PROVINCIAL OUTLOOK

December 2017

All provincial economies back on the growth wagon in 2018

- **All coming together:** For the first time since 2011, all provincial economies are projected to grow.
- **Energy sector recovery:** Still central to oil-producing provinces' improving outlook. A new offshore oil platform will bring a big boost in Newfoundland and Labrador.
- **Strong labour markets:** Will be both a source and manifestation of vigour in British Columbia, Manitoba, Ontario and Quebec.
- **Challenging demographics:** To weigh on growth in Atlantic Canada. The winding down of major capital projects also will be a restraining factor in the region.

Broad based, yes, but provincial growth generally expected to slow…

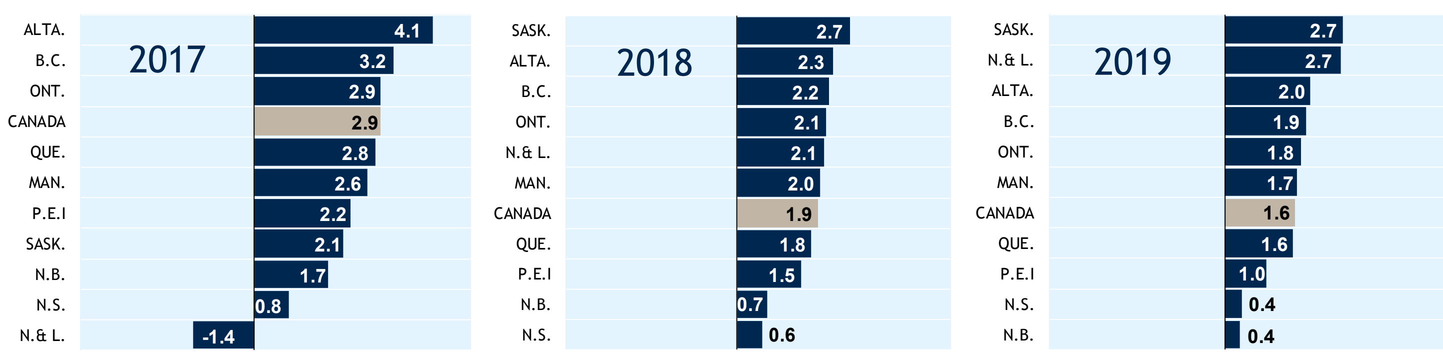
We project all provincial economies to grow in 2018. The last time a fully synchronized year of growth occurred across provinces was in 2011. Yet we expect a slowing of the pace relative to 2017 for most provinces. This would reflect a number of factors. In many cases, including British Columbia, Ontario, Manitoba and Quebec, economic slack has diminished considerably following long periods of expansion, making it harder to repeat 2017's rapid growth rates. The attendant strength nationally is expected to prompt the Bank of Canada to hike its overnight rate three times in 2018—raising it to 1.75% by the end of the year—which will temper interest rate-sensitive sectors across the country. In Atlantic Canada, demographic issues and the winding down of major capital projects will be a restraining factor. For its part, Alberta will enter a slower stage of its recovery after rebounding strongly in 2017. RBC's forecast for a very gradual rise in oil prices would be insufficient to re-ignite capital spending on major new projects in the province.

…except in Saskatchewan and Newfoundland and Labrador

We expect that two provinces will buck the trend and grow faster in 2018 than they did in 2017. Assuming that crop conditions improve next growing season, Saskatchewan's economy should benefit from a rebound in its agricultural sector. Further expected recovery in its oil and gas, and mining sectors also will contribute to a quickening pace. In Newfoundland and Labrador, the ramping up of oil production at the newly completed Hebron offshore platform will almost single-handedly return the provincial economy in growth to 2018. We expect that the rise in oil production will more than offset a drop in capital spending and weakness in other sectors of the economy.

Real GDP growth

% change



Source: Statistics Canada, RBC Economics Research

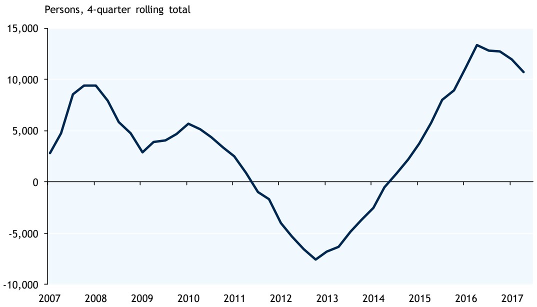
Paul Ferley
Assistant Chief Economist | 416-974-7231 | paul.ferley@rbc.com

Gerard Walsh
Economist | 416-974-6525 | gerard.walsh@rbc.com

Robert Hogue
Senior Economist | 416-974-6192 | robert.hogue@rbc.com

British Columbia

British Columbia: Net interprovincial migration into BC from Alberta



Source: Statistics Canada, RBC Economics Research

British Columbia: Unemployment rate

Source: Statistics Canada, RBC Economics Research

British Columbia forecast at a glance

% change unless otherwise indicated

	2014	2015	2016	2017F	2018F	2019F
Real GDP	3.7	3.5	3.5	3.2	2.2	1.9
Nominal GDP	5.7	4.0	4.8	5.8	4.3	4.0
Employment	0.6	1.2	3.2	3.6	1.0	0.8
Unemployment rate (%)	6.1	6.2	6.0	5.2	5.0	5.1
Retail sales	6.3	6.9	7.4	9.3	4.9	4.2
Housing starts (units)	28,356	31,446	41,843	42,600	38,000	32,500
Consumer price index	1.0	1.1	1.9	2.2	2.1	1.9

Robert Hogue
Senior Economist

Still plenty to offer

There's much to be impressed with when it comes to British Columbia's economy. Growth has been strong—averaging 3.5% annually in the past four years—broadly based across economic sectors and resilient in the face of turbulence in the provincial housing market last year. British Columbians enjoy some of the brightest job prospects in the country and feel confident because of it. We think that we'll be impressed again in 2018, although we're lowering our growth expectations somewhat because a number of headwinds. We expect that rising interest rates will cool consumer spending and housing market activity. Economic recovery in Alberta is poised to temper the flow provincial migrants moving to British Columbia and restrain overall population growth. We forecast GDP growth to moderate from 3.2% in 2017 to 2.2% in 2018. We see the moderation continuing into 2019 with growth easing to 1.9%.

Torrid pace of job creation won't be sustained…

The BC labour market's performance in the past two years has been nothing short of stellar. Employment growth averaged 3.4% annually, which is something we haven't seen in the province since the mid-1990s. The unemployment rate dipped to 4.8% by the late stages of 2017—a nine-year low point. Can such a torrid pace of job creation be maintained in 2018? Our view is that it won't. In large part this is because it will get increasingly difficult for employers to find candidates to fill job vacancies. British Columbia's labour pool clearly saw a large influx of job seekers from Alberta since the recession began in that province in 2015. But with economic conditions and job opportunities improving in Alberta, we expect that influx to diminish. We still project employment to grow in British Columbia in 2018 but at the more moderate pace of 1.0%. This would be sufficient to keep the unemployment rate historically low at 5.0% overall in 2018—the lowest rate among the provinces.

…which will have implications for other sectors of the economy

The moderation in job creation will have broader implications for the provincial economy. For instance, we believe that it will unwind part of the tremendous strength in consumer spending in the past two years. BC retail sales rose by 7.4% in 2016 and are set to increase by 9.3% in 2017—a record for BC and the strongest rate seen in any province since 2008. More moderate job growth will also take some of the steam off homebuyer demand in the province. On this front, though, we think that rising interest rates and more stringent mortgage lending rules potentially will be larger influences acting to cool the housing market and homebuilding activity.

US protectionism poses risks

Although British Columbia is the province least dependent on the US market (the destination of approximately 50% of BC exports, which is still substantial), we expect rising protectionist sentiments south of the border and uncertainty about the fate of NAFTA to weigh on international trade. The softwood lumber trade dispute is a case in point. The odds of a quick resolution to the dispute unfortunately are low in the current political climate. Several BC lumber-producing regions are at economic risk if BC lumber exports continue to face high tariffs.

Alberta

Moving on to the next—and slower—stage of the recovery

The 'easy' stage of Alberta's economic recovery is drawing to a close. Now comes the more difficult part. The big growth number in 2017—our current projection is 4.1%—is more about the very low base in 2016 than a sign of economic boom in the province. This base effect won't be as powerful in 2018. We expect key economic sectors such as energy and capital investment to reach a more sustainable 'cruising speed' after their initial post-recession blast-off in 2017. The good news is that we also expect the recovery to continue to broaden across economic sectors. This means that while the headline growth number is poised to be much smaller in 2018—our forecast is 2.3%—more Albertans should feel the improvement in the economy. We project employment growth to accelerate and the jobless rate to decline materially in 2018. Yet Albertans aren't likely to wave the all-clear flag in the next year. It will take until 2019 for Alberta's economy to recover fully from its severe recession in 2015 and 2016. Our forecast calls for a 2.0% growth in the province's GDP in 2019.

Outsized increases in drilling and oil production in 2017 unlikely to be repeated

A turnaround in the energy sector got Alberta's recovery going in 2017. Strengthening oil prices boosted energy firms' revenues and spending budgets, which helped double drilling activity in the province after reaching a near standstill in 2016. Oil production jumped by 13% over the first nine months of 2017—although this rate of increase in part reflects a weak comparison base in 2016 due to the disruptions caused by the wildfires in Fort McMurray. We expect the energy sector turnaround to continue in 2018 but at a slower pace. Our view is that oil prices will rise only modestly over the coming year—averaging US$51 per barrel for the WTI benchmark. This wouldn't be a basis for drilling activity to double again in the province. And with the distortions from 2016 Fort McMurray wildfires falling off the year-to-year comparisons, we expect the rate of increase in oil production to moderate to the single-digits in 2018.

Spending on oilsands megaprojects to decline

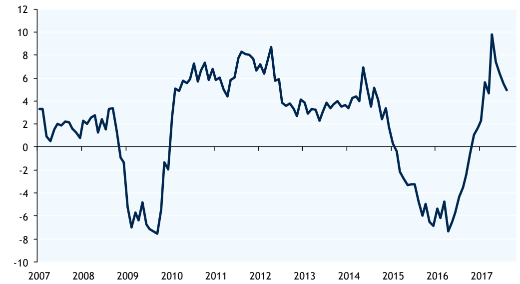
The completion of the $17-billion Fort Hills oilsands project in 2017 will leave a void for capital investment in the province in 2018. Fortunately, work on other oilsands expansion projects, as well as on pipeline projects will continue. These will help maintain some level construction activity in the energy sector, although we don't expect them to fully compensate for the drop related to Fort Hills. In our view, overall non-residential business investment will contribute much less to growth in Alberta in 2018 than it did in 2017.

Improving job market sets out a virtuous circle

On a positive note, the recovery in oil prices and improvements in the labour market in 2017 restored confidence among consumers, albeit partially. Albertans responded by boosting their spending—especially on big ticket items such as motor vehicles—which set the wheels in motion for consumer-dependent industries. We project slightly faster growth in employment in 2018 (1.2%) compared to 2017 (1.0%) as the recovery spreads to more sectors of the economy. This should keep consumer spending on a firm upward trajectory.

Alberta: Activity index

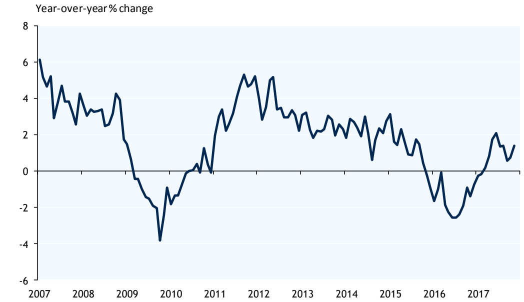
Year-over-year % change



Source: Alberta Treasury Board and Finance, RBC Economics Research

Alberta: Employment

Year-over-year % change



Source: Statistics Canada, RBC Economics Research

Alberta forecast at a glance

% change unless otherwise indicated

	2014	2015	2016	2017F	2018F	2019F
Real GDP	6.2	-3.7	-3.7	4.1	2.3	2.0
Nominal GDP	10.0	-12.0	-4.9	8.1	3.8	5.3
Employment	2.2	1.2	-1.6	1.0	1.2	1.2
Unemployment rate (%)	4.7	6.0	8.1	7.9	6.9	6.4
Retail sales	7.9	-4.0	-1.2	7.6	4.4	5.2
Housing starts (units)	40,590	37,282	24,533	29,300	27,500	29,000
Consumer price index	2.6	1.2	1.1	1.4	1.6	1.7

Robert Hogue
Senior Economist

Saskatchewan

Building momentum

Saskatchewan's economy is recovering from a sharp downturn in its energy sector. After contracting by an average of 0.8% in 2015 and 2016, the economy is on track to show positive growth again in 2017 thanks to a strengthening in the energy sector. We now project growth to be 2.1% in 2017, which is an upward revision from 1.4% shown in the September edition of Provincial Outlook. And we expect economic momentum to build further in the next two years. We project growth to be 2.7% in both 2018 and 2019.

Potash production rebounds

Though the main basis for accelerating growth through our forecast is an expected recovery in the energy sector, another contributing factor in 2017 has been greater-than-anticipated gains in potash production. Data through to August point to a possible double-digit increase in production for the year. This would be a nice turnaround from a drop of 1% in 2016. Provincial potash producers secured delivery contracts with key overseas customers in China and India amid generally strong global demand. Things are less robust in other segments of the mining sector, however. In particular, uranium output has weakened in the face of cutbacks in a number of production facilities in the province.

Weakness in investment to ease

The upside of an overall strengthening in the mining sector is that it improves the prospects for capital spending and the construction sector in the province. Construction activity fell sharply in 2015 and 2016 mainly because the energy sector slashed capital expenditures. Statistics Canada's most recent capital expenditure survey indicated that firms planned to cut investment further in Saskatchewan in 2017, albeit at a sharply reduced pace. Our view is that sustained gains in oil prices will support increased spending in the energy sector and boost overall capital investment in the province in 2018 and 2019.

Agriculture hampered by a poor 2017 harvest

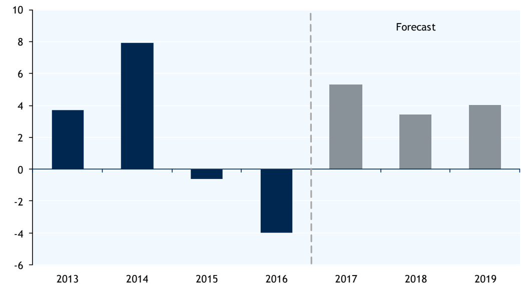
Unusually dry weather weighed on Saskatchewan's economic performance in 2017. It lowered the grain and oilseed harvest by 5% according to recent production estimates of the three major grain and oilseed crops by Statistics Canada. We expect this to translate into a 3% drop in agricultural sector output in 2017 after a 9% increase in 2016. An assumed return to more normal growing conditions in 2018 and 2019 would contribute to agricultural activity bouncing back through the remainder of our forecast. Our view is that rebounds in the agricultural and mining sectors along with rising investment spending will be the main factors accelerating overall GDP growth over the next two years.

Improving outlook for the labour market

While progress was difficult at times, Saskatchewan's labour market stabilized in 2017. Employment flattened out on annual basis after declining almost 1% in 2016. The unemployment rate similarly will be little changed overall in 2017. We expect it to average 6.2%, just down marginally from 6.3% in 2016—though still up materially from 5.0% in 2015. As the provincial economy gathers momentum in the next two years, we expect to see meaningful strengthening in the job market. We project employment to grow by 0.5% and the unemployment rate drop to 5.7% in 2018.

Saskatchewan: Mining sector output

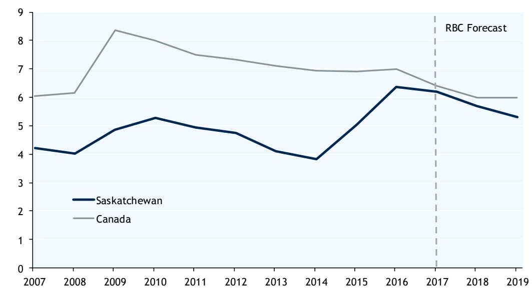
Year-over-year % change, constant $



Source: Statistics Canada, RBC Economics Research

Saskatchewan: Unemployment rate

Annual average, %



Source: Statistics Canada, RBC Economics Research

Saskatchewan forecast at a glance

% change unless otherwise indicated

	2014	2015	2016	2017F	2018F	2019F
Real GDP	2.1	-1.0	-0.5	2.1	2.7	2.7
Nominal GDP	-0.4	-5.4	-4.0	5.8	4.7	6.0
Employment	1.0	0.5	-0.9	-0.1	0.5	1.0
Unemployment rate (%)	3.8	5.0	6.3	6.2	5.7	5.3
Retail sales	5.0	-2.9	2.2	3.8	4.1	4.9
Housing starts (units)	8,257	5,149	4,775	5,000	5,000	5,400
Consumer price index	2.4	1.6	1.1	1.5	2.4	2.5

Paul Ferley
Assistant Chief Economist

Manitoba

Manufacturing sector gaining traction

Manitoba's economy impressed us lately. So much so that we've revised our 2017 growth forecast to 2.6% from 1.8% in September's Provincial Outlook. That being said, we don't expect the recent strength to be fully sustained in the next two years. We project growth to ease to 2.0% in 2018—a slight downward revision from 2.4% in September—and 1.7% in 2019.

Manufacturing grows on both external and domestic factors

The upward revision to 2017 growth is the result of a number of factors. Most encouraging has been indications that manufacturing activity is finally starting to trend higher. This is in part attributable to Manitoba exports responding to solid US growth and the low value of the Canadian dollar. The sector is also seeing support from a recovery in the energy sector in Alberta and Saskatchewan. Both these external and domestic factors are contributing to a sizeable double-digit increase in machinery production in 2017 after two years of declines. We expect overall manufacturing activity to rise by around 6% in 2017 after flat activity in the previous two years. These factors are also contributing to boost wholesale trade activity noticeably in 2017 after remaining flat in 2015 and 2016.

Further weakness in mining and construction ahead

We expect Manitoba's manufacturing sector to continue to contribute to growth in the next two years. However, that contribution is poised to be partly offset by intensifying weakness in mining and construction. We expect the non-energy mining industry to slow down sharply over the forecast as a number of facilities scale back operations in the face of depleting recoverable mineral deposits. This expected downturn in non-energy mining will also lead to further decline in construction activity in the province. A bigger factor driving this decline, however, will be the winding down of capital expenditures on Manitoba Hydro's Keeyask Generating Station. Though expenditure on this project is slated to rise somewhat in 2018, it will wind down sharply thereafter.

Some upside to agriculture next growing season

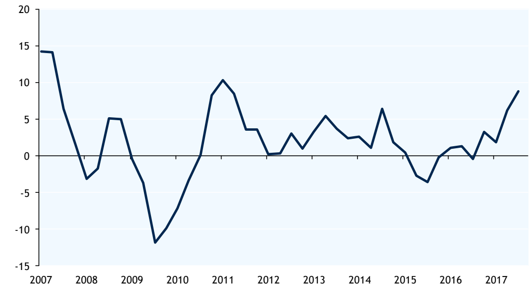
Manitoba's agricultural sector wasn't as adversely impacted by dry growing conditions as neighbouring Saskatchewan. Recent production numbers released by Statistic Canada indicate a 10% increase in the provinces two major crops, wheat and canola. This will be mirrored in overall activity in the agricultural sector in 2017 rising 6%. We expect that a return to normal growing conditions over the following two years would lift agricultural output by 3% to 4% in 2018 and 2019.

Job market on a roll

The strong recovery in the manufacturing sector is among the factors heating up Manitoba's job market. Employment growth looks poised to rise by a solid 1.6% in 2017 following a disappointing decline of 0.4% in 2016. And we expect the unemployment rate in 2017 to drop to 5.4% from 6.1% in 2016. That being said, the projected slowing in economic growth in the next two years will slow further labour market progress in the next two years. We forecast employment growth to moderate to 1.1% in 2018 and 0.9% in 2019, and the jobless rate to ease to 5.1% and 5.0%, respectively.

Manitoba: Manufacturing sales

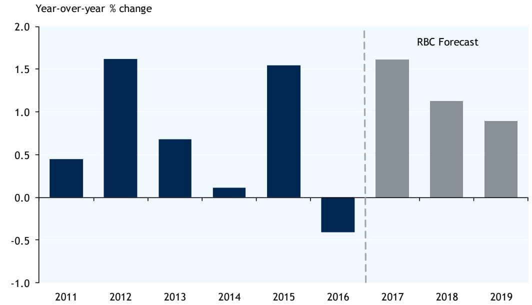
Year-over-year % change



Source: Statistics Canada, RBC Economics Research

Manitoba: Employment

Year-over-year % change



Source: Statistics Canada, RBC Economics Research

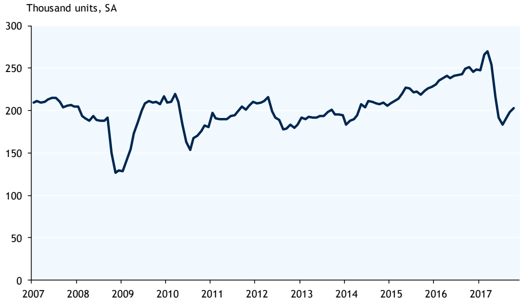
Manitoba forecast at a glance

% change unless otherwise indicated

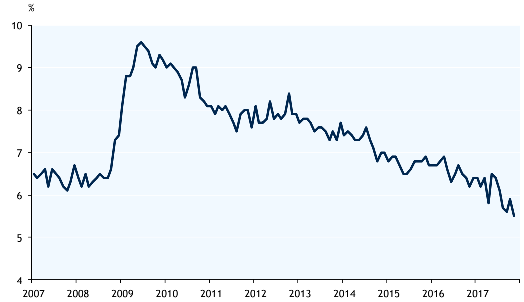
	2014	2015	2016	2017F	2018F	2019F
Real GDP	2.1	1.3	2.2	2.6	2.0	1.7
Nominal GDP	3.1	3.3	2.3	4.8	3.8	3.7
Employment	0.1	1.6	-0.4	1.6	1.1	0.9
Unemployment rate (%)	5.4	5.6	6.1	5.4	5.1	5.0
Retail sales	4.4	1.6	4.2	3.7	4.5	4.5
Housing starts (units)	6,220	5,501	5,319	7,500	6,300	5,400
Consumer price index	1.8	1.2	1.3	1.5	1.8	2.1

Paul Ferley
Assistant Chief Economist

Ontario



Source: CREA, RBC Economics Research



Source: Statistics Canada, RBC Economics Research

Ontario forecast at a glance

% change unless otherwise indicated

	2014	2015	2016	2017F	2018F	2019F
Real GDP	2.7	2.9	2.6	2.9	2.1	1.8
Nominal GDP	4.4	5.0	4.3	5.0	4.0	3.7
Employment	0.8	0.7	1.1	1.8	1.4	0.8
Unemployment rate (%)	7.3	6.8	6.5	6.0	5.7	5.8
Retail sales	5.8	5.5	7.1	6.6	5.0	4.4
Housing starts (units)	59,134	70,156	74,952	80,100	68,800	70,000
Consumer price index	2.3	1.2	1.8	1.7	1.7	2.0

Robert Hogue
Senior Economist

Strong pace to slow down just a tad

Ontario's economy has been on a solid run in the past four years. It was among the provincial growth leaders in Canada. This isn't about to end. It's just that it will get harder to maintain as fast a pace in the face of rising interest rates, market-cooling measures in housing and uncertain trade environment with the United States. We expect that a number of factors that contributed significantly to growth in recent years—including residential investment and household spending—will quiet down in 2018. We project GDP growth to ease from a seven-year high of 2.9% in 2017 to 2.1% in 2018. Our outlook for 2019 calls for further deceleration to 1.8%.

A significant shift in the housing sector has already taken place

Ontario's housing market will begin 2018 on a much quieter note than it began 2017 when the majority of southern Ontario markets were overheating. Home resale activity fell sharply following the introduction of province's Fair Housing Plan in April. While activity recovered partly since then, we believe that the plan, along with rising interest rates, tighter mortgage lending rules and stretched affordability will keep home resales tracking a lower baseline in 2018. We expect a similar outcome for new home construction. Pre-construction sales—a usually reliable advance indicator for homebuilding—also dipped since April, especially in the single-detached home segment. Our view is that residential investment will subtract from growth in 2018.

Infrastructure spending still front and centre in 2018

Continuing to fuel growth in Ontario will be heavy investment in the province's infrastructures. We expect to see a coordinated ramp-up in capital spending by all levels of government in 2018. Public transit and road transportation infrastructures will get the lion's share of this spending. More generally, the provincial government will maintain a fairly stimulative fiscal policy stance. Program spending is projected to grow solidly by an average of almost 4% in 2017-18 and 2018-19. This is thanks to strong revenue growth generated by a vibrant economy. In its latest economic and fiscal review published in November, the province also cut income taxes for small businesses, although this is primarily a defensive measure to help small businesses deal with a sharp increase in the minimum wage. The November review confirmed that the provincial government will fulfill its long-standing commitment made in Budget 2010 to balance its budget by 2017-18.

Substantial minimum wage hike on the way

The dramatic 29% scheduled increase in Ontario's minimum wage rate from the current $11.60 per hour to $14.00 per hour on January 1, 2018, and $15.00 per hour on January 1, 2019, no doubt will pose substantial headaches for many businesses in the province. Yet the net effect on Ontario's economy is difficult to quantify because there will be winners and losers. Our view is that it will put some modest upward pressure on the provincial unemployment rate—especially for younger workers—and lead to a reduction in work hours. On the other hand, consumer spending on basic items such food and clothing may get a boost because many minimum wage earners will take home higher pay cheques. These are generally individuals with a high propensity to spend.

Quebec

A time of renewed optimism

Amazing how 15-year high economic growth, decades-low unemployment rate and record provincial budget surpluses can put a shine on an economy. This sums up well the state of affairs at the end of 2017 in Quebec. Many good things came together in the past year that brought back a general sense of optimism in the province. And we see no reason for this optimism to end in 2018. We expect another year of solid economic growth and sustained labour market gains. Yet it would be a stretch to anticipate things to remain as strong as they have been in 2017. One factor is that rising interest rates are poised to put a damper on housing-related spending. So, we project economic growth to moderate slightly from 2.8% in 2017 to 1.8% in 2018, still well above the average of 1.4% in the past five years in the province. Our first peek at 2019 shows further moderation to 1.6%.

Full employment is achieved

Quebec's labour market will begin 2018 effectively at full employment. The unemployment rate fell significantly in 2017 to reach by the late stages of the year its lowest level (5.4%) in more than 40 years. We see virtually no more room for the rate to fall. In fact, we think that Quebec employers will face increasing labour supply constraints. This will slow employment growth from its hectic pace of 2.1% in 2017. And perhaps more importantly, this is bound to apply upward pressure on wages.

Provincial government to leave more money in Quebecers' pockets

Not only will job and wage prospects be bright for Quebecers in 2018, the provincial government will leave more money in their pockets. In its economic plan update released in November, the government announced personal income tax cuts (retroactive to January 1, 2017) and that it will send cheques to families to help cover the costs of school supplies. This is the Quebec government's way of 'rewarding' Quebecers after achieving back-to-back multi-billion-dollar budget surpluses in the past two years following a period of tough fiscal restraint. We expect that increases in take-home income will keep consumers in a spending mood.

A bit of turbulence for housing

In principle, rising household income should be good for housing too. But the bigger story, here, will be the cooling effects of expected rises in interest rates and tighter rules for mortgage lending. Quebec's housing market grew impressively in 2017—especially in Montreal. As did residential construction with housing starts reaching a 10-year high. We expect both home resale and construction activity to ease in 2018. This is, in fact, one of the main factors contributing to slower economic growth in our forecast for the coming year in Quebec.

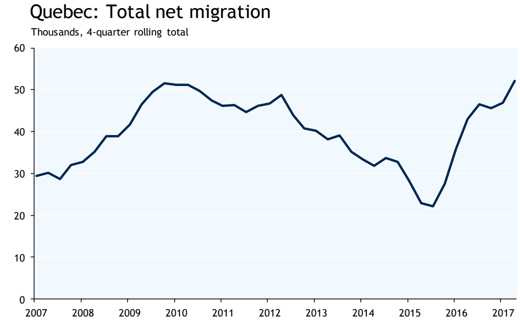
Balanced risks: potential NAFTA downside versus demographic upside

Despite the uncertainty about the fate of NAFTA, the outlook for Quebec's exports remains positive. We expect further gains in major export markets, helped by a competitively valued currency and solid growth in the US and Ontario economies. The scrapping of NAFTA clearly would pose a downside risk. On the other hand, we see some potential upside to Quebec's population growth. The province's tight labour market might attract and help retain more workers in the province.

Quebec: Unemployment rate

Source: Statistics Canada, RBC Economics Research

Quebec: Total net migration



Source: Statistics Canada, RBC Economics Research

Quebec forecast at a glance

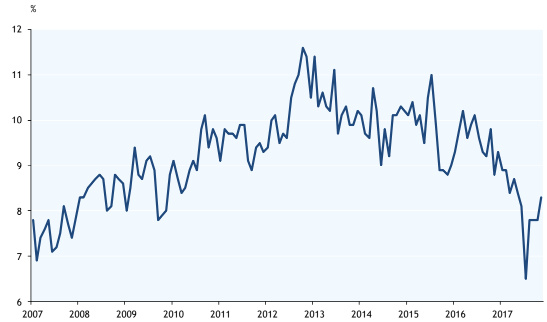
% change unless otherwise indicated

	2014	2015	2016	2017F	2018F	2019F
Real GDP	1.8	1.0	1.4	2.8	1.8	1.6
Nominal GDP	3.0	2.4	2.7	4.0	3.5	3.3
Employment	0.0	0.9	0.9	2.1	0.9	0.7
Unemployment rate (%)	7.7	7.6	7.1	6.1	5.8	5.8
Retail sales	2.4	1.8	6.2	5.4	4.4	4.3
Housing starts (units)	38,810	37,926	38,935	46,200	42,300	35,800
Consumer price index	1.4	1.1	0.7	1.0	1.6	2.0

Robert Hogue
Senior Economist

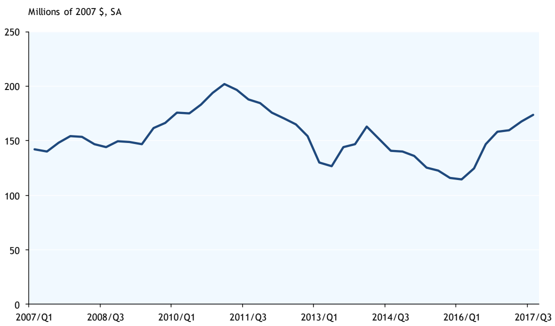
New Brunswick

New Brunswick: Unemployment rate



Source: Statistics Canada, RBC Economics Research

New Brunswick: Non-residential investment



Source: Statistics Canada, RBC Economics Research

New Brunswick forecast at a glance

% change unless otherwise indicated

	2014	2015	2016	2017F	2018F	2019F
Real GDP	0.1	2.4	1.2	1.7	0.7	0.4
Nominal GDP	1.8	2.0	3.6	3.5	2.3	2.0
Employment	-0.2	-0.6	-0.1	0.3	-0.1	-0.3
Unemployment rate (%)	10.0	9.8	9.6	8.1	7.9	7.5
Retail sales	3.6	2.1	1.8	6.5	3.5	3.0
Housing starts (units)	2,276	1,995	1,838	2,200	2,100	1,900
Consumer price index	1.5	0.5	2.2	2.3	1.8	1.9

Gerard Walsh
Economist

Running out of steam

2017 is shaping up to be a strong year for New Brunswick's economy. Employment is up after three years of decline, infrastructure and residential investments are on the rise, and retail sales are on track to set a new record-high rate of increase. Like the rest of the Atlantic Provinces however, the overall outlook is dimmed by unfavourable demographic trends. A projected acceleration in the decline in working-age population will take an increasing toll on economic growth in the coming years. After growing by a robust 1.7% in 2017, we anticipate economic growth to slow to 0.7% in 2018 and 0.4% in 2019.

Shrinking labour pool to weigh on economic growth but has a silver lining for workers

While demographic factors exert adverse effects on the economy of New Brunswick, there's a silver lining for those looking for a job. The unemployment rate fell to its lowest level in decades last summer. A tighter labour market is also good news for workers. Employees saw robust growth in compensation in 2017 as firms compete for labour. We expect New Brunswick's unemployment rate to remain on a downward track in the period ahead. Yet we also expect to see modest employment losses. The reason for simultaneous declines in both employment and the unemployment rate is a steep expected drop in the labour force arising from a shrinking of the province's working-age population.

A boost in infrastructure spending

The provincial government is keeping a tight rein on spending as it pursues its goal of balancing the budget by 2020-21. It has been a long road for New Brunswick to close what was once a large structural deficit. But interim budget reports since the spring budget show that the government remains on track to achieving its deficit projections. Infrastructure is one area where the province is increasing spending partly by leveraging money from the federal government's Investing in Canada Plan. The recently announced capital budget for 2018-19 shows a 9% increase over this year largely driven by an increase in road work. Increased government investment is adding to a bright outlook from the private sector. On the residential side, a bump in the building of new houses will continue into 2018 thanks to a 14% increase in housing starts in 2017. Major non-residential projects include upgrades at the pulp mill in Saint John—scheduled to will wrap up by the end of 2017—the modernization of the city's port, and New Brunswick Power's capital investments in new equipment.

Mixed outlook for exports

The outlook for exports is mixed with strong demand for the province's products countered by uncertainty in trade policy. Food exports are being supported by high prices and recent investments in frozen food manufacturing to increase capacity. Demand for forestry products remains strong given steady demand from the US housing sector and rebuilding activity following Hurricanes Harvey and Irma. However, a recently imposed tariff on New Brunswick lumber by the United States will limit how much the province benefits from good conditions. The measure highlights the province's vulnerability to protectionist policies due to its high exposure to US trade. New Brunswick sends over 90% of its exports to the United States—the highest proportion of any province.

Nova Scotia

Stronger headwinds on the horizon

By most accounts, 2017 will go down as a pretty good year for Nova Scotia's economy. Growth is set to be stronger than the average of the past five years, jobs have been created at a fairly solid pace, and the Nova Scotian consumer drove a near record increase in retail sales. Unfortunately, we expect to see some erosion in economic conditions in the years ahead. The culprits will be the winding down of major investment and construction projects and weakening demographic factors. These developments will weigh on all aspects of the economy. After growing by 0.8% in 2017, we are forecasting growth to slow to 0.6% in 2018 and still further to 0.4% in 2019.

Pool of available workers becoming thinner

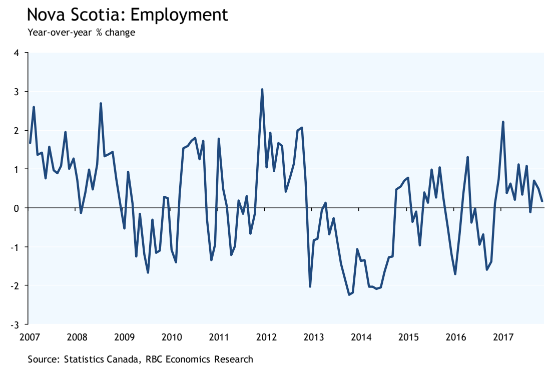
When it's all said and done, Nova Scotia will have created about 3,000 jobs in 2017. These new jobs were accompanied by an uptick in labour force participation keeping the unemployment rate little changed. Going forward however, with fewer working-age people remaining on the sidelines, the unemployment rate should begin to drop in 2018 and 2019 as a shrinking working-age population thins the ranks of available labour. A blemish on the job creation record in 2017 was that all net new jobs were part-time, muting growth in employee compensation. This may reverse somewhat in the coming years as employers respond to worker scarcity by increasing hours, but a growing cohort of older workers who tend to prefer part-time work arrangements may contribute to an ongoing shift to part-time work.

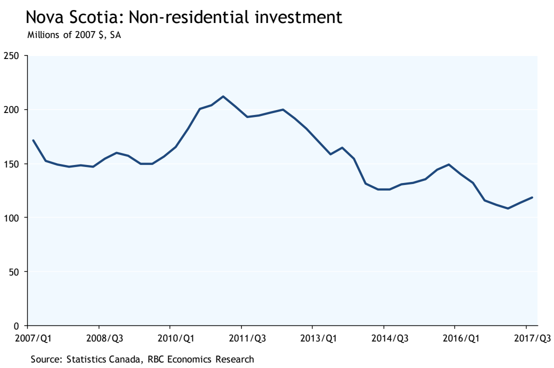
Some fiscal relief and infrastructure spending will be positive for growth

The province's post-election budget, released in September, offered some fiscal relief in the form of targeted spending increases and tax cuts. This marked a turning point from recent years' budgets that emphasized restraint. However, the government remains focused on maintaining its surplus and, with limited revenue growth, the government has little room to boost spending in a significant way. Perhaps one exception is infrastructure where an infusion of federal money is allowing the provincial government to boost its capital plan. Yet the outlook for investment overall remains negative. Completion of the Nova Center and Maritime link, as well as an expected slowdown in residential building in Halifax will cause private investment spending to drop in 2018 with further declines expected in 2019.

Positive outlook for exports

Natural gas production will remain a headwind for growth in the coming years. Both the Sable Island and Deep Panuke natural gas facilities are scheduled to be shut down before 2020. What's more, low natural gas prices will likely forestall major new offshore investments and existing exploration activity has been put on the backburner. In recent years, Nova Scotia's natural gas production was redirected to the domestic market, which put a damper on the province's international exports. The good news is that nominal export growth resumed in 2017 thanks largely to improved prices for food products. We expect international exports to continue to grow in the coming years fueled by Chinese demand and gains in other less traditional markets. In 2017, 11% of Nova Scotia's exports were destined for China up from just 1% ten years ago.





Nova Scotia forecast at a glance

% change unless otherwise indicated

	2014	2015	2016	2017F	2018F	2019F
Real GDP	1.1	1.4	0.8	0.8	0.6	0.4
Nominal GDP	2.9	2.1	2.8	2.7	2.4	2.3
Employment	-1.1	0.1	-0.4	0.6	-0.2	-0.1
Unemployment rate (%)	8.9	8.6	8.3	8.5	8.2	7.8
Retail sales	2.7	0.2	4.6	6.4	3.1	3.0
Housing starts (units)	3,056	3,825	3,767	4,200	3,500	3,100
Consumer price index	1.7	0.4	1.2	1.2	1.8	2.0

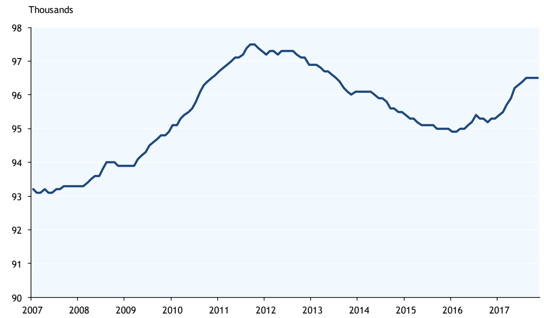
Gerard Walsh
Economist

Prince Edward Island

To remain on top in the East

Prince Edward Island continues to stand out in the Atlantic region. The economy is firing on most cylinders with strong employment growth, surging retail sales, and a jump in residential building. Even demographic factors, a perennial problem for the Atlantic Provinces, show encouraging signs thanks to a rise in immigration and slower outmigration to other provinces. As high-value exports continue to flow and residential building offsets declines in non-residential investment, the island is expected to remain a top performer in the region for the next two years. After growing by a projected 2.2% in 2017, we expect real GDP to grow by 1.5% in 2018 and 1.0% in 2019.

Prince Edward Island: Working-age population

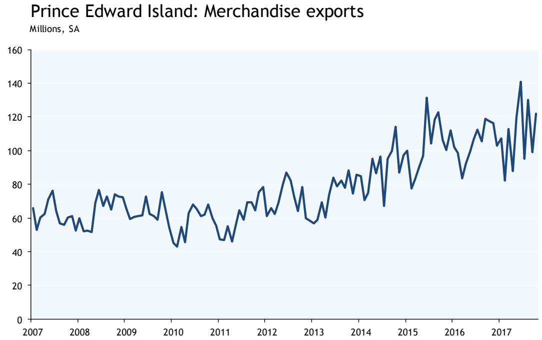


Source: Statistics Canada, RBC Economics Research

Immigration has a beneficial impact

The province is still riding high on the surge in immigration which began in 2016. While numbers are likely to come in lower in 2017 and future inflows remain uncertain, the impacts of prior inflows are being felt through the economy. The working-age population is rebounding and overall population growth (+1.7%) is on track to surpass the national average. Having a growing number of people of working age alleviates constraints on firms wanting to hire in the province. We expect this to help sustain positive job growth in PEI over the next two years—in contrast to declines in the other Atlantic Provinces. Yet the steady stream of new potential workers joining the labour will limit the scope for PEI's unemployment rate to fall. In 2017, strong job creation boosted employee compensation significantly (up by 4.4% to date). In turn, this supported a record increase in retail sales. Going forward, we expect growth in employment to ease from an unsustainable rate of 2.8% in 2017. Our view is that it will put a damper on consumer spending in the province—although this, too, would come from an unsustainably strong pace in 2017.

Prince Edward Island: Merchandise exports



Source: Statistics Canada, RBC Economics Research

PEI homebuilders to stay busy

Another consequence of the recent wave of immigration and slower out-migration to other province is a surge in housing construction. Increased demand for housing caused vacancy rates to decline in the province and tightened the home resale market considerably. With sellers firmly in command and prices accelerating, conditions are ripe for new building. Residential investment is up 25% so far in 2017 and we expect the level of activity to remain elevated in 2018 as homebuilders continue work on units started in 2017. Housing starts nearly doubled in 2017 relative to 2016. A busy homebuilding sector will help to compensate for lower expected non-residential investment. Work installing two large undersea transmission cables to New Brunswick will end in 2017, leading to a drop in non-residential investment spending in 2018.

Prince Edward Island forecast at a glance

% change unless otherwise indicated

	2014	2015	2016	2017F	2018F	2019F
Real GDP	0.3	1.3	2.3	2.2	1.5	1.0
Nominal GDP	1.7	3.9	4.0	4.0	3.6	3.1
Employment	-0.1	-1.2	-2.2	2.8	0.8	0.5
Unemployment rate (%)	10.6	10.5	10.8	9.8	9.6	9.5
Retail sales	3.6	2.8	7.7	7.4	4.1	3.9
Housing starts (units)	511	558	556	1,010	700	600
Consumer price index	1.6	-0.6	1.2	1.8	1.8	1.8

Exports to continue to play a key part of PEI's growth story

Exports have been the jewel in Prince Edward Island's crown in recent years and we expect that to continue in 2018. Exports of aerospace products surged in 2017 and strong demand coupled with a weak Canadian dollar should keep them elevated through our forecast horizon. Food products too are on track for a banner year and strong international demand should support food exporters into next year. 2017 also saw steady gains for tourism and the outlook for the industry remains favorable.

Gerard Walsh
Economist

Newfoundland & Labrador

A very mixed bag

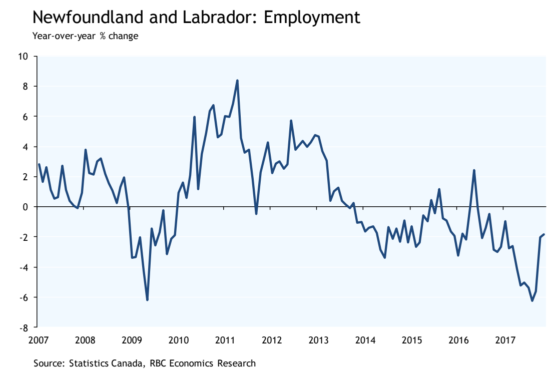
Newfoundland and Labrador has the unfortunate distinction of being the only province where GDP is expected to decline this year. The provincial government is attempting to control the red ink, employers are rapidly shedding jobs, and capital investment is tumbling. A seemingly solitary ray of light is coming from the oil industry. Oil production jumped in 2017, and the outlook for new production and exploration has brightened. We expect overall investment spending and employment to grind lower in the province through 2019 but rising oil production will help stave off a GDP decline. For the next few years these two forces—rising oil production and declining investment spending—will wrench the province's economy as positive GDP headline figures mask sharp contractions in most other areas of the economy. After contracting by 1.4% this year, we expect GDP to expand by 2.1% in 2018 and a further 2.7% in 2019.

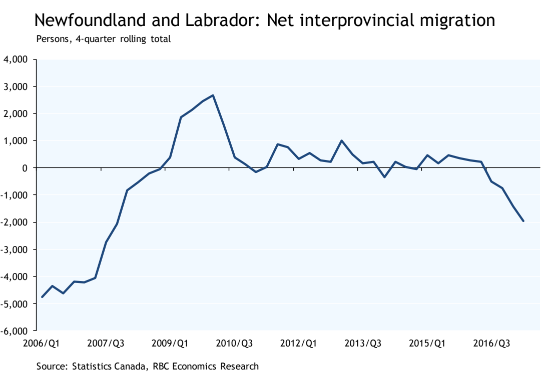
Increases in oil production to drive positive GDP growth…

The recently completed Hebron Offshore Oil Platform passed a significant milestone in November with the extraction of 'first oil'. This inaugurates a multi-year path to full production for the facility that will—nearly single-handedly—drive positive GDP growth in the province in the years ahead. Yet, this was not the only good news from the oil sector. The West White Rose offshore project—delayed in 2014 because of low oil prices—has now been given the green light by the project's proponent. The $2.2 billion project will generate considerable work in the province and sustain hundreds of jobs until 2022 when the project is scheduled to complete. A recent drop in offshore work commitments notwithstanding, the outlook for the industry remains bright into the 2020s as large untapped offshore fields are explored and hopefully developed. The province's large mining industry is benefiting from a jump in iron ore prices and expanded production at mines in Labrador.

…but not all is well in the province—far from it

While oil will keep economic growth numbers positive in 2018 and 2019, we expect the rest of the economy to continue to contract. The province is on track to lose nearly 4% of its jobs in 2017 as construction work on the Hebron platform and a large nickel processing plant wrap up. We see little to stem employment losses in the next two years as the provincial government slims down in efforts to eliminate its deficit, consumers cut back spending, and work on the giant Muskrat Falls project ends in 2019. Grim job prospects will continue to prompt Newfoundlanders and Labradoreans to exit the labour force and, for some, the province entirely. Migration to other provinces began to soar late last year. Since the middle of 2016, 0.4% of the population has moved out. Unfortunately, the provincial government's options to stimulate its economy and job creation are limited. The government's large budget deficit and ballooning debt load tie its hands to a large extent. In its most recent fall fiscal update, the provincial government revised its deficit upwardly to $852 million in the face of weaker-than-anticipated revenues. This was yet another sign that the return to budget balance will be a long and difficult journey.





Newfoundland forecast at a glance

% change unless otherwise indicated

	2014	2015	2016	2017F	2018F	2019F
Real GDP	-0.9	-1.7	1.9	-1.4	2.1	2.7
Nominal GDP	-0.5	-11.5	2.6	1.5	4.1	4.2
Employment	-1.7	-1.0	-1.5	-3.7	-2.7	-1.3
Unemployment rate (%)	11.9	12.8	13.4	14.7	15.4	15.4
Retail sales	3.6	0.6	0.2	2.5	1.7	2.0
Housing starts (units)	2,119	1,697	1,398	1,300	1,100	1,000
Consumer price index	1.9	0.4	2.7	2.4	1.8	1.9

Gerard Walsh
Economist

Tables

Forecast detail

Average annual % change unless otherwise indicated

	Real GDP				Nominal GDP				Employment				Unemployment rate %				Housing starts Thousands				Retail sales				CPI			
	16	17F	18F	19F	16	17F	18F	19F	16	17F	18F	19F	16	17F	18F	19F	16	17F	18F	19F	16	17F	18F	19F	16	17F	18F	19F
N.& L.	1.9	-1.4	2.1	2.7	2.6	1.5	4.1	4.2	-1.5	-3.7	-2.7	-1.3	13.4	14.7	15.4	15.4	1.4	1.3	1.1	1.0	0.2	2.5	1.7	2.0	2.7	2.4	1.8	1.9
P.E.I	2.3	2.2	1.5	1.0	4.0	4.0	3.6	3.1	-2.2	2.8	0.8	0.5	10.8	9.8	9.6	9.5	0.6	1.0	0.7	0.6	7.7	7.4	4.1	3.9	1.2	1.8	1.8	1.8
N.S.	0.8	0.8	0.6	0.4	2.8	2.7	2.4	2.3	-0.4	0.6	-0.2	-0.1	8.3	8.5	8.2	7.8	3.8	4.2	3.5	3.1	4.6	6.4	3.1	3.0	1.2	1.2	1.8	2.0
N.B.	1.2	1.7	0.7	0.4	3.6	3.5	2.3	2.0	-0.1	0.3	-0.1	-0.3	9.6	8.1	7.9	7.5	1.8	2.2	2.1	1.9	1.8	6.5	3.5	3.0	2.2	2.3	1.8	1.9
QUE.	1.4	2.8	1.8	1.6	2.7	4.0	3.5	3.3	0.9	2.1	0.9	0.7	7.1	6.1	5.8	5.8	38.9	46.2	42.3	35.8	6.2	5.4	4.4	4.3	0.7	1.0	1.6	2.0
ONT.	2.6	2.9	2.1	1.8	4.3	5.0	4.0	3.7	1.1	1.8	1.4	0.8	6.5	6.0	5.7	5.8	75.0	80.1	68.8	70.0	7.1	6.6	5.0	4.4	1.8	1.7	1.7	2.0
MAN.	2.2	2.6	2.0	1.7	2.3	4.8	3.8	3.7	-0.4	1.6	1.1	0.9	6.1	5.4	5.1	5.0	5.3	7.5	6.3	5.4	4.2	3.7	4.5	4.5	1.3	1.5	1.8	2.1
SASK.	-0.5	2.1	2.7	2.7	-4.0	5.8	4.7	6.0	-0.9	-0.1	0.5	1.0	6.3	6.2	5.7	5.3	4.8	5.0	5.0	5.4	2.2	3.8	4.1	4.9	1.1	1.5	2.4	2.5
ALTA.	-3.7	4.1	2.3	2.0	-4.9	8.1	3.8	5.3	-1.6	1.0	1.2	1.2	8.1	7.9	6.9	6.4	24.5	29.3	27.5	29.0	-1.2	7.6	4.4	5.2	1.1	1.4	1.6	1.7
B.C.	3.5	3.2	2.2	1.9	4.8	5.8	4.3	4.0	3.2	3.6	1.0	0.8	6.0	5.2	5.0	5.1	41.8	42.6	38.0	32.5	7.4	9.3	4.9	4.2	1.9	2.2	2.1	1.9
CANADA	**1.4**	**2.9**	**1.9**	**1.6**	**2.0**	**5.2**	**3.6**	**3.8**	**0.7**	**1.8**	**1.0**	**0.7**	**7.0**	**6.4**	**6.0**	**6.0**	**198**	**219**	**195**	**185**	**5.1**	**6.6**	**4.6**	**4.4**	**1.4**	**1.6**	**1.8**	**2.0**

Key provincial comparisons

2016 unless otherwise indicated

	N. & L.	P.E.I.	N.S.	N.B.	QUE	ONT	MAN	SASK	ALTA	B.C.
Population (000s, 2016)	530	149	949	757	8,322	13,976	1,318	1,149	4,236	4,758
Gross domestic product ($ billions)	31.1	6.3	41.7	34.2	394.8	794.8	67.9	75.3	314.9	263.7
Real GDP ($2007 billions)	27.9	5.2	36.7	29.4	343.3	685.0	60.4	62.5	302.8	240.8
Share of provincial GDP of Canadian GDP (%)	1.5	0.3	2.0	1.7	19.4	39.0	3.3	3.7	15.5	13.0
Real GDP growth (CAGR, 2011-16, %)	0.0	1.4	0.4	0.4	1.3	2.2	2.3	1.7	1.6	3.1
Real GDP per capita ($ 2007)	52,667	35,677	38,930	38,963	41,583	49,676	46,660	55,281	72,475	51,297
Real GDP growth rate per capita (CAGR, 2011-16, %)	-0.2	0.6	0.3	0.4	0.5	1.1	0.9	0.2	-0.7	2.0
Personal disposable income per capita ($)	32,561	28,112	28,519	29,168	27,723	32,093	29,076	32,717	37,298	34,395
Employment growth (CAGR, 2011-16, %)	0.1	-0.1	-0.3	-0.2	0.8	1.0	0.7	1.2	1.5	1.3
Employment rate (Nov. 2017, %)	50.3	59.5	56.5	56.3	61.3	61.4	63.4	64.1	66.7	62.2
Discomfort index (inflation + unemp. rate, Oct. 2017)	15.4	11.5	9.6	9.3	7.1	7.2	6.7	7.9	9.1	6.9
Manufacturing industry output (% of GDP, 2016)	4.0	10.3	7.9	11.2	13.4	11.9	9.6	7.0	6.3	7.0
Personal expenditures on goods & services (% of GDP)	53.5	68.8	70.7	65.8	59.2	56.8	57.6	48.6	46.9	64.1
International exports (% of GDP)	31.8	22.5	16.9	37.7	28.0	35.6	24.1	38.7	31.0	22.8

Tables

British Columbia

		2010	2011	2012	2013	2014	2015	2016	2017F	2018F	2019F
Real GDP	Chained $2007 millions	200,423	206,514	211,596	216,831	224,902	232,691	240,824	248,530	253,874	258,570
	% change	2.8	3.0	2.5	2.5	3.7	3.5	3.5	3.2	2.2	1.9
Nominal GDP	$ millions	205,114	216,784	221,413	228,973	242,044	251,744	263,706	278,944	290,925	302,530
	% change	4.5	5.7	2.1	3.4	5.7	4.0	4.8	5.8	4.3	4.0
Employment	thousands	2,223	2,228	2,262	2,266	2,278	2,306	2,380	2,465	2,490	2,510
	% change	1.4	0.2	1.6	0.1	0.6	1.2	3.2	3.6	1.0	0.8
Unemployment rate	%	7.6	7.5	6.8	6.6	6.1	6.2	6.0	5.2	5.0	5.1
Retail sales	$ millions	58,251	60,090	61,343	63,053	67,001	71,614	76,885	84,022	88,114	91,806
	% change	5.4	3.2	2.1	2.8	6.3	6.9	7.4	9.3	4.9	4.2
Housing starts	units	26,479	26,400	27,465	27,054	28,356	31,446	41,843	42,600	38,000	32,500
	% change	64.7	-0.3	4.0	-1.5	4.8	10.9	33.1	1.8	-10.8	-14.5
Consumer price index	2002=100	113.8	116.5	117.8	117.7	118.9	120.2	122.4	125.1	127.7	130.2
	% change	1.4	2.3	1.1	-0.1	1.0	1.1	1.9	2.2	2.1	1.9

Alberta

		2010	2011	2012	2013	2014	2015	2016	2017F	2018F	2019F
Real GDP	Chained $2007 millions	262,909	279,864	290,757	307,295	326,300	314,251	302,768	315,181	322,273	328,557
	% change	5.0	6.4	3.9	5.7	6.2	-3.7	-3.7	4.1	2.3	2.0
Nominal GDP	$ millions	270,049	299,517	312,482	342,415	376,597	331,251	314,944	340,573	353,459	372,243
	% change	9.9	10.9	4.3	9.6	10.0	-12.0	-4.9	8.1	3.8	5.3
Employment	thousands	2,024	2,100	2,172	2,226	2,275	2,301	2,264	2,285	2,312	2,341
	% change	-0.3	3.7	3.5	2.5	2.2	1.2	-1.6	1.0	1.2	1.2
Unemployment rate	%	6.6	5.4	4.6	4.6	4.7	6.0	8.1	7.9	6.9	6.4
Retail sales	$ millions	59,849	63,945	68,475	73,363	79,147	76,019	75,110	80,796	84,326	88,680
	% change	5.9	6.8	7.1	7.1	7.9	-4.0	-1.2	7.6	4.4	5.2
Housing starts	units	27,088	25,704	33,396	36,011	40,590	37,282	24,533	29,300	27,500	29,000
	% change	33.5	-5.1	29.9	7.8	12.7	-8.1	-34.2	19.4	-6.1	5.5
Consumer price index	2002=100	122.7	125.7	127.1	128.9	132.2	133.7	135.2	137.1	139.3	141.7
	% change	1.0	2.4	1.1	1.4	2.6	1.2	1.1	1.4	1.6	1.7

Saskatchewan

		2010	2011	2012	2013	2014	2015	2016	2017F	2018F	2019F
Real GDP	Chained $2007 millions	54,635	57,519	58,494	62,181	63,486	62,846	62,531	63,813	65,504	67,273
	% change	4.7	5.3	1.7	6.3	2.1	-1.0	-0.5	2.1	2.7	2.7
Nominal GDP	$ millions	63,370	74,820	77,957	83,158	82,856	78,377	75,261	79,597	83,340	88,329
	% change	5.5	18.1	4.2	6.7	-0.4	-5.4	-4.0	5.8	4.7	6.0
Employment	thousands	531	536	548	565	571	574	568	568	571	577
	% change	1.0	0.9	2.4	3.1	1.0	0.5	-0.9	-0.1	0.5	1.0
Unemployment rate	%	5.3	4.9	4.7	4.1	3.8	5.0	6.3	6.2	5.7	5.3
Retail sales	$ millions	15,103	16,199	17,422	18,362	19,274	18,719	19,135	19,868	20,686	21,708
	% change	3.4	7.3	7.5	5.4	5.0	-2.9	2.2	3.8	4.1	4.9
Housing starts	units	5,907	7,031	9,968	8,290	8,257	5,149	4,775	5,000	5,000	5,400
	% change	52.8	19.0	41.8	-16.8	-0.4	-37.6	-7.3	4.7	0.0	8.0
Consumer price index	2002=100	118.7	122.0	123.9	125.7	128.7	130.8	132.2	134.1	137.3	140.7
	% change	1.3	2.8	1.6	1.4	2.4	1.6	1.1	1.5	2.4	2.5

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Manitoba

		2010	2011	2012	2013	2014	2015	2016	2017F	2018F	2019F
Real GDP	Chained $2007 millions	52,722	53,984	55,610	57,174	58,348	59,132	60,445	62,017	63,226	64,269
	% change	2.4	2.4	3.0	2.8	2.1	1.3	2.2	2.6	2.0	1.7
Nominal GDP	$ millions	53,312	56,201	59,782	62,313	64,238	66,346	67,863	71,107	73,799	76,517
	% change	4.9	5.4	6.4	4.2	3.1	3.3	2.3	4.8	3.8	3.7
Employment	thousands	609	612	622	626	626	636	634	644	651	657
	% change	1.4	0.4	1.6	0.7	0.1	1.6	-0.4	1.6	1.1	0.9
Unemployment rate	%	5.4	5.5	5.3	5.4	5.4	5.6	6.1	5.4	5.1	5.0
Retail sales	$ millions	15,770	16,443	16,657	17,314	18,071	18,368	19,147	19,852	20,744	21,677
	% change	5.7	4.3	1.3	3.9	4.4	1.6	4.2	3.7	4.5	4.5
Housing starts	units	5,888	6,083	7,242	7,465	6,220	5,501	5,319	7,500	6,300	5,400
	% change	41.1	3.3	19.1	3.1	-16.7	-11.6	-3.3	41.0	-16.0	-14.3
Consumer price index	2002=100	115.0	118.4	120.3	123.0	125.3	126.8	128.4	130.3	132.7	135.4
	% change	0.8	2.9	1.6	2.3	1.8	1.2	1.3	1.5	1.8	2.1

Ontario

		2010	2011	2012	2013	2014	2015	2016	2017F	2018F	2019F
Real GDP	Chained $2007 millions	600,135	614,590	622,725	631,882	648,763	667,659	685,008	704,873	719,676	732,270
	% change	2.9	2.4	1.3	1.5	2.7	2.9	2.6	2.9	2.1	1.8
Nominal GDP	$ millions	630,983	659,740	680,086	695,354	726,053	762,029	794,835	834,824	868,550	900,541
	% change	5.5	4.6	3.1	2.2	4.4	5.0	4.3	5.0	4.0	3.7
Employment	thousands	6,538	6,658	6,703	6,823	6,878	6,923	7,000	7,123	7,219	7,274
	% change	1.6	1.8	0.7	1.8	0.8	0.7	1.1	1.8	1.4	0.8
Unemployment rate	%	8.7	7.9	7.9	7.6	7.3	6.8	6.5	6.0	5.7	5.8
Retail sales	$ millions	156,276	161,859	164,805	169,341	179,100	188,893	202,235	215,671	226,396	236,439
	% change	5.5	3.6	1.8	2.8	5.8	5.5	7.1	6.6	5.0	4.4
Housing starts	units	60,433	67,821	76,742	61,085	59,134	70,156	74,952	80,100	68,800	70,000
	% change	20.0	12.2	13.2	-20.4	-3.2	18.6	6.8	6.9	-14.1	1.7
Consumer price index	2002=100	116.5	120.1	121.8	123.0	125.9	127.4	129.7	131.9	134.1	136.8
	% change	2.4	3.1	1.4	1.1	2.3	1.2	1.8	1.7	1.7	2.0

Quebec

		2010	2011	2012	2013	2014	2015	2016	2017F	2018F	2019F
Real GDP	Chained $2007 millions	315,523	321,439	324,766	329,228	335,146	338,463	343,260	352,871	359,047	364,612
	% change	2.0	1.9	1.0	1.4	1.8	1.0	1.4	2.8	1.8	1.6
Nominal GDP	$ millions	328,137	344,734	354,044	364,530	375,513	384,511	394,819	410,672	424,962	438,885
	% change	4.3	5.1	2.7	3.0	3.0	2.4	2.7	4.0	3.5	3.3
Employment	thousands	3,938	3,976	4,006	4,061	4,060	4,097	4,133	4,219	4,255	4,285
	% change	2.2	1.0	0.8	1.4	0.0	0.9	0.9	2.1	0.9	0.7
Unemployment rate	%	8.0	7.9	7.7	7.6	7.7	7.6	7.1	6.1	5.8	5.8
Retail sales	$ millions	99,590	102,556	103,949	107,002	109,622	111,556	118,487	124,916	130,427	135,992
	% change	6.2	3.0	1.4	2.9	2.4	1.8	6.2	5.4	4.4	4.3
Housing starts	units	51,363	48,387	47,367	37,758	38,810	37,926	38,935	46,200	42,300	35,800
	% change	18.3	-5.8	-2.1	-20.3	2.8	-2.3	2.7	18.7	-8.4	-15.4
Consumer price index	2002=100	114.8	118.3	120.8	121.7	123.4	124.7	125.6	126.9	128.9	131.5
	% change	1.3	3.0	2.1	0.8	1.4	1.1	0.7	1.0	1.6	2.0

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New Brunswick

		2010	2011	2012	2013	2014	2015	2016	2017F	2018F	2019F
Real GDP	Chained $2007 millions	28,648	28,724	28,407	28,326	28,359	29,027	29,376	29,875	30,085	30,190
	% change	2.0	0.3	-1.1	-0.3	0.1	2.4	1.2	1.7	0.7	0.4
Nominal GDP	$ millions	30,213	31,501	31,722	31,810	32,388	33,028	34,224	35,431	36,250	36,959
	% change	4.7	4.3	0.7	0.3	1.8	2.0	3.6	3.5	2.3	2.0
Employment	thousands	358	356	353	355	354	352	352	352	352	351
	% change	-0.5	-0.7	-0.7	0.4	-0.2	-0.6	-0.1	0.3	-0.1	-0.3
Unemployment rate	%	9.2	9.5	10.2	10.3	10.0	9.8	9.6	8.1	7.9	7.5
Retail sales	$ millions	10,595	11,103	11,022	11,090	11,488	11,728	11,944	12,724	13,165	13,565
	% change	5.0	4.8	-0.7	0.6	3.6	2.1	1.8	6.5	3.5	3.0
Housing starts	units	4,101	3,452	3,299	2,843	2,276	1,995	1,838	2,200	2,100	1,900
	% change	16.5	-15.8	-4.4	-13.8	-19.9	-12.3	-7.9	19.7	-4.5	-9.5
Consumer price index	2002=100	115.9	120.0	122.0	123.0	124.8	125.4	128.2	131.1	133.5	136.1
	% change	2.1	3.5	1.7	0.8	1.5	0.5	2.2	2.3	1.8	1.9

Nova Scotia

		2010	2011	2012	2013	2014	2015	2016	2017F	2018F	2019F
Real GDP	Chained $2007 millions	35,669	35,898	35,530	35,483	35,871	36,356	36,654	36,947	37,169	37,318
	% change	2.7	0.6	-1.0	-0.1	1.1	1.4	0.8	0.8	0.6	0.4
Nominal GDP	$ millions	36,849	37,655	37,836	38,615	39,739	40,580	41,726	42,845	43,878	44,890
	% change	5.5	2.2	0.5	2.1	2.9	2.1	2.8	2.7	2.4	2.3
Employment	thousands	451	453	458	453	448	448	446	449	448	447
	% change	0.4	0.4	1.0	-1.1	-1.1	0.1	-0.4	0.6	-0.2	-0.1
Unemployment rate	%	9.6	9.0	9.1	9.1	8.9	8.6	8.3	8.5	8.2	7.8
Retail sales	$ millions	12,651	13,098	13,239	13,663	14,038	14,063	14,703	15,645	16,122	16,614
	% change	4.5	3.5	1.1	3.2	2.7	0.2	4.6	6.4	3.1	3.0
Housing starts	units	4,309	4,644	4,522	3,919	3,056	3,825	3,767	4,200	3,500	3,100
	% change	25.3	7.8	-2.6	-13.3	-22.0	25.2	-1.5	11.5	-16.7	-11.4
Consumer price index	2002=100	118.2	122.7	125.1	126.6	128.8	129.3	130.9	132.4	134.8	137.5
	% change	2.2	3.8	1.9	1.2	1.7	0.4	1.2	1.2	1.8	2.0

Prince Edward Island

		2010	2011	2012	2013	2014	2015	2016	2017F	2018F	2019F
Real GDP	Chained $2007 millions	4,793	4,894	4,941	5,041	5,054	5,118	5,237	5,352	5,432	5,484
	% change	2.0	2.1	1.0	2.0	0.3	1.3	2.3	2.2	1.5	1.0
Nominal GDP	$ millions	5,224	5,424	5,571	5,753	5,849	6,077	6,321	6,576	6,815	7,024
	% change	6.0	3.8	2.7	3.3	1.7	3.9	4.0	4.0	3.6	3.1
Employment	thousands	70	72	73	74	74	73	72	74	74	75
	% change	2.3	3.1	1.7	1.4	-0.1	-1.2	-2.2	2.8	0.8	0.5
Unemployment rate	%	11.4	11.1	11.1	11.5	10.6	10.5	10.8	9.8	9.6	9.5
Retail sales	$ millions	1,770	1,866	1,926	1,946	2,016	2,073	2,233	2,398	2,497	2,593
	% change	5.3	5.4	3.2	1.0	3.6	2.8	7.7	7.4	4.1	3.9
Housing starts	units	756	940	941	636	511	558	556	1,010	700	600
	% change	-13.8	24.3	0.1	-32.4	-19.7	9.2	-0.4	81.7	-30.7	-14.3
Consumer price index	2002=100	119.5	123.0	125.5	128.0	130.1	129.3	130.8	133.2	135.5	137.9
	% change	1.8	2.9	2.0	2.0	1.6	-0.6	1.2	1.8	1.8	1.8

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Newfoundland & Labrador

		2010	2011	2012	2013	2014	2015	2016	2017F	2018F	2019F
Real GDP	Chained $2007 millions	27,156	27,901	26,674	28,066	27,802	27,342	27,851	27,461	28,024	28,767
	% change	**5.5**	**2.7**	**-4.4**	**5.2**	**-0.9**	**-1.7**	**1.9**	**-1.4**	**2.1**	**2.7**
Nominal GDP	$ millions	29,085	33,539	32,033	34,459	34,277	30,332	31,112	31,564	32,855	34,231
	% change	**16.3**	**15.3**	**-4.5**	**7.6**	**-0.5**	**-11.5**	**2.6**	**1.5**	**4.1**	**4.2**
Employment	thousands	223	232	241	243	239	236	233	224	218	215
	% change	**3.6**	**4.1**	**3.8**	**0.8**	**-1.7**	**-1.0**	**-1.5**	**-3.7**	**-2.7**	**-1.3**
Unemployment rate	%	14.7	12.6	12.3	11.6	11.9	12.8	13.4	14.7	15.4	15.4
Retail sales	$ millions	7,453	7,833	8,187	8,606	8,919	8,972	8,988	9,214	9,369	9,557
	% change	**4.7**	**5.1**	**4.5**	**5.1**	**3.6**	**0.6**	**0.2**	**2.5**	**1.7**	**2.0**
Housing starts	units	3,606	3,488	3,885	2,862	2,119	1,697	1,398	1,300	1,100	1,000
	% change	**18.0**	**-3.3**	**11.4**	**-26.3**	**-26.0**	**-19.9**	**-17.6**	**-7.0**	**-15.4**	**-9.1**
Consumer price index	2002=100	117.4	121.4	123.9	126.0	128.4	129.0	132.5	135.6	138.1	140.7
	% change	**2.4**	**3.4**	**2.1**	**1.7**	**1.9**	**0.4**	**2.7**	**2.4**	**1.8**	**1.9**