



B.C. ECONOMIC GROWTH SLOWS SLIGHTLY AS STRONGER EXPORTS FAIL TO OFFSET DOMESTIC SOFTNESS: RBC ECONOMICS

TORONTO, June 19, 2013 — British Columbia is one of only two provinces, along with Alberta, that will not outpace its 2012 growth, according to the latest [RBC Economics Provincial Outlook](#) issued today. RBC's forecasts provincial real GDP growth of 1.6 per cent in 2013 down slightly from 1.8 per cent in 2012.

“A softer housing market, slower population growth and stalled job creation are all significant factors contributing to British Columbia’s economic slowdown,” said Craig Wright, senior vice-president and chief economist, RBC. “Still, we are quite encouraged by the province’s recent external trade performance – thanks to rising demand abroad – we anticipate that B.C.’s natural resource sector will continue to grow and stimulate the economy.”

RBC notes that, so far in 2013, wood product exports surged in the province by 35 per cent, with the turnaround in the U.S. housing construction market being a key source of demand, along with further inroads in the Chinese market. Exports of minerals and metals, and machinery and equipment also noticeably increased, and production of softwood lumber, coal, copper, gold and silver posted considerable year-over-year gains.

According to the latest RBC Provincial Outlook, domestic conditions in the province have yet to improve more broadly. The most recent Public and Private Investment Intentions survey published earlier this year by Statistics Canada indicates that B.C. shouldn’t expect a big boost from capital projects in 2013.

On the residential side, homes under construction declined slightly in the past three-quarters, reflecting substantial cooling in the provincial resale market. Retail sales haven’t increased since the end of 2011, which RBC attributes to hesitant consumers. The provincial population growth as of Q1 2013 is at its lowest rate, 0.9 per cent, in more than eight years, suggesting that B.C. is no longer the magnet for new migrants from other provinces or countries that it was a few short years ago.

“Recent employment data isn’t boosting confidence in the province as job creation has stalled since the fall of 2012, with losses in the private sector offsetting gains in the public sector and among the self-employed,” said Wright.

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While economic prospects may appear to be dimming for the province in 2013, RBC anticipates a rebound in 2014, forecasting a ramp-up in capital spending that will boost B.C.'s economic growth to a rate of 2.7 per cent.

The RBC Economics Provincial Outlook assesses the provinces according to economic growth, employment growth, unemployment rates, retail sales, housing starts and consumer price indices. The full report and provincial details are available online as of 8 a.m. ET today at rbc.com/economics/market/pdf/provcst.pdf.

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