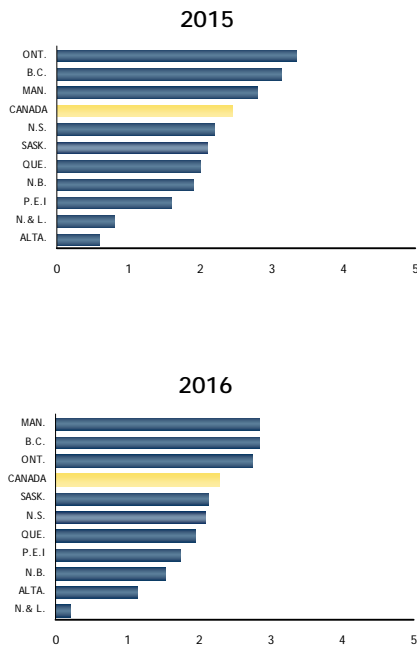


## PROVINCIAL OUTLOOK

March 2015

### Real GDP growth

% change



Source: Statistics Canada, RBC Economics Research

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### Oil price slump to redraw Canada's provincial economic map

- There have been several significant developments, which we expect will redraw the map for economic growth across Canada in 2015, since the publication of our previous *Provincial Outlook* report in December 2014. The plunge in oil prices, ensuing slide in the Canadian dollar, and policy response by the Bank of Canada considerably altered the macroeconomic backdrop that will shape provincial economic performance, and the effect will differ vastly from province to province.
- We acknowledged this turn of event and its implications in February when we issued a mid-term forecast update (see [Provincial Outlook Update](#)). This present report outlines the changes in more detail and offers some further fine tuning of our forecast.
- While we expect the overall bottom-line effect of recent developments to be a slight negative for the Canadian economy (approximately 0.3 percentage points off real GDP growth), this would mask material re-allocation of growth among oil-producing and oil-consuming provinces.
- Our real GDP growth forecast now shows a significantly dimmed outlook for Alberta and, to a lesser extent, Newfoundland and Labrador and Saskatchewan on one side; and on the other side, brighter prospects than previously anticipated for Ontario, British Columbia, Quebec, and most of the other oil-consuming provinces.
- We now expect Ontario (with real GDP forecasted to grow by 3.3%) to take top spot in provincial growth rankings in 2015—something that has not occurred since 2000. British Columbia (3.1%) ranks a close second, with Manitoba (2.8%) not far behind in third position.
- Under our base-case scenario, all provinces have positive real GDP growth in 2015, including the provinces hardest hit by the oil price slump; however, the risk of a recession cannot be dismissed in Alberta, given the magnitude of the capital expenditure cuts announced by the oil industry, likely drop in domestic incomes, and knock-on negative hit to confidence.
- Our outlook for 2016 continues to reflect the new macroeconomic realities, which we believe will benefit British Columbia, Manitoba, and Ontario more strongly than the other provinces. We see prospects remaining generally challenging for Newfoundland and Labrador, and Alberta, despite the likelihood of a partial rebound in oil prices.

#### Underlying economic assumptions have changed markedly...

Further deterioration in global oil markets since the publication of our previous *Provincial Outlook* report in December 2014 considerably altered the lay of the land for provincial economies in 2015. In light of developments in recent months, RBC marked down its assumptions for oil price assumptions (to US\$53 per WTI barrel in 2015 and US\$77 per barrel in 2016), the Canadian dollar (to US\$0.75/C\$ at the end of 2015 and US\$0.78/C\$ at the end of 2016), and interest rates (overnight rate ending 2015 at 0.75% and 2016 at 2.00%). Furthermore, a wave of cutbacks in capital expenditures announced by oil companies prompted us to scale down significantly our assumptions for business investment in the energy sector. Finally, the outlook for non-renewable resource revenues for governments in oil-producing provinces has been drastically reduced.

#### ...for the worse in oil-producing provinces...

The net effect of these changes will be unambiguously negative for oil-producing provinces. Alberta's economy, in particular, faces tremendous challenges both due to the direct hit to capital spending and the indirect effect via various channels including a slowdown in net in-migration and a loss of confidence. Still, we project real GDP to grow in Alberta albeit at an anaemic pace of 0.6%. With growth so weak, the risk of a technical recession cannot be dismissed. We forecast growth also to be feeble in Newfoundland and Labrador. For Saskatchewan, we expect strength in non-energy sectors to provide greater offset to the weakness in the energy sector.

#### ...but for the better in oil-consuming provinces

Lower oil prices, a weaker Canadian dollar, and rock-bottom interest rates spell good news for net oil-consuming, export-intensive provincial economies. We expect net boosts to both domestic and export activity in virtually all other provinces, with Ontario, British Columbia, Manitoba, and Quebec benefiting the most.

Keeping strong on the western front

Economic activity in British Columbia is poised to accelerate in 2015 to its fastest rate of growth since emerging from the 2008–2009 recession in 2010. We expect improved performance in export-oriented sectors to be led by a strengthening in US demand set against a backdrop of a weaker Canadian currency. Additional household spending power, owing to the sharp decline in crude oil prices and an attendant easing in gasoline prices, is set to accompany brighter employment prospects, collectively resulting in positive knock-on effects to consumer spending and housing activity. Our forecast reflects these developments, with real GDP anticipated to grow by 3.1% in 2015 followed by a still solid 2.8% rate in 2016.

Brighter prospects keeping people at home...

A turnaround in migration trends is proving to be a positive side effect of the emerging economic weakness in the neighbouring province of Alberta. Significantly fewer people relocated to the energy-dependent province from British Columbia in the latter half of 2014, thereby resulting in net migration in the third quarter of 2014 with Alberta turning positive for the first time since early 2011. With population growth set to accelerate in 2015, we expect the resulting boost to underlying demand to support ongoing, robust housing market activity as existing home sales in 2015 are set to reach their strongest level since 2007. In our view, a lift to consumer spending arising from households' anticipated savings at the gas pumps should be bolstered by improving job prospects. Ongoing private-sector hiring sets up the unemployment rate to fall to 5.7% in 2015 after declining to its lowest level since 2008 in 2014 at 6.1%. A tighter labour market, in turn, should boost confidence and the scope for wage increases which disappointingly grew at the slowest rate in a decade in 2014.

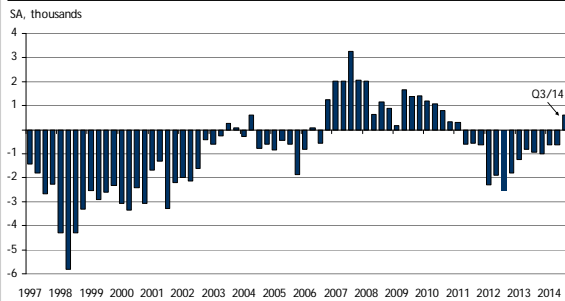
...as more home-grown goods are set to be shipped abroad...

International merchandise exports advanced at a solid clip in 2014 and were led by the strongest increase in the nominal value of goods shipped to the US in more than a decade (16%). Accounting for nearly one-third of exports to the US, lumber and natural gas products both surged to seven-year highs in 2014. Homebuilding activity south of the border is poised to accelerate in 2015 as rising demand is met with low inventory levels, which will likely yield positive spillover effects for British Columbia's forestry exports. The increased competitiveness of the province's merchandise goods resulting from a weaker Canadian dollar is set to provide an additional boost to external demand; however, softer demand from Alberta provides some downside risk to the value of goods shipped from British Columbia across the Canadian Rocky Mountains in 2015.

...but some caution remains

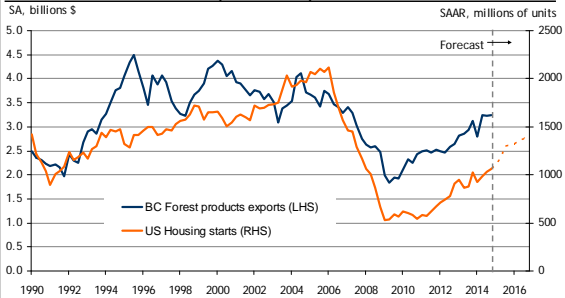
The optimistic outlook for the province was met by a measure of caution with the release of Budget 2015 on February 17, 2015. In the event, the government affirmed its enviable budgetary surplus position—possibly the only province to do so for the upcoming fiscal year—although the focus was on prudence to ensure the province's fiscal health is maintained during the government's three-year plan. Notably absent was an emphasis on the development of the nascent liquefied natural gas (LNG) industry. Prospects for the yet-to-be-born industry were given a boost, however, by the federal government's LNG tax initiative announcement on February 19, which may incentivize some proponents to commit to highly anticipated, final investment decisions in 2015.

British Columbia : Net migration with Alberta



Source: Statistics Canada, RBC Economics Research

British Columbia : Forest product exports



Source: Census Bureau, 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	3.1	2.8
Nominal GDP	2.3	3.2	4.6	4.4	5.0
Employment	1.6	0.1	0.6	1.2	1.1
Unemployment rate (%)	6.8	6.6	6.1	5.7	5.6
Retail sales	1.9	2.4	5.9	5.5	4.8
Housing starts (units)	27,465	27,054	28,356	32,400	32,000
Consumer price index	1.1	-0.1	1.0	0.5	2.6

Laura Cooper  
Economist



## Staying positive but facing significant downside risks

Alberta saw a dramatic turn of events in recent months when it became clear that the steep drop in crude oil prices since June 2014 will have profound adverse repercussions for the province's all-important energy sector. The risks of a recession cannot be dismissed; however, the initial position of strength in the economy is likely sufficient to keep the province in slightly positive growth territory in 2015. The persistence of energy sector weakness and an unfolding spillover into confidence prompted us to revise our forecast for 2015 real GDP growth significantly lower to 0.6% from 2.8% in our outlook in December 2014. A modest recovery in energy prices in the latter half of 2015 should stem further deterioration in confidence and support improved performance in 2016, when we expect real growth will pick up slightly to 1.1%.

### Energy firms facing the brunt of the price pressure...

Widespread capital spending cutbacks announced by energy firms since late last year highlight the direct hit that the low oil price environment will have on investment in Alberta in 2015. A 33% decline in short-term capital spending in Western Canada is anticipated by The Canadian Association of Petroleum Producers, with oil sands investment set to fall by 24% to a four-year low of \$25 billion. Accounting for one-quarter of Alberta's economic activity, the sharp drop in non-residential business investment is expected to cut more than 1.5 percentage points directly off real economic growth in 2015. The lingering price uncertainty is also expected to have an unambiguously negative effect on drilling activity in the province, although producers are expected to continue to churn out non-conventional production as an increasing number of new and expanded projects come online.

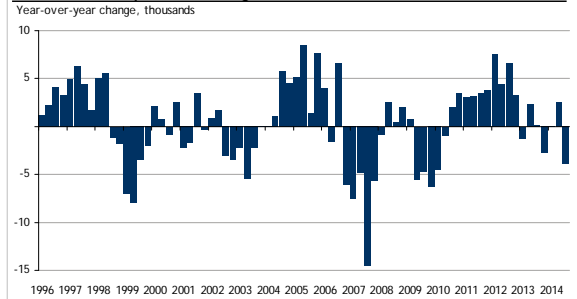
### ...resulting in weaker employment prospects...

Very strong job creation in recent years is likely to stall in 2015, as recently announced layoffs by energy firms come into effect. The province's labour markets have not yet shown signs of cracking, although weaker employment prospects are reducing the incentives for prospective workers to relocate to the province from other regions of the country. The number of people coming to Alberta from across Canada plunged in the third quarter of 2014, thereby reducing the annual flow of provincial in-migrants by the greatest amount since 2009. Any sustained weakness of this magnitude would inevitably result in a substantial slowing in Alberta's population growth in 2015 and in turn, would weigh on what has been firm underlying consumer demand in the province.

### ... spurring broad-based deterioration in confidence

The shaken confidence in Alberta is most evident in the potential boom-bust scenario that is currently playing out in the province's housing markets. A cumulative 35% plunge in existing home sales in December 2014 and January 2015 accompanied the inventory of homes on the market surging to the highest level since 2008. With little to bolster near-term confidence, we anticipate sharply lower resale activity overall this year, thereby setting the stage for some price declines. Sharp deterioration in fiscal conditions could also have ripple effects on household confidence in 2015. The Alberta premier has cautioned that a period of fiscal restraint is imminent and revenue boosting initiatives (including tax hikes) are likely to accompany significant program spending cuts as the province deals with an estimated looming \$7 billion budget shortfall in fiscal year 2015–2016.

Alberta : Interprovincial migration



Source: Statistics Canada, RBC Economics Research

Alberta : Existing home sales



Source: Canadian Real Estate Association, RBC Economics Research

### Alberta forecast at a glance

% change unless otherwise indicated

	2012	2013	2014F	2015F	2016F
Real GDP	4.5	3.8	4.2	0.6	1.1
Nominal GDP	5.6	7.1	7.2	-10.5	10.8
Employment	3.5	2.5	2.2	-0.1	0.7
Unemployment rate (%)	4.6	4.6	4.7	5.7	5.4
Retail sales	7.0	6.9	7.6	1.0	3.2
Housing starts (units)	33,396	36,011	40,590	29,300	30,800
Consumer price index	1.1	1.4	2.6	0.8	2.6

Laura Cooper  
Economist

## Real economic growth to accelerate despite lower oil prices

With the February provincial forecast update that incorporated a lower oil price profile, we reduced our growth forecast for Saskatchewan 2015 and 2016 to 2.2% and 2.1%, respectively, from 2.8% in both 2015 and 2016 that we forecasted in our December *Provincial Outlook* report. These downwardly revised rates still implied growth bouncing higher relative to the modest 1.1% estimated rate for 2014 that was restrained by a drop in agricultural activity. Since our current oil price assumptions are little changed from February, the picture is barely altered for Saskatchewan's real GDP, with the pace of activity lowered only marginally to 2.1% this year and unchanged at 2.1% in 2016.

### Rising potash production is providing some offset...

The marginal downward revision to Saskatchewan GDP this year reflects slightly greater caution about investment spending in the energy sector, with anecdotal reports of capital expenditures nationally being delayed, and in some cases cut outright. Tempering our concern about weak oil production and investment spending in the energy sector are indications that non-energy mining activity, and potash in particular, has rebounded strongly late in 2014, with this strength expected to be sustained during the period covered by our forecast. Saskatchewan potash producers had cut back on output at the start of 2014, in the face of a marked bounce back in overseas production as major producers attempted to capture a greater share of the global market. Flood damage in a key production facility overseas and a shift to a less aggressive marketing strategy by foreign producers have allowed production in Saskatchewan to strengthen late in 2014. By last year's fourth quarter, potash production in the province was up 30% relative to year-ago levels. This compared to flat activity in the third quarter and a 5% decline in the second quarter.

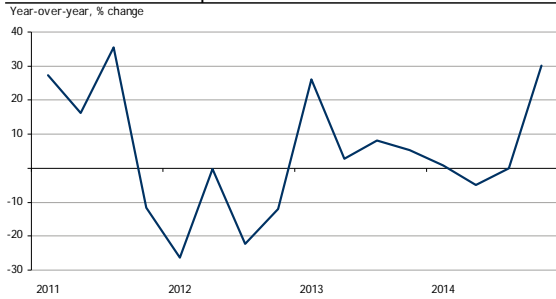
### ...with an attendant upward lift to non-energy capital spending

Looking ahead, these supportive factors for the potash sector should continue during both this year and next, and should be enhanced further by the recent depreciation of the Canadian dollar. Thus, despite projected declines in oil extraction, we expect increasing potash production to keep mining output relatively flat both this year and next. Moreover, we expect increased demand for potash to provide incentive to expand production capacity. This would help to offset projected investment cutbacks in the energy sector, thereby resulting in relatively flat construction activity overall in the province during our forecast. A key risk to this scenario, however, would be that the rebound in potash production was not sustained going forward. In this event, a more negative outlook for this oil-producing province would emerge.

### Agriculture expected to return to positive growth

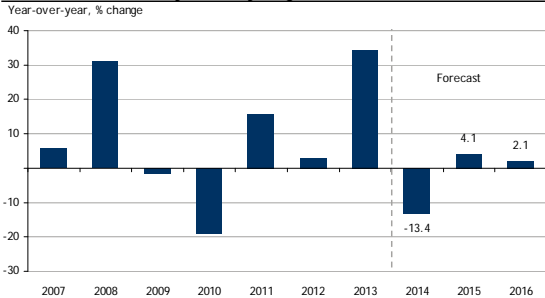
Also expected to help temper the slowing in growth from the energy sector is a projected rebound in agriculture production to around 4% after an estimated 13% drop in 2014. The decline in 2014 principally was payback for coming off a bumper crop in 2013, although wet growing conditions last year contributed to some deterioration in crop quality. For 2015 and 2016, we assume average growing conditions that would provide small boosts to grains production in the province.

Saskatchewan : Potash production



Source: Saskatchewan Industry and Resources, RBC Economics Research

Saskatchewan GDP by industry : Agriculture



Source: Statistics Canada, RBC Economics Research

### Saskatchewan forecast at a glance

% change unless otherwise indicated

	2012	2013	2014F	2015F	2016F
Real GDP	3.1	5.0	1.1	2.1	2.1
Nominal GDP	5.7	5.5	0.3	-1.2	7.7
Employment	2.4	3.1	1.0	0.7	1.2
Unemployment rate (%)	4.7	4.1	3.8	4.8	4.4
Retail sales	7.4	5.1	4.5	2.6	3.8
Housing starts (units)	9,968	8,290	8,257	5,600	6,900
Consumer price index	1.6	1.4	2.4	1.5	3.3

Paul Ferley  
Assistant Chief Economist

## Export sector to take main stage

Manitoba's economy is set to accelerate in 2015 thanks primarily to solid expected advances in export markets. Rising US demand, enhanced by a weaker Canadian dollar, should play a central role in boosting Manitoba's real GDP growth to 2.8% this year from an estimated 1.8% in 2014. Domestic activity also should contribute to this acceleration, because we expect household and business spending to be stimulated by lower energy costs stemming from the drop in global oil prices. We project the economy to sustain a growth rate of 2.8% again in 2016.

### Manitoba to benefit from stronger US demand

Our general optimism for growth in Manitoba (and most other net oil-consuming provinces) is premised on the expectation that the domestic economy will benefit from lower energy costs and external trade will receive a boost from strengthening US demand. The upswing in external demand would reflect both greater vigour in the US economy in general, which we believe will be a net benefit from lower oil prices, and a weaker Canadian dollar.

### 'Core' exports are trending higher...

On the surface, recent merchandise trade data have ostensibly not yet supported our optimism, with nominal exports declining by 8% in the fourth quarter of 2014 following double-digit declines for the previous two quarters; however, the nominal weakness during the period may partly be related to lower energy and non-energy commodity prices. As well, agricultural-related exports in part may reflect the winding down from the earlier boost provided by the abundant harvest in 2013. Excluding the energy and agricultural exports components, export growth in the fourth quarter of 2014 was a much stronger 5.6% on a year-over-year basis. This measure of exports rose a more encouraging 6.5% in 2014 overall following flat activity for the previous two years.

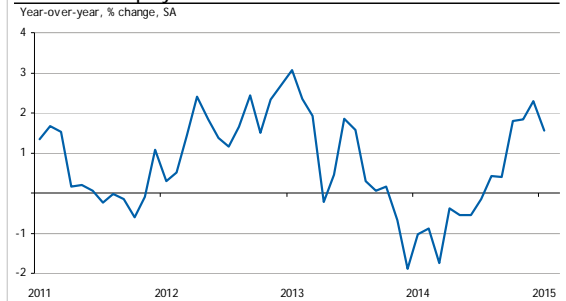
### ...with an attendant boost to manufacturing

The rise in 'core' provincial exports is translating into strengthening manufacturing activity. Although growth in nominal manufacturing sales slowed to a disappointing 2.5% in the fourth quarter relative to almost 7% growth in the third quarter, it may have been pressured lower by weakening commodity prices that are similar to the effect on some export components. Despite this slowing in the fourth quarter, manufacturing sales rose over 3% in 2014 as a whole after flat activity in 2013. With demand-side factors continuing to improve in the period ahead—and a help from lower energy costs—we believe that manufacturing will be a key contributor to the projected above-average growth in the province this year and next.

### Employment strength is emerging

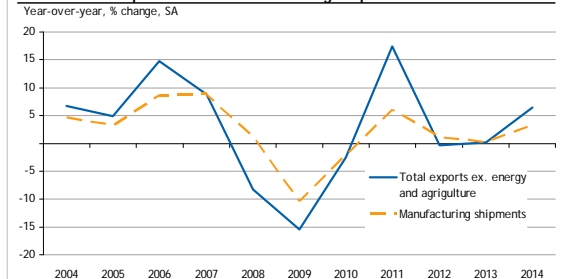
Optimism about growth in Manitoba has been reinforced by indications of a recent strengthening in employment in the province. After a slow start to 2014, job creation picked up during the second half of the year, with employment moving 2% above year-ago levels in the fourth quarter. The good news is that the stronger pace showed tentative evidence of persisting in early 2015. The unemployment rate, however, unexpectedly spiked to 6.0% in January 2015 from 5.4% in December 2014, although this largely reflected a substantial increase in the labour force, which is often a sign of confidence in the labour market. Going forward, we expect that employers will hire at a pace that will eventually outstrip growth in the labour force. This would cause unemployment rate to drop downward, averaging 5.1% this year and 5.0% in 2016.

Manitoba : Employment



Source: Statistics Canada, RBC Economics Research

Manitoba : Exports and manufacturing shipments



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	1.8	2.8	2.8
Nominal GDP	6.0	3.7	3.3	4.1	5.5
Employment	1.6	0.7	0.1	1.4	1.0
Unemployment rate (%)	5.3	5.4	5.4	5.1	5.0
Retail sales	1.3	3.9	3.9	4.5	4.4
Housing starts (units)	7,242	7,465	6,220	6,700	5,900
Consumer price index	1.6	2.3	1.8	0.8	2.9

Paul Ferley  
Assistant Chief Economist

The head of the class of 2015

Developments during the past several months have been overwhelmingly favourable to Ontario’s economy. The plunge in oil prices, the sliding value of the Canadian dollar, the surprise interest rate cut by the Bank of Canada, and mounting evidence of the US economy hitting its stride, all should boost growth in the province. In fact, we believe that all will help to propel Ontario to the top of the provincial growth rankings in 2015, which a spot that it has not occupied since 2000. We forecast real GDP growth to accelerate from an estimated 2.5% in 2014 to 3.3% this year, which would constitute a five-year best. We expect slight moderation in 2016 although to a still-robust pace of 2.7%. Our forecasted rates represent upward revisions from the numbers (3.1% in 2015 and 2.3% in 2016) that we published in the December *Provincial Outlook*.

Momentum is building

The positive effects from the drop in oil prices and related developments should kick in when the Ontario economy is already displaying rising momentum. In 2014, we saw clear evidence that activity picked up noticeably, especially in the trade sector where merchandise exports grew by an impressive 8.0% in nominal terms. Also encouraging was the fact that nearly all major export categories recorded gains, including consumer goods (up 14.4%), and motor vehicle and parts (up 8.5%). Housing was another sector that showed surprising strength last year following a weak start (largely due to poor weather). Early signs suggest that home resale activity began 2015 on a strong footing. Consumer spending also is off to a solid start, with motor vehicle sales building on an 11.5% surge recorded last year.

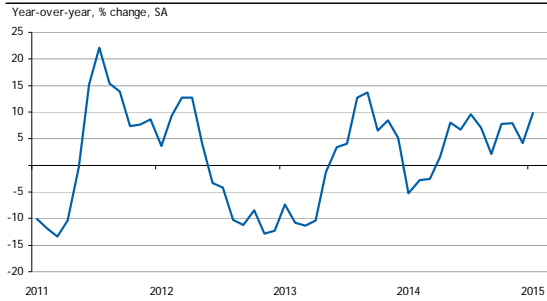
Lower oil prices and weak Canadian dollar to grease Ontario’s wheels this year

We believe that the added fuel coming from lower oil prices and a sharply weaker dollar will further energize external trade and the consumer sector in 2015. We expect Ontario’s exports to continue to make significant headway into the US market. At home, lower gasoline prices will put more spendable money into the pockets of consumers, and we expect them to deploy promptly a portion of it (with the rest going toward debt reduction). Low interest rates and a growing economy should maintain a positive backdrop for the housing market, and we expect further increases in home resales and housing construction this year.

Capacity issues unlikely to be a severe hindrance

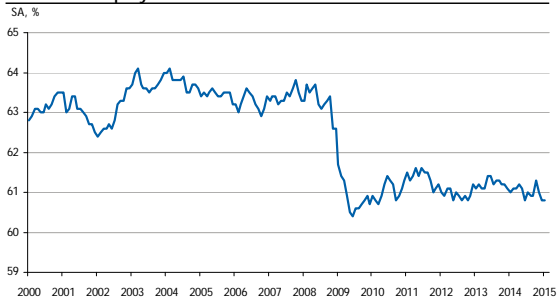
One economic sector still underperforming last year was non-residential investment. Despite some increases in business spending on machinery and equipment, the level of capital expenditures in the province remained quite stagnant. The combination of relatively weak capital spending for the past many years and closures of productive capacity in the province’s manufacturing sector during and since the recession have raised concerns about Ontario businesses’ ability to capitalize on opportunities at home and abroad, and, therefore, Ontario economy’s ability to grow. We believe, however, that with perhaps the exception of the auto sector, there remains sufficient spare capacity in the provincial economy to accommodate a fairly contained spurt in growth of the order of 3.3% this year and 2.7% next year. Our view is that any capacity constraint is unlikely to be a severe issue at this stage. If anything, the emergence of capacity related pressures would encourage firms to invest in the province, in our view.

Ontario : Home resales



Source: CREA, RBC Economics Research

Ontario : Employment rate



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	2.5	3.3	2.7
Nominal GDP	3.2	2.4	4.4	5.8	4.4
Employment	0.7	1.8	0.8	1.4	1.2
Unemployment rate (%)	7.9	7.6	7.3	6.4	6.1
Retail sales	1.6	2.3	4.7	4.8	4.5
Housing starts (units)	76,742	61,085	59,134	64,500	59,500
Consumer price index	1.4	1.1	2.3	1.1	2.7

Robert Hogue  
Senior Economist



# Quebec

## Ripe to post a four-year high growth rate

As an importer of all the oil that it consumes and large exporter of a wide array of products, Quebec stands to benefit from the plunge in oil prices and attendant weakening in the Canadian dollar. Add the recent ‘insurance’ cut in interest rates into the mix and the provincial economy appears to be even riper than we previously thought for achieving a four-year high growth rate in 2015. We project real GDP to grow by 2.0% this year in Quebec, which would be a nice improvement from an estimated rate of 1.5% in 2014 and an average of just 1.2% in the preceding two years. Still, 2.0% would be far from a boom. There should continue to be factors that hold back the pace in Quebec below the national average of 2.4%, including a shrinking pool of people of working age and relatively restrictive fiscal policy amid efforts to return to a budgetary balance. The outlook for 2016 is reasonably positive with our forecast growth being mostly sustained at a rate of 1.9%.

### Elements are in place for further strong export gains

There were encouraging signs that emerged in 2014 confirming that the long-awaited export-driven lift to the economy was finally taking hold. We saw widespread gains among export commodities, which spoke to the success achieved by Quebec exporters in the US market in particular, where a strengthening economy and weaker Canadian dollar created opportunities. We expect significant advances in foreign trade to continue to be a distinguishing feature of the economic landscape in 2015. The elements are in place for this sector of the provincial economy to be a primary driver of growth, with positive implications for Quebec’s manufacturers, who should be able to build on their impressive 6.5% sales increase in 2014 (the biggest gain in 14 years).

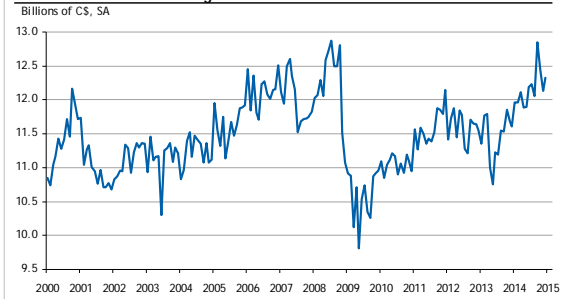
### The job market set to improve but within limits

We expect that the vigour in external trade will spread to other sectors and help re-energize Quebec’s job market, which disappointed last year (with employment remaining stagnant compared to 2013). We believe that the tentative signs of a recovery in hiring observed since late 2014 will be followed by more convincing gains during the course of 2015. That being said, we project employment to grow by 0.9% in the province this year, which would be still slightly weaker than the average of 1.0% since the end of the 2008–2009 recession. Rapid growth in the population of individuals of retirement age poses substantial challenges for Quebec’s labour market—and economy more generally. This trend now causes the pool of working-age people to shrink, with an attendant downward hit to the provincial economy’s long-term average, or ‘potential’, growth rate.

### Consumers to feel more confident

We expect improving job prospects, exceptionally low interest rates, and the drop in gasoline prices to lay the foundation for a rise in consumer spending in the province. This rise should be felt at retail stores but also in other areas, such as housing where we believe that home resale markets are likely to heat up a little (following a period of softness for the better part of the past two years) and renovation activity will remain brisk—at least until mid-year when a government tax incentive program is set to expire. A high inventory of unsold condo units presently will likely weigh on new home construction, with housing starts projected to ease slightly to 36,900 units in 2015 from 38,800 units in 2014.

Quebec : Manufacturing sales



Source: Statistics Canada, RBC Economics Research

Quebec : Working-age population



Source: Statistics Canada, RBC Economics Research

### Quebec forecast at a glance

% change unless otherwise indicated

	2012	2013	2014F	2015F	2016F
Real GDP	1.5	1.0	1.5	2.0	1.9
Nominal GDP	3.4	1.5	3.5	4.3	3.4
Employment	0.8	1.4	0.0	0.9	0.8
Unemployment rate (%)	7.7	7.6	7.7	7.2	7.0
Retail sales	1.2	2.5	2.6	3.8	3.8
Housing starts (units)	47,367	37,758	38,810	36,900	35,000
Consumer price index	2.1	0.8	1.4	1.0	2.9

Robert Hogue  
Senior Economist



Making small steps in the right direction

Although we estimate that New Brunswick’s economy has grown for the first time in three years, it remained quite frail in 2014, with modest job losses accompanying weak export performance and declining housing activity. While the latest data have yet to signal a convincing upturn in activity, our view is that economic fundamentals are becoming increasingly positive for the province and will allow the economy to gather steam this year. Stronger growth in the United States and a weaker Canadian dollar should stimulate export demand, and investments in productive capacity should allow New Brunswick’s firms to respond. We expect data to reveal that the economy grew 0.8% in 2014 and forecast that it will accelerate to 1.9% in 2015 before slowing somewhat to 1.5% in 2016.

Growth to pick up as new mines lift exports

Late in 2014, repair work-induced production declines at the refinery in Saint John and along with falling mineral shipments contributed to a 10% decline in New Brunswick’s 2014 merchandise exports. Nominal exports of potash, the province’s key mining product, remained depressed partly due to low prices and increased production overseas. Nevertheless, the mining industry is poised for a turnaround as the new \$2.2 billion potash mine in Sussex ramps up production during 2015 and the Caribou zinc mine remains on schedule for re-commissioning in the first half of the year. Moreover, the environmental impact assessment for a tungsten mine at Sisson Brook has been reviewed, and construction is expected to begin this year, thereby providing a substantial boost to capital spending in the province. Rising mining capacity should coincide with stronger demand in New Brunswick’s principal export market—the United States, which accounts for 91% of provincial exports, the highest proportion among all provinces. Improved economic growth prospects south of the border coupled with a weakened Canadian dollar augur well for an export-led reinvigoration of New Brunswick’s economy.

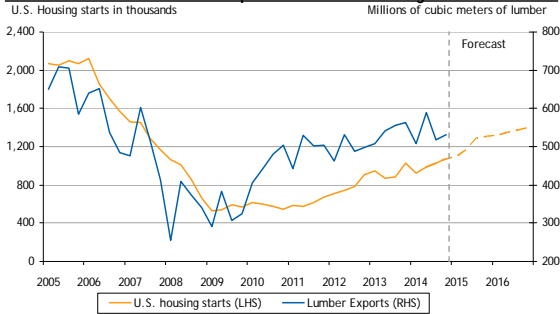
Forest product sector continues to strengthen, and investment activity supports construction

Despite an overall decline in merchandise exports in 2014, exports of wood products grew by 8%, which were propelled by rising shipments to the United States. We expect spending to expand capacity at the pulp and paper mill in Saint John along with assorted other forestry investments to allow forestry exports to continue growing as a forecast rise in U.S. housing starts supports demand. Investment in new capacity should also help offset the effect of the completion of the Sussex mine for the construction industry.

Last year’s job losses to be reversed as growth picks up

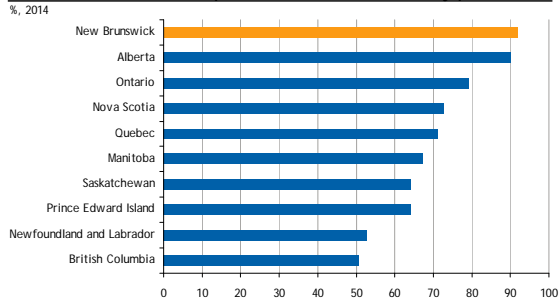
Earlier meagre job gains turned into outright losses in 2014. While both public- and private-sector jobs were lost last year, losses in the latter were concentrated in goods-producing industries, namely forestry, fishing, mining, construction, and agriculture. These employment figures reflect still-challenging economic conditions last year, but given a brighter outlook for these industries ahead, we expect the labour market picture to improve and show small job gains of 0.3% in both 2015 and 2016.

New Brunswick : Lumber exports and U.S. housing starts



Source: Statistics Canada, RBC Economics Research

Share of merchandise exports to the United States by province



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	0.8	1.9	1.5
Nominal GDP	1.1	0.5	2.2	2.7	3.5
Employment	-0.7	0.4	-0.2	0.3	0.3
Unemployment rate (%)	10.2	10.3	10.0	9.9	9.6
Retail sales	-0.7	0.7	3.6	3.0	3.2
Housing starts (units)	3,299	2,843	2,276	2,500	2,700
Consumer price index	1.7	0.8	1.5	0.8	3.0

Gerard Walsh  
Economist



### Moderate expansion to be sustained

Building on indications of accelerated growth in 2014, Nova Scotia's economy is poised to continue expanding at or near this higher rate in 2015 and 2016. While the province relied on strong export growth and surging natural gas production to compensate for soft employment and housing figures in 2014, we expect to see growth become more broadly based in 2015 and 2016. The outlook for exports is positive as demand from the United States continues to rise and the Canadian dollar remains weak. Manufacturing activity is also set to pick up when shipbuilding work commences on the multi-year patrol ship contract with the federal government. These developments, along with lower prices at the pump, should boost consumer spending and support job creation, thereby reversing disappointing employment losses in 2013 and 2014. We expect forthcoming data to reveal that Nova Scotia's economy grew by 2.2% in 2014, which would set the tone for 2015 and 2016 when we project real GDP to expand by 2.2% and 2.1%, respectively.

#### Natural gas to ebb, other exports to flow

Nominal merchandise exports rose by 24% in 2014, and while much of this increase was in energy products, most export categories posted strong gains. In 2015 and 2016, we expect natural gas production to plateau and the prevailing prices to remain low, thereby limiting growth in energy exports. Nevertheless, we expect export growth to continue on the non-energy side as a lower Canadian dollar improves competitiveness and stronger US growth supports export demand. Despite reduced production at a plant in Pictou County, exports of tires are rising and should benefit from investments in capacity at other plants. Exports of fish and seafood products also grew strongly in 2014 and were propelled by shipments to Asia and the United States. Together, these two categories account for nearly half of Nova Scotia's exports and are generating positive momentum for the remainder of 2015.

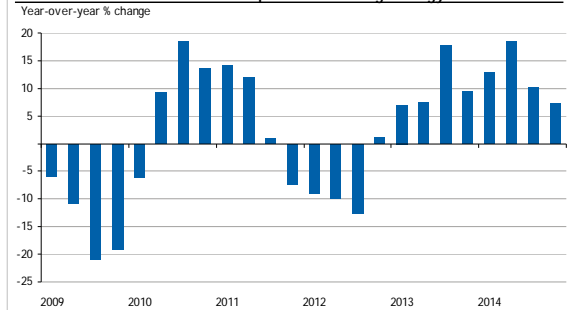
#### Manufacturing to surge as shipbuilding work begins

Following the inking of the contract in January 2015, construction of the first of six Arctic Offshore Patrol Ships is expected to start in September of 2015. Much of the \$3.5 billion budgeted for this phase of the National Shipbuilding Procurement Strategy will accrue to Nova Scotian industry and should sustain a prolonged boom in manufacturing. On the other hand, the end of refitting work on the shipyard itself will create a hole for a construction industry that had already been set back by lower housing activity in 2014. Going forward, some offset should come from work on other major projects, including the \$1.6 billion Maritime Link electric transmission project (scheduled for completion in 2017), re-decking of the Macdonald Bridge in Halifax (to begin in 2015), and a number of residential and commercial developments in Halifax.

#### Renewed growth will allow employment to turn a corner

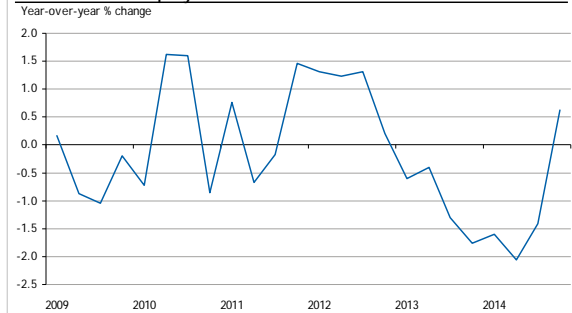
After two years of job losses, we expect sustained economic growth to begin generating employment gains in 2015. As job creation picks up amid limited labour force growth (restrained by still-soft demographic trends), the province's unemployment rate stands to ease to 8.4% this year from 8.9% in 2014. We expect that the strengthening in the provincial job market will set favourable conditions to attract some displaced workers from the oil-producing provinces.

Nova Scotia : Merchandise exports excluding energy



Source: Statistics Canada, RBC Economics Research

Nova Scotia : Employment



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	2.2	2.2	2.1
Nominal GDP	-0.4	2.4	4.0	3.2	4.0
Employment	1.0	-1.1	-1.1	1.2	1.0
Unemployment rate (%)	9.1	9.1	8.9	8.4	8.1
Retail sales	1.0	2.9	2.2	3.0	3.5
Housing starts (units)	4,522	3,919	3,056	3,000	3,300
Consumer price index	1.9	1.2	1.7	0.6	3.1

Gerard Walsh  
Economist

**Export-oriented industries remain PEI’s economic linchpin**

Despite rapid export growth, 2014 was a disappointing year for Prince Edward Island’s economy as public-sector job losses outweighed gains in private industry, and housing and investment activity tumbled. We expect official growth figures to show the island’s economy grew by 1.4% in 2014. Looking ahead, we expect economic growth to pick up to 1.6% in 2015, as exports continue to expand briskly and construction and investment turns around. Along with good prospects for tourism, these forces should support solid income and employment gains beyond 2015 and drive still-faster growth of 1.7% in 2016.

**Better days ahead for construction and investment**

The chief drag on economic growth on Prince Edward Island in 2014 was construction. The completion of the \$60 million wind farm in Hermanville, a steep decline in housing starts, and a 25% reduction in intended public-investment spending combined to create challenges for the industry last year. In 2015, we expect construction to turn from a headwind to a tailwind, as housing activity begins to rebound and private-sector investments in manufacturing capacity ramp up. By contrast, we expect the public sector to contribute less to overall economic growth, thereby reflecting a lower path of planned capital spending by the provincial government. Over a longer horizon, the construction industry should benefit if a number of proposed projects come to fruition, including investments in wind energy generation and a third power transmission line to New Brunswick to help meet rising electricity demand in that province.

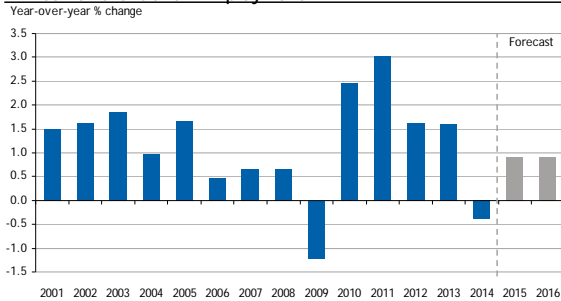
**Exports still gearing up**

Merchandise exports grew strongly in 2014, with gains registered by both food and non-food products. Led by chemicals and machinery, non-food commodity exports surged by 33%. Food and food products, which account for 55% of total merchandise exports from the island, also posted solid gains despite declines in potato shipments. Recent and ongoing investments in aerospace, machinery, and food product manufacturing capacity are setting Prince Edward Island businesses up to respond to stronger demand expected from the United States, which will be enhanced by a weaker Canadian dollar. While the share of exports heading to the United States has declined in recent years, the US remains the province’s largest export partner, thereby signalling clear upside potential for most export categories going forward.

**Scope for improvement in the job market**

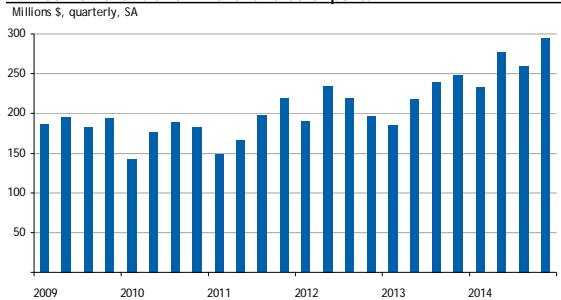
Prince Edward Island joined the rest of the Atlantic Provinces in posting job losses in 2014, because steep reductions in the public sector more than offset solid private-sector gains, particularly in goods-producing industries. We expect that continued job creation in the private sector will become the dominant force driving PEI’s labour market in 2015 and lead to net gains overall. As job prospects improve and households save at the gasoline pump, consumers should feel more confident, and we expect them to spend more at home. Consumer-oriented industries also are poised to get a boost from stronger tourism activity spurred on by a weaker Canadian dollar.

**Prince Edward Island : Employment**



Source: Statistics Canada, RBC Economics Research

**Prince Edward Island : Merchandise exports**



Source: Statistics Canada, RBC Economics Research

**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	3.1	2.7	3.3
Employment	1.7	1.4	-0.1	0.9	0.9
Unemployment rate (%)	11.1	11.5	10.6	10.0	9.6
Retail sales	3.2	0.8	3.0	3.5	3.9
Housing starts (units)	941	636	511	660	600
Consumer price index	2.0	2.0	1.6	0.3	3.1

Gerard Walsh  
Economist



# Newfoundland & Labrador

## Uncertain times on the rock

We estimate that Newfoundland and Labrador's economy contracted substantially in 2014 as offshore oil production stumbled and mining activity slowed. Looking ahead, we expect that economic growth will improve somewhat in 2015, as the offshore oil sector gets a boost from production at new fields and investments in mining capacity support production. Amid falling employment and a squeezed public sector, however, we expect the wider economy to remain weak. Retail sales should grow sluggishly, and construction activity should decline as major projects wrap up and housing activity remains muted. We expect data to show the strong growth in 2013 (7.2%) will be partially reversed in 2014 with real GDP declining by 1.9%. We forecast economic growth to resume at a pace of 0.8% in 2015 and stay barely positive in 2016 with a rate of 0.2%.

### New fields to raise production after declines last year

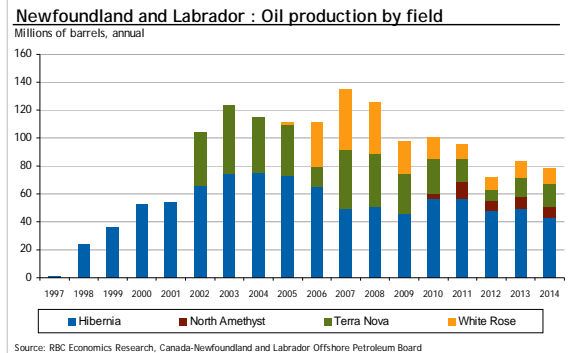
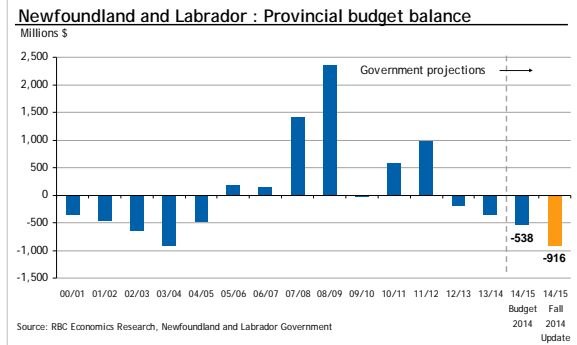
Oil production fell in 2014 as depletion-related declines at the Hibernia field more than offset increased production at smaller fields. Benchmark oil prices have fallen more than 50% since mid-2014 and are compounding the effect on the provincial government's budget. In the *2014-2015 Fall Update*, the province signalled both a larger anticipated budget shortfall for the current fiscal year and cuts to government spending to reign in the expanded deficit. The persistence of low oil prices is also affecting energy firms, which have announced cut backs or delays in capital projects. Nevertheless, we expect energy production to climb in 2015 and 2016, as new wells come online. The South White Rose Extension and new wells at North Amethyst are expected to begin producing in the middle of 2015. As construction work winds down on these projects, capital spending in the oil and gas sector will likely decline, but continued work on a number of extraction and exploration projects should ensure spending in the sector remains elevated during our forecast horizon.

### New mining capacity and low mineral prices

Falling commodity prices are also creating challenges for Newfoundland and Labrador's mining industry. Iron ore prices have continued to decline, falling by nearly half since early 2014 as Chinese demand slackened and new supply came online. Mine closures contributed to a 19% decline in iron ore production in 2014 in the province, which coincided with declining copper and nickel output. In 2015, the mining industry is poised to regain lost ground, as new and expanded mining operations, as well as new rail access, should support increased iron ore shipments. While we expect mining output volumes to rise, low prices should continue to weigh on the sector.

### Public-sector jobs unlikely to rebound

Steep losses in public-sector employment led to an overall employment decline in 2014 in Newfoundland and Labrador. Prospects for a recovery in the public sector in 2015 are quite limited given the provincial government's difficult fiscal situation. Meanwhile, we expect the construction sector to be set back by subdued housing activity and as activity peaks on the Muskrat Falls hydroelectric project in 2015. On the upside, however, we expect manufacturing jobs to be boosted by the ramping up of production at the Long Harbour nickel-processing facility.



% change unless otherwise indicated					
	2012	2013	2014F	2015F	2016F
Real GDP	-4.5	7.2	-1.9	0.8	0.2
Nominal GDP	-3.4	10.7	-2.0	-5.2	8.7
Employment	3.8	0.8	-1.7	0.3	-0.7
Unemployment rate (%)	12.3	11.6	11.9	12.0	12.7
Retail sales	4.5	5.0	3.4	1.4	1.7
Housing starts (units)	3,885	2,862	2,119	2,100	2,000
Consumer price index	2.1	1.7	1.9	0.5	2.9

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	14F	15F	16F	13	14F	15F	16F
N. & L.	7.2	-1.9	0.8	0.2	10.7	-2.0	-5.2	8.7	0.8	-1.7	0.3	-0.7	11.6	11.9	12.0	12.7	2.9	2.1	2.1	2.0	5.0	3.4	1.4	1.7	1.7	1.9	0.5	2.9
P.E.I.	2.0	1.4	1.6	1.7	5.0	3.1	2.7	3.3	1.4	-0.1	0.9	0.9	11.5	10.6	10.0	9.6	0.6	0.5	0.7	0.6	0.8	3.0	3.5	3.9	2.0	1.6	0.3	3.1
N.S.	0.3	2.2	2.2	2.1	2.4	4.0	3.2	4.0	-1.1	-1.1	1.2	1.0	9.1	8.9	8.4	8.1	3.9	3.1	3.0	3.3	2.9	2.2	3.0	3.5	1.2	1.7	0.6	3.1
N.B.	-0.5	0.8	1.9	1.5	0.5	2.2	2.7	3.5	0.4	-0.2	0.3	0.3	10.3	10.0	9.9	9.6	2.8	2.3	2.5	2.7	0.7	3.6	3.0	3.2	0.8	1.5	0.8	3.0
QUE.	1.0	1.5	2.0	1.9	1.5	3.5	4.3	3.4	1.4	0.0	0.9	0.8	7.6	7.7	7.2	7.0	37.8	38.8	36.9	35.0	2.5	2.6	3.8	3.8	0.8	1.4	1.0	2.9
ONT.	1.3	2.5	3.3	2.7	2.4	4.4	5.8	4.4	1.8	0.8	1.4	1.2	7.6	7.3	6.4	6.1	61.1	59.1	64.5	59.5	2.3	4.7	4.8	4.5	1.1	2.3	1.1	2.7
MAN.	2.2	1.8	2.8	2.8	3.7	3.3	4.1	5.5	0.7	0.1	1.4	1.0	5.4	5.4	5.1	5.0	7.5	6.2	6.7	5.9	3.9	3.9	4.5	4.4	2.3	1.8	0.8	2.9
SASK.	5.0	1.1	2.1	2.1	5.5	0.3	-1.2	7.7	3.1	1.0	0.7	1.2	4.1	3.8	4.8	4.4	8.3	8.3	5.6	6.9	5.1	4.5	2.6	3.8	1.4	2.4	1.5	3.3
ALTA.	3.8	4.2	0.6	1.1	7.1	7.2	-10.5	10.8	2.5	2.2	-0.1	0.7	4.6	4.7	5.7	5.4	36.0	40.6	29.3	30.8	6.9	7.6	1.0	3.2	1.4	2.6	0.8	2.6
B.C.	1.9	2.9	3.1	2.8	3.2	4.6	4.4	5.0	0.1	0.6	1.2	1.1	6.6	6.1	5.7	5.6	27.1	28.4	32.4	32.0	2.4	5.9	5.5	4.8	-0.1	1.0	0.5	2.6
CANADA	2.0	2.5	2.4	2.3	3.4	4.4	1.7	5.6	1.5	0.6	1.0	1.0	7.1	6.9	6.4	6.3	188	189	184	179	3.2	4.7	3.8	4.1	0.9	2.0	0.9	2.8

## 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 (Jan. 2015, %)	53.7	61.3	57.5	57.0	59.7	60.8	64.6	66.1	69.6	59.5
Discomfort index (inflation + unemp. rate, Jan. 2015)	11.0	8.3	8.0	9.8	8.1	8.5	6.7	5.9	5.3	6.4
Manufacturing industry output (% of GDP)	2.7	8.4	7.5	10.1	13.4	11.9	11.3	6.4	7.3	6.8
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	221,555	228,512	235,001
	% change	1.1	-2.5	3.3	2.8	2.4	1.9	2.9	3.1	2.8
Nominal GDP	\$ millions	203,951	195,966	205,996	217,460	222,565	229,685	240,181	250,696	263,230
	% change	3.5	-3.9	5.1	5.6	2.3	3.2	4.6	4.4	5.0
Employment	thousands	2,242	2,192	2,223	2,228	2,262	2,266	2,278	2,305	2,330
	% change	1.6	-2.2	1.4	0.2	1.6	0.1	0.6	1.2	1.1
Unemployment rate	%	4.6	7.7	7.6	7.5	6.8	6.6	6.1	5.7	5.6
Retail sales	\$ millions	57,794	55,288	58,251	60,090	61,255	62,734	66,415	70,045	73,437
	% change	1.5	-4.3	5.4	3.2	1.9	2.4	5.9	5.5	4.8
Housing starts	units	34,321	16,077	26,479	26,400	27,465	27,054	28,356	32,400	32,000
	% change	-12.4	-53.2	64.7	-0.3	4.0	-1.5	4.8	14.3	-1.2
Consumer price index	2002=100	112.3	112.3	113.8	116.5	117.8	117.7	118.9	119.6	122.7
	% change	2.1	0.0	1.4	2.3	1.1	-0.1	1.0	0.5	2.6

## 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	315,825	317,720	321,342
	% change	1.7	-4.1	4.5	5.7	4.5	3.8	4.2	0.6	1.1
Nominal GDP	\$ millions	295,126	246,717	270,100	299,142	315,803	338,166	362,682	324,724	359,955
	% change	13.9	-16.4	9.5	10.8	5.6	7.1	7.2	-10.5	10.8
Employment	thousands	2,054	2,030	2,024	2,100	2,172	2,226	2,275	2,273	2,288
	% change	3.2	-1.2	-0.3	3.7	3.5	2.5	2.2	-0.1	0.7
Unemployment rate	%	3.6	6.5	6.6	5.4	4.6	4.6	4.7	5.7	5.4
Retail sales	\$ millions	61,620	56,489	59,849	63,945	68,408	73,109	78,701	79,517	82,033
	% change	0.2	-8.3	5.9	6.8	7.0	6.9	7.6	1.0	3.2
Housing starts	units	29,164	20,298	27,088	25,704	33,396	36,011	40,590	29,300	30,800
	% change	-39.7	-30.4	33.5	-5.1	29.9	7.8	12.7	-27.8	5.1
Consumer price index	2002=100	121.6	121.5	122.7	125.7	127.1	128.9	132.2	133.3	136.8
	% change	3.2	-0.1	1.0	2.4	1.1	1.4	2.6	0.8	2.6

## 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	63,431	64,763	66,149
	% change	5.6	-4.8	4.2	5.8	3.1	5.0	1.1	2.1	2.1
Nominal GDP	\$ millions	67,695	60,326	63,379	74,605	78,873	83,222	83,500	82,525	88,843
	% change	29.6	-10.9	5.1	17.7	5.7	5.5	0.3	-1.2	7.7
Employment	thousands	517	526	531	536	548	565	571	575	582
	% change	2.5	1.6	1.0	0.9	2.4	3.1	1.0	0.7	1.2
Unemployment rate	%	4.0	4.9	5.3	4.9	4.7	4.1	3.8	4.8	4.4
Retail sales	\$ millions	14,676	14,605	15,103	16,199	17,405	18,301	19,130	19,629	20,380
	% change	11.8	-0.5	3.4	7.3	7.4	5.1	4.5	2.6	3.8
Housing starts	units	6,828	3,866	5,907	7,031	9,968	8,290	8,257	5,600	6,900
	% change	13.7	-43.4	52.8	19.0	41.8	-16.8	-0.4	-32.2	23.2
Consumer price index	2002=100	115.9	117.1	118.7	122.0	123.9	125.7	128.7	130.7	135.1
	% change	3.2	1.1	1.3	2.8	1.6	1.4	2.4	1.5	3.3

**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	57,528	59,138	60,818
	% change	3.8	-0.2	2.6	2.1	3.3	2.2	1.8	2.8	2.8
Nominal GDP	\$ millions	51,920	50,636	52,896	55,758	59,126	61,323	63,350	65,970	69,608
	% change	5.4	-2.5	4.5	5.4	6.0	3.7	3.3	4.1	5.5
Employment	thousands	602	601	609	612	622	626	626	635	642
	% change	1.5	-0.2	1.4	0.4	1.6	0.7	0.1	1.4	1.0
Unemployment rate	%	4.2	5.2	5.4	5.5	5.3	5.4	5.4	5.1	5.0
Retail sales	\$ millions	14,983	14,920	15,770	16,443	16,652	17,297	17,966	18,771	19,597
	% change	6.9	-0.4	5.7	4.3	1.3	3.9	3.9	4.5	4.4
Housing starts	units	5,537	4,174	5,888	6,083	7,242	7,465	6,220	6,700	5,900
	% change	-3.5	-24.6	41.1	3.3	19.1	3.1	-16.7	7.7	-11.9
Consumer price index	2002=100	113.4	114.1	115.0	118.4	120.3	123.0	125.3	126.3	130.0
	% change	2.2	0.6	0.8	2.9	1.6	2.3	1.8	0.8	2.9

**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	648,458	670,116	688,478
	% change	-0.1	-3.1	3.4	2.6	1.7	1.3	2.5	3.3	2.7
Nominal GDP	\$ millions	604,282	595,433	629,500	658,635	679,616	695,705	726,143	768,406	802,407
	% change	1.1	-1.5	5.7	4.6	3.2	2.4	4.4	5.8	4.4
Employment	thousands	6,610	6,433	6,538	6,658	6,703	6,823	6,878	6,975	7,057
	% change	1.0	-2.7	1.6	1.8	0.7	1.8	0.8	1.4	1.2
Unemployment rate	%	6.6	9.1	8.7	7.9	7.9	7.6	7.3	6.4	6.1
Retail sales	\$ millions	151,697	148,109	156,276	161,859	164,503	168,253	176,195	184,591	192,982
	% change	3.9	-2.4	5.5	3.6	1.6	2.3	4.7	4.8	4.5
Housing starts	units	75,076	50,370	60,433	67,821	76,742	61,085	59,134	64,500	59,500
	% change	10.2	-32.9	20.0	12.2	13.2	-20.4	-3.2	9.1	-7.8
Consumer price index	2002=100	113.3	113.7	116.5	120.1	121.8	123.0	125.9	127.2	130.7
	% change	2.3	0.4	2.4	3.1	1.4	1.1	2.3	1.1	2.7

**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	336,332	343,059	349,714
	% change	1.9	-0.6	2.3	2.0	1.5	1.0	1.5	2.0	1.9
Nominal GDP	\$ millions	313,595	315,531	329,670	345,732	357,431	362,846	375,649	391,975	405,333
	% change	2.5	0.6	4.5	4.9	3.4	1.5	3.5	4.3	3.4
Employment	thousands	3,883	3,854	3,938	3,976	4,006	4,061	4,060	4,098	4,131
	% change	1.1	-0.7	2.2	1.0	0.8	1.4	0.0	0.9	0.8
Unemployment rate	%	7.2	8.6	8.0	7.9	7.7	7.6	7.7	7.2	7.0
Retail sales	\$ millions	94,816	93,759	99,590	102,556	103,753	106,301	109,027	113,219	117,554
	% change	4.9	-1.1	6.2	3.0	1.2	2.5	2.6	3.8	3.8
Housing starts	units	47,901	43,403	51,363	48,387	47,367	37,758	38,810	36,900	35,000
	% change	-1.3	-9.4	18.3	-5.8	-2.1	-20.3	2.8	-4.9	-5.1
Consumer price index	2002=100	112.7	113.4	114.8	118.3	120.8	121.7	123.4	124.7	128.2
	% change	2.1	0.6	1.3	3.0	2.1	0.8	1.4	1.0	2.9

## 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	28,498	29,040	29,487
	% change	0.9	-1.1	2.0	0.6	-0.4	-0.5	0.8	1.9	1.5
Nominal GDP	\$ millions	28,422	28,825	30,082	31,409	31,751	31,900	32,596	33,481	34,643
	% change	2.0	1.4	4.4	4.4	1.1	0.5	2.2	2.7	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	0.3	0.3
Unemployment rate	%	8.5	8.7	9.2	9.5	10.2	10.3	10.0	9.9	9.6
Retail sales	\$ millions	10,018	10,094	10,595	11,103	11,028	11,107	11,510	11,860	12,238
	% change	6.5	0.8	5.0	4.8	-0.7	0.7	3.6	3.0	3.2
Housing starts	units	4,274	3,521	4,101	3,452	3,299	2,843	2,276	2,500	2,700
	% change	0.8	-17.6	16.5	-15.8	-4.4	-13.8	-19.9	9.8	8.0
Consumer price index	2002=100	113.2	113.5	115.9	120.0	122.0	123.0	124.8	125.8	129.6
	% change	1.7	0.3	2.1	3.5	1.7	0.8	1.5	0.8	3.0

## 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	36,851	37,662	38,453
	% change	2.1	0.4	3.0	0.7	-0.3	0.3	2.2	2.2	2.1
Nominal GDP	\$ millions	35,467	35,254	37,073	38,349	38,214	39,145	40,700	42,012	43,709
	% change	4.6	-0.6	5.2	3.4	-0.4	2.4	4.0	3.2	4.0
Employment	thousands	452	450	451	453	458	453	448	453	458
	% change	1.0	-0.5	0.4	0.4	1.0	-1.1	-1.1	1.2	1.0
Unemployment rate	%	7.6	9.2	9.6	9.0	9.1	9.1	8.9	8.4	8.1
Retail sales	\$ millions	12,091	12,105	12,651	13,098	13,223	13,605	13,899	14,312	14,810
	% change	4.1	0.1	4.5	3.5	1.0	2.9	2.2	3.0	3.5
Housing starts	units	3,982	3,438	4,309	4,644	4,522	3,919	3,056	3,000	3,300
	% change	-16.2	-13.7	25.3	7.8	-2.6	-13.3	-22.0	-1.8	10.0
Consumer price index	2002=100	115.9	115.7	118.2	122.7	125.1	126.6	128.8	129.6	133.5
	% change	3.0	-0.1	2.2	3.8	1.9	1.2	1.7	0.6	3.1

## 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	5,157	5,247
	% 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	5,968	6,130	6,330
	% change	3.2	3.8	5.2	4.0	1.9	5.0	3.1	2.7	3.3
Employment	thousands	69	68	70	72	73	74	74	75	75
	% change	0.8	-1.3	2.3	3.1	1.7	1.4	-0.1	0.9	0.9
Unemployment rate	%	10.8	11.9	11.4	11.1	11.1	11.5	10.6	10.0	9.6
Retail sales	\$ millions	1,703	1,682	1,770	1,866	1,925	1,940	1,998	2,067	2,147
	% change	5.1	-1.3	5.3	5.4	3.2	0.8	3.0	3.5	3.9
Housing starts	units	712	877	756	940	941	636	511	660	600
	% change	-5.1	23.2	-13.8	24.3	0.1	-32.4	-19.7	29.2	-9.1
Consumer price index	2002=100	117.5	117.3	119.5	123.0	125.5	128.0	130.1	130.5	134.5
	% change	3.4	-0.1	1.8	2.9	2.0	2.0	1.6	0.3	3.1

## Newfoundland &amp; 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	29,041	29,273	29,331
	% change	-1.2	-9.9	5.9	3.1	-4.5	7.2	-1.9	0.8	0.2
Nominal GDP	\$ millions	31,434	24,972	29,063	33,497	32,365	35,832	35,098	33,256	36,155
	% change	5.8	-20.6	16.4	15.3	-3.4	10.7	-2.0	-5.2	8.7
Employment	thousands	221	215	223	232	241	243	239	239	238
	% change	1.9	-2.7	3.6	4.1	3.8	0.8	-1.7	0.3	-0.7
Unemployment rate	%	13.3	15.5	14.7	12.6	12.3	11.6	11.9	12.0	12.7
Retail sales	\$ millions	7,009	7,121	7,453	7,833	8,182	8,589	8,883	9,003	9,154
	% change	7.4	1.6	4.7	5.1	4.5	5.0	3.4	1.4	1.7
Housing starts	units	3,261	3,057	3,606	3,488	3,885	2,862	2,119	2,100	2,000
	% change	23.1	-6.3	18.0	-3.3	11.4	-26.3	-26.0	-0.9	-4.8
Consumer price index	2002=100	114.3	114.6	117.4	121.4	123.9	126.0	128.4	129.0	132.8
	% change	2.9	0.3	2.4	3.4	2.1	1.7	1.9	0.5	2.9

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