



BRITISH COLUMBIA'S ECONOMY EXPECTED TO CONTINUE GROWING AT A SUSTAINED CLIP IN 2015: RBC ECONOMICS

TORONTO, December 12, 2014 — Economic growth in British Columbia is on track to accelerate in 2014 following three consecutive years of slowing activity, according to the latest [RBC Economics Provincial Outlook](#) released today. RBC forecasts real GDP to grow by 2.8 per cent in 2014 and 2.9 per cent in 2015, up from a pace of 1.9 per cent in 2013. RBC's real GDP forecast for 2016 is 2.5 per cent.

RBC notes that strengthening U.S. demand is expected to maintain growth in B.C.'s merchandise exports, which will continue to fuel economic activity in many industrial sectors. An increase in residential construction in the U.S. led to more shipments of lumber products in 2014 while firmer prices for natural gas supported a surge in nominal exports of the commodity to U.S. markets, RBC says. In addition to heightened U.S. activity supporting a recovery in the share of exports to the province's largest trading partner, B.C. is making further advances into Asian markets with rising shipments of metallic minerals and wood-products.

"Growth fuelled by U.S. demand and gains in export-related sectors represent positive developments on the provincial front, including signs of a tentative improvement in British Columbia's labour markets" said Craig Wright, senior vice-president and chief economist, RBC. "The finalization of LNG income tax rules by the provincial government in October 2014 also opens the door to a new wave of economic activity that is tied to private investments in the energy sector."

Positive economic conditions set the stage for further acceleration in U.S. demand in 2015 and will contribute to a broader economic expansion beyond export-related sectors. No final investment decisions have been made yet, however, the release of the details on the LNG income tax in October is a positive development and marked a step towards attracting new potential investments to British Columbia.

RBC notes a recent pickup in the pace of hiring after a net loss of jobs in 2013. The province added 36,000 jobs in the first 11 months of the year, all full-time positions, which marks the best year-to-date performance since emerging from the recession in 2010.

The unemployment rate is expected to drop to 5.7 per cent in 2015 from 6.1 per cent in 2014. Against this improving labour market backdrop, consumer spending recorded solid gains over the spring and summer months of 2014 with support coming from constructive demographic developments.

“Following two years of net out-migration to other provinces, British Columbia is on track to have this trend reversed which would boost population growth,” said Wright. “This will help absorb new homes coming to market as homes under construction are on track for the strongest year since 2008.”

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/economic-reports/provincial-economic-forecasts.html.

For more information, please contact:

[Craig Wright](#), RBC Economics Research, 416-974-7457

[Laura Cooper](#), RBC Economics Research, 416-974-8593

[Christine Stewart](#), Communications, RBC Capital Markets, 416-974-3678