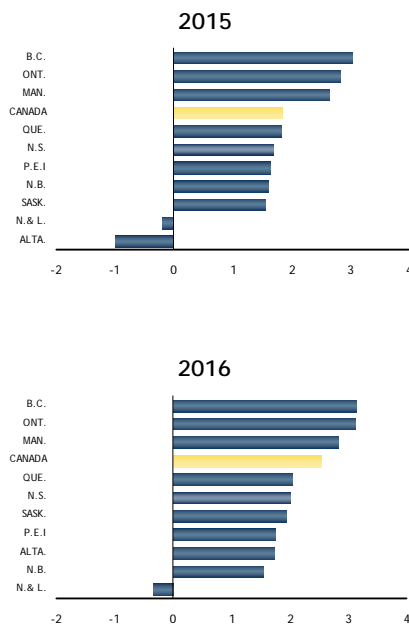


PROVINCIAL OUTLOOK

June 2015

Real GDP growth

% change



Source: Statistics Canada, RBC Economics Research

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Changing of the guard

- The plunge in oil prices since the middle of last year reshaped the environment in which provincial economies will operate at least in the short term. The main upshot is a changing of the guard this year that will see Canada's oil-producing provinces (Alberta, Saskatchewan, and Newfoundland and Labrador) heading down the provincial growth rankings and oil-consuming provinces (for the most part) climbing up.
- We now expect the economies of Alberta (real GDP declining by 1.0%) and Newfoundland and Labrador (down 0.2%) to contract in 2015. In Saskatchewan, we see sufficient strength in other sectors such as non-energy mining and agriculture to more than compensate the oil and gas industry's slump and to keep the economy growing at a moderate pace (1.6%).
- Oil-consuming provinces will benefit from lower energy prices and a weaker Canadian dollar. Housing markets in some of these provinces also will get added heat from the Bank of Canada's 'insurance' cut in interest rates earlier this year. We expect growth in provinces such as British Columbia (3.0%), Ontario (2.8%), Manitoba (2.6%), Quebec (1.8%) and New Brunswick (1.6%) to be the strongest in several years in 2015.
- Early economic indicators for 2015 have disappointed across many provinces; however, this largely reflected a concentrated hit to capital spending in the energy sector, as well as an overall stalling of activity in North America due to unusually cold weather in the east and labour disruptions at western US ports, which will prove to be temporary. We expect most provincial economies to kick into higher gear during the remainder of this year.
- The new economic order taking form in 2015 likely will prevail in 2016. While we project a gradual rise in oil prices to ease some of the pressure felt by oil-producing provinces, the outlook remains brightest for net oil-consuming provinces such as Ontario, British Columbia and Manitoba next year. We have these provinces remaining at the top of the provincial growth rankings in 2016, with Newfoundland and Labrador, and Alberta still well below the national average. Among the 'middle' provinces, we project slight accelerations in the pace in Saskatchewan, Nova Scotia, Quebec and Prince Edward Island, consistent with further improvement in overall macroeconomic conditions in North America.

Lower oil prices significantly altered the picture across provinces

The sharp drop in global oil prices since the summer of 2014 was easily the biggest event affecting the outlook for provincial economies since the Great Recession of 2008-2009. We acknowledged the regional implications in the March 2015 *Provincial Outlook* report when we reset the provincial growth rankings for both 2015 and 2016—pushing down Alberta and Saskatchewan (Canada's main growth engines since 2010) and elevating Ontario, BC and Manitoba to the top. Broadly speaking, we stand by the revised picture offered in March, except that we now expect the weakness in Alberta and Newfoundland and Labrador to be more significant in 2015.

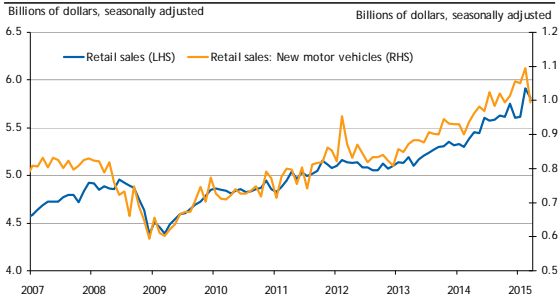
Economies to contract in Alberta and Newfoundland and Labrador

While our underlying assumptions for oil prices (now US\$54 per WTI barrel in 2015 and US\$74 per barrel in 2016) and interest rates (first Bank of Canada rate hike delayed by one quarter to the second quarter of 2016) were changed only modestly, the release of the national accounts for the first quarter in Canada showed greater-than-expected declines in capital spending in the energy sector. This development clearly pointed to a steep drop in activity early this year in Alberta that we believe will result in a real GDP contraction of 1.0% for the year. We also cut growth in Newfoundland and Labrador to -0.2% (from +0.8% previously) to reflect a sharper anticipated drop in capital investment and weaker hand-off from 2014.

BC now holding the bragging rights for 2015

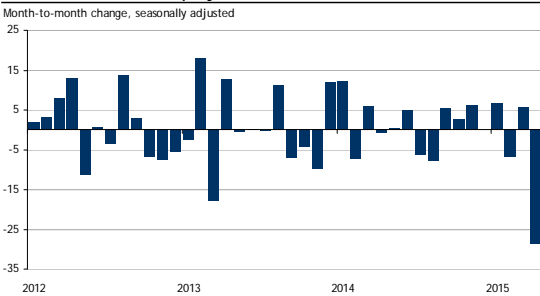
We toned down our expectation for a lift in growth in Ontario this year in light of somewhat disappointing employment numbers in recent months—although there was evidence of vigour in other sectors (for example, housing). Conversely, data on housing and consumer spending in BC surprised us to the upside and led us to boost our real GDP growth forecast a notch for this province. Revisions to both Ontario and BC are such that their growth rankings are switched relative to our March report with BC now holding the bragging rights for the top spot in 2015.

British Columbia : Retail sales



Source: Statistics Canada, RBC Economics Research

British Columbia : Employment



Source: Statistics Canada, RBC Economics Research

British Columbia forecast at a glance

% change unless otherwise indicated

	2012	2013	2014F	2015F	2016F
Real GDP	2.4	1.9	2.9	3.0	3.1
Nominal GDP	2.3	3.2	4.7	4.5	5.3
Employment	1.6	0.1	0.6	1.2	1.4
Unemployment rate (%)	6.8	6.6	6.1	5.7	5.5
Retail sales	1.9	2.4	5.6	5.6	4.6
Housing starts (units)	27,465	27,054	28,356	31,500	29,300
Consumer price index	1.1	-0.1	1.0	0.9	2.3

Laura Cooper
Economist

The leader of the pack

British Columbia’s economy is on an impressive upswing that, we expect, will take it to the top of the provincial growth rankings in 2015. Against a backdrop of hot housing market activity, consumers in the province ramped up their spending with the effects of cheaper gasoline prices appearing to more than offset any dampening of confidence resulting from a surprisingly disappointing labour market performance so far this year. Prospects remain bright for further gains in export-oriented sectors with the US economy poised to bounce back after a weather-led slowdown in the first quarter that may have tempered demand temporarily for goods produced in the province. We forecast real GDP to grow by a solid 3.0% in 2015 and 3.1% in 2016, both marginally exceeding our estimated rate of 2.9% in 2014.

Housing market getting hotter...

A fiery pace of housing market activity showed no signs of abating thus far in 2015, with home resales surging to the highest level since 2009 in the first quarter. With inventory unable to keep pace with buyer demand, average annual price gains popped back up into double-digits. The wealth effect stemming from rising home valuations, along with a boost in purchasing power on account of savings at the gasoline pump likely spurred an upturn in consumer spending. Retail sales surged in the province early in the year, led by a record number of British Columbians driving new vehicles off dealers’ lots during the first quarter. Unseasonably mild weather may have induced consumers to bring forward their purchases and this robust pace of spending is unlikely to be sustained, although it is expected to remain firm through the year.

...despite some cooling on the labour market front

Supportive demographic factors are underpinning firm domestic demand with population growth in the province outpacing the national average for the first time since 2010. A growing number of Ontarians are relocating to the coastal province, helping to more than offset a slowing in the flow of international newcomers. The province remains a welcoming destination despite the labour market behaving erratically recently. Following modest gains at the start of the year, statistics show a record drop of 29,000 in employment in April, with job losses concentrated in the service-producing sector. That said, other factors lead us to believe that this decline will be short-lived. Of note was a surge in hours worked and firm wage gains in recent months, which point to sustained demand for labour in the province that will likely induce a turnaround in hiring in the coming months.

External demand solid despite some challenges

Exposure to growing export markets along with a weaker Canadian dollar buttressed a respectable performance in international merchandise exports so far in 2015. Lumber shipments south of the border drove trading activity with the United States higher despite soft prices and harsh winter weather weighing on US construction activity. Additional demand for this commodity emanated from China and Japan, although a weak showing for nominal natural gas exports on account of anaemic prices tempered overall export gains. On the LNG front, there was positive news from the BC government’s signing of a development deal with a large LNG proponent, although a final investment decision has yet to be made. Our forecasts for 2015 and 2016 assume only preliminary work toward the construction of LNG projects at this stage.



Economy to contract amid whirlwind changes

The oil price rout is hammering capital spending in Alberta’s energy sector more swiftly and to a larger degree than we previously had assumed, prompting us to revise our real GDP forecast lower to a decline of 1.0% in 2015. Yet there are signs recently showing that plummeting confidence in the province have largely abated in recent months, with the drubbing in the housing market stabilizing and stream of layoffs announcements not denting employment in a material way (so far, at least). That being said, the broader effects of the oil price shocks have yet to be felt fully and we expect the resilience of Alberta’s non-energy sectors to come under more intense pressure in the coming months. Despite the negative outturn expected in 2015, we remain of the view that a gradual recovery in energy prices through the forecast horizon will contribute to a turnaround in 2016 with our forecast for real GDP growth of 1.7%.

Energy sector bearing the brunt of the oil price plunge...

Low crude oil prices put a painful squeeze on oil & gas firms causing them to implement significant cost-cutting measures. These measures included an extensive reduction in the number of active oil rigs in the province this drilling season (average capacity utilization fell to a multi-year low of only 35 and sizeable declines in capital spending in the front-end of 2015). Amidst the instability, crude bitumen production continues to surge, with producers churning out the strongest output year-to-date in over a decade, reflecting an increasing number of new oil sands projects and expansions coming online. That being said, recent oil sands closures in response to forest fires could exacerbate the overall challenging conditions facing the energy sector. The prospect of policy changes at the provincial level was added to the mix following the landslide provincial election victory by the New Democratic Party in early May. Proposed changes to corporate income taxes and review of the province’s non-renewable resource royalty regime are likely prompting firms to await clarity on the new government’s policy directions.

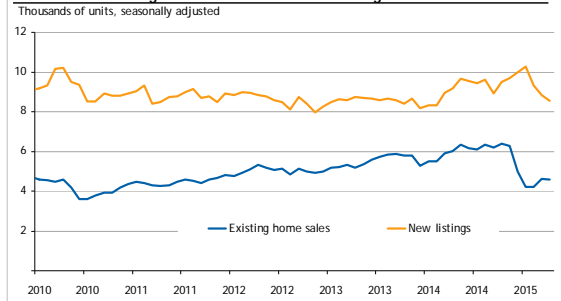
...although labour market pressures could intensify

Overall employment statistics still show a positive growth trend in the province; however, there are indications that downward pressure is emerging in goods-producing sectors (where 14,000 jobs were lost so far this year in construction, manufacturing, mining and oil & gas). Public sector hiring largely absorbed the slack, thereby keeping overall employment above year-ago levels. A steady rise in the labour force outpaced these hiring gains, however, resulting in the unemployment rate jumping to a near four-year high of 5.5% in March and April. A surge to a six-year high in the number of Albertans filing initial claims for employment insurance this spring raises concern of an even sharper upturn in unemployment in the coming months.

Housing market stabilizing...for now, albeit at much lower levels

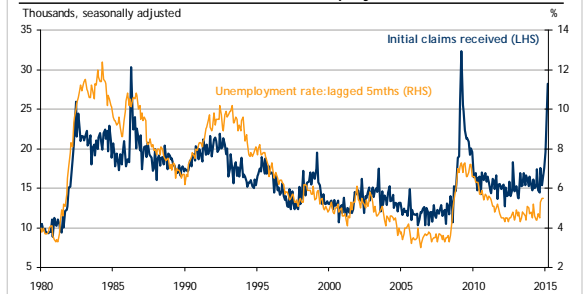
Home sales picked up this spring from the depths they reached during the winter months. Perhaps more importantly, new listings reversed much of the uncertainty-driven surge recorded late last year, thereby suggesting that confidence in the housing market is returning. Nonetheless, the market remains vulnerable to deterioration in the province’s employment situation. Given historically low levels of activity year to date, we project home resales to fall significantly on an annual basis in 2015. Weakness will also affect new home building, where we forecast housing starts to drop from 41,600 units in 2014 to 31,200 units in 2015.

Alberta : Existing home sales and new listings



Source: Canadian Real Estate Association, RBC Economics Research

Alberta : Initial claims received for employment insurance



Source: Statistics Canada, RBC Economics Research

Alberta forecast at a glance

% change unless otherwise indicated

	2012	2013	2014F	2015F	2016F
Real GDP	4.5	3.8	4.4	-1.0	1.7
Nominal GDP	5.6	7.1	8.1	-8.2	8.0
Employment	3.5	2.5	2.2	0.4	0.9
Unemployment rate (%)	4.6	4.6	4.7	6.0	5.3
Retail sales	7.0	6.9	7.5	-0.3	3.4
Housing starts (units)	33,396	36,011	40,590	31,200	30,000
Consumer price index	1.1	1.4	2.6	0.7	2.4

Laura Cooper
Economist

Staying on a moderate growth track despite challenges

Statistics Canada’s recently released preliminary real GDP estimate for 2014 confirmed that the pace of Saskatchewan’s economy slowed considerably last year (from a rate of 5.0% in 2013 to just 1.4% in 2014), although not quite as much as we expected (our March forecast was 1.1%). The moderation last year primarily reflected agricultural production unsurprisingly dropping 16% following 2013’s bumper crop. What provided greater offset than we anticipated was mining activity, which rose by 7.2% compared to the 2.6% that we had assumed. Growth in both energy and non-energy mining came in stronger-than-expected. Looking ahead, we expect weakness in oil and gas extraction and reduced investment in the energy sector to keep overall growth modest in the province both this year and next, with real GDP rising 1.6% and 1.9%, respectively. This represents a downward revision from gains we projected last quarter of 2.1% for 2015 and 2.3% for 2016, as recent data indicates possibly a greater drag in manufacturing and retail sales activity coming from the weakness in the energy sector than we previously assumed.

Strength evident in non-energy mining...

The central issue confronting the outlook for Saskatchewan continues to be the extent to which growth in non-energy mining will overcome the weakness in energy production and investment. We believe that the province’s energy sector will remain challenged in the short term even assuming some partial recovery in oil prices (as we do). Perhaps the bigger question for the provincial economy is the outlook for its potash industry. The upward surprise in non-energy mining activity in 2014 in large part reflected a solid rise of 6% in potash production. This increase occurred despite a weak start to the year, as provincial output rebounded strongly during the second half of 2014 amid a curtailment of overseas production, in part related to flooding at a major production facility. Preliminary numbers indicate that this strength has persisted into the early part of 2015 and we expect this to continue through the forecast based on our outlook for further improvement in global economic growth. Thus we see gains in non-energy mining fully offsetting weakness in energy both this year and next.

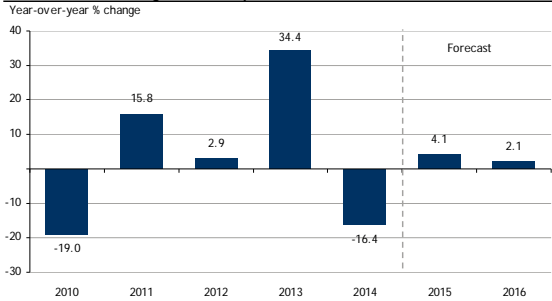
...that will temper impact of oil-price shock

Positive contribution from the non-energy mining sector is also expected to be evident in investment and construction activity. There have been anecdotal reports of Saskatchewan potash producers raising the profile of capital spending over the next couple of years, and we expect this higher investment will temper weakness coming from the energy sector. We project overall construction activity to continue to decline this year by a relatively modest 2% following the 2½% decline last year, but then rebound by 2% in 2016. A Statistics Canada survey on capital expenditure intentions to be released mid-year will be perused very closely for confirmation of non-energy investment tempering the hit from declining energy investment.

Good seeding conditions augur well for the agricultural sector

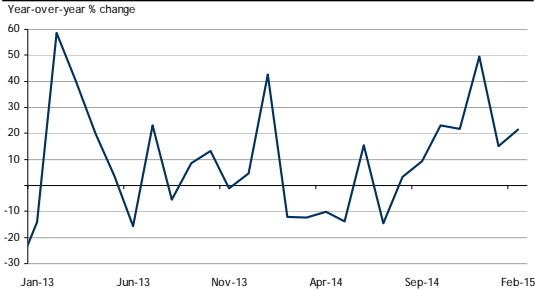
Another contributor to growth in the province is likely to be agricultural production returning to positive growth. Early indications for the 2015 crop are that seeding conditions are more favourable this year compared to late seedings the previous two years when conditions were excessively wet. Ultimately, however, final crop production levels will likely be more a function of weather through the summer growing period.

Saskatchewan : Agricultural production



Source: Statistics Canada, RBC Economics Research

Saskatchewan : Potash production



Source: Saskatchewan Industry and Resources, RBC Economics Research

Saskatchewan forecast at a glance

% change unless otherwise indicated

	2012	2013	2014F	2015F	2016F
Real GDP	3.1	5.0	1.4	1.6	1.9
Nominal GDP	5.7	5.5	0.1	-1.5	7.1
Employment	2.4	3.1	1.0	0.6	1.3
Unemployment rate (%)	4.7	4.1	3.8	4.7	4.5
Retail sales	7.4	5.1	4.6	-0.5	3.8
Housing starts (units)	9,968	8,290	8,257	5,300	6,500
Consumer price index	1.6	1.4	2.4	1.7	3.0

Paul Ferley
Assistant Chief Economist



Manitoba

Exiting from the 2014 soft patch

Growth in Manitoba slowed to 1.3% in 2014 from the 2.2% gain recorded in 2013 based on preliminary estimates recently released by Statistics Canada. The estimated growth last year in the province is lower than the 1.8% that we projected last quarter. Though growth in manufacturing strengthened in 2014 to 2.6% from a negligible gain of only 0.3% in 2013, an even greater improvement had been expected. As well, the province saw a greater-than-expected 8% drop in mining activity, with the weakness likely concentrated in oil and gas extraction and which set in even prior to the sharp plummet in crude oil prices.

Manufacturing to benefit from oil price shock...

Though the weakening in oil price is likely to continue to weigh on oil and gas extraction in the province, we expect the Manitoban economy to benefit, on net, from the oil price shock. A larger, positive effect will be felt by Manitoba's manufacturing sector, which is more than four times the size of the oil and gas extraction industry. Export demand for manufactured goods produced in the province will get a boost from stronger U.S. economic activity resulting from lower oil prices along with the attendant weakening in the Canadian dollar. This brighter outlook for manufacturing is a key factor supporting our forecast for an acceleration in overall growth in the province to 2.6% in 2015 and 2.8% in 2016, which is above the national growth rate for both years.

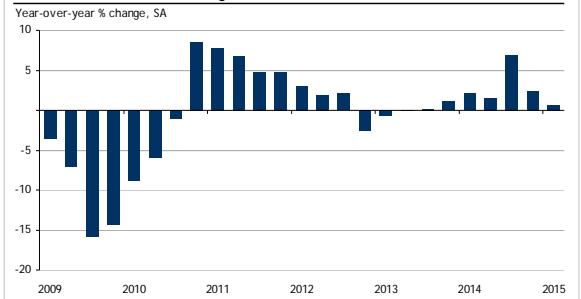
...though the sector started 2015 on a weak note

The projected Manitoban growth rate this year represents a slight downward revision from the 2.8% projected last quarter. Though we still expect growth in the manufacturing sector to continue to strengthen in 2015, we have revised its growth rate down to 4% from the 5½% assumed last quarter. This in part reflects indications of less momentum in the sector last year than we previously believed, and soft manufacturing sales during the first quarter of this year. On the latter point, however, we view the early-year manufacturing softness as the result of transitory factors such as the extreme winter weather and the U.S. west coast port strike that stalled growth in both the U.S. and Canada in the first quarter. Thus we expect the weakness in manufacturing activity to be reversed during the remainder of 2015. It is important to note that the early data for 2015 show positive developments in specific manufacturing industries including transportation equipment and furniture—it is just that they were offset by weakness in other industries such as food products and machinery.

Job market on the mend

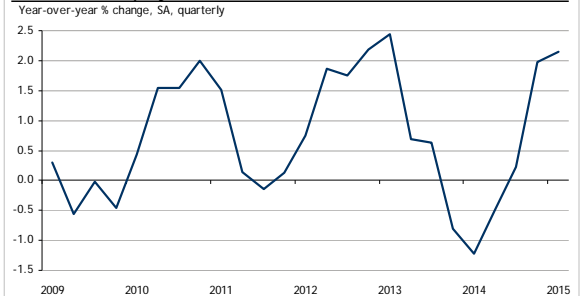
Our confidence that growth in Manitoba will bounce back this year is supported by indications of strengthening in labour market. Employment gains at a solid annualized rate of 2% started to emerge in the final quarter of 2014 and have persisted into the first quarter of 2015. This bodes well for employment growth this year and next to strengthen to 1.6% and 1.0%, respectively, following a negligible 0.1% gain last year. A similar expected rebound in labour force growth will limit the improvement in the unemployment rate this year to only 5.3% in 2015 and 5.1% in 2016 compared to 5.4% in 2014. That being said, the unemployment rate in Manitoba will remain the second lowest among the provinces after Saskatchewan.

Manitoba : Manufacturing sales



Source: Statistics Canada, RBC Economics Research

Manitoba : Employment



Source: Statistics Canada, RBC Economics Research

Manitoba forecast at a glance

% change unless otherwise indicated

	2012	2013	2014F	2015F	2016F
Real GDP	3.3	2.2	1.3	2.6	2.8
Nominal GDP	6.0	3.7	2.9	4.0	5.2
Employment	1.6	0.7	0.1	1.6	1.0
Unemployment rate (%)	5.3	5.4	5.4	5.3	5.1
Retail sales	1.3	3.9	4.3	3.4	4.6
Housing starts (units)	7,242	7,465	6,220	5,400	6,300
Consumer price index	1.6	2.3	1.8	1.1	2.6

Paul Ferley
Assistant Chief Economist

Let the games begin

The economic expansion in Ontario appears to be on track to accelerate further in 2015 after it gained noticeable momentum in 2014. Solid merchandise export activity remains a primary engine propelling the expansion this year and a boost to tourism from the Greater Toronto Area hosting the Pan Am and Parapan Am Games this summer will add a strong services component. An impressively dynamic household sector in the early months of 2015 also points to consumer spending and housing contributing much to the expansion this year. That being said, job creation to date has been somewhat weaker than we anticipated, which prompted us to revise our real GDP growth forecast slightly to a still-brisk 2.8% in 2015 from 3.3% in the March issue of *Provincial Outlook*. This revised rate remains stronger than the 2.4% that we now estimate for 2014. Moreover, we believe that part of the growth we no longer see taking place in 2015 will be delayed into 2016 instead, and as such we have revised our forecast for next year upward to 3.1% from 2.7% previously.

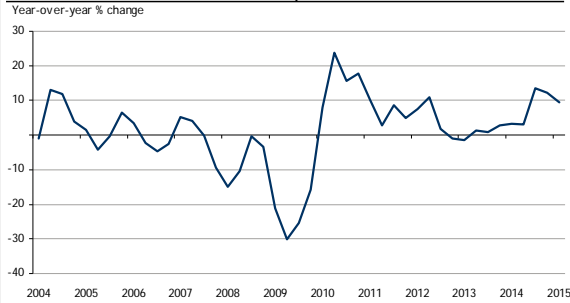
Exports face bright prospects

While retooling downtime hampered production at two of the province’s auto assembly plants and unusually poor weather south of the border once again posed challenges for exports into the United States in the first quarter of 2015, Ontario’s exporters continued to operate at high levels. In the first three months of this year, nominal merchandise exports were 9.4% above year-ago levels, with strong rises registered by major export categories, including industrial machinery, electrical and electronic products, motor vehicle and parts, and consumer goods. Prospects for Ontario’s export sector continue to be bright thanks to strengthening US demand (we expect first quarter stalling in the US economy to be reversed in coming quarters) and improved competitiveness arising from a lower value of the Canadian dollar. Furthermore, the pending completion of retooling work in the auto sector will provide a boost to motor vehicle production and exports later this year. On the services side, the Pan Am and Parapan Am Games—the worlds’ third largest multi-sport games—to be held in the GTA in July and August will give a significant boost to tourism in the province.

Modest job creation not holding back Ontario households much

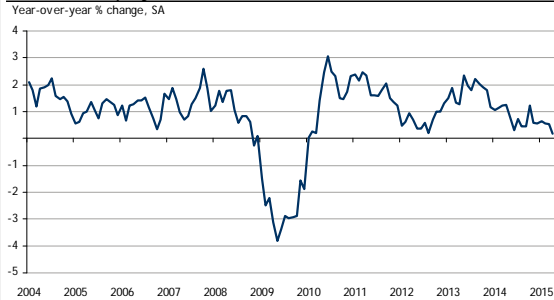
Indicators suggest that Ontario households have felt good enough about their outlook to make major purchases so far this year. This was certainly the case for buying existing homes, where units sold tracked more than 12% above year-ago levels during the first four months of 2015. In all likelihood home resale activity might have been even stronger had more homes been available for sale in major markets such as Toronto. In turn, supercharged housing activity has fuelled Ontario’s retail trade segments like furniture, appliances and building materials. Such vigour demonstrated by households is somewhat surprising considering the rather lacklustre performance of Ontario’s labour market to date. Employment growth has been anaemic at 0.5% so far this year, with the increase coming in the form of part-time jobs. Also surprising was the strength of housing demand in the face of sharply weakening net migration flows and slowing population growth. While we expect migration flows to begin recovering in the period ahead—partly at the expense of Alberta—demographic factors likely will place upper limits on future housing activity growth in the province.

Ontario : Nominal merchandise exports



Source: Statistics Canada, RBC Economics Research

Ontario : Employment



Source: Statistics Canada, RBC Economics Research

Ontario forecast at a glance

% change unless otherwise indicated

	2012	2013	2014F	2015F	2016F
Real GDP	1.7	1.3	2.4	2.8	3.1
Nominal GDP	3.2	2.4	4.3	4.7	5.0
Employment	0.7	1.8	0.8	1.2	1.3
Unemployment rate (%)	7.9	7.6	7.3	6.7	6.3
Retail sales	1.6	2.3	5.0	4.6	4.4
Housing starts (units)	76,742	61,085	59,134	63,700	64,000
Consumer price index	1.4	1.1	2.3	1.3	2.5

Robert Hogue
Senior Economist



Quebec

More balanced growth to take hold

The domestic and external sides of Quebec’s economy contrasted so far in 2015. Domestically oriented activity has been rather soft whereas provincial exporters continue to enjoy success on the heels of impressive gains in 2014. We expect economic performance to be more balanced during the remainder of this year, however. Recent gains in the job market, in particular, herald a rebuilding of confidence that should invigorate both the household and business sectors. This will be further reinforced by the positive effects of lower oil prices and a lower Canadian dollar. We believe that broader sectoral strength will contribute to real GDP growth, accelerating from a rate of 1.4% in 2014 to 1.8% in 2015. We see room for further, albeit marginal, acceleration in the pace in 2016 to 2.0%.

Quebec exporters enjoying a good run

Easily the more encouraging news in Quebec so far this year has been the performance of its external trade sector. Statistics to date show that international merchandise exports continue to grow rapidly following impressive gains recorded in 2014. *Institut de la statistique du Québec (ISQ)* reveals that real merchandise exports were up by more than 10% in the first quarter of 2015 compared to the same period a year earlier. Virtually all major export categories saw substantial increases. Such widespread success speaks volumes about Quebec exporters’ ability to capitalize on opportunities arising from a strengthening US economy and lower Canadian dollar. We expect foreign trade to remain a key driver of growth in 2015, with positive implications for Quebec’s manufacturers.

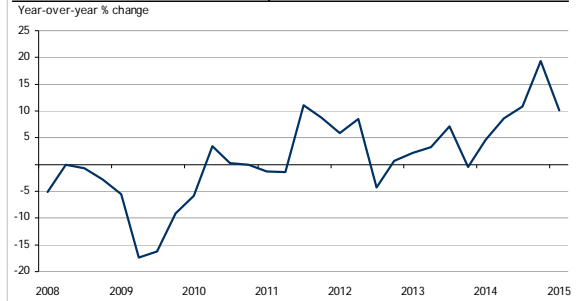
Domestic soft patch likely will be temporary

The more disappointing news, however, has been the performance of the domestic side of the economy. Household spending, for the most part, hit a soft patch; however, it has been construction activity—perhaps with the exception of home renovation—that demonstrated signs of greater weakness. Housing starts tracked 29% lower than a year ago during the first four months of the year, while homes under construction fell nearly 10% year over year in the first quarter. No doubt, historically high inventories of (predominantly condo) units recently completed in markets such as Montreal and Gatineau are currently weighing on builders’ plans to initiate new projects. Nonetheless, there are early signs that residential construction activity may pick up later this year. Home resales rose solidly during March and April, which typically is a leading indicator for housing starts. Importantly, job creation has resumed in the province after stalling entirely in 2014. There were 50,000 net new jobs added during the first four months of this year and we believe that more are likely on the way. Improving employment prospects will go a long way toward rekindling the household spending and stabilizing residential construction in the province.

Light at the end of the provincial deficit tunnel

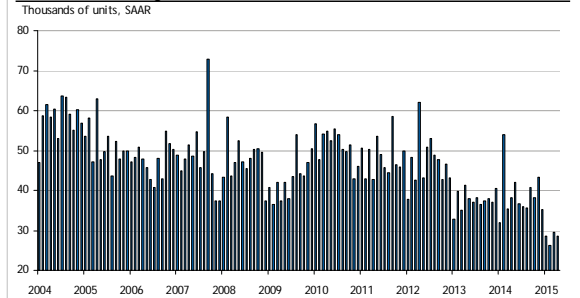
Perhaps also weighing on confidence earlier this year was uncertainty ahead of Quebec’s provincial budget (released March 26). In the event, the provincial government stuck to its commitment to balance its books in the current fiscal year through a strong emphasis on expenditure control. We believe that while fiscal policy will remain restrictive in the near term, seeing the light at the end of the tunnel after six consecutive years of deficits gradually will lift some of the policy uncertainty.

Quebec : Real merchandise exports



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

Quebec : Housing starts



Source: Canada Mortgage and Housing Corporation, RBC Economics Research

Quebec forecast at a glance

% change unless otherwise indicated

	2012	2013	2014F	2015F	2016F
Real GDP	1.5	1.0	1.4	1.8	2.0
Nominal GDP	3.4	1.5	3.0	3.7	3.7
Employment	0.8	1.4	0.0	1.1	0.8
Unemployment rate (%)	7.7	7.6	7.7	7.4	7.2
Retail sales	1.2	2.5	1.7	3.3	4.0
Housing starts (units)	47,367	37,758	38,810	34,800	35,500
Consumer price index	2.1	0.8	1.4	1.3	2.6

Robert Hogue
Senior Economist

Economic growth on the way after slow start to 2015

Statistics Canada’s preliminary real GDP estimates show New Brunswick’s protracted economic weakness continued through 2014 as falling activity in mining and manufacturing weighed on performance. Disappointingly, economic indicators have remained sluggish so far in 2015: housing starts ebbed in the first quarter and employment and exports have yet to pick up. Despite these signs of a slow start to the year, we expect conditions to improve during the remainder of 2015, thereby enabling the provincial economy to grow at its fastest rate in five years. Investments in the mining, manufacturing and forestry sectors are expected to translate into rising output and exports. After growing marginally by an estimated 0.2% in 2014, we project real GDP to expand by 1.6% in 2015 before slowing to 1.5% in 2016.

Government budget reveals the province is at a fiscal crossroads

The 2015 New Brunswick budget released this spring revealed a bleak fiscal outlook. The budget projects the provincial deficit to widen from \$255 million in 2014-15 to \$477 million in 2015-16 and offers no timeline for a return to surplus—which will be determined once the recently elected government completes its strategic review of programs. To begin tackling the shortfall, the budget aims to ‘strike a balance’ between increased revenues—principally through tax hikes on fuel and high income earners—and controlled costs. Among the cost controlling measures is the elimination of teaching positions (through attrition) which will weigh on public sector employment. By way of offset, the province increased the capital budget and created a Strategic Infrastructure Initiative aiming to create 1,200 jobs and ‘kick start’ the economy by boosting spending on infrastructure projects.

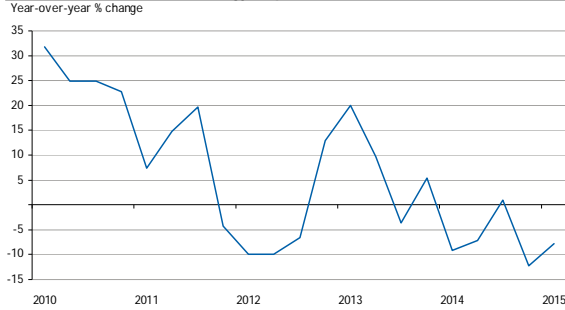
Mining and forestry turn a corner

After three years of declining output, New Brunswick’s mining sector is poised for a comeback and we expect production of both metallic and non-metallic minerals to rise through 2016. Potash production is set to increase substantially starting this year as production ramps up at the \$2.2-billion Picadilly project near Sussex. The Caribou zinc mine commenced mining operations in March and remains on track for full re-commissioning in the second quarter of 2015. The outlook for mining remains promising over a longer horizon as the proposed Sisson tungsten and molybdenum project advances toward its 2-year construction phase. There are also reasons to be optimistic about the forestry sector. An increase in the allowable cut and investment in mills around the province should support growing production amid strengthening demand for wood products from the United States. We expect the rejuvenated mining and forestry sectors will help bolster non-energy exports, which have slumped so far in 2015.

Employment declines continue but a rebound is in sight

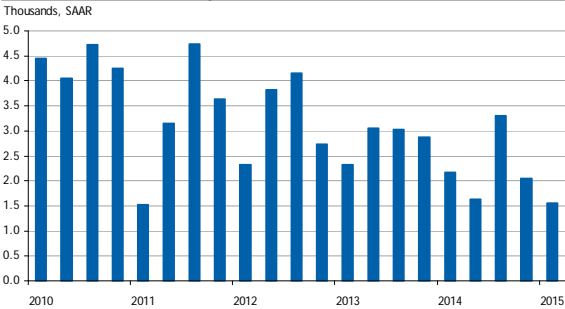
While private-sector employment has ebbed so far in 2015, there are indications that a turnaround is at hand. Manufacturing employment is trending upward and will continue to benefit from recent investments in new capacity and improved competitiveness stemming from a weaker Canadian dollar. While the construction industry continues to face declining housing starts in the province, employment losses in that industry will be contained by ongoing non-residential investment activity. Moreover, employment in private services will benefit from rising consumer discretionary incomes lifted in part by lower gasoline prices and a gradual rise in the minimum wage through 2017.

New Brunswick : Non-energy exports



Source: Statistics Canada, RBC Economics Research

New Brunswick : Housing starts



Source: Statistics Canada, RBC Economics Research

New Brunswick forecast at a glance

% change unless otherwise indicated	2012	2013	2014F	2015F	2016F
Real GDP	-0.4	-0.5	0.2	1.6	1.5
Nominal GDP	1.1	0.5	1.5	3.0	3.5
Employment	-0.7	0.4	-0.2	0.2	0.3
Unemployment rate (%)	10.2	10.3	10.0	9.9	9.7
Retail sales	-0.7	0.7	3.8	1.5	3.2
Housing starts (units)	3,299	2,843	2,276	2,100	2,000
Consumer price index	1.7	0.8	1.5	0.6	2.7

Gerard Walsh
Economist



Moderate growth to continue despite tempered fiscal and energy outlook

According to preliminary estimates of GDP growth from Statistics Canada, Nova Scotia's economy picked up in 2014 thanks to a substantial rise in natural gas production (resulting from the Deep Panuke project's first full year of operation). The economy faces crosscurrents in 2015 and 2016, but growth is expected to continue near last year's improved rate. Manufacturing activity will get a boost from the start of shipbuilding work on the multi-year frigate contract with the federal government and a positive outlook for consumer spending will support the provincial service sector. These favourable developments will help offset drag from restrained government spending and a dimmer outlook for natural gas production. Following an estimated 1.8% growth rate in 2014, we project Nova Scotia's real GDP to grow by 1.7% in 2015 and by a slightly faster rate of 2.0% in 2016, when shipbuilding activity hits its stride.

The province to rein in its deficit primarily by limiting spending

The 2015 Nova Scotia budget released in April projects another year of deficit in 2015-16 before achieving a surplus in 2016-17. To balance its books by next year, the province is counting on modest tax measures and, above all, strict control over its spending, which will involve freezing non-union wages and reducing government-sector payrolls. These latter measures have negative implications for public-sector employment, which had trended upwards since the fall of last year. The government also plans to trim its capital budget to the lowest level since the recession: \$490 million in 2015-16 mostly on roads and structures, which is down from \$535 million in 2014-15.

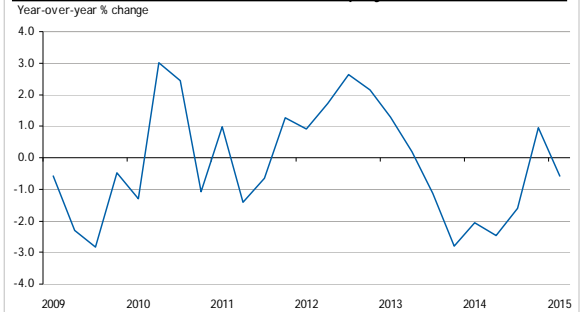
Natural gas production recovers from shutdowns but outlook is gloomy

Natural gas output rebounded during the winter months following maintenance-related shutdowns in the fall. However, water infiltration issues at Deep Panuke have dimmed the outlook for natural gas production. The project's total reserves have been marked down by 50% and going forward it may operate on a seasonal basis only. The province's other major natural gas development at Sable Island will likely see depletion-related production declines. After contributing significantly to growth in 2014, the energy sector is expected to be a drag on growth in 2015 and 2016. However, \$2 billion is being spent by energy firms on offshore exploration activity, which may set the stage for new developments in coming years.

Manufacturing and services will drive job creation

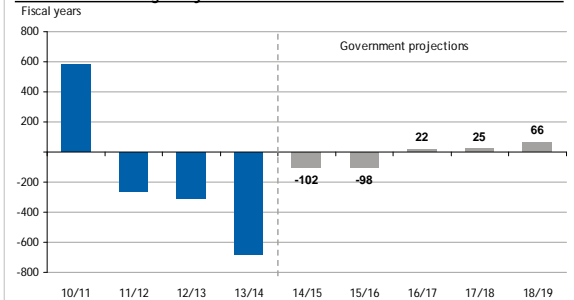
Despite a shaky outlook for public sector employment, we continue to expect overall employment to rise modestly in the province in 2015 as a quicker pace of economic growth supports private-sector job creation. Lower gasoline prices coupled with an increase in the minimum wage will support consumer spending, which should flow through to job creation in the service sector. Employment in manufacturing is expected to rebound as investments in new capacity and a weaker dollar set the stage for rising output and exports. Moreover, the start of construction on the first of the Arctic Offshore Patrol Ships in Halifax in September 2015 will launch a multi-year boom for the industry. After a soft 2014, the construction sector is poised to rebound as housing starts pick up slightly and work progresses on a number of projects centred around Halifax harbour including the Nova Centre, the re-decking of the Macdonald Bridge, and the King's Wharf development on the Dartmouth waterfront.

Nova Scotia : Private-sector and self employment



Source: Statistics Canada, RBC Economics Research

Nova Scotia budgetary balance



Source: Statistics Canada, RBC Economics Research

Nova Scotia forecast at a glance

% change unless otherwise indicated

	2012	2013	2014F	2015F	2016F
Real GDP	-0.3	0.3	1.8	1.7	2.0
Nominal GDP	-0.4	2.4	3.8	2.8	3.9
Employment	1.0	-1.1	-1.1	0.3	0.6
Unemployment rate (%)	9.1	9.1	8.9	8.6	8.3
Retail sales	1.0	2.9	2.3	-0.7	3.1
Housing starts (units)	4,522	3,919	3,056	3,200	3,300
Consumer price index	1.9	1.2	1.7	0.6	2.8

Gerard Walsh
Economist

Exports to continue to lead the way

Preliminary real GDP estimates for 2014 from Statistics Canada showed that growth in Prince Edward Island slowed last year amid softer construction activity and smaller contribution from public administration. This year we expect the island’s fast-growing export sector, including tourism, will continue to expand as the lower Canadian dollar enhances competitiveness. Rising wages, lower gasoline prices, and rebounding employment will support consumer spending. After expanding by 1.4% in 2014, our forecast calls for real GDP growth to accelerate slightly to 1.6% in 2015 and 1.7% in 2016.

Construction outlook is mixed

Construction contributed both to slowing growth and declining employment on the island in 2014 as intended public investment activity and new home building declined. This year the outlook for construction activity is mixed. There is scope for a modest pick-up in residential activity (already underway in the first few months of this year); however, non-residential construction is likely to be dampened by a drop in capital investment in the public sector. The provincial government’s capital plan presented last year (still the current one since the 2015 provincial budget has been delayed due to the May 4 provincial election) called for a decrease in capital spending in 2015-16 (as well as in each of the following years to 2019-20). The early indications for institutional and governmental construction spending show a substantial drop in the first quarter of 2015. Declines also were registered in the industrial and commercial segments, such that real non-residential construction activity was down 36% year over year in the first quarter of 2015, setting a poor tone for the rest of the year. While we believe that housing construction has some upside potential in the period ahead, demographic headwinds on the island will limit the size of the rebound.

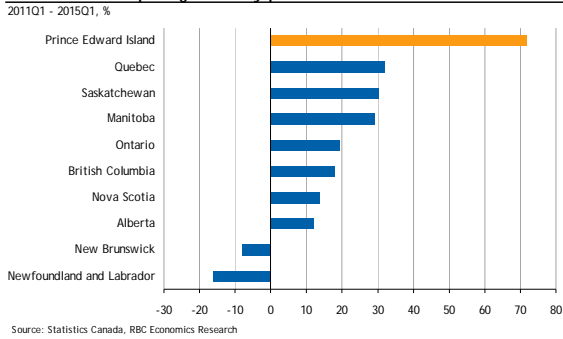
Exports to remain a key engine of growth...

A clear success story in Prince Edward Island in recent years has been the performance of its export sector. Since 2011 Prince Edward Island’s merchandise exports have grown at a faster rate than in any other province, reaching the \$1 billion mark for the first time in 2014. Merchandise exports have continued to surge so far in 2015, rising 10% year over year in the first quarter on strong sales of industrial machinery, electrical and electronic products and consumer goods. We expect such success to continue during the remainder of this year. Another key export for the province—tourism—is likely to benefit from the lower value of the Canadian dollar, although this sector will lack the draw that the 150th anniversary of the Charlottetown conference provided in 2014. Overall, we expect external trade to remain a key engine of growth for the provincial economy in both 2015 and 2016.

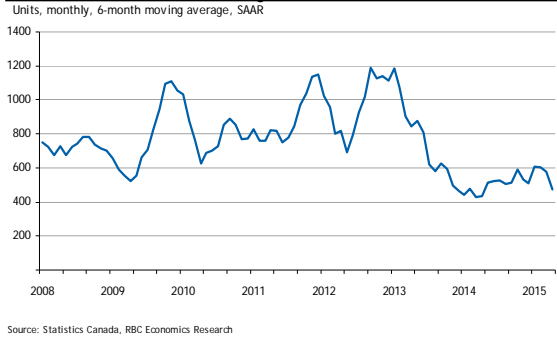
...and job creator in the province

We believe that external sector strength will gradually help revitalize Prince Edward Island’s job market, which stalled last year when employment edged slightly lower by 0.1%. The recovery is likely to be minimal this year, with jobs forecasted to rise by just 0.1%; however, we expect momentum to build later this year and reach cruising speed by 2016. Moreover, we expect job creation to be sufficiently strong to further reduce the province’s unemployment rate from 10.6% in 2014 to 10.2% in 2015 and 9.8% in 2016, which would be the first time the rate would fall into single-digits on an annual basis in 38 years.

Merchandise export growth by province



Prince Edward Island : Housing starts



Prince Edward Island forecast at a glance

% change unless otherwise indicated					
	2012	2013	2014F	2015F	2016F
Real GDP	1.0	2.0	1.4	1.6	1.7
Nominal GDP	1.9	5.0	3.2	3.1	3.3
Employment	1.7	1.4	-0.1	0.1	0.9
Unemployment rate (%)	11.1	11.5	10.6	10.2	9.8
Retail sales	3.2	0.8	3.3	1.8	3.7
Housing starts (units)	941	636	511	540	600
Consumer price index	2.0	2.0	1.6	-0.1	2.8

Gerard Walsh
Economist



Newfoundland & Labrador

Economic activity declines as the resource sector remains weak

The economy of Newfoundland and Labrador contracted in 2014 as low commodity prices buffeted the mining and energy sectors and construction activity slowed. The outlook for 2015 and 2016 is challenging as the province's public sector and mining industry remain squeezed, and construction activity eases further amid lower capital investment activity. After declining by an estimated 2.6% in 2014, we expect real GDP slip further by 0.2% in 2015 and 0.4% in 2016.

Non-residential investment set to decline after several years of booming activity

After a prolonged boom since 2008, non-residential construction activity is bound to soften going forward as major projects begin winding down across the province. Investment and employment related to the construction of the Hebron offshore oil platform crested in 2014 and are expected to trend downward as the project nears completion and heads for first oil in 2017. Some offset will come from the \$7-billion Muskrat Falls hydroelectric project as it reaches peak construction-phase employment this year. Further drag will come from the residential side, however, as a soft labour market and declining population weigh on housing starts, which are expected to fall modestly this year. After growing strongly in recent years, average weekly wages in the construction industry are 35% higher than the average for all jobs, up from a 14% premium in 2011. A dimmer outlook for construction employment has negative implications for overall consumer incomes and will contribute to slumping retail sales this year.

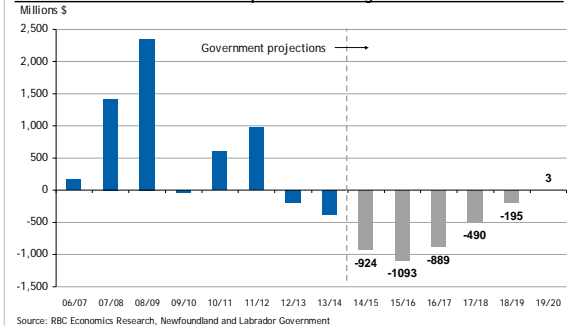
Low prices weigh on the overall mining sector

In 2014 over 90% of Newfoundland and Labrador's merchandise exports were related to energy and non-energy mining and low commodity prices contributed to nominal exports plunging 39% year over year in the first quarter of 2015. As the province's mining industry grapples with low prices it has reduced both pay-rolls and shipments so far this year. Further production and employment losses are expected as a copper-zinc mine in central Newfoundland will be closed in July. Overall oil production will likely be stable over the next two years as lower production at older projects is offset by the scheduled start up of the South White Rose extension in mid-2015. A major pick-up in the energy sector is expected beyond our current forecast, in 2017, with first oil at the Hebron project. Meanwhile, offshore exploration and drilling activity continues in the Flemish Pass Basin and late last year the province received \$559 million—its highest ever bid—for an offshore land parcel.

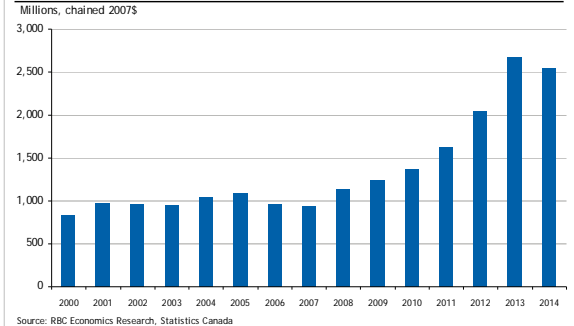
The oil price plunge means lean years ahead for the provincial government

Newfoundland and Labrador's recent budget projects a record \$1.1-billion deficit for 2015-16 and no return to balance until 2019-20. The grim fiscal projection reflects tumbling offshore oil royalties, which supplied 30% of revenues in 2013-14. The province expects oil prices and royalties to recover somewhat over the medium term, but is also looking to mitigate the oil price impact primarily through revenue-enhancing measures. The provincial HST is rising by 2 percentage points to 15% and taxes are going up for higher income earners and corporations. The province is wary of reducing expenditures into a weakened economy but has committed to 'right-sizing' public sector employment with potential negative implications for already weak job creation.

Newfoundland and Labrador provincial budget balance



Newfoundland and Labrador construction real GDP



Newfoundland forecast at a glance

% change unless otherwise indicated

	2012	2013	2014F	2015F	2016F
Real GDP	-4.5	7.2	-2.6	-0.2	-0.4
Nominal GDP	-3.4	10.7	-2.8	-5.6	6.6
Employment	3.8	0.8	-1.7	-0.6	-1.6
Unemployment rate (%)	12.3	11.6	11.9	12.4	13.0
Retail sales	4.5	5.0	3.4	-0.6	0.5
Housing starts (units)	3,885	2,862	2,119	1,900	1,800
Consumer price index	2.1	1.7	1.9	0.5	2.7

Gerard Walsh
Economist

Forecast detail

Average annual % change unless otherwise indicated

	Real GDP				Nominal GDP				Employment				Unemployment rate %				Housing starts Thousands				Retail sales				CPI			
	13	14F	15F	16F	13	14F	15F	16F	13	14	15F	16F	13	14	15F	16F	13	14	15F	16F	13	14	15F	16F	13	14	15F	16F
N. & L.	7.2	-2.6	-0.2	-0.4	10.7	-2.8	-5.6	6.6	0.8	-1.7	-0.6	-1.6	11.6	11.9	12.4	13.0	2.9	2.1	1.9	1.8	5.0	3.4	-0.6	0.5	1.7	1.9	0.5	2.7
P.E.I.	2.0	1.4	1.6	1.7	5.0	3.2	3.1	3.3	1.4	-0.1	0.1	0.9	11.5	10.6	10.2	9.8	0.6	0.5	0.5	0.6	0.8	3.3	1.8	3.7	2.0	1.6	-0.1	2.8
N.S.	0.3	1.8	1.7	2.0	2.4	3.8	2.8	3.9	-1.1	-1.1	0.3	0.6	9.1	8.9	8.6	8.3	3.9	3.1	3.2	3.3	2.9	2.3	-0.7	3.1	1.2	1.7	0.6	2.8
N.B.	-0.5	0.2	1.6	1.5	0.5	1.5	3.0	3.5	0.4	-0.2	0.2	0.3	10.3	10.0	9.9	9.7	2.8	2.3	2.1	2.0	0.7	3.8	1.5	3.2	0.8	1.5	0.6	2.7
QUE.	1.0	1.4	1.8	2.0	1.5	3.0	3.7	3.7	1.4	0.0	1.1	0.8	7.6	7.7	7.4	7.2	37.8	38.8	34.8	35.5	2.5	1.7	3.3	4.0	0.8	1.4	1.3	2.6
ONT.	1.3	2.4	2.8	3.1	2.4	4.3	4.7	5.0	1.8	0.8	1.2	1.3	7.6	7.3	6.7	6.3	61.1	59.1	63.7	64.0	2.3	5.0	4.6	4.4	1.1	2.3	1.3	2.5
MAN.	2.2	1.3	2.6	2.8	3.7	2.9	4.0	5.2	0.7	0.1	1.6	1.0	5.4	5.4	5.3	5.1	7.5	6.2	5.4	6.3	3.9	4.3	3.4	4.6	2.3	1.8	1.1	2.6
SASK.	5.0	1.4	1.6	1.9	5.5	0.1	-1.5	7.1	3.1	1.0	0.6	1.3	4.1	3.8	4.7	4.5	8.3	8.3	5.3	6.5	5.1	4.6	-0.5	3.8	1.4	2.4	1.7	3.0
ALTA.	3.8	4.4	-1.0	1.7	7.1	8.1	-8.2	8.0	2.5	2.2	0.4	0.9	4.6	4.7	6.0	5.3	36.0	40.6	31.2	30.0	6.9	7.5	-0.3	3.4	1.4	2.6	0.7	2.4
B.C.	1.9	2.9	3.0	3.1	3.2	4.7	4.5	5.3	0.1	0.6	1.2	1.4	6.6	6.1	5.7	5.5	27.1	28.4	31.5	29.3	2.4	5.6	5.6	4.6	-0.1	1.0	0.9	2.3
CANADA	2.0	2.4	1.8	2.6	3.4	4.3	1.9	5.4	1.5	0.6	1.0	1.0	7.1	6.9	6.6	6.3	188	189	180	179	3.2	4.6	3.1	4.1	0.9	2.0	1.1	2.5

Key provincial comparisons

2013 unless otherwise indicated

	N. & L.	P.E.I.	N.S.	N.B.	QUE.	ONT.	MAN.	SASK.	ALTA.	B.C.
Population (000s) (2014)	527	146	943	754	8,215	13,679	1,282	1,125	4,122	4,631
Gross domestic product (\$ billions)	35.8	5.8	39.1	31.9	362.8	695.7	61.3	83.2	338.2	229.7
Real GDP (\$2007 billions)	29.6	5.0	36.0	28.3	331.2	632.4	56.5	62.7	303.0	215.2
Share of provincial GDP of Canadian GDP (%)	1.9	0.3	2.1	1.7	19.2	36.7	3.2	4.4	17.9	12.1
Real GDP growth (CAGR, 2008-13, %)	0.1	1.5	0.8	0.1	1.2	1.2	2.0	2.6	2.8	1.6
Real GDP per capita (\$ 2007)	56,017	34,404	38,223	37,415	40,622	46,666	44,639	56,693	75,605	46,964
Real GDP growth rate per capita (CAGR, 2008-13, %)	-0.5	0.5	0.7	-0.1	0.2	0.1	0.9	0.9	0.6	0.5
Personal disposable income per capita (\$)	31,579	26,439	27,604	27,431	26,774	30,401	27,900	33,050	40,303	31,647
Employment growth (CAGR, 2008-13, %)	1.9	1.5	0.0	-0.3	0.9	0.6	0.8	1.8	1.6	0.2
Employment rate (Apr. 2015, %)	53.5	60.6	56.5	57.0	60.2	60.7	64.8	66.9	69.3	58.5
Discomfort index (inflation + unemp. rate, Apr. 2015)	12.2	9.3	9.5	9.8	8.5	7.6	6.4	5.5	6.2	6.8
Manufacturing industry output (% of GDP) (2014)	4.0	9.7	7.4	11.7	13.9	12.2	11.7	6.7	6.9	6.9
Personal expenditures on goods & services (% of GDP)	42.6	68.4	70.1	64.4	58.6	56.5	57.1	40.2	40.0	63.1
International exports (% of GDP)	43.0	20.2	20.0	47.3	25.7	32.6	25.7	41.6	32.5	21.7

Tables

British Columbia

		2008	2009	2010	2011	2012	2013	2014F	2015F	2016F
Real GDP	Chained \$2007 millions	199,270	194,214	200,628	206,225	211,124	215,218	221,545	228,280	235,448
	% change	1.1	-2.5	3.3	2.8	2.4	1.9	2.9	3.0	3.1
Nominal GDP	\$ millions	203,951	195,966	205,996	217,460	222,565	229,685	240,408	251,184	264,512
	% change	3.5	-3.9	5.1	5.6	2.3	3.2	4.7	4.5	5.3
Employment	thousands	2,242	2,192	2,223	2,228	2,262	2,266	2,278	2,306	2,338
	% change	1.6	-2.2	1.4	0.2	1.6	0.1	0.6	1.2	1.4
Unemployment rate	%	4.6	7.7	7.6	7.5	6.8	6.6	6.1	5.7	5.5
Retail sales	\$ millions	57,794	55,288	58,251	60,090	61,255	62,734	66,273	70,011	73,230
	% change	1.5	-4.3	5.4	3.2	1.9	2.4	5.6	5.6	4.6
Housing starts	units	34,321	16,077	26,479	26,400	27,465	27,054	28,356	31,500	29,300
	% change	-12.4	-53.2	64.7	-0.3	4.0	-1.5	4.8	11.1	-7.0
Consumer price index	2002=100	112.3	112.3	113.8	116.5	117.8	117.7	118.9	120.0	122.8
	% change	2.1	0.0	1.4	2.3	1.1	-0.1	1.0	0.9	2.3

Alberta

		2008	2009	2010	2011	2012	2013	2014F	2015F	2016F
Real GDP	Chained \$2007 millions	263,515	252,811	264,164	279,277	291,855	302,966	316,418	313,254	318,641
	% change	1.7	-4.1	4.5	5.7	4.5	3.8	4.4	-1.0	1.7
Nominal GDP	\$ millions	295,126	246,717	270,100	299,142	315,803	338,166	365,481	335,413	362,336
	% change	13.9	-16.4	9.5	10.8	5.6	7.1	8.1	-8.2	8.0
Employment	thousands	2,054	2,030	2,024	2,100	2,172	2,226	2,275	2,283	2,303
	% change	3.2	-1.2	-0.3	3.7	3.5	2.5	2.2	0.4	0.9
Unemployment rate	%	3.6	6.5	6.6	5.4	4.6	4.6	4.7	6.0	5.3
Retail sales	\$ millions	61,620	56,489	59,849	63,945	68,408	73,109	78,582	78,310	80,969
	% change	0.2	-8.3	5.9	6.8	7.0	6.9	7.5	-0.3	3.4
Housing starts	units	29,164	20,298	27,088	25,704	33,396	36,011	40,590	31,200	30,000
	% change	-39.7	-30.4	33.5	-5.1	29.9	7.8	12.7	-23.1	-3.8
Consumer price index	2002=100	121.6	121.5	122.7	125.7	127.1	128.9	132.2	133.2	136.3
	% change	3.2	-0.1	1.0	2.4	1.1	1.4	2.6	0.7	2.4

Saskatchewan

		2008	2009	2010	2011	2012	2013	2014F	2015F	2016F
Real GDP	Chained \$2007 millions	55,183	52,553	54,756	57,938	59,737	62,716	63,594	64,580	65,833
	% change	5.6	-4.8	4.2	5.8	3.1	5.0	1.4	1.6	1.9
Nominal GDP	\$ millions	67,695	60,326	63,379	74,605	78,873	83,222	83,292	82,046	87,903
	% change	29.6	-10.9	5.1	17.7	5.7	5.5	0.1	-1.5	7.1
Employment	thousands	517	526	531	536	548	565	571	574	582
	% change	2.5	1.6	1.0	0.9	2.4	3.1	1.0	0.6	1.3
Unemployment rate	%	4.0	4.9	5.3	4.9	4.7	4.1	3.8	4.7	4.5
Retail sales	\$ millions	14,676	14,605	15,103	16,199	17,405	18,301	19,143	19,045	19,762
	% change	11.8	-0.5	3.4	7.3	7.4	5.1	4.6	-0.5	3.8
Housing starts	units	6,828	3,866	5,907	7,031	9,968	8,290	8,257	5,300	6,500
	% change	13.7	-43.4	52.8	19.0	41.8	-16.8	-0.4	-35.8	22.6
Consumer price index	2002=100	115.9	117.1	118.7	122.0	123.9	125.7	128.7	130.9	134.7
	% change	3.2	1.1	1.3	2.8	1.6	1.4	2.4	1.7	3.0

Manitoba

		2008	2009	2010	2011	2012	2013	2014F	2015F	2016F
Real GDP	Chained \$2007 millions	51,157	51,048	52,379	53,487	55,252	56,486	57,243	58,754	60,423
	% change	3.8	-0.2	2.6	2.1	3.3	2.2	1.3	2.6	2.8
Nominal GDP	\$ millions	51,920	50,636	52,896	55,758	59,126	61,323	63,098	65,606	69,021
	% change	5.4	-2.5	4.5	5.4	6.0	3.7	2.9	4.0	5.2
Employment	thousands	602	601	609	612	622	626	626	637	643
	% change	1.5	-0.2	1.4	0.4	1.6	0.7	0.1	1.6	1.0
Unemployment rate	%	4.2	5.2	5.4	5.5	5.3	5.4	5.4	5.3	5.1
Retail sales	\$ millions	14,983	14,920	15,770	16,443	16,652	17,297	18,034	18,648	19,514
	% change	6.9	-0.4	5.7	4.3	1.3	3.9	4.3	3.4	4.6
Housing starts	units	5,537	4,174	5,888	6,083	7,242	7,465	6,220	5,400	6,300
	% change	-3.5	-24.6	41.1	3.3	19.1	3.1	-16.7	-13.2	16.7
Consumer price index	2002=100	113.4	114.1	115.0	118.4	120.3	123.0	125.3	126.7	130.0
	% change	2.2	0.6	0.8	2.9	1.6	2.3	1.8	1.1	2.6

Ontario

		2008	2009	2010	2011	2012	2013	2014F	2015F	2016F
Real GDP	Chained \$2007 millions	596,921	578,510	598,174	613,803	624,369	632,368	647,798	666,195	686,981
	% change	-0.1	-3.1	3.4	2.6	1.7	1.3	2.4	2.8	3.1
Nominal GDP	\$ millions	604,282	595,433	629,500	658,635	679,616	695,705	725,404	759,807	797,929
	% change	1.1	-1.5	5.7	4.6	3.2	2.4	4.3	4.7	5.0
Employment	thousands	6,610	6,433	6,538	6,658	6,703	6,823	6,878	6,959	7,047
	% change	1.0	-2.7	1.6	1.8	0.7	1.8	0.8	1.2	1.3
Unemployment rate	%	6.6	9.1	8.7	7.9	7.9	7.6	7.3	6.7	6.3
Retail sales	\$ millions	151,697	148,109	156,276	161,859	164,503	168,253	176,719	184,803	193,021
	% change	3.9	-2.4	5.5	3.6	1.6	2.3	5.0	4.6	4.4
Housing starts	units	75,076	50,370	60,433	67,821	76,742	61,085	59,134	63,700	64,000
	% change	10.2	-32.9	20.0	12.2	13.2	-20.4	-3.2	7.7	0.5
Consumer price index	2002=100	113.3	113.7	116.5	120.1	121.8	123.0	125.9	127.5	130.6
	% change	2.3	0.4	2.4	3.1	1.4	1.1	2.3	1.3	2.5

Quebec

		2008	2009	2010	2011	2012	2013	2014F	2015F	2016F
Real GDP	Chained \$2007 millions	311,626	309,683	316,886	323,210	328,082	331,231	335,703	341,812	348,785
	% change	1.9	-0.6	2.3	2.0	1.5	1.0	1.4	1.8	2.0
Nominal GDP	\$ millions	313,595	315,531	329,670	345,732	357,431	362,846	373,843	387,689	402,086
	% change	2.5	0.6	4.5	4.9	3.4	1.5	3.0	3.7	3.7
Employment	thousands	3,883	3,854	3,938	3,976	4,006	4,061	4,060	4,104	4,135
	% change	1.1	-0.7	2.2	1.0	0.8	1.4	0.0	1.1	0.8
Unemployment rate	%	7.2	8.6	8.0	7.9	7.7	7.6	7.7	7.4	7.2
Retail sales	\$ millions	94,816	93,759	99,590	102,556	103,753	106,301	108,137	111,717	116,150
	% change	4.9	-1.1	6.2	3.0	1.2	2.5	1.7	3.3	4.0
Housing starts	units	47,901	43,403	51,363	48,387	47,367	37,758	38,810	34,800	35,500
	% change	-1.3	-9.4	18.3	-5.8	-2.1	-20.3	2.8	-10.3	2.0
Consumer price index	2002=100	112.7	113.4	114.8	118.3	120.8	121.7	123.4	125.0	128.2
	% change	2.1	0.6	1.3	3.0	2.1	0.8	1.4	1.3	2.6

Tables

New Brunswick

		2008	2009	2010	2011	2012	2013	2014F	2015F	2016F
Real GDP	Chained \$2007 millions	28,125	27,811	28,381	28,543	28,426	28,272	28,329	28,787	29,231
	% change	0.9	-1.1	2.0	0.6	-0.4	-0.5	0.2	1.6	1.5
Nominal GDP	\$ millions	28,422	28,825	30,082	31,409	31,751	31,900	32,370	33,355	34,512
	% change	2.0	1.4	4.4	4.4	1.1	0.5	1.5	3.0	3.5
Employment	thousands	361	360	358	356	353	355	354	355	356
	% change	0.9	-0.2	-0.5	-0.7	-0.7	0.4	-0.2	0.2	0.3
Unemployment rate	%	8.5	8.7	9.2	9.5	10.2	10.3	10.0	9.9	9.7
Retail sales	\$ millions	10,018	10,094	10,595	11,103	11,028	11,107	11,528	11,706	12,081
	% change	6.5	0.8	5.0	4.8	-0.7	0.7	3.8	1.5	3.2
Housing starts	units	4,274	3,521	4,101	3,452	3,299	2,843	2,276	2,100	2,000
	% change	0.8	-17.6	16.5	-15.8	-4.4	-13.8	-19.9	-7.7	-4.8
Consumer price index	2002=100	113.2	113.5	115.9	120.0	122.0	123.0	124.8	125.6	129.0
	% change	1.7	0.3	2.1	3.5	1.7	0.8	1.5	0.6	2.7

Nova Scotia

		2008	2009	2010	2011	2012	2013	2014F	2015F	2016F
Real GDP	Chained \$2007 millions	34,625	34,753	35,806	36,073	35,950	36,042	36,691	37,314	38,061
	% change	2.1	0.4	3.0	0.7	-0.3	0.3	1.8	1.7	2.0
Nominal GDP	\$ millions	35,467	35,254	37,073	38,349	38,214	39,145	40,643	41,789	43,434
	% change	4.6	-0.6	5.2	3.4	-0.4	2.4	3.8	2.8	3.9
Employment	thousands	452	450	451	453	458	453	448	449	451
	% change	1.0	-0.5	0.4	0.4	1.0	-1.1	-1.1	0.3	0.6
Unemployment rate	%	7.6	9.2	9.6	9.0	9.1	9.1	8.9	8.6	8.3
Retail sales	\$ millions	12,091	12,105	12,651	13,098	13,223	13,605	13,915	13,815	14,248
	% change	4.1	0.1	4.5	3.5	1.0	2.9	2.3	-0.7	3.1
Housing starts	units	3,982	3,438	4,309	4,644	4,522	3,919	3,056	3,200	3,300
	% change	-16.2	-13.7	25.3	7.8	-2.6	-13.3	-22.0	4.7	3.1
Consumer price index	2002=100	115.9	115.7	118.2	122.7	125.1	126.6	128.8	129.6	133.2
	% change	3.0	-0.1	2.2	3.8	1.9	1.2	1.7	0.6	2.8

Prince Edward Island

		2008	2009	2010	2011	2012	2013	2014F	2015F	2016F
Real GDP	Chained \$2007 millions	4,658	4,678	4,783	4,861	4,908	5,006	5,076	5,159	5,249
	% change	0.8	0.4	2.2	1.6	1.0	2.0	1.4	1.6	1.7
Nominal GDP	\$ millions	4,767	4,947	5,202	5,409	5,514	5,788	5,974	6,157	6,358
	% change	3.2	3.8	5.2	4.0	1.9	5.0	3.2	3.1	3.3
Employment	thousands	69	68	70	72	73	74	74	74	75
	% change	0.8	-1.3	2.3	3.1	1.7	1.4	-0.1	0.1	0.9
Unemployment rate	%	10.8	11.9	11.4	11.1	11.1	11.5	10.6	10.2	9.8
Retail sales	\$ millions	1,703	1,682	1,770	1,866	1,925	1,940	2,005	2,041	2,116
	% change	5.1	-1.3	5.3	5.4	3.2	0.8	3.3	1.8	3.7
Housing starts	units	712	877	756	940	941	636	511	540	600
	% change	-5.1	23.2	-13.8	24.3	0.1	-32.4	-19.7	5.7	11.1
Consumer price index	2002=100	117.5	117.3	119.5	123.0	125.5	128.0	130.1	130.0	133.6
	% change	3.4	-0.1	1.8	2.9	2.0	2.0	1.6	-0.1	2.8

Newfoundland & Labrador

		2008	2009	2010	2011	2012	2013	2014F	2015F	2016F
Real GDP	Chained \$2007 millions	29,369	26,464	28,033	28,904	27,592	29,588	28,819	28,761	28,660
	% change	-1.2	-9.9	5.9	3.1	-4.5	7.2	-2.6	-0.2	-0.4
Nominal GDP	\$ millions	31,434	24,972	29,063	33,497	32,365	35,832	34,830	32,883	35,062
	% change	5.8	-20.6	16.4	15.3	-3.4	10.7	-2.8	-5.6	6.6
Employment	thousands	221	215	223	232	241	243	239	237	233
	% change	1.9	-2.7	3.6	4.1	3.8	0.8	-1.7	-0.6	-1.6
Unemployment rate	%	13.3	15.5	14.7	12.6	12.3	11.6	11.9	12.4	13.0
Retail sales	\$ millions	7,009	7,121	7,453	7,833	8,182	8,589	8,882	8,827	8,871
	% change	7.4	1.6	4.7	5.1	4.5	5.0	3.4	-0.6	0.5
Housing starts	units	3,261	3,057	3,606	3,488	3,885	2,862	2,119	1,900	1,800
	% change	23.1	-6.3	18.0	-3.3	11.4	-26.3	-26.0	-10.3	-5.3
Consumer price index	2002=100	114.3	114.6	117.4	121.4	123.9	126.0	128.4	129.0	132.4
	% change	2.9	0.3	2.4	3.4	2.1	1.7	1.9	0.5	2.7

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