

PROVINCIAL OUTLOOK

June 2014

Alberta and the rest

- The contrast between booming conditions in one province and more moderate pace of growth everywhere else in the country rarely has been as stark, with Alberta this year far outpacing all other provincial economies.
- This unique outcome certainly attests to Alberta's strength; however, it also in part reflects transitory restraint in another 'hot' provincial economy in recent years—Saskatchewan—following an unsustainable surge in agricultural production in 2013.
- Apart from a strong 3.7% rate in Alberta, we expect all other provincial economies to grow modestly between 0.6% and 2.3% in 2014, with Newfoundland and Labrador ranking at the lower end after leading all provinces in 2013 with a supercharged rate of 7.9%.
- A main theme in this issue of our *Provincial Outlook* continues to be the growing support that we expect will come from net trade.
- Several provincial economies, including Ontario, Quebec, New Brunswick, British Columbia, and Manitoba, will benefit disproportionately from strengthening US demand and a weaker Canadian dollar.
- Most of these provinces, as well as Nova Scotia (spurred on by a sharp increase in natural gas production), will see their rate of economic growth accelerate relative to 2013.

General picture distorted by weather in the early months of 2014...

Unusually harsh weather in both Canada and the US this winter potentially distorted the economic picture quite substantially in the first few months of 2014. The data in both countries generally disappointed in the first quarter of 2014, especially the 1.0% decline in US real gross domestic product (GDP); however, more recent signs point to a solid rebound in the second quarter, thereby suggesting that the earlier weakness had little to do with any faulty underlying fundamentals. Provincial economies for the most part felt the winter blues, yet all appeared to maintain forward momentum. In BC, weather was less of an issue (in fact, it may have been a plus) than was a very disruptive strike at a major port—and still there is every indication that the BC economy remained in growth mode. In all this, Alberta barely missed a beat. Virtually every indicator continues to point toward booming conditions in the province. This year, more than ever, there is Alberta and then there is the rest.

...however, positive provincial trends will emerge

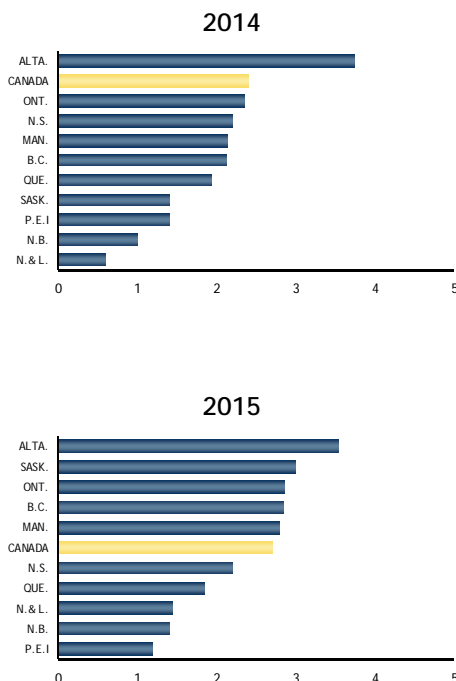
With weather distortions subsiding, we expect more encouraging trends to emerge. In particular, we believe that the US economy has embarked on a stronger growth path (thanks in part to diminishing fiscal drag) that will increasingly stimulate demand for provincial exports. The lower Canadian dollar—which we project to depreciate further to US\$0.87 by the end of this year—will add further stimulus. Because provinces' trade links to the US markets (and, especially, to sectors driving the growth in the US) vary in intensity, the growing demand for provincial exports will particularly favour Ontario, BC, Manitoba, Quebec, and New Brunswick.

Half the provinces will show stronger growth in 2014 than in 2013

We expect all provincial economies will grow in 2014. Alberta will far outpace all others, although its rate of growth will be steady relative to 2013 at 3.7%. We project five provinces (Nova Scotia, Ontario, New Brunswick, Quebec, and BC) to accelerate their pace from 2013, three (Newfoundland and Labrador, Saskatchewan and Manitoba) to slow theirs, and two (Alberta and PEI) to maintain a constant rate.

Real GDP growth

% change



Source: Statistics Canada, RBC Economics Research

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Moving forward despite early year turbulence

British Columbia’s economy overcame some turbulence in the early months of 2014 and is now en route to surpass the rate of growth it achieved last year. We forecast real GDP in the province to accelerate modestly to 2.1% in 2014 from an estimated 1.7% in 2013. This quickening of the pace primarily will reflect growing advances in export markets. As we expect the US economy—and particularly its housing construction sector—to gather more steam next year, prospects for BC’s economy look even brighter in 2015. And gains in exports possibly will be supplemented by the ramping up of preliminary work on some of the multi-billion dollar liquefied natural gas (LNG) projects in the province. We forecast BC’s real GDP growth to accelerate further to a fairly solid 2.8% in 2015 or slightly above the national average of 2.7%.

Port strike caused substantial disruptions in March...

The 28-day strike at Port Metro Vancouver in March 2014 caused significant disruptions to the flow of goods coming in and going out of the province. Port statistics show that outbound (loaded) container traffic plummeted by more than 50% in March compared to the same month a year ago. Overall merchandise exports in the province dropped by nearly 10% in March (or -22% if we exclude exports to the US). Nonetheless, the news was not all grim on the trade front. Colder than usual temperatures in the US this winter fuelled demand for BC’s energy products. In the first quarter, exports of natural gas and electricity surged by 71% and 31%, respectively, from a year ago. Continued recovery in the US home building sector also supported increased US-bound exports of softwood lumber and plywood, which partly offset more significant declines overseas. Thanks to a solid 13% gain in the US market, overall BC merchandise exports managed to grow by 3.6% in the first quarter despite the strike at Port Metro Vancouver.

...yet external trade is expected to add to growth this year

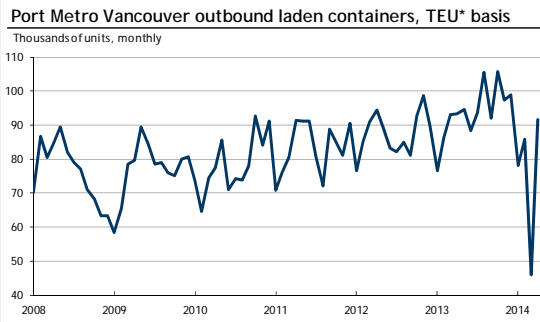
The outlook is positive for further advances in the US (although the weather-induced surge in energy exports is likely to subside) and for a rebound in shipments overseas (particularly to China, which is the second largest destination for BC exports). These factors bode well for external trade helping to strengthen BC’s real GDP growth this year.

Job market to improve gradually

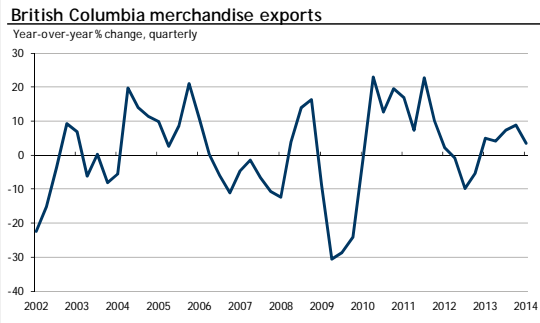
The provincial labour market disappointed last year with employment declining by 0.2%. The more recent trend suggests that firms are hiring again, albeit still timidly. In the first five months of 2014, employment in the province was up modestly by 0.5% from the same period a year ago. We expect firms to become less shy about hiring as we go forward and to boost employment by 0.7% overall in 2014.

First LNG investment decisions to be announced later this year?

While there is still a long (and possibly winding) road ahead for the various LNG projects being proposed in BC, one or more of the front runners may announce final investment decisions later this year. Should the nod be given, we would expect to see some material LNG-related spending to begin in 2015, although any large-scale investment likely would still be years away.



TEU = Twenty-foot equivalent units
Source: Port Metro Vancouver, RBC Economics Research



Source: Statistics Canada, RBC Economics Research

British Columbia forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F	2015F
Real GDP	2.7	1.5	1.7	2.1	2.8
Employment	0.8	1.7	-0.2	0.7	1.1
Unemployment rate (%)	7.5	6.7	6.6	6.2	6.2
Retail sales	3.2	1.9	2.4	3.4	3.7
Housing starts (units)	26,400	27,465	27,054	26,000	24,000
Consumer price index	2.3	1.1	-0.1	0.7	1.6

Robert Hogue
Senior Economist



In a class by itself

Alberta’s economy is in a class by itself in Canada. It has grown by an average growth rate of 4.3% in the past four years or almost twice the national average (2.3%) during that time. Last year, it grew by an estimated 3.7%, which would be a very strong rate that we expect will be replicated in 2014. Not only would this rate place Alberta far atop the provincial growth rankings this year, but also it would make it the lone province above the 2014 national average of 2.4%—a feat without precedent in the history going back to the early 1980s. At its core, brisk activity in Alberta finds much of its source in the booming energy sector with massive investment in the oil sands still ongoing and crude oil production rising rapidly. More and more, the expansion is being fuelled by gains in a broader spectrum of economic sectors, however. Very strong population growth—the strongest seen in 30 years in the province—for instance, pumps up demand for housing and a wide array of consumer goods and services. We expect Alberta to maintain its growth leadership in 2015 with real GDP advancing by a still-solid 3.5%.

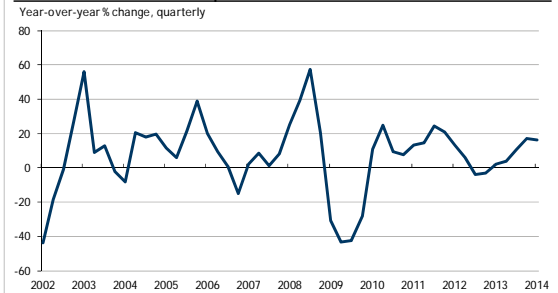
Set to carry the load in Canada

With last year’s thriving economies of Saskatchewan (bumper crop unlikely to be repeated) and Newfoundland and Labrador (swing back from earlier offshore oil facility maintenance completed last year) now set to temper their pace, Alberta will be called on to carry much of the growth ‘load’ this year. Indications to date suggest that it is doing just that, thank you very much. Almost everywhere we look, we see signs of a booming economy. Merchandise exports were up 16.0% year over year in the first quarter. Sales of manufacturers, wholesalers, and retailers were up 8.4%, 5.2%, and a very strong 10.0%, respectively, on the same basis. Increases in crude oil production were in the vicinity of 8% early this year. Housing starts stood 12.0% above year-ago levels in the first four months of 2014. Non-residential building construction climbed a solid 8.5% in the first quarter from the same period in 2013. In all this, the private sector remained in hiring mode, thereby boosting total employment by 3.3% compared to a year ago. Indeed, Alberta’s economic performance continues to impress and appears to be comfortably seated in the driver’s seat to drive growth in Canada.

Strong population growth to slow yet still remain a conduit to growth

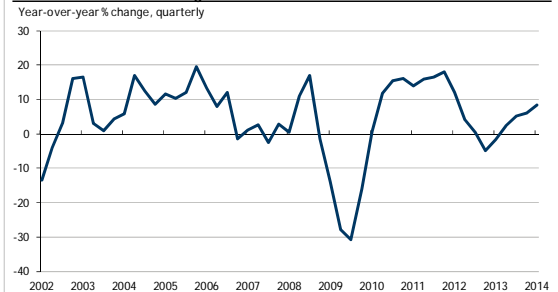
We expect this boom to continue. The bright job prospects in the province represent a powerful magnet to attract workers from outside the province—from both other provinces and countries—and strong in-migration in turn will remain a main conduit to growth. That being said, recent rates of population growth of close to 3.5%—the fastest since 1982—will likely moderate somewhat. Inter-provincial migration weakened in the latter stages of 2013 after reaching record levels, and we expect that a slower, yet still quite brisk, pace will be maintained this year. The downward effect on housing and consumer-dependent industries will be negligible this year—for example, we still project retail sales to surge by 7.8%—but a little more substantial in 2015, however.

Alberta merchandise exports



Source: Statistics Canada, RBC Economics Research

Alberta manufacturing sales



Source: Statistics Canada, RBC Economics Research

Alberta forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F	2015F
Real GDP	5.2	3.8	3.7	3.7	3.5
Employment	3.8	2.6	2.9	2.9	2.2
Unemployment rate (%)	5.5	4.6	4.6	4.4	3.9
Retail sales	6.8	7.0	6.9	7.8	5.1
Housing starts (units)	25,704	33,396	36,011	38,200	34,800
Consumer price index	2.4	1.1	1.4	2.4	1.9

Robert Hogue
Senior Economist



Growth to be buffeted by swings in agriculture

Our previous forecast for 2013 real GDP growth in Saskatchewan, published in March, was for a robust 3.9% increase reflecting indications of a sizeable grain and oilseed harvest in the province. Preliminary 2013 GDP numbers released in April by Statistics Canada indicated even greater strength from agriculture than we had assumed and thus has prompted us to raise our GDP growth estimate for last year to 4.5%. Looking forward to 2014, our assumption for the agricultural sector is that there will be a reversion back to average growing conditions and thus production. Given the greater lift from the grain and oilseed harvest in 2013 than what had been assumed last quarter, we are now projecting a larger decline in agricultural output in 2014. This is the main factor behind our downward revision to overall real GDP growth in the province to 1.4% from the 2.0% projected last quarter. We do not expect this softening in growth to persist, however, and project overall real GDP growth to re-accelerate to 3.0% in 2015.

Potash sector presents downside risk

A potentially more persistent downside risk for the Saskatchewan outlook continues to be production from and investment in the potash sector. Indications that a major overseas producer, Uralkali, intended to increase output sharply in an attempt to grab a greater share of the global potash market has obvious, negative implications for other potash-producing companies including those operating in Saskatchewan. Preliminary production data for the province in the first three months of 2014 show that activity is essentially unchanged relative to year-earlier levels. This follows a 10% production increase in the province in 2013. Although we expect that the levelling off in activity in Saskatchewan will be temporary as the global recovery strengthens, the preliminary data imply some downside risk to our projected potash production increases this year of 3.0% and a further 4.5% in 2015. Some offset is expected from oil and gas production increasing 2% this year after a gain slightly less than 1% in 2013 reflecting some strengthening in global demand.

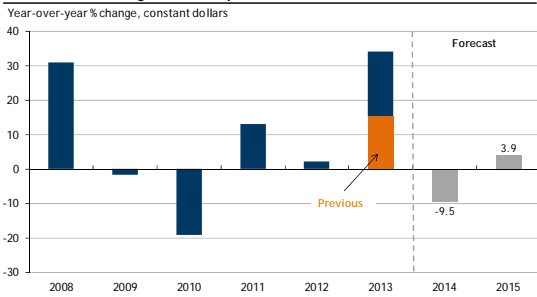
Uncertainty weighs on investment

Uncertainty about demand for potash produced in Saskatchewan during the medium term is expected to delay major spending initiatives in the sector. This is expected to contribute to construction spending remaining flat in 2014 although with some modest strengthening in 2015 to 2.5%. This represents some improvement from preliminary indications of a 2.5% decline in construction activity in 2013.

Employment growth weakens

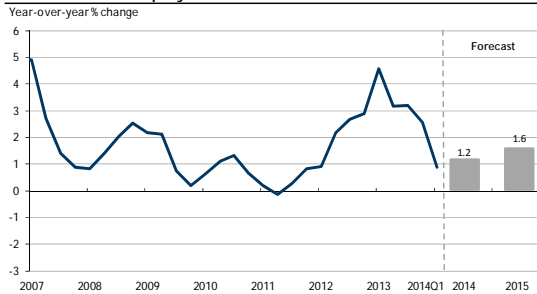
Recent employment numbers for the province are consistent with the projected slowing in economic activity in 2014. In the first five months of 2014, employment is up only 1.3% relative to the same period a year ago. This compares to increases of 3.4% and 2.1% in 2013 and 2012, respectively. Some of this slowing may in part reflect the extreme cold weather that occurred this winter in the province. However, for 2014 as a whole, we project employment growth of only 1.4%.

Saskatchewan agricultural production



Source: Statistics Canada, RBC Economics Research

Saskatchewan employment



Source: Statistics Canada, RBC Economics Research

Saskatchewan forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F	2015F
Real GDP	5.0	1.9	4.5	1.4	3.0
Employment	0.3	2.1	3.4	1.4	1.6
Unemployment rate (%)	5.0	4.7	4.0	4.0	4.0
Retail sales	7.3	7.4	5.1	5.2	4.8
Housing starts (units)	7,031	9,968	8,290	7,400	7,500
Consumer price index	2.8	1.6	1.4	2.4	2.4

Paul Ferley
Assistant Chief Economist



Changing composition of growth will not alter the pace

Preliminary 2013 real GDP growth numbers for Manitoba indicated a sizeable boost from the exceptionally large grain and oilseed harvest that sent agricultural output up almost 20% last year. Our previous forecast anticipated a jump in agricultural production although not to the extent reported; however, this boost was offset by mining output dropping a much greater than expected 11%. On net, the preliminary data are consistent with an overall real GDP growth forecast for 2013 of 2.2% although resulting from a slightly different composition of output.

Agriculture and mining reversing roles in 2014

Looking at 2014, our forecast assumes a return to normal growing conditions. Although this implies a solid level of production, it would result in a decline in agricultural output that we assume would be around 8%. Some offset, however, is expected from some recovery in the mining sector that we are projecting will partially reverse 2013's unexpectedly large drop. This is consistent with indications of some new mining projects going into production in 2014. These facilities will provide an even greater lift in 2015 because they will reflect a full year of production.

Manufacturing showing positive signs

Recent data have finally started to indicate a turnaround in the manufacturing sector. Year-over-year growth in manufacturing sales in the first quarter is up almost 3%, which compares with flat manufacturing activity overall in 2013 and only a 1% increase in 2012. This strengthening largely reflects improvement in the transportation equipment component that includes both aircraft and bus production. Machinery manufacturing also shows signs of picking up its pace, which helps to offset continued weakness in food processing related in part to reduced pork production. We expect that strengthening US growth after some weather-related weakness at the start of 2014 and the recent depreciation of the Canadian dollar should provide a further boost to Manitoba's manufacturing exports and provide underlying support to provincial growth during 2015.

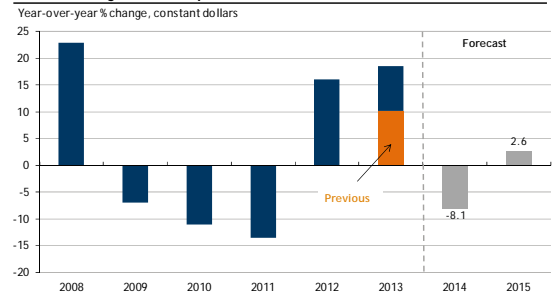
Employment weak at the start of 2014

More disappointing has been the deepening declines in employment in the first quarter of 2014; however, some of this weakness may reflect adverse weather weighing on hiring. For example, declines in the transportation sector likely reflected the curtailment of rail transport in the face of extreme cold temperatures. As temperatures return to seasonal values, we expect this weakness to reverse. For 2014, we expect positive employment growth to continue, albeit at a fairly modest rate of 0.2% which would be slower than the 0.5% rate in 2013. The pace of hiring is expected to pick up in 2015 to 1.3%.

Modestly faster growth in 2015

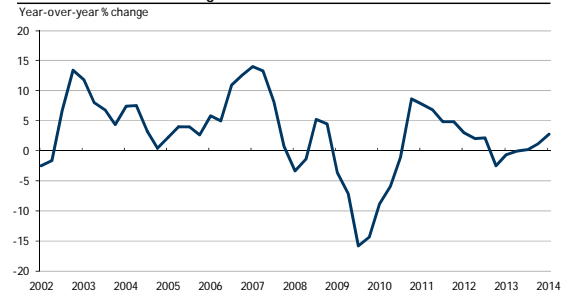
The strengthening in manufacturing and the rebound in mining activity should offset the expected drop in agricultural activity this year, thereby allowing overall 2014 GDP growth to hold relatively steady at 2.1%. With the drag from agriculture expected to dissipate next year and with a further strengthening in both mining and manufacturing, these are expected to contribute to 2015 growth in the province accelerating to 2.8%.

Manitoba agricultural production



Source: Statistics Canada, RBC Economics Research

Manitoba manufacturing sales



Source: Statistics Canada, RBC Economics Research

Manitoba forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F	2015F
Real GDP	1.7	2.6	2.2	2.1	2.8
Employment	0.8	0.9	0.5	0.2	1.3
Unemployment rate (%)	5.4	5.3	5.3	5.4	5.1
Retail sales	4.3	1.3	3.9	3.5	4.0
Housing starts (units)	6,083	7,242	7,465	5,700	6,500
Consumer price index	2.9	1.6	2.3	1.7	1.9

Paul Ferley
Assistant Chief Economist

Slow (cold!) start but more improvement on the way

Poor weather conditions threw a few monkey wrenches at Ontario’s economy this winter, yet signs still point to activity continuing to expand so far in 2014 in the province. In fact, growth appears to be fairly broad-based, with the housing sector being among the few areas of the economy that showed a decline. Nonetheless, the overall pace clearly was restrained in the early months of this year, and although we expect that some of the weather-induced setbacks to be made up in the coming months and quarters, the slower than expected start to the year prompted us to revise our real GDP forecast for 2014 slightly lower to 2.3% from 2.5% previously. This rate would still constitute a notable improvement from the estimated 1.3% growth achieved in 2013. The main theme for Ontario’s outlook continues to be that the export sector will provide a long-awaited boost to growth. We expect the province to benefit disproportionately from a strengthening US economy (and lower Canadian dollar) thanks to Ontario’s close ties with that market. The lift from abroad will be even greater in 2015, when we anticipate a red-hot US economy to contribute to a quickening of the pace in Ontario’s real GDP growth to 2.8%.

Manufacturing overcame the elements this winter

Despite difficult weather this winter that, among other things, disrupted the flow of goods transported across and outside the province, manufacturing activity still managed to advance in Ontario. Manufacturing sales grew by 3.3% in the first quarter compared with the same period a year ago. There were strong gains registered by producers of primary metals, petroleum and coal products, chemical products, transportation equipment, and food. Weather-related issues did not appear to hold Ontario’s exports back that much as the value of merchandise sold abroad rose for the fourth straight quarter on a year-over-year basis in the first quarter of 2014. Exports of aircraft and parts, consumer goods, and machinery increased substantially. Sustained export momentum despite the elements bodes well for stronger advances in the rest of this year.

Rising exports to provide compelling case for boosting investment

We expect the improving trade trend to provide a compelling basis for Ontario businesses to ratchet up their capital investment. Statistics Canada’s investment intentions survey released in February indicated that businesses plan to boost their spending on non-residential outlays by 3.7% in 2014. While this planned increase is far from being earth-shattering, it would be a welcomed turnaround from a decline of 4.5% last year. There was some indication that Ontario firms began to follow through on their intentions in the first quarter, as business spending on non-residential building construction rose by 3.5% from the fourth quarter of 2013, representing the first quarterly increase in nearly one and a half years.

Housing market heat to dissipate

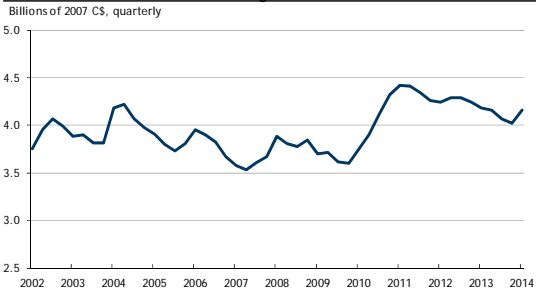
An unusual situation developed in Ontario’s largest housing market—Toronto—in the early stages of 2014. Housing activity was moderate, yet prices heated up anyway because homes available for sale were in short supply. We expect this situation to be temporary, with a growing number of condos currently under construction reaching completion boosting the supply side. We project housing construction to slow this year and represent a modest drag on economic growth in the province.

Ontario manufacturing sales



Source: Statistics Canada, RBC Economics Research

Ontario non-residential building construction



Source: Statistics Canada, RBC Economics Research

Ontario forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F	2015F
Real GDP	2.2	1.3	1.3	2.3	2.8
Employment	1.8	0.8	1.4	0.9	1.4
Unemployment rate (%)	7.8	7.8	7.5	7.3	6.9
Retail sales	3.6	1.6	2.3	3.0	3.9
Housing starts (units)	67,821	76,742	61,085	58,900	58,000
Consumer price index	3.1	1.4	1.1	1.7	1.7

Robert Hogue
Senior Economist



Charting an improved, albeit still modest growth path

Since emerging from the turbulence caused by major strikes in the construction sector last summer, Quebec’s economy has charted a reasonably steady, albeit modest, growth path. Indicators released so far in 2014 suggest that the provincial economy is on track to expand by 1.9% in 2014, which would represent welcomed improvement from the estimated 1.1% pace in 2013, although still unlikely to dispel entirely doubts about the province’s prospects. Quite encouraging has been the fact that provincial merchandise exports continue to advance, thereby providing evidence that this economic engine indeed is now contributing to growth after running in reverse during much of the last dozen years. We believe that gains in net trade will more than offset weakness in parts of the domestic economic, including the housing sector. We expect overall real GDP growth to remain fairly subdued 2015 at a rate of 1.8%

Declines in goods-producing industries weighed on growth in 2013

Statistics Canada’s preliminary estimate for real GDP growth in 2013 (1.1%) was very close to our earlier monitoring (1.2%) and, therefore, largely confirmed our assessment of the past year. Performance in 2013 was hampered by declines in goods-producing industries, most notably in construction and manufacturing. Early indications so far this year continue to point toward softening housing market conditions and slowing residential construction—although poor weather likely exaggerated the softness this winter. Quebec’s manufacturing sector, however, showed some vigour. Manufacturing sales were up 4.1% year over year in the first quarter, with gains broadly based across manufacturing industries. Transportation equipment manufacturers and food producers, in particular, saw very strong increases (16.8% and 9.0%, respectively).

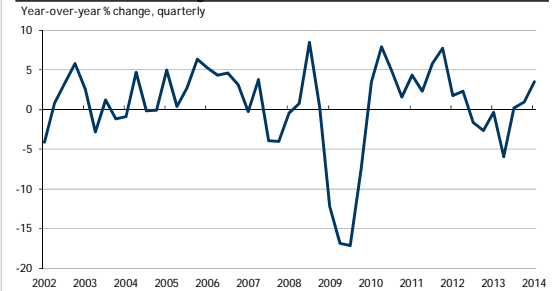
Rising exports to fuel manufacturing activity...

Budding factory activity largely stemmed from growing sales abroad. Data from the *Institut de la statistique du Québec* show that real merchandise exports rose 4.9% year over year in the first quarter. While aerospace equipment and parts exports were essentially flat, exports of many other goods showed substantial advances, including minerals and metals (e.g., aluminum, iron ore, and copper), forest products (e.g., newsprint and softwood lumber), and heavy trucks. We expect that the lower value of the Canadian dollar and strengthening US economy will continue to fuel demand for Quebec exports during the remainder of this year.

...and boost businesses’ confidence to hire more

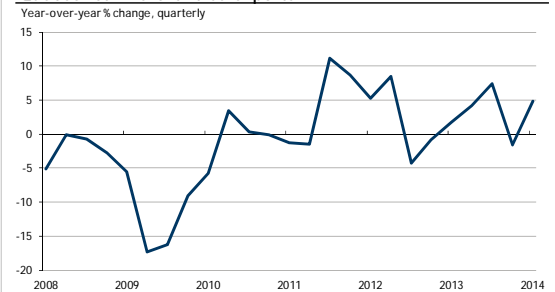
Export-led growth, in turn, should provide a boost to Quebec’s labour market. Employment statistics have disappointed since the start of this year, indicating a loss of 43,000 jobs between January and May. While unusually poor weather this winter may be partly to blame, this weakness also may reflect a fair degree of hesitation lately on businesses’ part to hire and invest in the province. A Statistics Canada survey earlier this year revealed that private and public enterprises plan to reduce non-residential capital outlays by 0.3% in 2014. We believe that as sales abroad continue to increase and as overall economic performance improves, Quebec businesses’ confidence will gradually build, thereby setting the stage for the reversal of the recent jobs declines. That said, we forecast a modest 0.5% growth in employment in 2014.

Quebec manufacturing sales



Source: Statistics Canada, RBC Economics Research

Quebec real merchandise exports



Source: Institut de la statistique du Québec, RBC Economics Research

Quebec forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F	2015F
Real GDP	1.8	1.5	1.1	1.9	1.8
Employment	1.0	0.8	1.2	0.5	0.9
Unemployment rate (%)	7.8	7.8	7.6	7.7	7.5
Retail sales	3.0	1.2	2.5	2.4	3.5
Housing starts (units)	48,387	47,367	37,758	37,700	33,800
Consumer price index	3.0	2.1	0.8	1.2	1.8

Robert Hogue
Senior Economist

Warming up but still not sizzling

Economic conditions remained mixed in New Brunswick in the first few months of 2014; however, our view remains that economic activity will gain momentum during the remainder of the year. An anticipated turnaround in the province’s export sectors has yet to materialize and has accompanied a protracted period of weakness across domestic economic indicators, although there is encouraging evidence emerging to suggest that stronger performance, albeit modest, is in the cards for New Brunswick in 2014. Notably, a rebound in private investment and subsequent hiring gains are expected to set the stage for real GDP growth to accelerate, albeit to a still modest 1.0% in 2014 from an estimated 0.2% in 2013.

Bright spots emerging in 2014...

An upward hiring trend that emerged in the latter half of 2013 continued into the early stages of 2014 as job gains in the private sector and rising self-employment have more than offset further pullback in the public sector. On an industry basis, job losses so far this year have been concentrated in the goods-producing sector, most notably in construction. The reduction in employment has not prevented activity from rising with non-residential building construction gaining momentum and recording in the first quarter of 2014 its largest year-over-year percentage gain since 2002. Further gains, along with preliminary work beginning for the recently announced \$450 million modernization plan for the Irving pulp and paper mill, bode well not only for containing employment losses in the goods sector in the province but also for private investment to rise in 2014 for the first time since 2008.

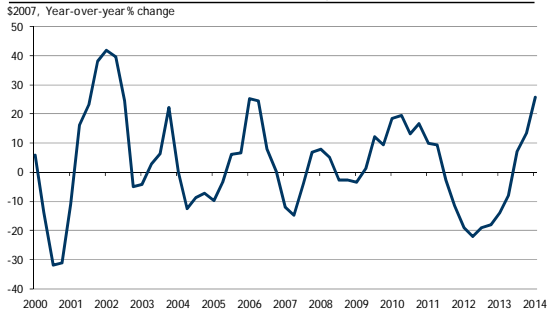
...although near-term challenges remain...

New Brunswick’s manufacturing sector continues to face challenges with manufacturing shipments plunging to a two-year low this spring. Industrial goods output was weighed down by the closure of the Xstrata Brunswick mine in 2013, and an earlier announced production cutback at Sussex Potash’s existing operations, in the face of rising production overseas, carried this weakness into 2014. There are reasons to be optimistic about the outlook for the province’s mining sector, however. Advances in engineering work for the Caribou mine and mill are on track for operations to commence in the first half of 2015. A two-year construction phase is set to begin shortly after environmental assessments are approved this year for the Sisson Brook tungsten mine. The outlook for the potash sector is less robust given overseas developments, although Sussex Potash’s Picadilly project is progressing with completion expected in 2014. As well, Atlantic Potash is embarking on the drilling phase of its Millstream exploration program.

...keeping overall growth subdued

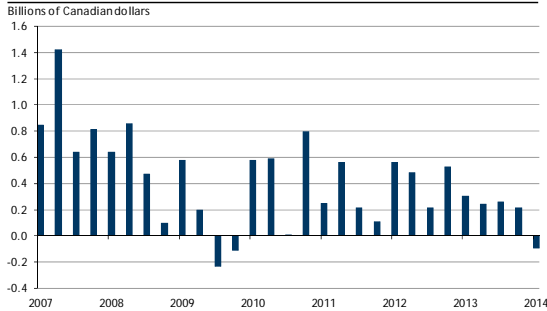
The province’s export sector is struggling to gain momentum so far this year, with nominal merchandise exports remaining below year-ago levels. Robust gains in lumber products shipped to the US and rising electrical energy exports from Point Lepreau are being more than offset by weakness in potash shipments and notably in the province’s largest export group, refined petroleum oils. The province’s trade balance deteriorated markedly to start 2014, swinging from surplus to deficit in the first quarter for the first time since 2009 as a planned seasonal maintenance at the Saint John oil refinery, delayed from last fall, resulted in reduced energy products available for export. With maintenance work having ended in April, the sector is poised to improve for the remainder of the year.

New Brunswick non-residential building construction



Source: Statistics Canada, RBC Economics Research

New Brunswick merchandise trade balance



Source: Statistics Canada, RBC Economics Research

New Brunswick forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F	2015F
Real GDP	0.3	-1.1	0.2	1.0	1.4
Employment	-1.1	-0.2	-0.1	0.4	0.4
Unemployment rate (%)	9.5	10.2	10.4	10.1	10.0
Retail sales	4.8	-0.7	0.7	2.6	2.8
Housing starts (units)	3,452	3,299	2,843	2,400	2,800
Consumer price index	3.5	1.7	0.8	1.8	1.9

Laura Cooper
Economist

Clearer skies ahead for Canada's Ocean Playground

Nova Scotia's economy showed modest improvement in 2013 from a disappointing decline in 2012, according to the preliminary provincial industry real GDP estimates released by Statistics Canada in April. Economic growth is set to accelerate further in 2014, however, led by a full year of production at the Deep Panuke offshore natural gas field. The accompanying boost to Nova Scotia's exports is expected to offset weakness in the domestic economy as the labour markets struggle to regain traction after a notable pullback in employment in the province in 2013. Our forecast calls for real GDP growth to quicken to 2.2% in 2014 following an estimated 1.0% in 2013.

Charting a new fiscal course...

The Nova Scotia government charted a new budget course this spring with the release of the fiscal plan that will see the province post four more years of budget deficits before eking out a small surplus in 2017-18. Despite a weaker fiscal outlook, employment in the public sector has trended upward since last year after declining substantially in 2012. These hiring gains in the public sector have been insufficient, however, to keep total employment afloat in the province as weakness in the private sector in 2013 continued into 2014. As a result, an anticipated turnaround in the labour markets is not expected until 2015 with employment forecasted to dip again this year and match the 0.4% decline in 2013.

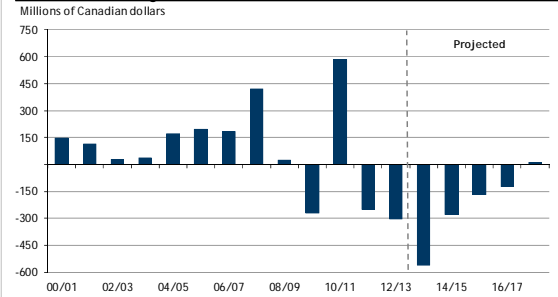
...while tailwinds in the energy sector spur growth...

Robust Chinese demand for the province's seafood products and a modest improvement in rubber tires shipped to the US have contributed to international merchandise exports surging thus far in 2014; however, the boost primarily reflected booming natural gas exports. After reaching full production in late 2013, output at the Deep Panuke natural gas offshore field this year is expected to handily offset maturation-related production declines at the Sable offshore site and drive up economic growth. Longer-term prospects remain bright for the offshore energy sector with BP launching a seismic program this year as part of a \$1 billion exploration commitment off the coast of Nova Scotia while Shell continues seismic work that began in 2013. A recent call for additional exploration bids along with the province announcing funding to support firms' seismic and geological analysis in the future provide scope for the sector remaining a key driver of growth beyond 2014.

...leading to smoother sailing ahead

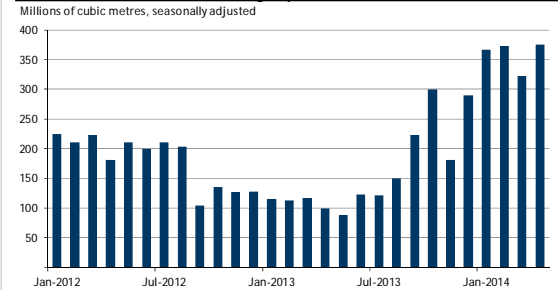
With debt financing completed earlier this year, work on the \$1.5 billion Maritime Link project between Nova Scotia and Newfoundland is poised to accelerate with an estimated \$335 million to be spent on the 180 km undersea link in 2014. Economic benefits stemming from the multi-year \$25 billion shipbuilding procurement contract are also expected to ramp up as ongoing tasks related to the design contract of the Arctic Offshore Patrol ships continue and leading up to the anticipated 'cutting of steel' in 2015. The Atlantic Provincial Economic Council estimates that investment in major projects in Nova Scotia is set to reach \$3.4 billion in 2014, which would be a 13% increase from 2013. In addition to the shipbuilding and the Maritime Link projects, investment is expected to rise as a result of ongoing work at the \$500 million Halifax convention centre as well as the development of a 28 MW wind farm project in the province.

Nova Scotia budget balance



Source: Nova Scotia Ministry of Finance, RBC Economics Research

Nova Scotia offshore natural gas production



Source: Canada-Nova Scotia Offshore Petroleum Board, RBC Economics Research

Nova Scotia forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F	2015F
Real GDP	0.6	-0.1	1.0	2.2	2.2
Employment	0.1	0.6	-0.4	-0.4	1.2
Unemployment rate (%)	8.8	9.0	9.0	8.8	8.6
Retail sales	3.5	1.0	2.9	2.2	3.4
Housing starts (units)	4,644	4,522	3,919	2,800	3,600
Consumer price index	3.8	1.9	1.2	2.0	1.9

Laura Cooper
Economist

With a little help from our (tourist) friends

Robust international exports and a strong tourism season are expected to support steady economic growth in Prince Edward Island in 2014 after a preliminary 1.4% growth performance in 2013. Lower capital investment and lingering weakness across domestic economic sectors are expected to temper overall performance, however. Our forecast calls for real GDP to grow by 1.4% in 2014, which would match the estimated rate in 2013.

As visitors flock to the Gentle Island...

A full agenda of scheduled events to commemorate the 150th anniversary of the 1864 Charlottetown Conference is expected to boost the number of visitors to the province this year. Indications of a strong tourism season are already emerging, with room nights sold coming in above year-ago levels and overnight stays by both Canadian and international visitors posting robust numbers in the first four months of the year. This bodes well for accommodation and food services hiring in the months ahead, after employment in this sector appeared to be soft in the early stages of 2014. We expect overall employment growth in the province to be negligible this year as an easing in public-sector hiring tempers continued private-sector job gains.

...goods leaving the province surge...

A weakening Canadian currency and strengthening global demand support further gains in international goods exports in PEI after reaching record levels in 2013. Potato and seafood exports to the US have posted particularly robust gains so far in 2014, while softer sales in the US for the province's aerospace and organic chemical products have been more than offset by rising sales in France. Upside potential for further gains in the flow of international merchandise goods during the longer term exists with the gradual elimination of tariffs under both the South Korean trade agreement and the agreement-in-principle with the European Union.

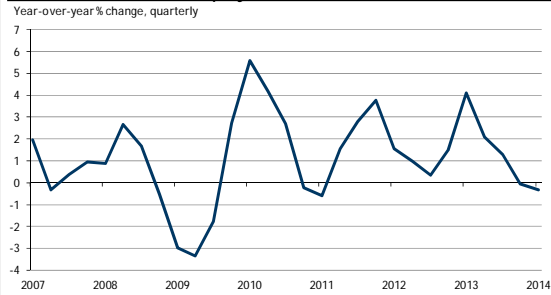
...to help offset lower planned spending...

The release of the province's spring budget maintained a return to surplus in 2015–16 with greater fiscal restraint planned as program expenditures are set to decline across departments, with the exception of health. Capital investment is also set to fall in the province this year following the completion of the \$60 million Hermanville wind farm in 2013. Capital spending may get a boost beyond the forecast horizon, however. The Island's main electrical utility is currently undergoing exploration work to determine the feasibility of a new electrical cable to the mainland with an environmental impact study expected later this year.

...and rising domestic challenges

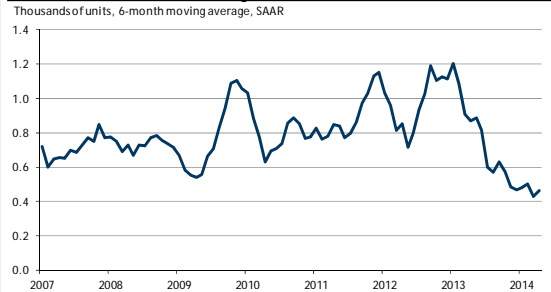
Encouragingly, population growth in PEI edged higher to start 2014 after slowing to a six-year low in 2013. The gains were concentrated in the 65 and older-age cohort, however, with further declines across the working-age cohort. These shifting demographics may be weighing on demand for housing in the province, with the six-month trend rate in housing starts falling sharply since January 2013. After reaching a 15-year low this spring, housing starts are expected to rebound somewhat during the remainder of the year although will remain below recent annual highs for 2014 as a whole.

Prince Edward Island employment



Source: Statistics Canada, RBC Economics Research

Prince Edward Island housing starts



Source: Statistics Canada, RBC Economics Research

Prince Edward Island forecast at a glance

% change unless otherwise indicated					
	2011	2012	2013F	2014F	2015F
Real GDP	1.0	1.5	1.4	1.4	1.2
Employment	1.9	1.1	1.8	0.1	1.1
Unemployment rate (%)	11.4	11.3	11.5	11.6	11.2
Retail sales	5.4	3.2	0.8	1.9	3.8
Housing starts (units)	940	941	636	500	600
Consumer price index	2.9	2.0	2.0	2.3	1.9

Laura Cooper
Economist



Tapping the brakes in 2014

A surge in crude oil production put Newfoundland and Labrador’s economy into the fast lane last year with Statistics Canada’s first estimate of 2013 real GDP showing very solid growth of 7.9%—the highest rate among all of the provinces—thereby more than offsetting a 4.4% decline in 2012. The level of activity is expected to remain elevated this year; however, real GDP growth is anticipated to slow significantly to 0.6% in 2014 in the absence of a similar sized energy boost. The advancement of major projects and elevated capital investment are expected to contribute to maintaining growth in positive territory.

From fifth gear to neutral...

Crude oil production was below year-ago levels in the first few months of 2014 after rebounding strongly in 2013 from an 11-year low in 2012 (which resulted from extensive maintenance shutdowns). For the remainder of 2014, we expect further output increases at the Terra Nova offshore field to be largely offset by declining production at the province’s other offshore oil fields, thereby keeping year-over-year total production gains subdued in 2014. Capital investment in the energy sector is set to rise this year, however, supported by the ongoing \$14 billion Hebron offshore oil project as well as an 18-month drilling program on the Bay du Nord offshore oil discovery. A recent call for exploration bids on four offshore parcels has the potential to spur additional oil and gas investments in the future.

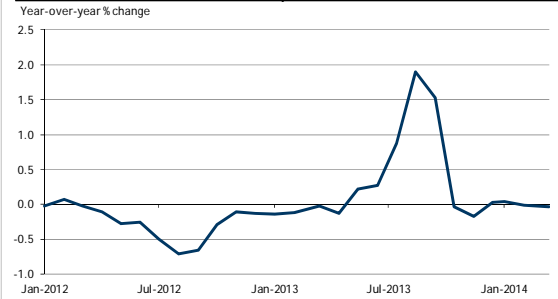
...but gearing up...

An imminent upswing in the mining sector is not forthcoming this year because iron ore prices have surprised to the downside and production in the province has been weighed down by severe cold weather conditions. Improving prospects remain beyond 2014, however, as major projects in the sector continue to advance including the anticipated mid-year completion of the Iron Ore Company of Canada’s concentrate facility expansion with production levels expected to rise gradually thereafter. Production at the Direct Shipping iron ore venture is expected to ramp up in 2015, and construction on the Kami iron ore project is expected in 2014 and 2015 following environmental approvals earlier this year. Completion of the Long Harbour nickel processing plant will give way to production coming on stream later this year; however, the winding down of construction will weigh on employment in the province after the project’s building phase peaked in 2013.

...for a slow, steady drive

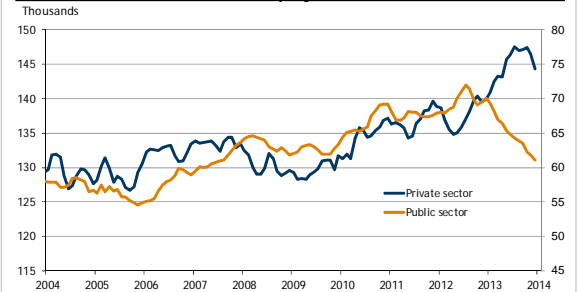
The government maintained its objective of a 2015–16 surplus in its spring budget, with lower projected deficits in the intervening period along with an easing in expenditure restraint. With that said, after sustaining elevated levels in early 2013, public-sector employment has trended downward with recent easing in private-sector hiring compounding the effect on the overall labour market in the province. Employment in the goods-producing sector has disappointed so far this year, however, should receive support from increasing labour needs as major projects in the province advance. Preparation work for the Labrador-Island Transmission link between Labrador and Newfoundland is progressing, and employment for the broader Muskrat Falls hydro-electric project is expected to peak in 2015.

Newfoundland and Labrador oil production



Source: Canada-Newfoundland and Labrador Offshore Petroleum Board, RBC Economics Research

Newfoundland and Labrador employment



Source: Statistics Canada, RBC Economics Research

Newfoundland forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F	2015F
Real GDP	2.9	-4.4	7.9	0.6	1.4
Employment	2.7	2.3	1.0	-0.5	1.4
Unemployment rate (%)	12.7	12.5	11.4	12.0	11.9
Retail sales	5.1	4.5	5.0	2.2	3.7
Housing starts (units)	3,488	3,885	2,862	2,600	2,700
Consumer price index	3.4	2.1	1.7	1.9	1.9

Laura Cooper
Economist



Forecast detail

Average annual % change unless otherwise indicated

	Real GDP				Employment				Unemployment rate %				Housing starts Thousands				Retail sales				CPI			
	12	13F	14F	15F	12	13	14F	15F	12	13	14F	15F	12	13	14F	15F	12	13	14F	15F	12	13	14F	15F
N. & L.	-4.4	7.9	0.6	1.4	2.3	1.0	-0.5	1.4	12.5	11.4	12.0	11.9	3.9	2.9	2.6	2.7	4.5	5.0	2.2	3.7	2.1	1.7	1.9	1.9
P.E.I.	1.5	1.4	1.4	1.2	1.1	1.8	0.1	1.1	11.3	11.5	11.6	11.2	0.9	0.6	0.5	0.6	3.2	0.8	1.9	3.8	2.0	2.0	2.3	1.9
N.S.	-0.1	1.0	2.2	2.2	0.6	-0.4	-0.4	1.2	9.0	9.0	8.8	8.6	4.5	3.9	2.8	3.6	1.0	2.9	2.2	3.4	1.9	1.2	2.0	1.9
N.B.	-1.1	0.2	1.0	1.4	-0.2	-0.1	0.4	0.4	10.2	10.4	10.1	10.0	3.3	2.8	2.4	2.8	-0.7	0.7	2.6	2.8	1.7	0.8	1.8	1.9
QUE.	1.5	1.1	1.9	1.8	0.8	1.2	0.5	0.9	7.8	7.6	7.7	7.5	47.4	37.8	37.7	33.8	1.2	2.5	2.4	3.5	2.1	0.8	1.2	1.8
ONT.	1.3	1.3	2.3	2.8	0.8	1.4	0.9	1.4	7.8	7.5	7.3	6.9	76.7	61.1	58.9	58.0	1.6	2.3	3.0	3.9	1.4	1.1	1.7	1.7
MAN.	2.6	2.2	2.1	2.8	0.9	0.5	0.2	1.3	5.3	5.3	5.4	5.1	7.2	7.5	5.7	6.5	1.3	3.9	3.5	4.0	1.6	2.3	1.7	1.9
SASK.	1.9	4.5	1.4	3.0	2.1	3.4	1.4	1.6	4.7	4.0	4.0	4.0	10.0	8.3	7.4	7.5	7.4	5.1	5.2	4.8	1.6	1.4	2.4	2.4
ALTA.	3.8	3.7	3.7	3.5	2.6	2.9	2.9	2.2	4.6	4.6	4.4	3.9	33.4	36.0	38.2	34.8	7.0	6.9	7.8	5.1	1.1	1.4	2.4	1.9
B.C.	1.5	1.7	2.1	2.8	1.7	-0.2	0.7	1.1	6.7	6.6	6.2	6.2	27.5	27.1	26.0	24.0	1.9	2.4	3.4	3.7	1.1	-0.1	0.7	1.6
CANADA	1.7	2.0	2.4	2.7	1.2	1.3	0.9	1.3	7.2	7.1	6.9	6.6	215	188	182	174	2.5	3.2	3.7	4.0	1.5	0.9	1.6	1.8

Key provincial comparisons

2012 unless otherwise indicated

	N. & L.	P.E.I.	N.S.	N.B.	QUE	ONT	MAN	SASK	ALTA	B.C.
Population (000s) (2013)	527	145	941	756	8,155	13,538	1,265	1,108	4,025	4,582
Gross domestic product (\$ billions)	33.8	5.5	38.4	31.5	357.9	674.5	58.2	77.9	311.9	220.0
Real GDP (\$2007 billions)	27.6	4.9	36.0	28.1	327.2	619.3	54.6	58.6	288.5	209.0
Share of provincial GDP of Canadian GDP (%)	1.9	0.3	2.1	1.7	19.7	37.1	3.2	4.3	17.1	12.1
Real GDP growth (CAR, 2007-12, %)	-1.5	1.2	1.2	0.2	1.4	0.7	2.1	2.3	2.2	1.2
Real GDP per capita (\$ 2007)	52,359	33,762	38,082	37,181	40,470	46,177	43,705	53,865	74,201	45,993
Real GDP growth rate per capita (CAR, 2007-12, %)	-2.2	0.1	1.0	-0.1	0.4	-0.3	1.1	0.7	0.1	0.0
Personal disposable income per capita (\$)	30,461	26,115	27,063	26,793	26,347	29,745	26,995	31,363	38,761	30,474
Employment growth (CAR, 2007-13, %)	1.5	1.5	0.3	-0.3	1.0	0.9	1.1	1.9	2.1	0.8
Employment rate (May 2014, %)	52.4	60.5	57.3	56.4	59.6	61.2	63.8	67.0	69.7	59.5
Discomfort index (inflation + unemp. rate, Apr. 2014)	14.4	13.2	10.7	12.3	8.9	9.8	8.2	6.2	7.4	7.3
Manufacturing industry output (% of GDP)	3.1	8.9	8.4	10.3	13.7	12.7	10.0	6.0	7.2	6.7
Personal expenditures on goods & services (% of GDP)	43.0	69.4	69.3	63.4	57.6	56.2	57.4	40.7	41.0	64.0
International exports (% of GDP)	35.7	18.5	19.4	50.0	25.8	32.9	26.4	41.6	31.8	21.5

Tables

British Columbia

		2007	2008	2009	2010	2011	2012	2013F	2014F	2015F
Real GDP	Chained \$2007 millions	197,072	199,270	194,214	200,628	205,958	208,961	212,513	217,019	223,160
	% change	3.1	1.1	-2.5	3.3	2.7	1.5	1.7	2.1	2.8
Employment	thousands	2,223	2,266	2,218	2,257	2,275	2,313	2,308	2,325	2,350
	% change	3.5	2.0	-2.1	1.7	0.8	1.7	-0.2	0.7	1.1
Unemployment rate	%	4.3	4.6	7.7	7.6	7.5	6.7	6.6	6.2	6.2
Retail sales	\$ millions	56,936	57,794	55,288	58,251	60,090	61,255	62,734	64,842	67,256
	% change	7.2	1.5	-4.3	5.4	3.2	1.9	2.4	3.4	3.7
Housing starts	units	39,195	34,321	16,077	26,479	26,400	27,465	27,054	26,000	24,000
	% change	7.6	-12.4	-53.2	64.7	-0.3	4.0	-1.5	-3.9	-7.7
Consumer price index	2002=100	110.0	112.3	112.3	113.8	116.5	117.8	117.7	118.5	120.4
	% change	1.7	2.1	0.0	1.4	2.3	1.1	-0.1	0.7	1.6

Alberta

		2007	2008	2009	2010	2011	2012	2013F	2014F	2015F
Real GDP	Chained \$2007 millions	259,087	263,515	252,811	264,164	277,940	288,548	299,224	310,415	321,416
	% change	1.7	1.7	-4.1	4.5	5.2	3.8	3.7	3.7	3.5
Employment	thousands	1,991	2,054	2,025	2,017	2,094	2,150	2,211	2,275	2,325
	% change	3.9	3.1	-1.4	-0.4	3.8	2.6	2.9	2.9	2.2
Unemployment rate	%	3.5	3.6	6.6	6.5	5.5	4.6	4.6	4.4	3.9
Retail sales	\$ millions	61,490	61,620	56,489	59,849	63,945	68,408	73,109	78,821	82,807
	% change	9.9	0.2	-8.3	5.9	6.8	7.0	6.9	7.8	5.1
Housing starts	units	48,336	29,164	20,298	27,088	25,704	33,396	36,011	38,200	34,800
	% change	-1.3	-39.7	-30.4	33.5	-5.1	29.9	7.8	6.1	-8.9
Consumer price index	2002=100	117.9	121.6	121.5	122.7	125.7	127.1	128.9	132.0	134.4
	% change	4.9	3.2	-0.1	1.0	2.4	1.1	1.4	2.4	1.9

Saskatchewan

		2007	2008	2009	2010	2011	2012	2013F	2014F	2015F
Real GDP	Chained \$2007 millions	52,253	55,183	52,553	54,756	57,479	58,581	61,217	62,074	63,936
	% change	3.5	5.6	-4.8	4.2	5.0	1.9	4.5	1.4	3.0
Employment	thousands	504	513	519	524	526	537	555	563	572
	% change	2.4	1.7	1.3	0.9	0.3	2.1	3.4	1.4	1.6
Unemployment rate	%	4.2	4.1	4.8	5.2	5.0	4.7	4.0	4.0	4.0
Retail sales	\$ millions	13,131	14,676	14,605	15,103	16,199	17,405	18,301	19,254	20,183
	% change	13.6	11.8	-0.5	3.4	7.3	7.4	5.1	5.2	4.8
Housing starts	units	6,007	6,828	3,866	5,907	7,031	9,968	8,290	7,400	7,500
	% change	61.7	13.7	-43.4	52.8	19.0	41.8	-16.8	-10.7	1.4
Consumer price index	2002=100	112.2	115.9	117.1	118.7	122.0	123.9	125.7	128.7	131.8
	% change	2.9	3.2	1.1	1.3	2.8	1.6	1.4	2.4	2.4

Manitoba

		2007	2008	2009	2010	2011	2012	2013F	2014F	2015F
Real GDP	Chained \$2007 millions	49,265	51,157	51,048	52,379	53,269	54,633	55,857	57,052	58,650
	% change	2.9	3.8	-0.2	2.6	1.7	2.6	2.2	2.1	2.8
Employment	thousands	599	608	608	620	624	630	633	634	643
	% change	1.7	1.7	0.0	1.9	0.8	0.9	0.5	0.2	1.3
Unemployment rate	%	4.4	4.2	5.2	5.4	5.4	5.3	5.3	5.4	5.1
Retail sales	\$ millions	14,017	14,983	14,920	15,770	16,443	16,652	17,297	17,898	18,616
	% change	8.9	6.9	-0.4	5.7	4.3	1.3	3.9	3.5	4.0
Housing starts	units	5,738	5,537	4,174	5,888	6,083	7,242	7,465	5,700	6,500
	% change	14.1	-3.5	-24.6	41.1	3.3	19.1	3.1	-23.6	14.0
Consumer price index	2002=100	110.9	113.4	114.1	115.0	118.4	120.3	123.0	125.1	127.4
	% change	2.1	2.2	0.6	0.8	2.9	1.6	2.3	1.7	1.9

Ontario

		2007	2008	2009	2010	2011	2012	2013F	2014F	2015F
Real GDP	Chained \$2007 millions	597,803	596,921	578,510	598,174	611,131	619,331	627,382	642,063	660,323
	% change	1.3	-0.1	-3.1	3.4	2.2	1.3	1.3	2.3	2.8
Employment	thousands	6,564	6,666	6,502	6,610	6,731	6,784	6,879	6,938	7,034
	% change	1.8	1.6	-2.5	1.7	1.8	0.8	1.4	0.9	1.4
Unemployment rate	%	6.4	6.5	9.0	8.7	7.8	7.8	7.5	7.3	6.9
Retail sales	\$ millions	145,978	151,697	148,109	156,276	161,859	164,503	168,253	173,276	180,016
	% change	3.8	3.9	-2.4	5.5	3.6	1.6	2.3	3.0	3.9
Housing starts	units	68,123	75,076	50,370	60,433	67,821	76,742	61,085	58,900	58,000
	% change	-7.2	10.2	-32.9	20.0	12.2	13.2	-20.4	-3.6	-1.5
Consumer price index	2002=100	110.8	113.3	113.7	116.5	120.1	121.8	123.0	125.1	127.3
	% change	1.8	2.3	0.4	2.4	3.1	1.4	1.1	1.7	1.7

Quebec

		2007	2008	2009	2010	2011	2012	2013F	2014F	2015F
Real GDP	Chained \$2007 millions	305,874	311,626	309,683	316,886	322,442	327,161	330,760	337,177	343,381
	% change	1.8	1.9	-0.6	2.3	1.8	1.5	1.1	1.9	1.8
Employment	thousands	3,834	3,880	3,848	3,915	3,954	3,984	4,032	4,050	4,089
	% change	2.4	1.2	-0.8	1.7	1.0	0.8	1.2	0.5	0.9
Unemployment rate	%	7.2	7.2	8.5	8.0	7.8	7.8	7.6	7.7	7.5
Retail sales	\$ millions	90,412	94,816	93,759	99,590	102,556	103,753	106,301	108,881	112,706
	% change	4.5	4.9	-1.1	6.2	3.0	1.2	2.5	2.4	3.5
Housing starts	units	48,553	47,901	43,403	51,363	48,387	47,367	37,758	37,700	33,800
	% change	1.4	-1.3	-9.4	18.3	-5.8	-2.1	-20.3	-0.2	-10.3
Consumer price index	2002=100	110.4	112.7	113.4	114.8	118.3	120.8	121.7	123.2	125.4
	% change	1.6	2.1	0.6	1.3	3.0	2.1	0.8	1.2	1.8

Tables

New Brunswick

		2007	2008	2009	2010	2011	2012	2013F	2014F	2015F
Real GDP	Chained \$2007 millions	27,869	28,125	27,811	28,381	28,460	28,146	28,202	28,484	28,883
	% change	0.5	0.9	-1.1	2.0	0.3	-1.1	0.2	1.0	1.4
Employment	thousands	357	359	360	356	352	351	351	352	354
	% change	1.9	0.6	0.1	-1.0	-1.1	-0.2	-0.1	0.4	0.4
Unemployment rate	%	7.5	8.5	8.8	9.3	9.5	10.2	10.4	10.1	10.0
Retail sales	\$ millions	9,408	10,018	10,094	10,595	11,103	11,028	11,107	11,391	11,706
	% change	6.2	6.5	0.8	5.0	4.8	-0.7	0.7	2.6	2.8
Housing starts	units	4,242	4,274	3,521	4,101	3,452	3,299	2,843	2,400	2,800
	% change	3.8	0.8	-17.6	16.5	-15.8	-4.4	-13.8	-15.6	16.7
Consumer price index	2002=100	111.3	113.2	113.5	115.9	120.0	122.0	123.0	125.1	127.5
	% change	1.9	1.7	0.3	2.1	3.5	1.7	0.8	1.8	1.9

Nova Scotia

		2007	2008	2009	2010	2011	2012	2013F	2014F	2015F
Real GDP	Chained \$2007 millions	33,907	34,625	34,753	35,806	36,029	35,990	36,350	37,150	37,967
	% change	1.3	2.1	0.4	3.0	0.6	-0.1	1.0	2.2	2.2
Employment	thousands	448	452	451	452	453	456	454	452	458
	% change	1.6	0.9	-0.1	0.2	0.1	0.6	-0.4	-0.4	1.2
Unemployment rate	%	7.9	7.7	9.2	9.3	8.8	9.0	9.0	8.8	8.6
Retail sales	\$ millions	11,617	12,091	12,105	12,651	13,098	13,223	13,605	13,910	14,388
	% change	4.3	4.1	0.1	4.5	3.5	1.0	2.9	2.2	3.4
Housing starts	units	4,750	3,982	3,438	4,309	4,644	4,522	3,919	2,800	3,600
	% change	-3.0	-16.2	-13.7	25.3	7.8	-2.6	-13.3	-28.6	28.6
Consumer price index	2002=100	112.5	115.9	115.7	118.2	122.7	125.1	126.6	129.1	131.6
	% change	1.9	3.0	-0.1	2.2	3.8	1.9	1.2	2.0	1.9

Prince Edward Island

		2007	2008	2009	2010	2011	2012	2013F	2014F	2015F
Real GDP	Chained \$2007 millions	4,620	4,658	4,678	4,783	4,829	4,901	4,970	5,039	5,100
	% change	2.2	0.8	0.4	2.2	1.0	1.5	1.4	1.4	1.2
Employment	thousands	69	70	69	71	72	73	74	74	75
	% change	0.7	1.2	-1.4	3.0	1.9	1.1	1.8	0.1	1.1
Unemployment rate	%	10.3	10.7	12.0	11.1	11.4	11.3	11.5	11.6	11.2
Retail sales	\$ millions	1,621	1,703	1,682	1,770	1,866	1,925	1,940	1,977	2,052
	% change	7.4	5.1	-1.3	5.3	5.4	3.2	0.8	1.9	3.8
Housing starts	units	750	712	877	756	940	941	636	500	600
	% change	1.6	-5.1	23.2	-13.8	24.3	0.1	-32.4	-21.4	20.0
Consumer price index	2002=100	113.6	117.5	117.3	119.5	123.0	125.5	128.0	131.0	133.5
	% change	1.8	3.4	-0.1	1.8	2.9	2.0	2.0	2.3	1.9

Newfoundland & Labrador

		2007	2008	2009	2010	2011	2012	2013F	2014F	2015F
Real GDP	Chained \$2007 millions	29,715	29,369	26,464	28,033	28,850	27,585	29,764	29,943	30,374
	% change	9.3	-1.2	-9.9	5.9	2.9	-4.4	7.9	0.6	1.4
Employment	thousands	216	219	212	219	225	231	233	232	235
	% change	0.8	1.1	-3.0	3.4	2.7	2.3	1.0	-0.5	1.4
Unemployment rate	%	13.5	13.2	15.5	14.4	12.7	12.5	11.4	12.0	11.9
Retail sales	\$ millions	6,528	7,009	7,121	7,453	7,833	8,182	8,589	8,773	9,098
	% change	8.6	7.4	1.6	4.7	5.1	4.5	5.0	2.2	3.7
Housing starts	units	2,649	3,261	3,057	3,606	3,488	3,885	2,862	2,600	2,700
	% change	18.6	23.1	-6.3	18.0	-3.3	11.4	-26.3	-9.2	3.8
Consumer price index	2002=100	111.1	114.3	114.6	117.4	121.4	123.9	126.0	128.4	130.9
	% change	1.4	2.9	0.3	2.4	3.4	2.1	1.7	1.9	1.9

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