting of a large portion of the uncertainty in the auto sector, although it remains in contraction mode. In fact, Ontario's economy is still expected to show the second biggest decline in activity in the country after Newfoundland & Labrador, which is weighed down by large drops in crude oil and mining production. Also, we have significantly cut the rate of decline in Prince Edward Island, reflecting surprisingly strong exports of potato products and aircraft components.

With all but one province projected to contract in 2009, this recession is shaping up to be one of the most widespread and synchronized in memory. By comparison, the early 1990s downturn bypassed most of western Canada, while that of the early 1980s spared the Atlantic region.

Like the recession, next year's recovery is expected to be widespread. All 10 provinces are projected to expand in 2010 with western Canada leading the way. With the end of the global financial crisis, signs are sprouting up across the country — including the impressive rebound in existing home sales — that point to an end to the recession in the third quarter of this year. This is setting the stage for increased spending by businesses and consumers from coast to coast in the period ahead. Relatively aggressive public sector spending is providing a hefty dose of economic stimulus in most jurisdictions and this will carry over to next year. Indications that the U.S. economy is on its way to recovery will boost



annual % change	1982	1991	2009F
N. & L.	1.0	0.5	-3.5
P.E.I.	0.9	-0.3	-0.1
Nova Scotia	3.7	-0.9	-0.4
New Brunswick	1.9	0.0	-0.8
Quebec	-3.6	-2.7	-1.9
Ontario	-2.7	-3.9	-3.1
Manitoba	-2.6	-3.4	0.1
Saskatchewan	-1.9	1.1	-1.3
Alberta	-3.2	0.5	-2.8
British Columbia	-6.1	0.2	-2.6

Source: Statistics Canada, RBC Economics Research  
Note: shaded areas highlight provinces that avoided contractions

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demand for Canada's exports next year and will re-invigorate commodity markets, both heating up prices and rekindling interest in developing new production capacity.

Our forecast of stronger performance in the western part of the country in 2010 will reflect in large measure the rebound in commodities and related increase in spending on major capital projects. In the case of British Columbia, activity will get a boost from the 2010 Winter Olympic and Paralympic Games.

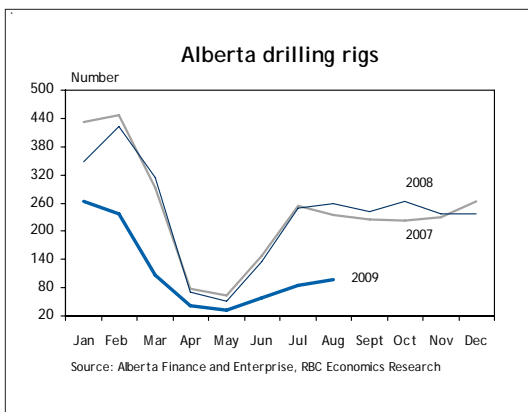
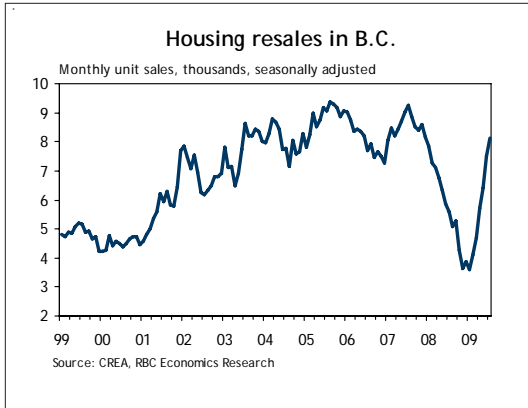
### British Columbia – Still bleak, but not for much longer

After the drubbing British Columbia's economy took during the first half of 2009, it might look like a stretch to be considering a return to growth in the period ahead. However, signs are emerging that suggest that the bottom is being reached in 2009 and that conditions will improve thereafter. In recent months, there has been a stunning rally in existing home sales in the province after slumping to the lowest of lows early this year. This rebound alone will not spearhead a general recovery, but it should be seen as clear evidence that confidence is beginning to return. Along the same lines, retail sales have stabilized (even trending slightly higher) since the spring and so have housing starts, both breaking from rapid declines during the fall and winter. In our view, a rise in sentiment would signal that the provincial economy is in the late stages of the recession and poised to expand again next year. That being said, the downturn in activity has been extensive and will result in 2009 entering the history books as the toughest year since 1982. In fact, the ferociousness of the recession and its impact on virtually all parts of British Columbia's economy (including manufacturing, natural resources, construction, services, capital spending, government revenues and the labour market) have prompted us to revise the rate of decline in real GDP to -2.6% from -1.9% in our June *Outlook* report.

The expected recovery in 2010 will reflect improvements in both domestic and external markets. A strengthening global economy will boost demand for commodities and re-invigorate the province's export sector. At home, spending on capital investment projects — including by governments — will continue apace, which will be supplemented by rising consumer expenditures and a pick-up in new housing construction. The performance next year will also be brightened by a bump in tourism spending associated with the 2010 Olympic and Paralympic Winter Games. Real GDP in the province is forecast to rebound to 3.2% in 2010, up marginally from our earlier projection of 2.9%.

### Alberta – Green shoots still far and few between

The signs of economic green shoots apparent elsewhere in the country have been taking a long time to appear in Alberta. Alberta's economy continues to endure the effects of an earlier retrenchment in oilsands megaprojects, poor market conditions for natural gas and a severe drop in residential construction, all of which are pulling down capital spending and employment. Although investor interest is returning to the oilsands (as is evidenced by a number of high-profile corporate deals in recent months), capital expenditures on new projects are still significantly lagging last year's levels. Elsewhere in the oil patch, drilling activity is stuck at deeply depressed levels as low natural gas prices and plentiful inventories across North America discourage the develop-



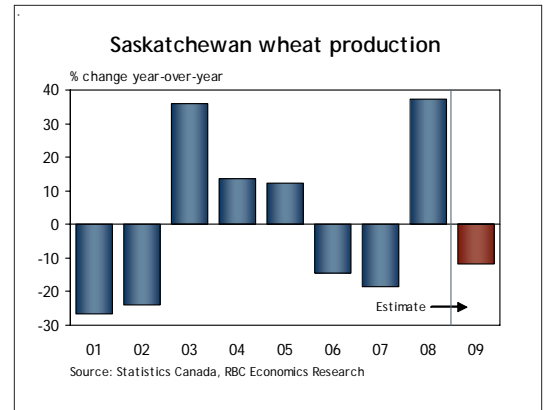
ment of new wells. Homebuilding is not faring much better with housing starts languishing at 13-year lows. Such a weak economic performance has kept the province's jobless rate on a skyward trajectory since the start of the year, reaching a 13-year high of 7.4% in August and doing little to convince Alberta consumers to open up their wallets. Overall, the current slump is undoubtedly the most difficult the province has experienced since 1982 and has likely been worsened by poor weather conditions this summer, which will significantly affect crop results. Consequently, we have revised our real GDP forecast for 2009 lower to -2.8% from -2.5% previously.

The upside to this year's rock-bottom activity levels in areas such as housing construction, oil and gas drilling, consumer spending and weather-affected agricultural production is that, next year, those levels should be easily surpassed in the context of recovering global demand and prices for commodities, rising confidence and more normal crop conditions. Specifically, oil prices are expected to average around US\$77 per barrel (WTI), which should speed up work on megaprojects in the oilsands, while natural gas prices are projected to rise to an average of US\$6/mmbtu (NYMEX). This is expected to support a turnaround in Alberta's economy, with real GDP forecast to bounce back to a 3% real growth rate, up marginally from 2.9% in our June *Outlook* report.

### Saskatchewan – No longer escaping a contraction

Our 2009 growth outlook for Saskatchewan has been revised down significantly to -1.3% from our June projection of +0.7% as three key areas — agricultural output, non-metallic mineral production and residential investment — have shown greater-than-expected weakness so far this year. A cooler-than-normal spring and drought conditions in the western part of the province have combined to sharply reduce this fall's projected grain harvest. Statistics Canada's latest field crop estimates show wheat production in Saskatchewan falling by almost 12% from 2008, with even greater declines estimated for canola (by about 18%) and barley (by more than 20%). Non-metallic mineral production has been dragged down significantly by a steep drop in potash production (down by 59% through May from year-ago levels) as a result of lower global demand for fertilizers due to the recession. Finally, residential investment is feeling the impact of the sharp deterioration in housing affordability that took place through the 2006 to early 2008 housing boom, when skyrocketing housing prices in markets such as Saskatoon and Regina considerably increased homeownership costs. Residential investment is down 7.5% during the first half of this year, a drastic change from increases of 23.6% and 31.7% in 2008 and 2007, respectively. A partial offset to the overall weakness is provided by business investment, which is still on the rise, at least on a nominal basis. In fact, Statistics Canada indicated that businesses have recently revised their capital spending intentions this year slightly upwards to 3.2% from an initial estimate of 2.3%.

While the downward revision Saskatchewan's GDP growth this year is disappointing, the silver lining is that many of the weaker elements are likely to be more than reversed in 2010. Assuming a return to normal weather conditions next growing season, grain and oilseed production should rebound substantially. Farm incomes in the province will be further boosted by an expected strengthening in grain and oilseed prices — from already historically high levels —



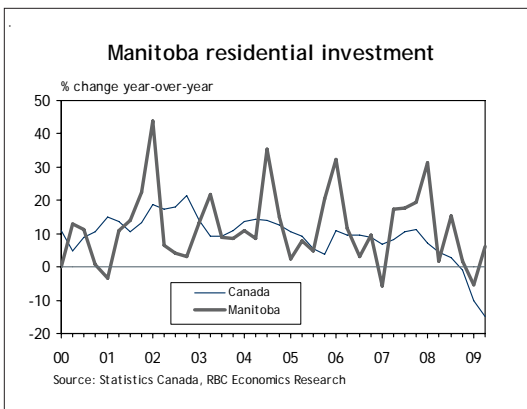
supported by a stronger global economy and demand for agricultural products. Increased demand for agriculture products globally would bode well for a rise in the demand for potash. The recent improvement in housing affordability in the province in the face of declining house prices and lower mortgage rates in the past year should contribute to some reversal of this year's decline in residential investment.

Another positive contribution of the global recovery is expected to come in the form of rising prices for other key commodities produced in the province such as oil and uranium. This would not only provide a boost to provincial incomes but also capital spending in the province. On net, we are expecting growth in the province to revive to a 3.6% rate in 2010. This represents an upward revision from the 2.8% projected in our June *Outlook* and would return the province to the head of the pack in terms of provincial growth rates.

### Manitoba – Lone expansion kid this year

Manitoba's well-diversified economy has allowed it to withstand the impact of the major downturn in the U.S. and global economies. In fact, our current forecast has the province standing alone in the country in eking out a gain in real GDP this year — albeit a very small one — of 0.1%, although this represents a downward revision from the 0.5% projected in June. This softer growth forecast largely reflects indications that the grain harvest will be smaller than expected this year relative to 2008. Statistics Canada's most recent estimates project production declines of approximately 16% for both wheat and canola as wet planting conditions in the spring are taking a greater-than-expected toll. There is further downside risks with the delay in planting making the current harvest vulnerable to an early frost. Manufacturing activity to date is down by more than 6% from year-ago levels, although this is modest in comparison to the greater-than-20% drop recorded nationally. The smaller hit in the province is owed largely to the absence of exposure to the troubled auto industry; the transportation equipment sector in the province is geared more towards bus production. However, news has recently emerged that bus orders have been hurt by strained finances in U.S. states that had been a source in recent years of customer growth. Continuing strong demand for machinery products has also helped the province's manufacturing sector. A pattern of stronger performance relative to the national average has also been evident in residential investment during the first half of this year (0.3% provincially compared to a decline nationally of 12.6%) and employment growth through August (a 0.1% increase provincially compared to a decline nationally of 1.4%).

Growth is expected to rebound to 3% in 2010 as a recovery from the U.S. and global recessions contributes to some strengthening in demand for Manitoba's exports. However, manufacturing output in the province will not recover to the same extent as national output because of the more modest weakening during the course of 2009. The global recovery also bodes well for some strengthening in base metal prices important to the provincial economy. The support occurs via both the upward impact on export revenues, and, thus, incomes, as well as increased capital expenditure on various mining projects. Excluding capital spending for primary metals, there will be ongoing expenditure on the Wuskwatim



hydroelectric project next year, although spending on Manitoba Hydro's Riel Converter Station will start to wind down. Overall, we expect some improvement in capital expenditures in 2010 relative to the decline projected this year (according to Statistics Canada's latest intentions survey, which shows a drop of 2.4% in 2009).

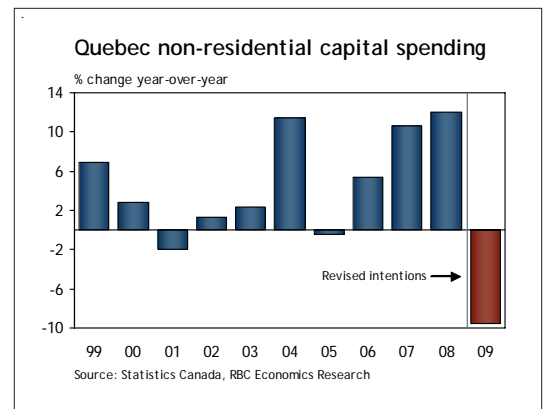
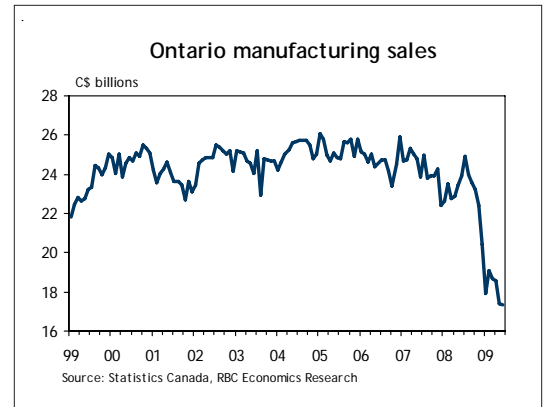
## Ontario – Walking away from the precipice's edge

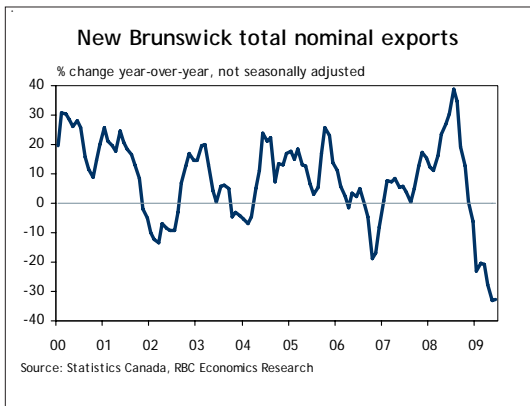
Just a few months ago, Ontario had a frightening glimpse over an economic precipice, when the heart and soul of its manufacturing sector — the auto industry — was rushed to the intensive care unit with life-threatening injuries. The uncertainty that accompanied the bankruptcy filings by auto giants Chrysler and GM south of the border paralyzed the production and sales of motor vehicles, as well as those of ancillary goods and services, and seriously put into question the longer-term viability of large portions of the sector in the province. While certainly not the only contributor to the province-wide slump late last year-early this year (for instance, the housing sector was also swept off its feet), the dramatic drop in auto production had no doubt been a key component. However, the emergence from bankruptcy of Chrysler and GM early this summer with most of their productive capacity in the province still left standing — thanks in no small part to unprecedented government rescue efforts and workers' concessions — and the recent revival of motor vehicle sales in North America have essentially put worst-case scenarios for Ontario to rest. In fact, the ramping up of auto production late this summer following earlier widespread shutdowns is expected to boost manufacturing activity in the third quarter and begin to turn Ontario's economy. This lifting of uncertainty (at least partially since many auto parts manufacturers still face difficulties) and brighter outlook for the auto sector compared to the earlier gloom have prompted us to reduce slightly the economic contraction forecast this year to -3.1% from -3.4% in our June *Outlook*. Nonetheless, this will remain the second steepest drop in activity among provinces behind Newfoundland & Labrador, underscoring the degree to which Ontario has been hit by this recession.

Improving prospects for the auto sector will carry into 2010 and enhance an economic picture that will benefit from the projected recovery in the global and, more importantly for the province, the U.S. economy. Domestically, infrastructure spending at all levels of government will reach its crest next year at a time when housing construction is expected to be on the mend and consumer expenditures to rebound amid rising employment. These factors should contribute to bringing growth back to about the national average of 2.6% in the province in 2010, revised upwards from our previous 2.2%.

## Quebec – Dodging the worst of the recession

While Quebec's economy has managed to dodge some of the recession's most damaging bullets, it has nonetheless been hit in many areas by the global malaise and has been forced into significant retreat. Its main defence against the downturn had been strong capital spending, particularly on public infrastructure, and a resilient housing sector. However, those lines of defence have shown notable breaches this year. Although expenditures on public infrastructure are proceeding full-steam ahead, private firms have sharply curtailed their capital





goods outlays. The latest update to Statistics Canada’s survey of capital spending intentions in the province has revealed a 21% downward revision to machinery and equipment spending plans this year compared to what was budgeted just six months earlier. As a result, total non-residential capital spending is slated to decline quite substantially in 2009 by 9.5% in nominal terms compared to the very modest 0.4% previously expected. At the same time, the formerly steady housing sector has been quite volatile in the past year, raising fears that residential investment was at risk of being derailed. Fortunately, the huge drop in resale activity late last year and into early this year has been fully recovered through the spring and summer, suggesting that home building is likely to remain on track towards a soft landing as previously expected. Given the weaker outlook for non-residential capital spending, we have further reduced our real GDP forecast for 2009 for the province to -1.9% from -1.6% in June. A pleasant surprise has been a lessening of the drag coming from net exports — the result of a sharper drop in imports — that is providing some positive offset.

The expected rebound next year (2.2%) has been adjusted downwards marginally from the previous 2.3% to reflect the slower momentum in capital spending. The return to growth will be supported by recovering demand from Quebec’s main trading partners, particularly Ontario and the United States, and improving consumer and business sentiment. Both the external and domestic sides of the provincial economy are expected to expand, although the overall pace will be relatively subdued, coming in slightly below the national average of 2.6%.

### New Brunswick – Fiscal policy cushions the blow

In the face of the toughest global recession in six decades, New Brunswick’s government has turned the fiscal tap wide open through a hefty \$1.2-billion infrastructure program and \$400-million in personal income tax reform. However, this infusion of fiscal stimulus will not be enough to help New Brunswick overcome the widespread weaknesses in its economy, and real GDP is forecast to fall by 0.8% for 2009, a slightly larger decline than we forecast in June (-0.5%). The external side of the economy remains badly bruised, with exports down almost 28% year-to-date in nominal terms. Weak U.S. demand and a softening in commodity prices have greatly affected the energy, mining, forestry and fishing sectors, while a strong Canadian dollar has intensified pressure on an already-struggling manufacturing sector. Capital expenditures in the province are now estimated to plummet by nearly 29% in 2009 according to Statistics Canada’s latest survey (revised down from an 11% drop reported at the start of the year) as firms significantly curtailed spending plans in the face of the recession, financial crisis and, in the case of a major energy project, downwardly revised demand for petroleum products.

The expected strengthening in the U.S. economy will provide support to the province’s manufacturing and commodity exports in 2010. This will be supplemented by further sizeable increases in government spending and the positive effects of a gradually recovering labour market on consumer spending. Together, these factors should help New Brunswick more than offset continued declines in private non-residential investment that are expected to result from the completion of major projects such as the Canaport LNG plant and lead provincial real GDP to rebound by 2.7% in 2010 (unchanged from our June projection).

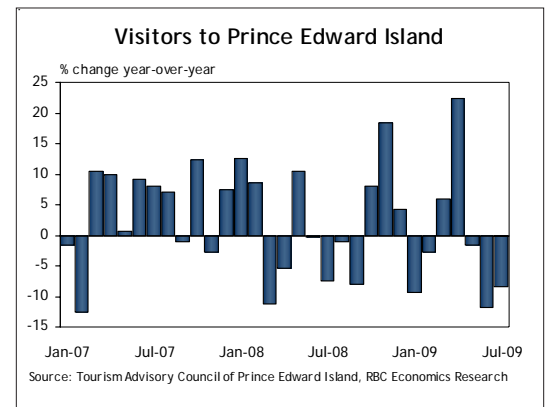
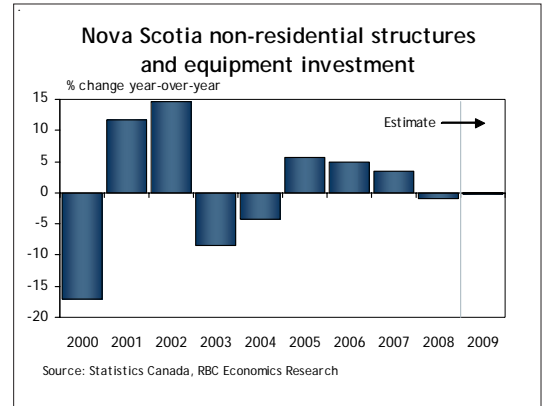
## Nova Scotia – Slower business investment undermines the outlook

The wave of business investment that was previously offsetting other areas of weakness in Nova Scotia's economy has been scaled down and is no longer expected to keep the province in positive growth territory in 2009. Relatively robust non-residential investment had been a key factor behind our earlier expectation that Nova Scotia would be among the three provincial economies to expand this year. However, weak global demand, low commodity prices and the financial crisis have prompted deeper-than-expected cuts, delays or cancellations of several large private capital projects, while some of the public infrastructure stimulus has been held back until the new provincial government drafts a budget sometime in the fall. According to Statistics Canada's revised private and public investment intentions survey, capital expenditures in the province are slated to fall by 0.2% in 2009 compared to a previously reported 6.7% increase. With exports continuing to be a drag on the economy with both price and demand for natural gas remaining low, we have revised our forecast for Nova Scotia's economy to show a 0.4% decline in real GDP for 2009, down from a rise of 0.2% in our June *Outlook* report.

The projected recovery of the U.S. economy starting in the second half of 2009 and carrying over into 2010 should boost demand for Nova Scotia's key export products next year, while growth in the services sector and the advancement of several big-ticket capital projects in the province should contribute to a strong rebound in domestic activity. Accordingly, real GDP is forecast to grow in 2010 by 2.6%, little changed from the 2.5% we were projecting in June.

## Prince Edward Island – A focus on diversification

Efforts to diversify Prince Edward Island's economy from a heavy reliance on the agri-food and tourism industries appear to be gaining traction. Some evidence is found in the rapid growth in technology sectors such as aerospace manufacturing, which saw sales increase by 10% in 2008 to more than \$300-million and employment in the sector rising 10% so far this year. This is providing a strong offset to the current slowdown in the province's traditional sectors. Through the first half of the year, the number of international tourists visiting Prince Edward Island has dropped notably and demand for shellfish continues to be weak, keeping the prices of such products as lobster at depressed levels. In contrast, sales of potato products have been quite strong, based on export values. Additional offset to the weaker sectors of the economy is coming from a wave of public infrastructure projects as the provincial government has embarked on a forceful fiscal stimulus program. Overall, the provincial economy appears to be weathering the economic storm better than other parts of the country, although it is still expected to show a small contraction this year, with real GDP forecast at -0.1% (a meaningful upgrade from our June forecast of -1.8%). Gradually improving conditions for exports and tourism next year should support a modest recovery, with a 2% growth rate being projected (unchanged for our earlier projection).

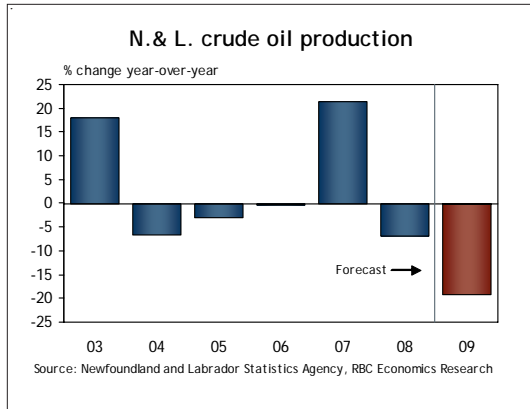


## Newfoundland & Labrador – Weighed down by oil and mining

The performance of Newfoundland & Labrador's economy this year is being considerably hampered by sharp declines in oil and other mineral production, which accounts for roughly 30% of real GDP in the province. Offshore oil output has dropped by close to 16% year-over-year in the first seven months due to a shutdown at Hibernia in May and June to perform maintenance work and reduced production arising from the maturation of existing fields. Mining production is also down significantly amid weak global demand for metals and labour disruptions at the Voisey's Bay nickel operation.

However, elsewhere in the provincial economy, activity is still generally growing. Consumer spending and residential investment are increasing from 2008, although the pace of housing starts has moderated since the spring. With many projects on the go, non-residential investment is on a significant upswing. According to the most recent update to Statistics Canada's survey of investment intentions, businesses and governments are planning to ramp up capital expenditures by close to 24% this year, an even stronger boost than expected just a few months ago. Part of this reflects the provincial government's aggressive infrastructure plan — \$800 million in 2009-10 and \$800 million in 2010-11 — that is proceeding quickly. The dominance of the weakness in oil and mining argues for a sizeable decline in real GDP in 2009, which we peg at 3.5%, unchanged from our previous forecast.

Next year, the provincial economy will benefit from the entry into service of the North Amethyst satellite field — an expansion to White Rose — that will provide a significant offset to the natural production declines at existing offshore oil fields. Yet a bigger lift will come from an expected recovery in mining production, as labour issues are resolved and global demand for metals picks up. This will add to continued strong capital spending generated by work on megaprojects (Vale Inco's Long Harbour nickel refinery, Hebron, White Rose expansion) and a host of provincial and municipal infrastructure projects. This improvement is expected to put the Newfoundland & Labrador economy back into expansion mode in 2010, with real GDP forecast to grow by 2%, representing a modest downward revision from the 3% rate projected in the June (reflecting faster declines in crude oil production at maturing fields than previously projected).



## Forecast detail

Average annual % change unless otherwise indicated

	Real GDP				Employment				Unemployment rate				Housing starts				Retail sales			
									%				Thousands							
	<u>07</u>	<u>08</u>	<u>09</u>	<u>10</u>	<u>07</u>	<u>08</u>	<u>09</u>	<u>10</u>	<u>07</u>	<u>08</u>	<u>09</u>	<u>10</u>	<u>07</u>	<u>08</u>	<u>09</u>	<u>10</u>	<u>07</u>	<u>08</u>	<u>09</u>	<u>10</u>
N. & L.	9.1	-0.1	-3.5	2.0	0.7	1.5	-2.4	1.1	13.6	13.2	15.4	15.5	2.6	3.2	3.1	3.0	9.0	7.6	0.9	4.3
P.E.I.	2.4	0.9	-0.1	2.0	1.1	1.3	-2.0	1.2	10.3	10.7	12.7	12.9	0.8	0.7	0.6	0.7	7.7	5.6	-1.0	4.0
N.S.	1.7	2.0	-0.4	2.6	1.3	1.2	-0.1	1.0	8.0	7.7	9.3	9.6	4.8	4.3	3.3	3.5	4.2	4.2	-1.7	4.4
N.B.	1.7	0.0	-0.8	2.7	2.1	0.9	-0.2	0.7	7.5	8.6	9.3	9.8	4.2	4.2	3.6	3.5	5.7	5.9	-1.6	4.1
QUE.	2.6	1.0	-1.9	2.2	2.3	0.8	-1.0	1.1	7.2	7.2	8.8	9.4	48.6	47.9	40.5	39.0	4.6	5.1	-1.4	4.6
ONT.	2.3	-0.4	-3.1	2.6	1.6	1.4	-2.4	1.0	6.4	6.5	9.3	9.9	68.1	75.6	51.9	65.0	3.9	3.5	-3.1	4.1
MAN.	3.3	2.4	0.1	3.0	1.6	1.7	0.2	1.3	4.4	4.1	5.2	5.6	5.7	5.6	4.2	5.3	8.8	7.2	-1.7	5.1
SASK.	2.5	4.4	-1.3	3.6	2.1	2.2	1.5	1.0	4.2	4.1	4.9	5.3	6.0	6.8	3.2	3.7	13.0	10.6	-1.3	5.8
ALTA.	3.1	-0.2	-2.8	3.0	4.7	2.7	-1.1	1.1	3.5	3.6	6.6	7.1	48.3	29.0	17.1	28.0	9.3	-0.1	-7.3	5.6
B.C.	3.0	-0.3	-2.6	3.2	3.2	2.1	-2.5	2.1	4.2	4.6	7.7	7.6	39.2	34.3	14.8	24.0	6.7	0.3	-6.4	6.0
CANADA	2.5	0.4	-2.4	2.6	2.3	1.5	-1.6	1.2	6.0	6.2	8.5	9.0	228	211	142	176	5.8	3.4	-3.5	4.8

## Key provincial comparisons

2008 unless otherwise indicated

	<u>N. &amp; L.</u>	<u>P.E.I.</u>	<u>N.S.</u>	<u>N.B.</u>	<u>QUE</u>	<u>ONT</u>	<u>MAN</u>	<u>SASK</u>	<u>ALTA</u>	<u>B.C.</u>
Population (000s)	508	140	938	747	7,751	12,929	1,208	1,016	3,585	4,382
Gross domestic product (\$ billions)	31.5	4.7	34.2	27.3	301.5	587.9	50.9	64.3	291.7	199.2
Real GDP (\$2002 billions)	19.7	4.2	29.4	23.7	268.6	534.0	42.7	41.6	187.0	164.2
Share of Canada real GDP (%)	1.5	0.3	2.2	1.8	20.3	40.4	3.2	3.1	14.2	12.4
Real GDP growth (CAR, last five years 03-08, %)	2.5	2.1	1.4	1.7	1.9	2.0	2.9	3.0	3.8	3.0
Real GDP per capita (\$)	38,748	29,946	31,312	31,667	34,657	41,305	35,312	40,924	52,168	37,466
Real GDP growth rate per capita (CAR, last five years 03-08, %)	2.9	1.7	1.3	1.8	1.2	0.9	2.0	2.5	1.2	1.9
Personal disposable income per capita (\$)	24,513	23,194	25,404	24,871	25,494	28,847	26,397	28,281	37,189	28,616
Employment growth (CAR, last five years 03-08, %)	0.7	1.2	1.0	1.3	1.4	1.5	1.2	1.5	3.2	2.8
Employment rate (August 2009, %)	50.1	58.8	58.6	58.7	59.4	61.0	66.1	66.2	68.8	60.7
Discomfort index (inflation + unemp. rates, July 2009)	16.2	11.0	8.2	9.0	8.7	8.1	5.2	5.6	5.7	6.2
Manufacturing industry output (% of real GDP)	5.0	11.7	10.6	11.8	18.3	17.4	12.8	7.6	9.2	9.3
Personal expenditures goods & services (% of real GDP)	55.1	70.9	71.3	68.2	64.4	60.1	64.3	58.4	52.7	69.8
International exports (% of real GDP)	38.5	32.5	24.2	42.3	33.5	42.4	30.2	38.5	36.3	25.5

## British Columbia

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	
Real GDP	\$2002 millions	141,435	146,541	152,998	159,733	164,583	164,161	159,975	165,014
	% change	2.3	3.6	4.4	4.4	3.0	-0.3	-2.6	3.2
Employment	thousands	2,015	2,063	2,131	2,195	2,266	2,314	2,257	2,304
	% change	2.5	2.4	3.3	3.0	3.2	2.1	-2.5	2.1
Unemployment rate	%	8.0	7.2	5.9	4.8	4.2	4.6	7.7	7.6
Retail sales	\$ millions	44,421	47,217	49,286	52,837	56,365	56,562	52,961	56,136
	% change	2.7	6.3	4.4	7.2	6.7	0.3	-6.4	6.0
Housing starts	units	26,174	32,925	34,667	36,443	39,195	34,250	14,800	24,000
	% change	21.0	25.8	5.3	5.1	7.6	-12.6	-56.8	62.2

Source: Statistics Canada, RBC Economics Research

## Alberta

		<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Real GDP	\$2002 millions	155,359	163,564	171,416	181,791	187,493	187,028	181,885	187,250
	% change	3.2	5.3	4.8	6.1	3.1	-0.2	-2.8	3.0
Employment	thousands	1,717	1,757	1,784	1,871	1,959	2,013	1,991	2,012
	% change	2.7	2.4	1.5	4.8	4.7	2.7	-1.1	1.1
Unemployment rate	%	5.1	4.6	3.9	3.4	3.5	3.6	6.6	7.1
Retail sales	\$ millions	39,318	43,372	48,493	55,942	61,160	61,069	56,619	59,767
	% change	4.4	10.3	11.8	15.4	9.3	-0.1	-7.3	5.6
Housing starts	units	36,171	36,270	40,847	48,962	48,336	28,967	17,100	28,000
	% change	-6.7	0.3	12.6	19.9	-1.3	-40.1	-41.0	63.7

## Saskatchewan

		<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Real GDP	\$2002 millions	35,921	37,741	38,970	38,860	39,834	41,578	41,058	42,516
	% change	4.6	5.1	3.3	-0.3	2.5	4.4	-1.3	3.6
Employment	thousands	476	480	483	492	502	513	521	526
	% change	1.7	0.8	0.8	1.7	2.1	2.2	1.5	1.0
Unemployment rate	%	5.6	5.3	5.1	4.7	4.2	4.1	4.9	5.3
Retail sales	\$ millions	9,858	10,259	10,796	11,495	12,984	14,360	14,171	14,993
	% change	5.0	4.1	5.2	6.5	13.0	10.6	-1.3	5.8
Housing starts	units	3,315	3,781	3,437	3,715	6,007	6,792	3,200	3,700
	% change	11.9	14.1	-9.1	8.1	61.7	13.1	-52.9	15.6

## Manitoba

		<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Real GDP	\$2002 millions	37,059	37,861	38,783	40,344	41,662	42,655	42,715	43,975
	% change	1.4	2.2	2.4	4.0	3.3	2.4	0.1	3.0
Employment	thousands	570	577	580	587	596	607	608	616
	% change	0.5	1.1	0.6	1.1	1.6	1.7	0.2	1.3
Unemployment rate	%	5.0	5.3	4.8	4.3	4.4	4.1	5.2	5.6
Retail sales	\$ millions	10,953	11,692	12,381	12,870	14,008	15,017	14,759	15,507
	% change	3.6	6.7	5.9	3.9	8.8	7.2	-1.7	5.1
Housing starts	units	4,206	4,440	4,731	5,028	5,738	5,550	4,200	5,300
	% change	16.3	5.6	6.6	6.3	14.1	-3.3	-24.3	26.2

Source: Statistics Canada, RBC Economics Research

## Ontario

		<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Real GDP	\$2002 millions	484,341	496,780	510,626	524,105	536,340	534,036	517,748	530,950
	% change	1.4	2.6	2.8	2.6	2.3	-0.4	-3.1	2.6
Employment	thousands	6,213	6,317	6,398	6,493	6,594	6,687	6,524	6,587
	% change	3.0	1.7	1.3	1.5	1.6	1.4	-2.4	1.0
Unemployment rate	%	6.9	6.8	6.6	6.3	6.4	6.5	9.3	9.9
Retail sales	\$ millions	125,122	129,086	135,321	140,808	146,252	151,375	146,678	152,752
	% change	3.4	3.2	4.8	4.1	3.9	3.5	-3.1	4.1
Housing starts	units	85,180	85,114	78,795	73,417	68,123	75,567	51,900	65,000
	% change	1.9	-0.1	-7.4	-6.8	-7.2	10.9	-31.3	25.2

## Quebec

		<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Real GDP	\$2002 millions	244,422	251,028	254,708	259,032	265,888	268,609	263,640	269,440
	% change	1.2	2.7	1.5	1.7	2.6	1.0	-1.9	2.2
Employment	thousands	3,629	3,680	3,717	3,765	3,852	3,882	3,844	3,888
	% change	1.7	1.4	1.0	1.3	2.3	0.8	-1.0	1.1
Unemployment rate	%	9.1	8.5	8.3	8.0	7.2	7.2	8.8	9.4
Retail sales	\$ millions	75,326	78,518	82,533	86,709	90,663	95,321	94,010	98,299
	% change	4.5	4.2	5.1	5.1	4.6	5.1	-1.4	4.6
Housing starts	units	50,289	58,448	50,910	47,877	48,553	47,925	40,500	39,000
	% change	18.5	16.2	-12.9	-6.0	1.4	-1.3	-15.5	-3.7

## New Brunswick

		<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Real GDP	\$2002 millions	21,765	22,366	22,727	23,280	23,669	23,665	23,488	24,122
	% change	2.8	2.8	1.6	2.4	1.7	0.0	-0.8	2.7
Employment	thousands	343	350	351	355	363	366	365	368
	% change	0.0	2.0	0.1	1.4	2.1	0.9	-0.2	0.7
Unemployment rate	%	10.3	9.8	9.7	8.8	7.5	8.6	9.3	9.8
Retail sales	\$ millions	7,827	7,963	8,326	8,814	9,318	9,872	9,715	10,111
	% change	0.5	1.7	4.6	5.9	5.7	5.9	-1.6	4.1
Housing starts	units	4,489	3,947	3,959	4,085	4,242	4,175	3,600	3,500
	% change	16.2	-12.1	0.3	3.2	3.8	-1.6	-13.8	-2.8

Source: Statistics Canada, RBC Economics Research

## Nova Scotia

		<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Real GDP	\$2002 millions	27,464	27,710	28,069	28,328	28,803	29,380	29,277	30,038
	% change	1.4	0.9	1.3	0.9	1.7	2.0	-0.4	2.6
Employment	thousands	431	442	443	442	448	453	453	457
	% change	2.0	2.6	0.2	-0.3	1.3	1.2	-0.1	1.0
Unemployment rate	%	9.1	8.8	8.4	7.9	8.0	7.7	9.3	9.6
Retail sales	\$ millions	10,015	10,297	10,527	11,163	11,636	12,129	11,917	12,436
	% change	1.8	2.8	2.2	6.0	4.2	4.2	-1.7	4.4
Housing starts	units	5,096	4,717	4,775	4,896	4,750	4,267	3,300	3,500
	% change	2.5	-7.4	1.2	2.5	-3.0	-10.2	-22.7	6.1

## Prince Edward Island

		<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Real GDP	\$2002 millions	3,778	3,877	3,955	4,051	4,149	4,187	4,183	4,266
	% change	2.1	2.6	2.0	2.4	2.4	0.9	-0.1	2.0
Employment	thousands	66	67	68	69	69	70	69	70
	% change	2.2	1.3	1.9	0.6	1.1	1.3	-2.0	1.2
Unemployment rate	%	11.0	11.2	10.8	11.1	10.3	10.7	12.7	12.9
Retail sales	\$ millions	1,383	1,385	1,424	1,512	1,629	1,721	1,704	1,772
	% change	1.0	0.1	2.8	6.2	7.7	5.6	-1.0	4.0
Housing starts	units	814	919	862	738	750	700	610	700
	% change	5.0	12.9	-6.2	-14.4	1.6	-6.7	-12.9	14.8

## Newfoundland & Labrador

		<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Real GDP	\$2002 millions	17,419	17,209	17,531	18,058	19,696	19,680	19,001	19,381
	% change	5.8	-1.2	1.9	3.0	9.1	-0.1	-3.5	2.0
Employment	thousands	212	214	214	216	217	220	215	217
	% change	2.4	1.0	-0.1	0.7	0.7	1.5	-2.4	1.1
Unemployment rate	%	16.5	15.7	15.2	14.8	13.6	13.2	15.4	15.5
Retail sales	\$ millions	5,736	5,755	5,826	6,026	6,567	7,063	7,124	7,432
	% change	6.1	0.3	1.2	3.4	9.0	7.6	0.9	4.3
Housing starts	units	2,692	2,870	2,498	2,234	2,649	3,233	3,100	3,000
	% change	11.3	6.6	-13.0	-10.6	18.6	22.1	-4.1	-3.2

Source: Statistics Canada, RBC Economics Research

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