



RBC SAYS ATLANTIC CANADA ECONOMIES GEARING DOWN BUT NOT STALLING

TORONTO, December 19, 2008 — Outlook for the economies in Atlantic Canada remain clouded by the global economic downturn, with adverse impacts on key commodity exports, capital projects, offshore oil production and tourism according to the latest provincial forecast released today by RBC.

“The completion of major capital projects and delays in the construction of new ones will weigh on the performance of economies in New Brunswick and Nova Scotia, but economic growth is forecast to remain positive for both provinces in 2009, at 1.2 per cent and 0.8 per cent, respectively,” said Craig Wright, senior vice-president and chief economist, RBC. “Offsetting weaker spending in the private sector will be strong capital and infrastructure investments by provincial governments.”

In other parts of Atlantic Canada, RBC noted that Newfoundland and Labrador’s economy is projected to contract slightly by 0.5 per cent for 2009, stemming more from a drop in oil production unrelated to market conditions than a consequence of the global crisis. The inflow of both capital and population to Newfoundland and Labrador had strong positive impacts in 2008, but economic uncertainty felt elsewhere will catch up with the province in 2009. Softening in the job market, consumer spending and housing demand will all contribute to the economic slowdown.

According to RBC’s latest forecast, the effects of weak export demand and a drop in tourism will reverberate across other sectors of Prince Edward Island’s economy during 2009. Real GDP growth in the province is expected to reach its lowest level since 2001, to just 0.5 per cent for the year ahead.

Looking out to 2010, the projected upturn in the global economy, recovering global demand of non-energy exports and delayed infrastructure spending will be supportive of overall growth rebounding in all of the Atlantic Provinces.

The main theme of the RBC Provincial Outlook is that economic performance is expected to be weaker from coast to coast due to the widespread negative implications of the financial market crisis and the global economic downturn. Ontario is expected to be worst hit with the province’s economy contracting in both 2008 and 2009, for the first time since 1990-91. While growth will slow for all provinces, the economies of Saskatchewan and Manitoba will continue to lead during 2009.

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/provcst.pdf), provincial forecast details are as follows:

	Real GDP			Housing starts			Retail sales			Employment			Unemployment rate		
	Y/Y % Change			Thousands			Y/Y % Change			Y/Y % Change			%		
	<u>08</u>	<u>09</u>	<u>10</u>	<u>08</u>	<u>09</u>	<u>10</u>	<u>08</u>	<u>09</u>	<u>10</u>	<u>08</u>	<u>09</u>	<u>10</u>	<u>08</u>	<u>09</u>	<u>10</u>
N.& L.	0.0	-0.5	3.0	3.0	2.9	3.0	8.6	3.5	3.9	1.6	-0.2	1.2	13.2	13.2	13.1
P.E.I.	1.5	0.5	2.0	0.7	0.6	0.7	5.9	3.0	3.7	1.4	-0.4	1.3	10.6	10.7	10.8
N.S.	1.2	0.8	2.5	4.4	3.2	3.5	6.0	3.5	3.9	1.3	0.1	1.4	7.7	8.5	8.5
N.B.	1.6	1.2	2.7	4.5	3.3	3.5	5.8	3.3	4.0	0.9	0.3	1.4	8.6	9.4	9.5
QUE.	0.6	0.0	2.3	47.3	35.0	37.0	6.0	3.1	4.5	0.8	-0.1	1.2	7.3	8.1	8.2
ONT.	-0.2	-1.4	2.5	75.5	64.3	67.0	5.1	2.3	4.3	1.5	-0.9	1.1	6.5	8.3	8.4
MAN.	2.5	1.9	2.8	5.7	5.2	5.3	7.7	3.4	5.1	1.7	0.8	1.7	4.1	4.8	5.1
SASK.	3.5	2.8	2.4	6.9	4.6	3.7	11.1	5.4	4.9	2.1	1.5	1.4	4.1	4.6	4.9
ALTA.	1.5	2.1	2.9	29.9	24.0	28.5	1.1	2.8	5.6	2.8	1.0	1.7	3.5	4.6	5.0
B.C.	0.8	0.6	3.5	35.0	23.5	26.0	2.2	3.0	6.8	2.2	0.2	2.5	4.5	5.6	5.4
CANADA	0.6	0.0	2.7	213	166	178	4.7	2.9	4.9	1.6	-0.1	1.4	6.1	7.3	7.4

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