



NEWS

NEWFOUNDLAND AND LABRADOR'S GROWTH TO SLOW DRAMATICALLY IN 2008, SAYS RBC

TORONTO, January 11, 2008 — After occupying the top spot of provincial growth rates for 2007, Newfoundland and Labrador's economic growth is expected to slow to a barely noticeable 0.5 per cent in 2008 and one per cent in 2009 as existing megaprojects wrap up construction, according to the latest provincial economic forecast by RBC.

"While the province may well become a have-province in 2009, it will take several years before it stands another chance at posting province-leading growth rates," said Craig Wright, senior vice-president and chief economist, RBC.

According to the report, production volumes have weakened sharply at Hibernia, but remain on track at Terra Nova, White Rose, and Voisey's Bay. Because of these projects, exports of energy and industrial goods, which include key commodities like iron ore and nickel, now account for about three-quarters of the province's total exports.

Over the long-term, recent approval for a sizeable production increase at White Rose is an added support to the economy. In addition to the Hebron oil field, which is set to start construction in 2010 and put into production by 2013, there is still the potential for construction of a second major oil refinery at Placentia Bay. This would also coincide with the rough timelines on the development of Hibernia South and the Lower Churchill hydro project. "Overall, the next decade is shaping up to bring several favourable developments to Newfoundland and Labrador," said Wright.

Across Canada, Alberta leads all provinces with above-average economic growth, followed by Saskatchewan and Nova Scotia. On the opposite end of the scale, and showing a complete turnabout with its megaprojects now in maturation, Newfoundland and Labrador is posting the slowest economic growth rate of 0.5 per cent, and on its heels is P.E.I., as well as Quebec and Ontario with its manufacturing woes. However, a more bullish outlook is in store by the end of this decade for Newfoundland and Labrador, New Brunswick, Nova Scotia and, in particular, Saskatchewan, where there is a possibility for a triple play of diamond mining, rich uranium deposits and a massive oil strike in the southeastern part of the province.

The RBC Economics *Provincial Outlook* assesses the provinces according to economic growth, employment growth, unemployment rates, personal income growth, retail sales, housing starts, and the Consumer Price Index.

According to the report (available online as of 8 a.m. E.S.T., at www.rbc.com/economics/market/pdf/provfcst.pdf), provincial forecast details are as follows:

	Real GDP			Housing starts Thousands			Retail sales			Employment			CPI		
	07	08	09	07	08	09	07	08	09	07	08	09	07	08	09
NFLD.	9.0	0.5	1.0	2.5	2.2	1.9	10.0	6.0	2.0	0.7	0.1	0.3	1.5	1.0	1.2
P.E.I.	1.9	1.2	1.4	0.7	0.6	0.5	9.1	4.5	3.7	1.3	0.4	0.2	1.8	1.3	1.6
N.S.	2.4	3.0	3.5	4.8	4.5	4.1	4.4	4.9	6.5	1.3	1.8	2.0	1.9	1.1	2.0
N.B.	2.5	2.5	2.6	4.1	3.8	3.4	6.7	4.5	4.0	1.9	1.7	0.9	2.0	1.2	1.6
QUE.	1.9	1.7	2.5	49.4	46.9	40.4	4.4	4.0	4.1	2.2	1.2	0.9	1.6	1.1	1.6
ONT.	1.7	1.4	2.6	68.1	66.2	60.2	3.9	3.5	4.7	1.6	1.0	1.1	1.9	1.0	1.7
MAN.	3.4	3.1	2.5	5.7	5.7	5.0	9.0	5.3	3.4	1.5	1.2	1.5	2.2	1.7	1.6
SASK.	4.6	3.8	3.3	5.9	6.1	4.5	12.2	8.5	6.5	2.3	1.6	0.8	3.0	2.4	2.4
ALTA.	4.3	3.9	3.2	48.3	38.6	35.2	9.7	9.0	8.2	4.8	2.0	1.8	5.1	2.9	2.6
B.C.	3.0	2.5	3.0	38.6	35.2	28.5	7.1	6.0	7.5	3.2	1.9	2.6	1.8	1.4	2.2
CANADA	2.6	2.1	2.7	228	210	184	5.9	5.1	5.5	2.3	1.3	1.4	2.1	1.4	1.9

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