



## **BATTERED B.C. ECONOMY LOOKS TOWARD RECOVERY IN 2010: RBC ECONOMICS**

**TORONTO, September 16, 2009** — B.C.'s economy is facing a degree of adversity not seen since 1982, but signs suggest that conditions are poised to improve, according to a new report by RBC Economics.

“The downturn in activity this year has been extensive, impacting virtually all parts of the B.C. economy,” said Craig Wright, senior vice-president and chief economist, RBC. “As a result, we have revised our projected rate of decline for real GDP in B.C. downward to -2.6 per cent from the -1.9 per cent forecast in our June outlook.”

The report indicates that a stunning rally in existing home sales in recent months and the stabilization of retail sales since the spring – with some sales even trending slightly higher – are clear indications that consumer confidence is beginning to return.

“In our view, a continued rise in positive sentiment will signal that B.C.'s economy is in the late stages of the recession and poised to expand again next year,” added Wright. “We’re projecting that real GDP in the province will rebound to 3.1 per cent in 2010, up marginally from our earlier projection of 2.9 per cent.”

According to the report, the recovery in 2010 will reflect improvements in both external and domestic markets for B.C. A strengthening global economy is expected to boost demand for commodities and re-invigorate the province's export sector. At home, continued expenditures on capital investment projects should be supplemented by rises in consumer spending and new housing construction. The report also anticipates that B.C.'s economic performance next year also will be brightened by increased tourism spending associated with the 2010 Olympic and Paralympic Winter Games.

The main theme of the RBC Provincial Outlook is that, while the collective performance in Canada has largely unfolded as anticipated, recent developments on the provincial side indicate that the contraction in activity is more widespread than previously thought. In response, RBC has adjusted its forecast and is projecting that nine provinces will post negative growth in 2009, leaving Manitoba as the sole province expected to show positive, if modest, growth this year. RBC is forecasting that the economies of all ten provinces will expand in 2010, with western Canada leading the way. Saskatchewan and Nova Scotia are now expected to contract (due primarily to poor summer crop conditions and weakened capital spending, respectively). On the other hand, Ontario has shown encouraging signs that a rebound will emerge during the second half of this year, prompting a reduced rate of decline overall in 2009.

The RBC Economics Provincial Outlook assesses the provinces according to economic growth, employment growth, unemployment rates, retail sales and housing starts.

According to the report, available online as of 8 a.m. EDT today at [www.rbc.com/economics/market/pdf/provfcst.pdf](http://www.rbc.com/economics/market/pdf/provfcst.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.	-0.1	-3.5	2.0	3.2	3.1	3.0	7.6	0.9	4.3	1.5	-2.4	1.1	13.2	15.4	15.5
P.E.I.	0.9	-0.1	2.0	0.7	0.6	0.7	5.6	-1.0	4.0	1.3	-2.0	1.2	10.7	12.7	12.9
N.S.	2.0	-0.4	2.6	4.3	3.3	3.5	4.2	-1.7	4.4	1.2	-0.1	1.0	7.7	9.3	9.6
N.B.	0.0	-0.8	2.7	4.2	3.6	3.5	5.9	-1.6	4.1	0.9	-0.2	0.7	8.6	9.3	9.8
QUE.	1.0	-1.9	2.2	47.9	40.5	39.0	5.1	-1.4	4.6	0.8	-1.0	1.1	7.2	8.8	9.4
ONT.	-0.4	-3.1	2.6	75.6	51.9	65.0	3.5	-3.1	4.1	1.4	-2.4	1.0	6.5	9.3	9.9
MAN.	2.4	0.1	3.0	5.6	4.2	5.3	7.2	-1.7	5.1	1.7	0.2	1.3	4.1	5.2	5.6
SASK.	4.4	-1.3	3.6	6.8	3.2	3.7	10.6	-1.3	5.8	2.2	1.5	1.0	4.1	4.9	5.3
ALTA.	-0.2	-2.8	3.0	29.0	17.1	28.0	-0.1	-7.3	5.6	2.7	-1.1	1.1	3.6	6.6	7.1
B.C.	-0.3	-2.6	3.2	34.3	14.8	24.0	0.3	-6.4	6.0	2.1	-2.5	2.1	4.6	7.7	7.6
CANADA	0.4	-2.4	2.6	211	142	176	3.4	-3.5	4.8	1.5	-1.6	1.2	6.1	8.5	9.0

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