

PROVINCIAL OUTLOOK UPDATE

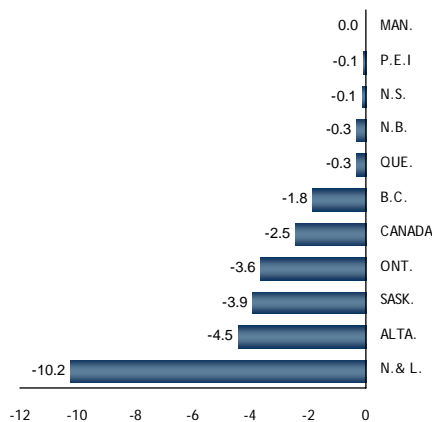
November 4, 2010

Provincial accounts confirm widespread real GDP declines in 2009

This morning, Statistics Canada released its real GDP estimates from the provincial accounts for 2009 and provided revised figures for 2006 to 2008. As was previously indicated in the real GDP by industry numbers released in April 2010, today's estimates confirmed that the contraction of activity last year was widespread across the country with all provinces but one (Manitoba) experiencing a decline in real GDP. The provincial accounts, which calculate real GDP from expenditures, typically serve as the official measures of economic activity for provinces and are the basis on which RBC presents its forecasts.

Real GDP growth 2009

% change, year-over-year



Source: Statistics Canada, RBC Economics Research

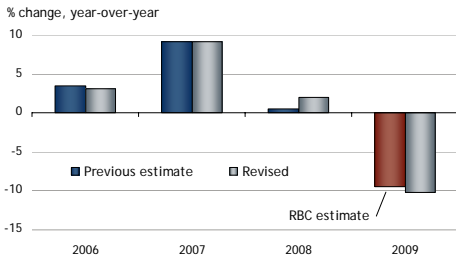
Overall, there were no real surprises in the release. Most of the data came roughly in line with our earlier estimates. Previously, we had only Prince Edward Island growing in 2009 (up a marginal 0.2%) and all other provinces contracting from by 0.1% (Manitoba) to 9.5% (Newfoundland and Labrador). In the event, Manitoba was the sole province escaping the general contraction—although it did not grow either, showing 0% growth—and Newfoundland and Labrador remained the province experiencing the steepest drop in activity at -10.2%. Real GDP growth in Prince Edward Island came in on the left side of the zero line, declining by a marginal 0.1%. Saskatchewan (-3.9%) did not contract as much as we thought, as was the case for Quebec (-0.3% compared to our earlier estimate of -1.2%) and British Columbia (-1.8% compared to -2.4%). Meanwhile, real GDP in Ontario declined a little more than we believed (-3.6% compared to an expected -3.2%). All other provinces came in within two-tenths of our estimates.

With respect to the historical revisions, Newfoundland and Labrador, and Alberta saw a significant boost to their growth rates in 2008 (up 1.5 percentage points to 2.0% and up 1.4 percentage points to 1.4%, respectively), although growth in Alberta was reduced in 2006 and 2007 (by 0.3% and 0.7%, respectively). Nova Scotia saw the largest downward revision in 2008 (down 0.9 percentage points to 1.3%). Ontario growth was cut modestly in both 2007 and 2008 (by 0.3 and 0.4 percentage points, respectively). The biggest revisions for Manitoba and New Brunswick were for 2007 (down 0.9 percentage points to 2.7% and up 0.7 percentage points to 1.1%, respectively). Some notable downward revisions were also made to Quebec in 2007 (down 0.6 percentage points to 2.1%) and Saskatchewan in 2006 (down 0.7 percentage points to -1.6%), and there was a sizeable upward revision to Prince Edward Island in 2006 (up 1.3 percentage points to 4.0%). All other changes were small.

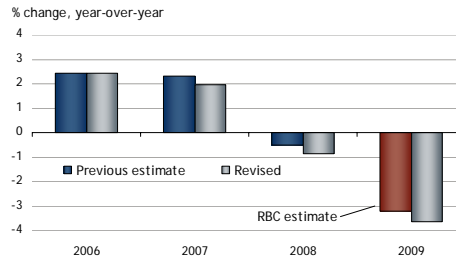
The tables that follow show the revised set of estimates for 2006 to 2009 along with the 2010 and 2011 forecasts that were updated earlier in September. The next forecast update will be released in early December.

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

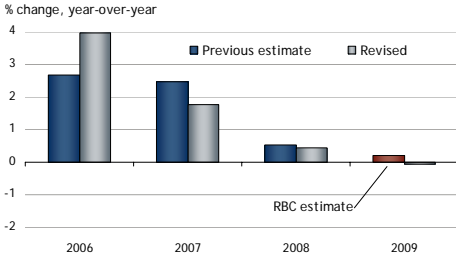
Real GDP growth - Newfoundland & Labrador



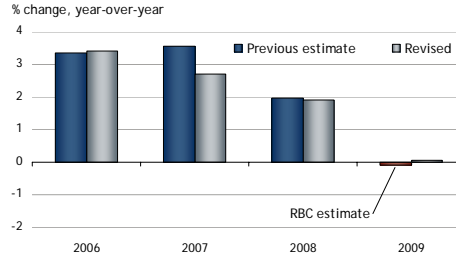
Real GDP growth - Ontario



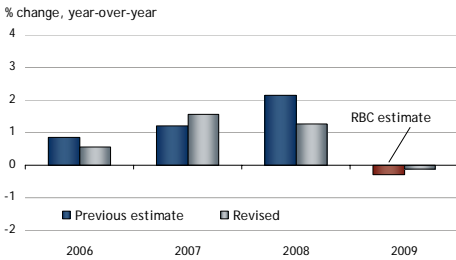
Real GDP growth - Prince Edward Island



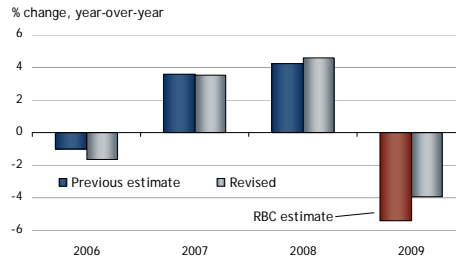
Real GDP growth - Manitoba



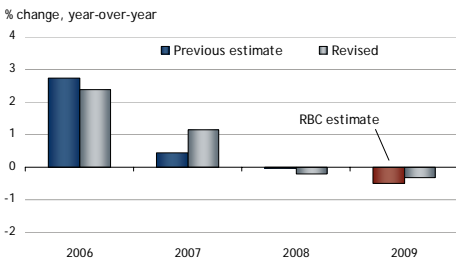
Real GDP growth - Nova Scotia



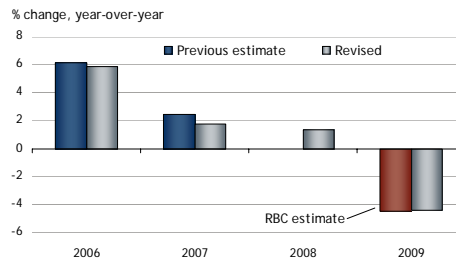
Real GDP growth - Saskatchewan



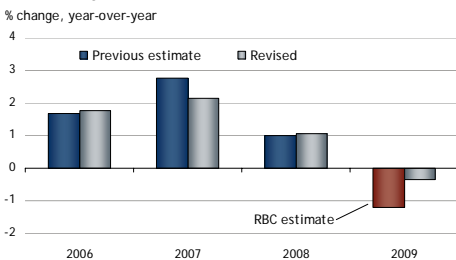
Real GDP growth - New Brunswick



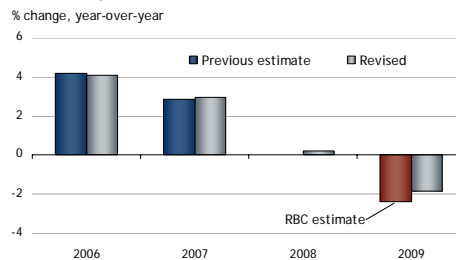
Real GDP growth - Alberta



Real GDP growth - Quebec



Real GDP growth - British Columbia



Forecast detail

Average annual % change unless otherwise indicated

	Real GDP				Employment				Unemployment rate				Housing starts				Retail sales				CPI			
									%				Thousands											
	08	09	10	11	08	09	10	11	08	09	10	11	08	09	10	11	08	09	10	11	08	09	10	11
N. & L.	2.0	-10.2	3.3	3.3	1.5	-2.4	2.6	1.6	13.2	15.4	14.9	14.1	3.2	3.2	4.1	3.1	7.6	2.7	4.5	4.4	2.9	0.3	2.3	2.2
P.E.I.	0.4	-0.1	2.1	2.4	1.3	-1.1	3.5	1.3	10.7	12.0	10.6	10.1	0.7	0.9	0.8	0.8	5.6	-0.3	5.4	3.9	3.4	-0.1	1.7	2.1
N.S.	1.3	-0.1	1.8	1.5	1.2	-0.1	0.7	1.7	7.7	9.2	8.9	8.6	4.3	3.4	4.2	3.8	4.2	0.3	5.7	3.6	3.0	-0.1	1.8	2.2
N.B.	-0.2	-0.3	2.3	2.2	0.9	0.1	-0.2	1.3	8.6	8.9	8.9	8.6	4.2	3.5	4.3	3.5	5.9	-0.1	4.6	4.0	1.7	0.3	2.1	2.1
QUE.	1.1	-0.3	3.0	3.1	0.8	-1.0	2.0	2.0	7.2	8.5	7.9	7.6	47.9	44.0	52.0	45.8	5.1	-0.9	5.5	4.4	2.1	0.6	1.4	2.1
ONT.	-0.9	-3.6	3.5	3.2	1.4	-2.4	1.9	2.4	6.5	9.0	8.7	8.1	75.6	50.1	58.6	59.0	3.5	-2.4	5.3	4.7	2.3	0.4	2.3	2.4
MAN.	1.9	0.0	2.0	3.8	1.7	0.0	2.0	1.9	4.1	5.2	5.4	5.0	5.6	4.0	5.9	5.5	7.2	-0.9	4.7	5.0	2.2	0.6	0.8	2.1
SASK.	4.6	-3.9	6.3	4.8	2.2	1.5	1.5	2.5	4.1	4.8	4.9	4.5	6.8	3.8	5.2	5.1	10.6	-2.3	3.0	5.6	3.2	1.1	1.4	2.8
ALTA.	1.4	-4.5	3.5	4.3	2.7	-1.3	0.8	2.6	3.6	6.6	6.5	5.8	29.0	20.0	28.8	33.0	-0.1	-8.4	5.0	5.6	3.2	-0.1	1.0	1.8
B.C.	0.2	-1.8	3.3	3.1	2.1	-2.4	2.2	1.9	4.6	7.6	7.5	7.0	34.3	16.0	25.4	24.5	0.3	-5.1	6.2	5.0	2.1	0.0	1.4	2.2
CANADA	0.5	-2.5	3.3	3.2	1.5	-1.6	1.7	2.1	6.1	8.3	8.0	7.5	212	149	189	184	3.4	-3.0	5.3	4.8	2.4	0.3	1.7	2.1

Key provincial comparisons

2009 unless otherwise indicated

	<u>N. & L.</u>	<u>P.E.I.</u>	<u>N.S.</u>	<u>N.B.</u>	<u>QUE</u>	<u>ONT</u>	<u>MAN</u>	<u>SASK</u>	<u>ALTA</u>	<u>B.C.</u>
Population (000s) (2010)	510	142	943	752	7,907	13,211	1,235	1,046	3,721	4,531
Gross domestic product (\$ billions)	25.0	4.8	34.3	27.5	303.7	578.2	51.0	56.6	247.2	191.0
Real GDP (\$2002 billions)	18.1	4.2	28.9	23.3	267.5	509.4	42.1	39.8	178.2	161.9
Share of Canada real GDP (%)	1.4	0.3	2.3	1.8	20.8	39.6	3.3	3.1	13.9	12.6
Real GDP growth (CAR, last five years 04-09, %)	1.0	1.4	0.9	0.8	1.3	0.5	2.1	1.1	1.7	2.0
Real GDP per capita (\$)	35,657	29,512	30,806	31,113	34,168	38,992	34,502	38,683	48,553	36,287
Real GDP growth rate per capita (CAR, last five years 04-09, %)	1.4	0.9	0.9	0.8	0.5	-0.6	1.4	0.4	-0.8	0.6
Personal disposable income per capita (\$)	25,957	24,054	26,183	26,105	26,031	28,565	26,915	29,426	36,818	28,038
Employment growth (CAR, last five years 04-09, %)	0.1	0.8	0.5	0.9	0.9	0.7	1.0	1.6	2.5	1.8
Employment rate (Sept. 2010, %)	52.8	59.2	59.1	57.9	60.5	61.4	66.4	66.3	68.2	61.1
Discomfort index (inflation + unemp. rates, Sept. 2010)	15.8	14.4	10.8	11.4	8.7	11.7	5.9	6.7	7.1	9.1
Manufacturing industry output (% of real GDP)	4.9	10.5	8.7	11.0	16.4	14.6	11.4	7.3	7.6	8.3
Personal expenditures goods & services (% of real GDP)	62.0	72.6	74.4	70.4	65.0	63.0	65.9	62.1	55.1	70.9
International exports (% of real GDP)	36.8	28.9	22.9	41.2	30.2	36.0	30.9	33.5	33.7	23.9

British Columbia

		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Real GDP	\$2002 millions	146,541	153,489	159,729	164,496	164,869	161,851	167,192	172,375
	% change	3.6	4.7	4.1	3.0	0.2	-1.8	3.3	3.1
Employment	thousands	2,063	2,131	2,195	2,266	2,314	2,259	2,309	2,352
	% change	2.4	3.3	3.0	3.2	2.1	-2.4	2.2	1.9
Unemployment rate	%	7.2	5.9	4.8	4.2	4.6	7.6	7.5	7.0
Retail sales	\$ millions	47,217	49,286	52,837	56,365	56,562	53,675	56,977	59,803
	% change	6.3	4.4	7.2	6.7	0.3	-5.1	6.2	5.0
Housing starts	units	32,925	34,667	36,443	39,195	34,250	16,042	25,400	24,500
	% change	25.8	5.3	5.1	7.6	-12.6	-53.2	58.3	-3.5
Consumer price index	2002=100	104.2	106.3	108.1	110.0	112.3	112.3	113.9	116.4
	% change	2.0	2.0	1.7	1.7	2.1	0.0	1.4	2.2

Alberta

		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Real GDP	\$2002 millions	163,564	170,872	180,852	184,008	186,528	178,225	184,499	192,432
	% change	5.3	4.5	5.8	1.7	1.4	-4.5	3.5	4.3
Employment	thousands	1,757	1,784	1,871	1,959	2,013	1,988	2,003	2,056
	% change	2.4	1.5	4.8	4.7	2.7	-1.3	0.8	2.6
Unemployment rate	%	4.6	3.9	3.4	3.5	3.6	6.6	6.5	5.8
Retail sales	\$ millions	43,372	48,493	55,942	61,160	61,069	55,956	58,750	62,030
	% change	10.3	11.8	15.4	9.3	-0.1	-8.4	5.0	5.6
Housing starts	units	36,270	40,847	48,962	48,336	28,967	19,983	28,800	33,000
	% change	0.3	12.6	19.9	-1.3	-40.1	-31.0	44.1	14.6
Consumer price index	2002=100	105.9	108.1	112.3	117.9	121.6	121.5	122.7	124.9
	% change	1.4	2.1	3.9	4.9	3.2	-0.1	1.0	1.8

Saskatchewan

		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Real GDP	\$2002 millions	37,741	38,904	38,266	39,626	41,434	39,810	42,318	44,349
	% change	5.1	3.1	-1.6	3.6	4.6	-3.9	6.3	4.8
Employment	thousands	480	483	492	502	513	521	529	542
	% change	0.8	0.8	1.7	2.1	2.2	1.5	1.5	2.5
Unemployment rate	%	5.3	5.1	4.7	4.2	4.1	4.8	4.9	4.5
Retail sales	\$ millions	10,259	10,796	11,495	12,984	14,360	14,036	14,457	15,273
	% change	4.1	5.2	6.5	13.0	10.6	-2.3	3.0	5.6
Housing starts	units	3,781	3,437	3,715	6,007	6,792	3,792	5,200	5,100
	% change	14.1	-9.1	8.1	61.7	13.1	-44.2	37.1	-1.9
Consumer price index	2002=100	104.6	106.9	109.1	112.2	115.9	117.1	118.7	122.0
	% change	2.2	2.2	2.0	2.9	3.2	1.1	1.4	2.8

Manitoba

		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Real GDP	\$2002 millions	37,861	38,860	40,181	41,263	42,057	42,077	42,919	44,549
	% change	2.2	2.6	3.4	2.7	1.9	0.0	2.0	3.8
Employment	thousands	577	580	587	596	607	607	619	631
	% change	1.1	0.6	1.1	1.6	1.7	0.0	2.0	1.9
Unemployment rate	%	5.3	4.8	4.3	4.4	4.1	5.2	5.4	5.0
Retail sales	\$ millions	11,692	12,381	12,870	14,008	15,017	14,882	15,586	16,360
	% change	6.7	5.9	3.9	8.8	7.2	-0.9	4.7	5.0
Housing starts	units	4,440	4,731	5,028	5,738	5,550	4,042	5,900	5,500
	% change	5.6	6.6	6.3	14.1	-3.3	-27.2	46.0	-6.8
Consumer price index	2002=100	103.8	106.6	108.7	110.9	113.4	114.1	115.0	117.4
	% change	1.9	2.7	1.9	2.1	2.2	0.6	0.8	2.1

Ontario

		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Real GDP	\$2002 millions	496,780	510,509	522,998	533,233	528,635	509,421	527,251	544,123
	% change	2.6	2.8	2.4	2.0	-0.9	-3.6	3.5	3.2
Employment	thousands	6,317	6,398	6,493	6,594	6,687	6,526	6,649	6,807
	% change	1.7	1.3	1.5	1.6	1.4	-2.4	1.9	2.4
Unemployment rate	%	6.8	6.6	6.3	6.4	6.5	9.0	8.7	8.1
Retail sales	\$ millions	129,086	135,321	140,808	146,252	151,375	147,708	155,482	162,806
	% change	3.2	4.8	4.1	3.9	3.5	-2.4	5.3	4.7
Housing starts	units	85,114	78,795	73,417	68,123	75,567	50,050	58,600	59,000
	% change	-0.1	-7.4	-6.8	-7.2	10.9	-33.8	17.1	0.7
Consumer price index	2002=100	104.6	106.9	108.8	110.8	113.3	113.7	116.3	119.1
	% change	1.9	2.2	1.8	1.8	2.3	0.4	2.3	2.4

Quebec

		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Real GDP	\$2002 millions	251,028	255,559	260,033	265,585	268,406	267,477	275,501	284,042
	% change	2.7	1.8	1.8	2.1	1.1	-0.3	3.0	3.1
Employment	thousands	3,680	3,717	3,765	3,852	3,882	3,844	3,921	4,000
	% change	1.4	1.0	1.3	2.3	0.8	-1.0	2.0	2.0
Unemployment rate	%	8.5	8.3	8.0	7.2	7.2	8.5	7.9	7.6
Retail sales	\$ millions	78,518	82,533	86,709	90,663	95,321	94,493	99,699	104,089
	% change	4.2	5.1	5.1	4.6	5.1	-0.9	5.5	4.4
Housing starts	units	58,448	50,910	47,877	48,553	47,925	44,008	52,000	45,800
	% change	16.2	-12.9	-6.0	1.4	-1.3	-8.2	18.2	-11.9
Consumer price index	2002=100	104.5	106.9	108.7	110.4	112.7	113.4	114.9	117.3
	% change	1.9	2.3	1.7	1.6	2.1	0.6	1.4	2.1

New Brunswick

		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Real GDP	\$2002 millions	22,366	22,638	23,174	23,439	23,392	23,314	23,850	24,375
	% change	2.8	1.2	2.4	1.1	-0.2	-0.3	2.3	2.2
Employment	thousands	350	351	355	363	366	366	366	370
	% change	2.0	0.1	1.4	2.1	0.9	0.1	-0.2	1.3
Unemployment rate	%	9.8	9.7	8.8	7.5	8.6	8.9	8.9	8.6
Retail sales	\$ millions	7,963	8,326	8,814	9,318	9,872	9,861	10,314	10,728
	% change	1.7	4.6	5.9	5.7	5.9	-0.1	4.6	4.0
Housing starts	units	3,947	3,959	4,085	4,242	4,175	3,483	4,300	3,500
	% change	-12.1	0.3	3.2	3.8	-1.6	-16.6	23.4	-18.6
Consumer price index	2002=100	104.9	107.4	109.2	111.3	113.2	113.5	115.9	118.4
	% change	1.4	2.4	1.7	1.9	1.7	0.3	2.1	2.1

Nova Scotia

		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Real GDP	\$2002 millions	27,710	28,016	28,174	28,611	28,969	28,931	29,452	29,894
	% change	0.9	1.1	0.6	1.6	1.3	-0.1	1.8	1.5
Employment	thousands	442	443	442	448	453	453	456	464
	% change	2.6	0.2	-0.3	1.3	1.2	-0.1	0.7	1.7
Unemployment rate	%	8.8	8.4	7.9	8.0	7.7	9.2	8.9	8.6
Retail sales	\$ millions	10,297	10,527	11,163	11,636	12,129	12,172	12,860	13,322
	% change	2.8	2.2	6.0	4.2	4.2	0.3	5.7	3.6
Housing starts	units	4,717	4,775	4,896	4,750	4,267	3,408	4,200	3,800
	% change	-7.4	1.2	2.5	-3.0	-10.2	-20.1	23.2	-9.5
Consumer price index	2002=100	105.3	108.2	110.4	112.5	115.9	115.7	117.8	120.4
	% change	1.8	2.8	2.1	1.9	3.0	-0.1	1.8	2.2

Prince Edward Island

		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Real GDP	\$2002 millions	3,877	3,921	4,077	4,149	4,167	4,164	4,251	4,353
	% change	2.6	1.1	4.0	1.8	0.4	-0.1	2.1	2.4
Employment	thousands	67	68	69	69	70	69	72	73
	% change	1.3	1.9	0.6	1.1	1.3	-1.1	3.5	1.3
Unemployment rate	%	11.2	10.8	11.1	10.3	10.7	12.0	10.6	10.1
Retail sales	\$ millions	1,385	1,424	1,512	1,629	1,721	1,715	1,808	1,877
	% change	0.1	2.8	6.2	7.7	5.6	-0.3	5.4	3.9
Housing starts	units	919	862	738	750	700	858	820	780
	% change	12.9	-6.2	-14.4	1.6	-6.7	22.6	-4.5	-4.9
Consumer price index	2002=100	105.8	109.1	111.6	113.6	117.5	117.3	119.4	121.9
	% change	2.2	3.2	2.2	1.8	3.4	-0.1	1.7	2.1

Newfoundland & Labrador

		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Real GDP	\$2002 millions	17,209	17,593	18,129	19,791	20,186	18,119	18,717	19,335
	% change	-1.2	2.2	3.0	9.2	2.0	-10.2	3.3	3.3
Employment	thousands	214	214	216	217	220	215	220	224
	% change	1.0	-0.1	0.7	0.7	1.5	-2.4	2.6	1.6
Unemployment rate	%	15.7	15.2	14.8	13.6	13.2	15.4	14.9	14.1
Retail sales	\$ millions	5,755	5,826	6,026	6,567	7,063	7,251	7,578	7,915
	% change	0.3	1.2	3.4	9.0	7.6	2.7	4.5	4.4
Housing starts	units	2,870	2,498	2,234	2,649	3,233	3,167	4,100	3,100
	% change	6.6	-13.0	-10.6	18.6	22.1	-2.1	29.5	-24.4
Consumer price index	2002=100	104.8	107.6	109.5	111.1	114.3	114.6	117.3	119.8
	% change	1.8	2.6	1.8	1.4	2.9	0.3	2.3	2.2

The material contained in this report is the property of Royal Bank of Canada and may not be reproduced in any way, in whole or in part, without express authorization of the copyright holder in writing. The statements and statistics contained herein have been prepared by RBC Economics Research based on information from sources considered to be reliable. We make no representation or warranty, express or implied, as to its accuracy or completeness. This publication is for the information of investors and business persons and does not constitute an offer to sell or a solicitation to buy securities.

**@Registered trademark of Royal Bank of Canada.
©Royal Bank of Canada.**

