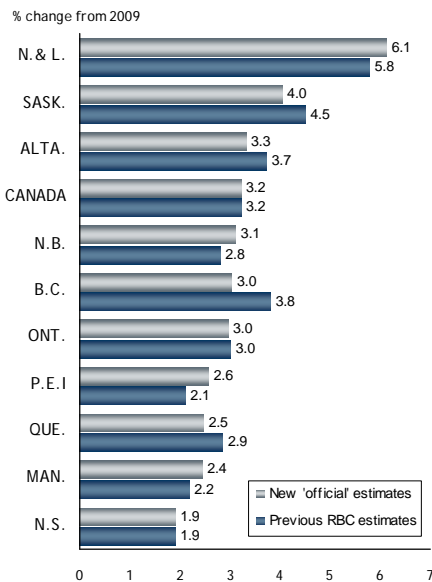




## PROVINCIAL OUTLOOK UPDATE

November 8, 2011

## Real GDP by industry growth 2010



Source : Statistics Canada, RBC Economics Research

## Provincial economic accounts confirm broad-based growth in 2010

The provincial economic accounts released this morning by Statistics Canada, which provided the 'official' provincial real GDP estimates for 2010, confirmed that Newfoundland and Labrador, Saskatchewan and Alberta led the country in growth last year amid widespread recovery from the 2009 recession. The numbers were generally in line with the preliminary estimates based on the industry add-up methodology published in May by Statistics Canada, as well as our own estimates.

The provincial economic accounts indicated that three provinces grew faster than the 3.2% overall rate in Canada last year. Newfoundland and Labrador's real GDP surged by 6.1% on the strength of business investment; gains in international exports and business investment propelled Saskatchewan to a 4.0% advance; and the Alberta economy enjoyed rebounds in consumer spending and residential investment that contributed to a growth of 3.3%. In most cases, these strong performances, however, only partly reversed significant declines in 2009. Real GDP in Newfoundland and Labrador fell by a whopping 9.0%, in Saskatchewan by 3.8% and in Alberta by 4.5%.

Only slightly below the average growth rate in Canada last year were New Brunswick, at 3.1%, and Ontario and British Columbia, both at 3.0%. In the case of Ontario, this growth was insufficient to offset declines of 0.6% in 2008 and 3.2% in 2009. On the other hand, New Brunswick and British Columbia more than offset 2009 contractions of 0.4% and 2.1%, respectively.

At the lower end of the growth spectrum were Prince Edward Island (2.6%), Quebec (2.5%), Manitoba (2.4%) and Nova Scotia (1.9%). It is important to point out, however, that this latter group of provinces had shown some of the greatest resilience during the recession in 2009, collectively contracting by only 0.5% and with Prince Edward Island even showing a small growth of 0.2%. In level terms, Prince Edward Island, Manitoba, Nova Scotia and Quebec were among the five provinces (New Brunswick was the other province) in 2010 which reached the highest points relative to the pre-recession peak in 2008.

The publication of the 'official' 2010 provincial real GDP estimates, being within close range of our own, does not alter our outlook for the provincial economies. We continue to expect the western 'tilt' in growth (favouring Saskatchewan, Alberta and Manitoba) to persist this year and next, with more moderate rates of expansions prevailing elsewhere in the country. We will update our forecasts for 2011 and 2012, as well as introduce forecasts for 2013 in early December.

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