



BRITISH COLUMBIA'S ECONOMY A MIXED PICTURE: RBC ECONOMICS

TORONTO, December 12, 2011 — British Columbia's economy has had a mixed performance in 2011 and more of the same story is expected next year, according to the latest [RBC Economics Provincial Outlook](#) report. RBC expects British Columbia's real GDP to grow by 2.1 per cent in 2011 and 2.3 per cent in 2012.

"It seems that every encouraging economic sign in British Columbia is matched with one that disappoints," said Craig Wright, senior vice-president and chief economist, RBC. "Mixed conditions across several economic sectors will translate to an overall modest growth environment in the province."

British Columbia's exporters are making an impressive push into non-traditional markets, like China and South Korea (merchandise exports to those markets surged to 45 per cent and 43 per cent, respectively). In particular, lumber and wood pulp producers benefited from strong sales increases to China, helping them to further recover from the deeply depressed production levels of 2009.

"Going forward, the vast potential of the Chinese market coupled with the growing success of B.C. exporters bodes well for the province's external trade performance," added Wright. "We also expect the U.S. to ramp up demand for B.C. goods – after barely staying afloat this year – and believe that external trade will positively contribute to growth in the province next year."

After spiking to 8.8 per cent in February, the provincial jobless rate fell to a 33-month low in October (6.6 per cent) before settling at 7.0 per cent in November. Despite a few hiccups throughout 2011, new jobs continue to be created and employment is forecasted to remain on a mild upward track. RBC expects employment to grow modestly at 1.3 per cent in 2012.

British Columbia's retailers saw the weakest growth in sales among the provinces this year. In fact, once corrected for inflation, B.C. retail sales fell in the first eight-month period of 2011. RBC notes that caution by B.C. consumers partly reflects rapid increases in housing costs in the past year in areas like Vancouver.

“We expect the B.C.’s housing market to cool a little and home prices to ease next year, which will provide some relief to households’ budgets,” added Wright. “As house prices begin to settle, we’ll start to see consumers regain some confidence and start spending again.”

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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