



QUEBEC'S ECONOMY ON THE MEND: RBC ECONOMICS

Growth fuelled by stimulus spending and increased capital investment

TORONTO, March 11, 2010 — Quebec's economy is set to rise this year with growth projected to increase by 2.8 per cent in 2010 and 3.5 per cent in 2011, according to the latest RBC Economic Outlook.

“Following a difficult year, growth picked up in Quebec during the latter half of 2009 and that momentum has carried into the early part of 2010,” said Craig Wright, senior vice-president and chief economist, RBC. “Continued stimulus investment in the province, along with increased capital spending in the private sector should sustain growth throughout the year.”

According to the report, Quebec will benefit from increased investment in the mining, utilities and manufacturing sectors, contributing to a rise in non-residential construction activity. Challenges remain in the manufacturing sector, however, as the province's aerospace industry cuts back production and the strong Canadian dollar weighs down exports.

Stronger consumer spending is expected, supported by low interest rates, an improved labour market and rising consumer confidence. Monthly retail sales have already recovered significantly after a sharp decline last year and are expected to grow in 2010 and 2011.

“Relative to pre-recession economic levels, Quebec is expected to be ahead of many other provinces and the national average by the end of the year,” added Wright.

RBC is forecasting that real GDP growth in Quebec will be 2.8 per cent, an increase of 0.7 per cent from the December Economic Outlook – modestly lower than the national average of 3.1 per cent. For 2011, RBC is forecasting an accelerated growth rate of 3.5 per cent, which would represent Quebec's best economic performance since 2000.

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

The full report and provincial details are available online as of 8 a.m. EST today www.rbc.com/economics/market/pdf/provfcst.pdf.

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