



RBC ECONOMIC OUTLOOK - PROVINCIAL FACT SHEET

Highlights from across Canada

British Columbia: Brimming with confidence

All signs point to British Columbia holding on to the top spot for provincial growth in 2016. Recent economic data, including impressive job market statistics, suggest that the solid momentum of 2014 and 2015 carried into 2016. RBC projects economic growth of 3.0 per cent this year, fuelled primarily by domestic sources.

“British Columbians should feel quite upbeat these days and for good reasons. The provincial labour market is the strongest in Canada so far in 2016 with vigorous job creation and, as of April, the lowest unemployment rate in the country at 5.8 per cent,” said Craig Wright, senior vice-president and chief economist, RBC. “We expect housing will remain a key contributor to economic growth in 2016 in B.C. with healthy job market conditions, confident households and population growth underpinning housing demand.”

Learn more about RBC’s Economic Outlook for British Columbia [here](#).

Alberta: Can’t catch a break

Alberta was already dealing with adversity from the 2014 plunge in oil prices and it took another blow in May when wildfires devastated large parts of Fort McMurray and disrupted major oil sands operations. RBC assumes the loss of oil production, tempered by reconstruction work in the second half of this year, will translate into a net loss of approximately 0.5 percentage points for Alberta’s real GDP in 2016. RBC lowered its economic growth forecast for 2016 to -2.5 per cent, which was also prompted by weaker than expected conditions prior to the wildfires.

“If there is a silver lining in this disaster, it is that provincial growth in 2017 should be stronger than we previously expected as oil production ramps back up from a lower level and rebuilding takes place in Fort McMurray,” said Craig Wright, senior vice-president and chief economist, RBC. “We have upwardly revised our 2017 growth forecast to 2.2 per cent from 2.0 per cent previously to account for these factors.”

Learn more about RBC’s Economic Outlook for Alberta [here](#).

Saskatchewan: Activity weighed down by low oil prices

Low oil prices and attendant reductions in capital spending in the Saskatchewan energy sector are expected to continue to weigh on growth this year. RBC forecasts that overall GDP will decline marginally in 2016, by 0.2 per cent. The non-energy mining sector is also expected to be weighed down by indications of cutbacks in potash production as the market confronts weakening global demand and low prices for this key input to agricultural fertilizers. The projected recovery in agricultural production is the main bright spot.

“Assuming there is a return to more ‘normal’ weather conditions this year and next, we expect to see a rebound in agricultural production,” said Craig Wright, senior vice-president and chief economist, RBC. “Looking further ahead, we assume that a recovery in oil prices next year will contribute to positive 2017 GDP growth of 1.8 per cent.”

Learn more about RBC’s Economic Outlook for Saskatchewan [here](#).

Manitoba: Carrying positive momentum into 2016

A key source of unexpected strength in Manitoba in 2015 was construction spending, which grew almost 10 per cent. This pace is projected to moderate, but the sector is still expected to be a main contributor to provincial growth, and other areas such as manufacturing providing greater strength relative to 2015. RBC expects the Manitoba economy to generally maintain last year’s pace, with growth of 2.3 per cent in 2016 and 2.4 per cent in 2017.

“Business investment and manufacturing activity are key sources of strength this year, while agricultural activity will also contribute moderately,” said Craig Wright, senior vice-president and chief economist, RBC. “Our forecast assumes that the supportive factors of strong US demand and a weak Canadian dollar will spur activity in the manufacturing sector.”

Learn more about RBC’s Economic Outlook for Manitoba [here](#).

Ontario: On a roll and poised to outperform

Ontario’s economy has been on a roll and RBC expects Ontario to outperform the national economy for a third straight year in 2016. While external trade has shown encouraging signs since mid- 2015, the household sector remains the main driving force in the province: spending on goods and services is growing at a rapid clip, and residential investment keeps fuelling substantial economic activity. RBC forecasts growth of 2.8 per cent in 2016 and 2.5 per cent in 2017.

“We believe Ontario consumers will carry much of the load in 2016, as they already demonstrated by buying new vehicles and existing homes in record numbers so far this year,” said Craig Wright, senior vice-president and chief economist, RBC. “We also believe that a strengthening external trade sector will broaden Ontario’s expansion beyond the household sector.”

Learn more about RBC’s Economic Outlook for Ontario [here](#).

Quebec: Bringing it up a notch

Quebec’s economic performance has been uneven in the past few years, and there are signs that the provincial economy is on a modest upswing. Quebec is one of the provinces that should benefit most from the lower value of the Canadian dollar and reasonably healthy conditions in U.S. markets. RBC expects that business investment in the province will turn around this year after a long period of decline. It forecasts real GDP growth of 1.5 per cent in 2016 and 1.7 per cent in 2017.

“Provincial estimates indicate that monthly real GDP picked up noticeably in January and February and key industries including manufacturing, retail trade and transportation posted welcome gains, which bodes well for the rest of 2016,” said Craig Wright, senior vice-president and chief economist, RBC. “We expect external trade to pick up going forward, and Quebec is one of only two provinces where private sector firms intend to increase investment.”

Learn more about RBC’s Economic Outlook for Quebec [here](#).

New Brunswick: Exports still key to provincial outlook

Exports were stuck in low gear in 2015, and that weakness has extended into 2016. The province’s export outlook took a hit when the new Picadilly mine was shuttered in the wake of low potash prices; however, there will be some offset from a full year of metal production at the Caribou mine. Outside of mining, localized sources of strength include food manufacturing and forest products, which is positive for future export growth. RBC forecasts economic growth of 0.4 per cent this year and 0.6 per cent in 2017.

“New Brunswick’s economic fortunes are linked to its demographic trends, and we believe the province will lose jobs in both 2016 and 2017,” said Craig Wright, senior vice-president and chief economist, RBC. “As the pool of working-age adults shrinks, fewer workers translate into lower demand for consumer goods and housing construction, and a shrinking tax base for the government.”

Learn more about RBC’s Economic Outlook for New Brunswick [here](#).

Nova Scotia: Growth poised to pick up modestly

Economic growth is set to accelerate in Nova Scotia this year as exports continue to benefit from a lower Canadian dollar while shipbuilding and construction activity are ongoing in Halifax. RBC forecasts real GDP growth of 1.3 per cent in 2016, slowing to 1.1 per cent in 2017 as construction projects wind down.

“Non-energy products should help boost overall exports in 2016, supported by solid U.S. demand and a weak Canadian dollar,” said Craig Wright, senior vice-president and chief economist, RBC. “Despite an expected pickup in overall growth this year, the employment outlook is weak and the ageing of the Nova Scotia population is increasingly taking a toll on the pool of available labour.”

Learn more about RBC’s Economic Outlook for Nova Scotia [here](#).

Prince Edward Island: Exports to fuel a steadily growing economy

Exports remain on track for continued growth, with solid U.S. spending, the low Canadian dollar and continued investments by exporters. Recently announced contracts in the aerospace sector point to firms expanding capacity and production, and food-product exports have seen strong year-over-year gains. Modest growth in domestic sectors should temper overall economic performance. RBC forecasts real GDP will expand by 1.3 per cent in 2016 and 0.9 per cent in 2017.

“Despite a growing export sector, the province is on track for its third consecutive year of job losses and has a steadily declining labour force and working-age population,” said Craig Wright, senior vice-president and chief economist, RBC. “Like most provinces in Atlantic Canada, P.E.I. faces demographic challenges, although a relatively high level of international immigration, coupled with a pledge to accept hundreds of Syrian refugees, may forestall these challenges in the near term.”

Learn more about RBC’s Economic Outlook for Prince Edward Island [here](#).

Newfoundland and Labrador: An austerity budget amid a contracting economy

Despite a stable outlook for oil production, the Newfoundland and Labrador government’s austerity budget and a lower trajectory for investment spending will cause steady declines in provincial GDP for the next two years, with implications for employment growth and the unemployment rate. RBC forecasts real GDP will slip by 0.3 per cent in 2016 and drop by 0.9 per cent in 2017.

“Severe fiscal restraint will deal a blow to Newfoundland and Labrador’s already weakened economy, as tax increases sap consumer spending and expenditure cuts add to public-sector job losses,” said Craig Wright, senior vice-president and chief economist, RBC. “Investment and construction activity is also expected to wind down this year, and the long-term decline in investment is the key driver in RBC’s forecast for the next two years.”

Learn more about RBC’s Economic Outlook for Newfoundland and Labrador [here](#).

ABOUT RBC

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RBC helps communities prosper, supporting a broad range of community initiatives through donations, community investments, sponsorships and employee volunteer activities. In 2015, we contributed more than \$121 million to causes around the world.

For more information, please contact:

[Craig Wright](#), Senior Vice-President and Chief Economist, RBC Economics Research, 416-974-7457

[Robert Hogue](#), Senior Economist, RBC Economics Research, 416-974-6192

[Catherine Hudon](#), RBC Communications, 416-974-5506