

PROVINCIAL OUTLOOK

September 2014

Provincial economies expanding at multiple speeds

- The provincial economic picture this year continued to show a stark contrast between booming conditions in Alberta and a much more subdued state of affairs pretty much everywhere else.
- We upgraded our growth outlook for British Columbia and, to a lesser extent, Nova Scotia modestly to rates more closely aligned with the national 2014 average of 2.4%; however, these projected growth rates remain far less robust than the 3.9% that we project for Alberta.
- Prospects for growth are fairly lacklustre in the other provinces. In the case of Saskatchewan and Manitoba, modest growth this year in large part is payback for bumper crops that boosted performance last year. Elsewhere, modest growth reflects uneven performance across provincial sectors.
- Despite remaining predominantly subdued, we expect growth to accelerate in a small majority of provinces in 2014 relative to 2013. This group includes Nova Scotia, Ontario, New Brunswick, British Columbia, Quebec, and Alberta.
- A main factor contributing to this quickening of the pace is growing support emerging from exports. In Ontario, as well, there is a significant contribution from the housing sector.
- We expect that strengthening US demand next year will drive further export gains and acceleration in provincial economic growth. We project Alberta to continue to top our provincial growth rankings in 2015; however, we expect the other provinces to narrow the gap somewhat.

Provincial economies strengthen this year; Alberta runs ahead of the pack

The national accounts for the second quarter of 2014 showed that real gross domestic product (GDP) growth picked up smartly to 3.1% (annualized) in Canada and, therefore, confirmed that the weak 0.9% gain in the first quarter primarily reflected temporary restraining effects from unusually poor weather conditions this winter. The national accounts also showed that the advance was broadly based and included a long-elusive substantial contribution from exports. At the provincial level, the more recent economic indicators generally corroborate the point that activity rebounded broadly across the country this spring. The more striking feature of recent provincial data, however, is the extent to which Alberta is running ahead of the pack this year. For all key metrics, Alberta either leads the entire country or is very near the top.

Uneven sectoral performance in provinces other than Alberta

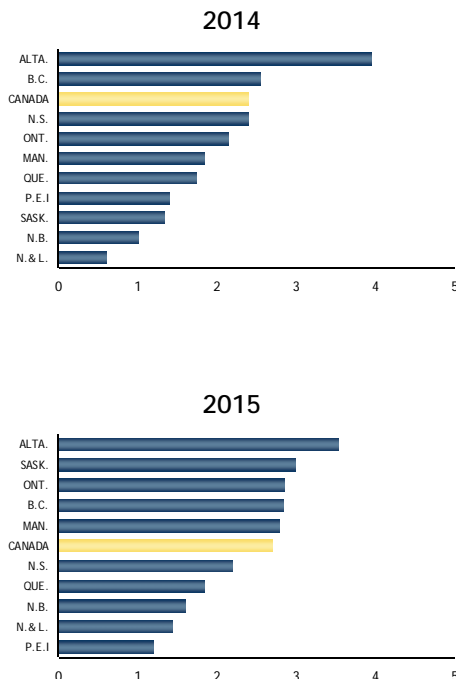
Conditions are comparatively less robust in other provinces not so much because of generalized softness in these economies but rather because performance is quite uneven across provincial sectors. In British Columbia, for example, stronger activity in manufacturing and home resales contrasts with a fairly stagnant job market and moderation in non-residential construction. Growth in Saskatchewan and Manitoba is being held back by declining agricultural production following 2013's bumper crop. In central Canada, activity is even more fragmented with market conditions for labour, housing, manufacturing, exports, and retail trade varying considerably by sub-sectors and local areas.

Rising tide of US demand will lift most provincial boats in 2015

Nonetheless, we expect that the rising tide of US demand will lift all boats as we go forward. In fact, this rotation toward external sources of growth is already underway in several provinces. Export-led gains will help boost growth in the majority of provinces in 2015 and allow some degree of catching-up with Alberta to take place. We project Alberta, Saskatchewan, Manitoba, Ontario, and British Columbia to record stronger growth rates than the national average of 2.7% next year.

Real GDP growth

% change



Source: Statistics Canada, RBC Economics Research

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Evolving constructively

British Columbia’s economic situation evolved constructively since the end of the 28-day strike at Port Metro Vancouver in March. We see increasing evidence that a stronger pace of activity is spreading across industrial sectors, led by impressive gains in export markets. Activity is ramping quite nicely in areas of the provincial economy such as manufacturing, mining, energy, retail trade, and housing. While sore spots remain (e.g., a stagnant labour market and lost ground in non-residential investment) and there is uncertainty arising from BC teachers’ strike, we find enough improvement to boost our forecasted real GDP growth for 2014 to 2.5% from 2.1% previously. Moreover, we believe that general conditions will brighten even more in 2015 with growth accelerating to a solid 2.8% rate. We expect that rising US demand will keep BC exports on an upward climb, which will continue to prime a wide array of industrial sectors both directly and indirectly. Possible upside may also be provided next year by preliminary work on some of the multi-billion dollar liquefied natural gas (LNG) projects in the province.

Impressive export gains

The flow of goods coming in and going out of the province—including goods transiting via Port Metro Vancouver—increased quite substantially so far this year, thereby suggesting that the effect of the earlier disruption to port activity has been reversed fully by now. To date, the value of BC merchandise exports is up strongly by almost 10% year over year. Impressive gains have been registered in several commodity groups, including energy, metal ores, industrial machinery, food, and consumer goods. The US market accounts for most of these gains with China still contributing a small but significant portion. Growing external demand for BC goods naturally benefited manufacturers and mineral producers in the province, who operated at higher levels than a year ago during the first half of 2014. Sales of machinery and production of copper, zinc, gold, and silver increased notably in the province.

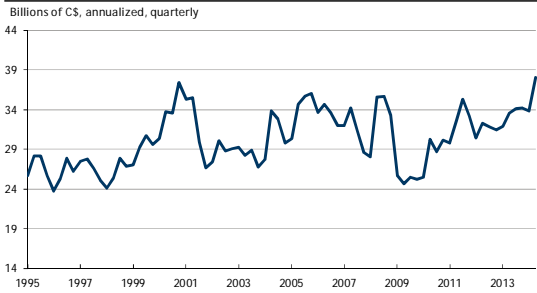
Population growing faster

A particularly encouraging development recently in British Columbia has been a strong upturn in net in-migration. Early indications this year suggest that both interprovincial and international net in-migration continue to reverse earlier slowdowns, and rise rapidly in the province. This upturn has boosted BC’s population growth to its fastest annual rate (1.2%) in almost four years. The benefits of a faster-rising population no doubt are clearly being felt in the housing market and consumer-dependent sectors. The provincial housing market rebounded markedly so far this year. Home resales were up by more than 19% year over year during the first half of 2014, and homes under construction rose to their highest levels since early 2009.

Job market continues to disappoint

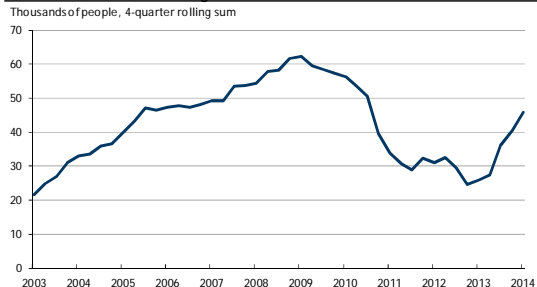
Not all is blue sky in the BC economy, unfortunately. One area that continues to disappoint is the labour market. Job creation remains rather anemic with employment rising just 0.5% year to date following a decline of 0.2% in 2013. The number of people in full-time positions is down marginally and is being offset by a sizable rise in part-time employees. We expect labour market conditions to improve in the province during the remainder of this year and into next as the economy expands further and businesses switch to hiring mode. We forecast employment to rise by 0.7% in 2014 and 1.0% in 2015.

British Columbia merchandise exports



Source: Statistics Canada, RBC Economics Research

British Columbia net migration



Source: Statistics Canada, RBC Economics Research

British Columbia forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F	2015F
Real GDP	2.7	1.5	1.7	2.5	2.8
Employment	0.8	1.7	-0.2	0.7	1.0
Unemployment rate (%)	7.5	6.7	6.6	6.1	6.0
Retail sales	3.2	1.9	2.4	4.9	3.9
Housing starts (units)	26,400	27,465	27,054	27,300	24,800
Consumer price index	2.3	1.1	-0.1	1.2	1.5

Robert Hogue
Senior Economist



Firing on all cylinders

The majority of indicators continue to tell a story of economic strength in Alberta. Readings on most aspects of external trade and domestic activity suggest that the provincial economy carries substantial momentum at this stage, and its rate of growth this year may well surpass last year's solid estimated pace of 3.7%. Based on the information we have gathered, we now forecast Alberta's real GDP to grow by 3.9% in 2014, which constitutes a slight upward revision from the 3.7% that we projected previously. Alberta will lead all other provinces in terms of growth not only this year but also next. We expect massive investment in Alberta's energy sector and strong population growth to keep driving rapid expansion in Alberta's economy in 2015. That being said, mega-project investment and in-migration levels are likely to crest and become slightly less powerful generators of economic activity next year. Accordingly, we project real GDP growth to ease to a still-robust rate of 3.5% in 2015.

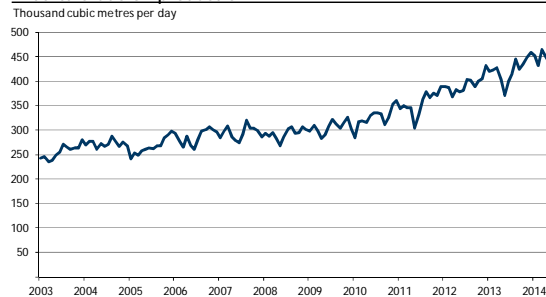
Fast-rising crude oil production becoming the top energy story

A core component of Alberta's current economic boom continues to be the huge capital spending in its energy sector. An inventory of major projects done by Alberta Innovation and Advanced Education reveals that work is currently underway on projects worth more than \$55 billion in the oil sands alone. Including other oil and gas and pipeline projects, the value is closer to \$63 billion. While spending on large projects normally span several years and with some of the expenditure dollars going to elements that are fabricated outside the province, the fact remains that large-scale development of Alberta's energy resources generates substantial economic activity year after year in the province. Increasingly, however, the story in Alberta's energy sector is becoming one of production. As more and more megaprojects reach a production phase, crude oil output is rising rapidly in the province. Year-to-date crude oil production is up very strongly by almost 10% in the province (including a gain of more than 12% in bitumen production). This follows advances averaging 8.4% in the past four years. Surging energy exports accounted for almost nine-tenths of an outsized 22% increase in total merchandise exports during the first half of 2014.

Rapid population growth fuelling domestic activity

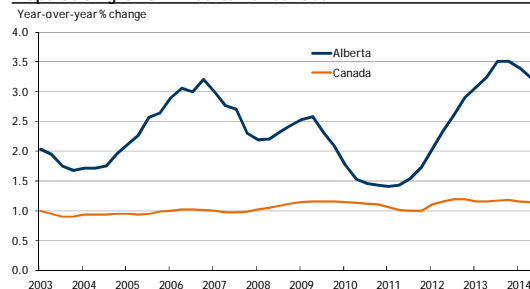
Rapid population growth has emerged as another core component of Alberta's boom. Despite signs that net migration into the province started to ease more recently, the flow of people moving to Alberta from other countries and provinces remains historically elevated. Alberta's population growth was a very solid 3.3% rate in the second quarter of 2014 and still led all other provinces. Growing demographic demand applies further upward pressure on the domestic sectors of the provincial economy. This is perhaps most evident in the housing sector where housing starts in the second quarter reached their highest level (42,500 units, annualized) in almost seven years, and home resales posted their second-best results ever. Upward pressure is also being applied on household spending thereby abetting the favourable effect from rising income from the energy sector. Retail sales climbed 8.6% year over year during the first half of 2014, by far the strongest advance among the provinces. Alberta households enjoy bright job prospects with employment rising by 3.2% year to date, and the provincial unemployment rate remaining low at an average of 4.7%.

Alberta crude oil production



Source: NEB, RBC Economics Research

Population growth: Alberta vs. Canada



Source: Statistics Canada, RBC Economics Research

Alberta forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F	2015F
Real GDP	5.2	3.8	3.7	3.9	3.5
Employment	3.8	2.6	2.9	3.0	2.2
Unemployment rate (%)	5.5	4.6	4.6	4.5	3.9
Retail sales	6.8	7.0	6.9	7.9	5.2
Housing starts (units)	25,704	33,396	36,011	38,900	36,000
Consumer price index	2.4	1.1	1.4	2.5	1.7

Robert Hogue
Senior Economist

Slowdown to be short-lived

Real GDP growth is expected to moderate substantially to 1.3% this year in Saskatchewan relative to the 4.5% surge recorded in 2013. This is expected to be mirrored in employment growth with the rate projected to be cut nearly in half from the 3.4% surge recorded in 2013. The weakening in these measures is in part the reflection of both the direct and indirect effect of the slowdown in agriculture. Last year, unusually favourable growing conditions produced a bumper crop that boosted agricultural output by a phenomenal 34%. A damp spring and flooding in some regions hampered seeding for the 2014 crop, however. Although these issues eased in the wake of a warm and dry summer, damp conditions returned in the fall that are expected to weigh on yields. Preliminary production numbers released by Statistics Canada in August indicated that production of the three main crops will drop 28% after a 42% gain in 2013. This estimate is in line with our earlier assumption that overall agricultural production will likely drop by almost 10% this year. Our outlook for 2015 assumes historically average yields, which would remove the drag from agricultural output that is present this year and contribute to overall growth in real GDP rebounding to 3.0% next year.

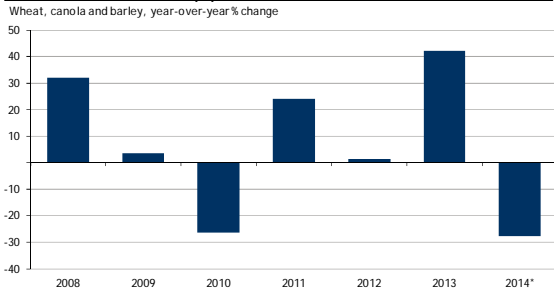
Mining activity slows

Some downward pressure on growth this year is also expected from the mining sector and potash in particular. The announcement last year that a major Russian potash producer, Uralkali, intended to increase production dramatically to try and grab a greater share of global market had negative implications for the major potash producers in Saskatchewan. Indeed, after 10% growth in potash production in Saskatchewan in 2013, activity during the first six months of this year is down 2% relative to year-ago levels. A modest strengthening in global demand during the remainder of this year and through 2015 should offset these declines in the period ahead; however we have downwardly revised our growth outlook for potash production slightly to only 1% this year from a previous estimate of a 3% gain. A wildcard to this outlook is the effect of trade sanctions being announced by both Russia and major Western economies in the wake of the geopolitical conflict in Ukraine. The downward revision to our potash production forecast contributed to overall real GDP growth this year being revised downward marginally to 1.3% from the 1.4% projected last quarter.

Strengthening business investment in 2015

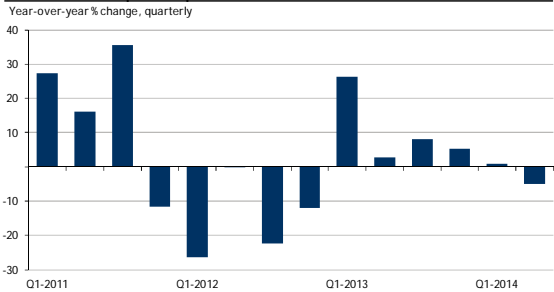
Our outlook for a rebound in real GDP growth next year is premised not only on the cessation of declining activity in agriculture but also on the recovery in potash production continuing into 2015 mirroring a strengthening in global growth. As well, with the energy sector expected to continue to benefit from historically high prices, our assumption is that the business investment should start playing a more supportive role for growth in 2015. Capital expenditure survey numbers released at the start of the year were unexpectedly weak and consistent with flat construction activity in 2014. For 2015, we assume a modest strengthening in growth to 2.5%.

Saskatchewan field crop production



*Statistics Canada July 2014 estimate
Source: Statistics Canada, RBC Economics Research

Saskatchewan potash production



Source: Saskatchewan Industry and Resources, RBC Economics Research

Saskatchewan forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F	2015F
Real GDP	5.0	1.9	4.5	1.3	3.0
Employment	0.3	2.1	3.4	1.6	1.7
Unemployment rate (%)	5.0	4.7	4.0	3.8	3.9
Retail sales	7.3	7.4	5.1	4.9	4.7
Housing starts (units)	7,031	9,968	8,290	8,000	7,500
Consumer price index	2.8	1.6	1.4	2.6	2.2

Paul Ferley
Assistant Chief Economist



Signs of moderation this year

Economic data in the second quarter of 2014 indicated a stalling in manufacturing activity in Manitoba, along with continued declines in employment, relative to year-ago levels. Our forecast for growth in Manitoba remains heavily premised on a modest recovery in manufacturing activity this year with a further strengthening in 2015 following flat activity in 2013. Support for this sector is expected to come from a projected strengthening in the US economy and the earlier weakening in the Canadian dollar both helping to boost provincial exports. As well, demand for manufactured goods should continue to benefit from ongoing natural resource development in Manitoba's two neighbouring Prairie Provinces. Our forecast assumes that these supportive factors will contribute to both manufacturing activity and employment bouncing back during the remainder of 2014; however, this has not prevented us from revising manufacturing growth slightly downward in 2014 by a percentage point to 3%.

Grain production to drop sharply

Overall real GDP growth this year is expected to increase by 1.8%, which would be down both from the 2.1% that we projected last quarter for 2014 and the 2.2% increase in 2013. This downward revision to 2014 is in part attributable to the downward revision to our manufacturing growth forecast; however, it is also a reflection of a slightly downgraded outlook for agriculture. This sector, in fact, is responsible for most of the slowing relative to 2013 amid indications of a return to a normal grain production after 2013's bumper crop. Preliminary production numbers from Statistics Canada point to a drop in wheat and canola production of 32% following the 33% surge in 2013, which represented an even greater decline than what we had assumed last quarter. This contributes to our agricultural production forecast dropping 11% in 2014, rather than the 8% decline that we assumed previously, following a 19% jump last year.

Weakness to reverse in 2015

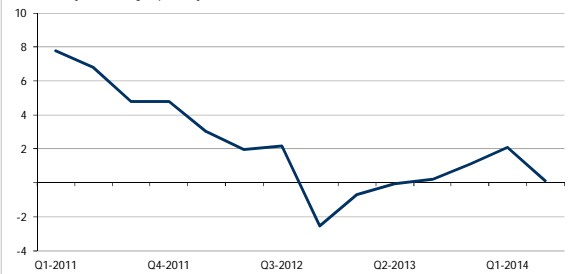
We assume crop yields to be closer to average again in 2015, which would prevent declining agricultural activity from extending into next year. In fact, we assume some productivity gains along with increases in seeded areas, thereby providing a small boost to agricultural production. Overall real GDP growth next year is also expected to get an additional lift from a further strengthening in manufacturing as the US expansion gains momentum. Finally, we expect these positive developments to be supplemented by a jump in mining output with a number of projections coming on stream this year providing a full year's production in 2015. This is expected to result in overall real GDP growth in 2015 rising to 2.8%.

Construction to provide greater support

Strengthening growth in 2015 is also a reflection of some recovery in construction activity. Statistics Canada's investment survey, released at the start of this year, surprisingly indicated a decline in construction intentions in 2014. Part of the drop likely reflected the winding down of a number of major capital expenditure projects like the Winnipeg International Airport and the Museum of Human Rights. With this drag not expected to persist into 2015, our forecast assumes a modest increase in construction activity next year. Construction activity is also expected to be supported next year by the rebound in manufacturing activity and continued positive in-migration into the province, and a number of construction projects in downtown Winnipeg including the RBC Convention Centre Winnipeg expansion.

Manitoba manufacturing sales

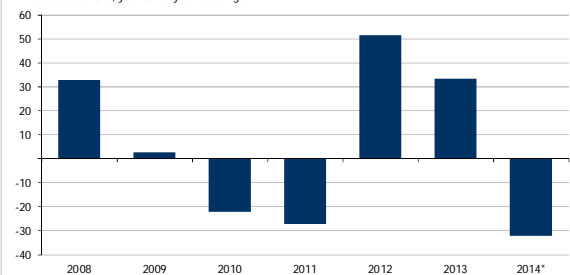
Year-over-year % change, quarterly



Source: Statistics Canada, RBC Economics Research

Manitoba field crop production

Wheat and canola, year-over-year % change



*Statistics Canada July 2014 estimate
Source: Statistics Canada, RBC Economics Research

Manitoba forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F	2015F
Real GDP	1.7	2.6	2.2	1.8	2.8
Employment	0.8	0.9	0.5	-0.1	1.1
Unemployment rate (%)	5.4	5.3	5.3	5.4	5.0
Retail sales	4.3	1.3	3.9	3.9	3.9
Housing starts (units)	6,083	7,242	7,465	6,300	6,500
Consumer price index	2.9	1.6	2.3	2.1	1.7

Paul Ferley
Assistant Chief Economist

On track for moderately stronger growth in 2014

There were encouraging developments on the economic front in Ontario in the past several months. Chief among them was evidence that the long-awaited export turnaround in exports finally gained traction and that residential investment rebounded this spring. We expect these factors to contribute to acceleration in provincial economic growth in 2014 from the past two years' tepid pace. Still, the recent strengthening of activity is somewhat weaker than we anticipated considering how sluggish things were at the start of the year—real GDP growth is estimated to have grown by just 0.6% (annualized) in the first quarter. Consequently, we reduced our growth forecast slightly to 2.1% in 2014 from 2.3% previously. With that said, we continue to expect that rapidly improving US demand will sustain further acceleration next year, and we maintain our solid 2.8% forecast for 2015.

Merchandise exports have switched to a higher gear...

Poor weather was a big story this past winter. It significantly disrupted the flow of goods transported across and outside the province, and caused the economy to lose momentum. The arrival of spring was expected to bring a resurgence of activity, which more recent indicators confirmed. The strongest evidence of such a pick-up no doubt was in external trade, where merchandise exports to other countries leapt by 6.0% (not annualized) in the second quarter from first-quarter levels. The value of Ontario's top export commodity group—motor vehicles and parts—surged by 19%. Consumer goods exports also gained substantially (up 4%). While the burst of exports in the second quarter largely reflected the resumption of normal transportation flows and will unlikely be sustained, year-to-date results suggest that Ontario's merchandise exports indeed have switched to a higher gear. Ontario's manufacturers—who have faced tremendous challenges for more than a decade—certainly benefit from improved external demand. Manufacturing sales grew by more than 5% during the first half of 2014, much of which is likely attributable to sales made abroad, particularly to the US.

...but so did imports

The effect of *net* trade on Ontario economy is much more limited, however. Merchandise imports from other countries also picked up noticeably this year, such that Ontario's trade deficit with the rest of the world continued to deteriorate. With that said, the gain in imports suggests that domestic demand—primarily in the form of consumer spending and/or business investment—is strengthening in the province.

Housing sector contributing positively (again)

Another effect of poor weather was seen in the housing sector earlier this year when both the resale market and home construction slowed considerably in the province. There, too, the arrival of spring brought with it a gush of activity. Declines in mortgage rates further energized the sector to a point that required us to revise our housing starts forecast modestly to 61,600 units in 2014 from 58,900 units previously. Our updated forecast is now marginally above the total for 2013 (61,100 units), thereby suggesting that housing may well contribute to growth again this year, which would be contrary to our earlier expectation that it would constitute a drag. Nonetheless, we continue to believe that rising interest rates next year will have a cooling effect on the housing market and lead to a slight moderation in home building activity in the province. We forecast starts to ease to 59,000 units in 2015.

Ontario merchandise exports



Source: Statistics Canada, RBC Economics Research

Ontario home resales



Source: CREA, RBC Economics Research

Ontario forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F	2015F
Real GDP	2.2	1.3	1.3	2.1	2.8
Employment	1.8	0.8	1.4	0.7	1.1
Unemployment rate (%)	7.8	7.8	7.5	7.4	6.9
Retail sales	3.6	1.6	2.3	3.8	4.0
Housing starts (units)	67,821	76,742	61,085	61,600	59,000
Consumer price index	3.1	1.4	1.1	2.3	1.8

Robert Hogue
Senior Economist

Sectoral rotation underway

Quebec's economy shows signs that it is indeed rotating toward external sources of growth this year, and this is a good thing because its domestic side is quite soft. In fact, many domestically oriented industries, such as construction and several service industries, so far operate at lower levels than they were a year ago. This mixed bag of sectoral performances in Quebec still implies that the overall pace is likely to be stronger in 2014 than in it was in 2013; however, only modestly so. We have revised our real GDP growth forecast for this year slightly downward to 1.7% from 1.9% previously to reflect the loss of domestic momentum. We left our forecast for 2015 unchanged at 1.8% as we anticipate that further contribution from external trade will be supplemented by stronger business investment next year. A rate of 1.8% in 2015 would still be markedly lower than the projected 2.7% for the national economy. Sub-par growth in Quebec would reflect relatively weaker demographics in the province and comparatively greater fiscal restraint.

Merchandise exports rising impressively

First, the good news: Quebec's exports are on an impressive run. Statistics published by the *Institut de la statistique du Québec* (ISQ) show that real merchandise exports were up 6.6% year over year during the first half of 2014. Strong gains were reported for the majority of Quebec's top export commodities, including aircrafts and parts (up 9.2%), aluminum (up 6.9%), iron ore (up 71.2%), newsprint (up 18.5%), pharmaceutical products (up 10.1%), and heavy trucks (up 31.8%). The net trade picture improved even more because (real) merchandise imports actually fell during the same interval. This forms a solid basis for external trade contributing materially to growth this year. This was certainly the case in the first quarter according to ISQ estimates, which show that net trade accounted for the entire 2.4% annualized gain in real GDP—in fact, it contributed more (3.7 percentage points), but domestic sectors provided offset.

Soft domestic activity

What the decline in merchandise imports signals, unfortunately, is that domestic demand is weak in the province. Businesses so far have been reluctant to turn on the investment tap (or the hiring tap for that matter), and households have been very selective in their spending—less on housing, dining out, and entertainment, and more on motor vehicles and health products, for example. Public administrations stepped up their expenditures; however, the load that they can carry is limited given the intense fiscal pressures that they face at all levels of government. The listlessness of Quebec's domestic economy is perhaps best illustrated by the lack of vigour in the provincial job market. Year to date, the market has been stagnant overall, with declines in private-sector jobs and full-time positions being made up by increases in the public sector, the self-employed and part-time positions.

Scope for some improvement next year

Nonetheless, we believe that sustained stronger performance on the external front will flow progressively through to the domestic side. Increasing evidence that the rise in US demand is no fluke, more specifically, will boost business confidence in investing and hiring in the province. We, therefore, see some scope for further acceleration in economic growth to 1.8% next year, which would still be a modest rate but a move in the right direction.

Quebec merchandise exports



Source: Statistics Canada, RBC Economics Research

Quebec employment



Source: Statistics Canada, RBC Economics Research

Quebec forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F	2015F
Real GDP	1.8	1.5	1.1	1.7	1.8
Employment	1.0	0.8	1.2	0.0	0.6
Unemployment rate (%)	7.8	7.8	7.6	7.8	7.6
Retail sales	3.0	1.2	2.5	3.3	3.5
Housing starts (units)	48,387	47,367	37,758	38,000	33,300
Consumer price index	3.0	2.1	0.8	1.4	1.6

Robert Hogue
Senior Economist

Scope for momentum to pick up

Earlier indications of renewed vitality in the New Brunswick economy eased in the second quarter, thereby suggesting that overall momentum remains weak in the province at this stage. The expected rise in exports generated by faster growth in the US economy and its recovering housing market have not yet occurred, and indicators of capital investment remain subdued. On the upside, however, we see some signs of improvement in domestic sectors, including rising retail sales. We continue to expect capital spending and exports to increase, and to support job creation and income gains. We project real GDP growth to pick up in 2014 to a pace of 1.0% from a negligible 0.2% rise in 2013. As capital projects advance and a stronger North American economy supports exports, we expect growth in 2015 to be still faster at 1.6%.

Exports waiting to take off; mining outlook is positive

The province was pushed into a merchandise trade deficit in the spring as maintenance related shutdowns at the JD Irving refinery in Saint John held back energy exports. While energy exports have since recovered, mining exports have struggled all year. The industry is not expected to pick up in 2014 as the closure of the potash mine at Penobsquis dampens activity. Looking ahead, mining output is expected to climb in 2015 as major projects advance. Despite low potash prices weighing on PotashCorp's \$2.1 billion Picadilly project, production is expected to begin next year. A preliminary economic assessment was completed at Caribou mine this year, and commissioning remains on schedule for early 2015. Northcliff Resources is awaiting permits to allow construction to begin on its tungsten mine at Sisson Brook. After a two-year construction phase, the mine is expected to open sometime in 2016.

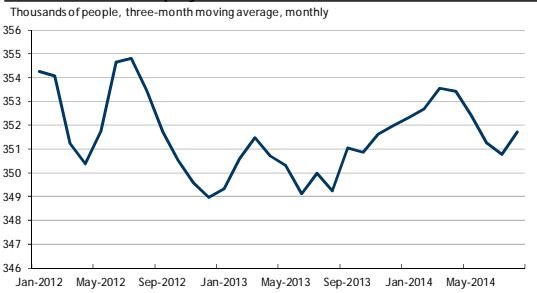
Investment in capacity sets the stage for future job gains

Employment gains early this year have largely reversed as the private sector shed jobs more recently. On an industry basis, losses were concentrated in goods-producing industries, which steadily lost ground this year. Nevertheless, we continue to expect a turnaround in goods-sector employment as exports pick up and construction provides a boost. A recovering US housing market is raising the outlook for lumber prices that along with an increase in the allowable cut by the New Brunswick government is prompting new investment in the forestry sector. Investments in boosting forestry sector capacity will total \$1 billion in the coming years, most of which is concentrated at JD Irving's pulp and paper mill in Saint John. These investments should provide support to the flagging construction industry, which faces persistently weak residential investment as demographic headwinds contain demand for new housing. Going forward, investments by Oxford Frozen Foods and Ocean Spray expanding food processing facilities should support a pick-up in manufacturing.

Domestic headwinds ease

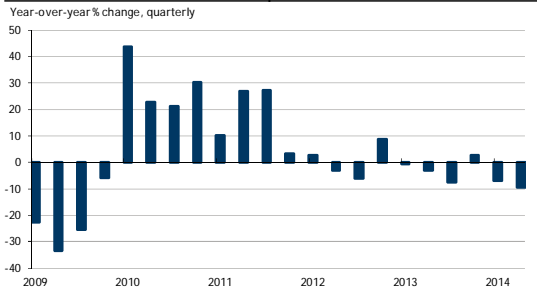
Recent gains in retail sales have provided a boost to services employment this year and suggest support for modest growth in consumer expenditures. The domestic economy is expected to gather momentum for the remainder of 2014, generating the first annual employment gain in five years. Coupled with a slight decline in the labour force, improving job creation would put downward pressure on the unemployment rate, which we expect to ease to 9.8% in 2014. The modest upturn in the domestic economy will be hampered by restrained government spending. In pursuit of a surplus by 2017–2018, public capital investment is expected to decline this year along with public-sector employment.

New Brunswick employment



Source: Statistics Canada, RBC Economics Research

New Brunswick merchandise exports



Source: Statistics Canada, RBC Economics Research

New Brunswick forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F	2015F
Real GDP	0.3	-1.1	0.2	1.0	1.6
Employment	-1.1	-0.2	-0.1	0.3	0.4
Unemployment rate (%)	9.5	10.2	10.4	9.8	9.6
Retail sales	4.8	-0.7	0.7	3.2	3.0
Housing starts (units)	3,452	3,299	2,843	2,500	2,800
Consumer price index	3.5	1.7	0.8	1.6	1.6

Gerard Walsh
Economist

Natural gas production hitting its stride

Nova Scotia's economy is set to accelerate in 2014 as offshore natural gas production hits its stride. A full year of production at Deep Panuke is fuelling energy exports, which when coupled with a boost from investment in major capital projects should begin to revive a slumping domestic economy. While economic growth is picking up, its transmission to new jobs will be limited, however, and we expect to see further employment declines—at least in the near term. Following our 2.4% growth forecast for this year, largely driven by a surge in natural gas production, we expect to see growth moderate to 2.2% and become more broadly based in 2015 as manufacturing picks up and capital projects advance.

Exports: buoyed by energy, slowed by manufacturing

Rising seafood and consumer goods exports have contributed to a broad-based 41% year-over-year increase in nominal merchandise exports so far this year. An offset may come in automotive tires, the province's largest export category, as Michelin curtails production at its Granton plant. Production at the other two plants, however, remains steady, and upgrades to the Waterville plant point to higher output in the future. Manufacturing is expected to drag on growth this year as recent declines in shipments are unlikely to be made up fully. Natural gas exports surged early this year, thereby reflecting rising production at the Deep Panuke offshore project and an uptick at the Sable offshore site. The energy industry is optimistic about the potential for natural gas off the shores of Nova Scotia as BP Canada and Shell plan to spend \$2 billion on exploration in coming years. Exploration intentions could expand further following the auctioning off of four additional deepwater parcels in October 2014.

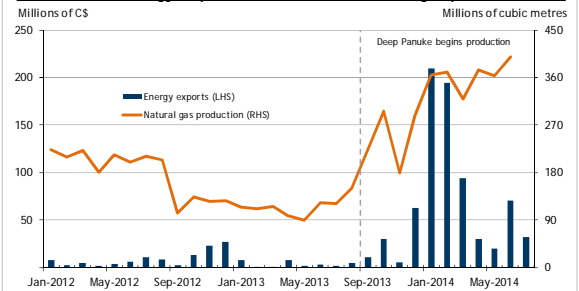
Capital projects progress and more pile up

Investment is ramping up this year as a number of major construction projects advance. The Maritime Link, connecting undersea power generated in Newfoundland to Nova Scotia, is beginning to take shape as the three-year construction phase ramps up. In Halifax, the \$300 million expansion of the Irving shipyard is progressing in preparation for the 'cutting of steel'—the construction of the Arctic Offshore Patrol ships—in mid-2015. Construction continues at a mixed-use development at King's Wharf on the Dartmouth waterfront, and the \$500 million Nova Centre is scheduled for completion next year, and more projects may be on the longer-term horizon: the Atlantic Provinces Economic Council estimates forthcoming and potential projects—including prospective liquefied natural gas facilities at Goldboro and Melford—have a combined value of \$55 billion, which would be up 36% from last year.

Domestic economy has yet to pick up

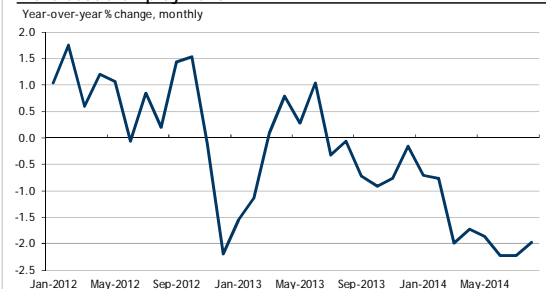
The benefits of rising exports and natural gas production have yet to come to Main Street as domestic indicators remain weak. The province has shed jobs so far this year, led by a recent pullback in the private sector and sharp declines in self-employment. Typical of recent years, job losses were concentrated outside of Halifax, which saw its share of provincial employment rise above 50% in 2013. Looking ahead, we expect employment to rise modestly in 2015 thanks to increasing hiring in manufacturing, construction, and services. An improving job market would help raise consumer confidence, build momentum in retail sales, and boost home construction.

Nova Scotia energy exports and offshore natural gas production



Source: Canada-Nova Scotia Offshore Petroleum Board, Statistics Canada, RBC Economics Research

Nova Scotia employment



Source: Statistics Canada, RBC Economics Research

Nova Scotia forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F	2015F
Real GDP	0.6	-0.1	1.0	2.4	2.2
Employment	0.1	0.6	-0.4	-1.0	1.3
Unemployment rate (%)	8.8	9.0	9.0	8.9	8.8
Retail sales	3.5	1.0	2.9	2.8	3.6
Housing starts (units)	4,644	4,522	3,919	2,700	3,400
Consumer price index	3.8	1.9	1.2	2.0	1.7

Gerard Walsh
Economist

Exports, tourism fuelling activity this year

Prince Edward Island will grow modestly this year as strong exports and a tourism boom are offset partly by some domestic headwinds. Indicators of economic activity so far this year point to a sluggish domestic economy and falling capital investment, which are expected to persist into next year, thereby subduing growth during our forecast horizon. We expect economic growth to remain unchanged at 1.4% in 2014 before moderating slightly to 1.2% in 2015 as tourism activity cools and merchandise exports slow.

Exports go from strength to strength

After reaching historic highs in 2013, nominal merchandise exports continued to expand in the second quarter of this year, rising 28% year over year. This increase occurred despite farm and fish exports ebbing largely as a result of lobster fishery not matching last year’s bumper haul. Instead, export strength has come from manufacturing, especially chemicals, electronics, and aircraft. Despite the prominent closure of the McCain Foods plant in Carleton-Borden, export growth has prompted firms to hire, thereby providing a lift to manufacturing employment. Looking to next year, a weaker Canadian dollar and the expected strengthening of the US economy should support continued export growth, albeit at a slower pace than this year.

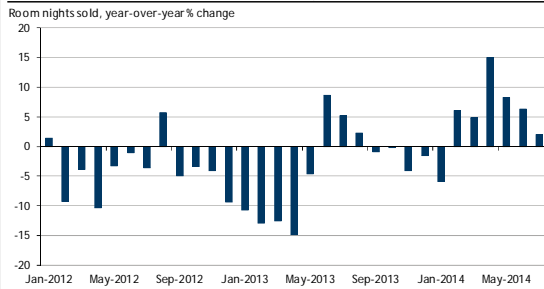
Tourism surges this year

PEI is having a banner year for tourism in 2014 as the island celebrates the 150th anniversary of the Charlottetown Conference. Governments have spent \$29 million in preparation for celebrations, and indicators suggest that tourist arrivals are up. So far this year and driven by increases in international visitors, total overnight stays and room nights sold have posted solid increases compared to 2013 figures. As strength in tourist arrivals continues during the summer months, it will likely help to prop up sagging employment in accommodation and food services.

The wider world pushes PEI through the headwinds

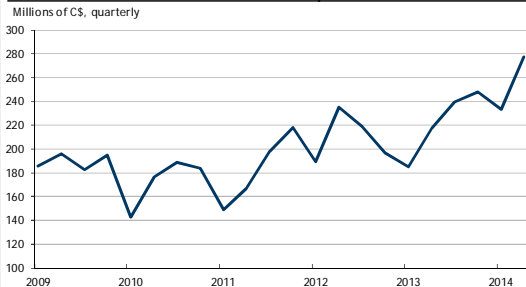
Despite a strong hand-off from last year, labour markets are easing, dampened by continued losses in the public sector as the provincial government looks to balance its budget. Public investment is also feeling the pinch of fiscal restraint with investment intentions down 25% from 2013 levels. Overall investment in the province will likely be lower this year as a harsh winter and demographic headwinds weigh on residential activity and non-residential capital investment declines sharply after the completion of PEI Energy Corp’s wind farm in Hermanville. We expect lower investment activity to dampen the construction sector this year; however, we see some scope for a rebound in 2015. Looking ahead, the Atlantic Provinces Economic Council identifies 2.1 billion dollars’ worth of upcoming investment projects in the province, which would be up 10% from last year. Public investment will be supported by the renegotiated New Building Canada Fund that, along with the Gas Tax Fund, will deliver \$440 million to the province to improve infrastructure.

Prince Edward Island hotel occupancy



Source: Government of Prince Edward Island, RBC Economics Research.

Prince Edward Island merchandise exports



Source: Statistics Canada, RBC Economics Research

Prince Edward Island forecast at a glance

	% change unless otherwise indicated				
	2011	2012	2013F	2014F	2015F
Real GDP	1.0	1.5	1.4	1.4	1.2
Employment	1.9	1.1	1.8	0.1	1.1
Unemployment rate (%)	11.4	11.3	11.5	10.9	10.6
Retail sales	5.4	3.2	0.8	3.0	4.0
Housing starts (units)	940	941	636	600	650
Consumer price index	2.9	2.0	2.0	2.0	1.5

Gerard Walsh
Economist



Year of transition brings a mixed bag of outcomes

Newfoundland's economy sprinted through 2013 growing by 7.9% according to initial estimates as capital spending and oil production surged. 2014 will see growth slow substantially as capital spending levels ease and oil production remains steadier. Employment in current capital projects under construction will crest in 2014 and 2015, thereby providing a boost to services and helping to offset contained fiscal spending. We expect Newfoundland to eke out a 0.6% growth rate in 2014 before redoubled capital spending pushes growth in 2015 to 1.4%.

Oil production flat this year

Crude oil production has ebbed somewhat in 2014 as declines in production at Hiberia and White Rose more than offset production ramp ups at Terra Nova and North Amethyst. After undergoing repairs last year, a full year of production is expected at Terra Nova, which should provide a lift for the rest of the year. Despite softer production volumes, the (nominal) value of energy exports has increased strongly, thereby providing the impetus to a sustained provincial merchandise trade surplus with the rest of the world. Capital investment in the energy sector is expected to remain strong as drilling continues at Bay du Nord and development at the \$14 billion dollar Hebron offshore oil project progresses. With production in the latter scheduled to start in 2017, the addition of production from this field will help offset the anticipated long-term declines at mature oil production sites.

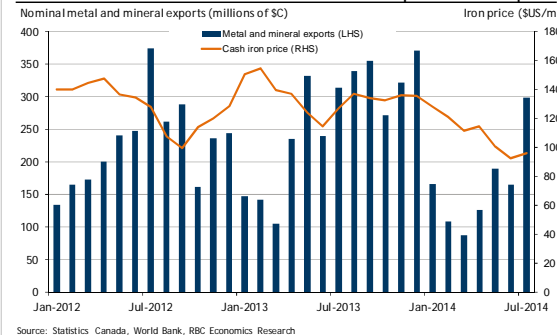
Mining output is off but new projects are progressing

Driven by growing Australian capacity and slackening Chinese demand, falling iron ore prices led to the idling of mining capacity in the province—e.g., the Wabush mine—earlier this year and weighed on Newfoundland's mining activity. We, however, expect things to improve in the sector thanks to a strengthening world economy stimulating global demand for iron ore and coinciding with a number of projects ramping up production in the province. Expansion programs by the Iron Ore Company of Canada will boost production, and we expect to see a full year of production at the Direct Shipping Ore project in 2014 after their first shipment took place in September 2013. Alderon Iron Ore will begin construction of its Kami mine this year, generating jobs in the near term and boosting mining output when it comes online in 2016.

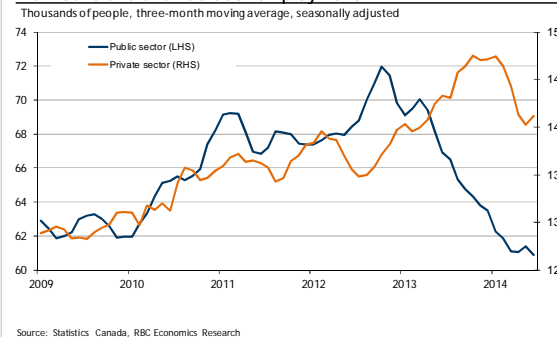
The domestic economy faces headwinds

Newfoundland's domestic economy remains rather lacklustre to date this year. Sustained declines in public-sector employment this year have compounded job losses in goods-producing industries. In construction, the advance of major projects at Muskrat Falls and the Kami mine will help contain declining employment arising from the completion of the construction phase at Vale's hydromet at Long Harbour. As nickel processing operations begin, late this year or early 2015, the Vale project is expected to contribute to a rebound in manufacturing employment. Manufacturing payrolls will also benefit from demand for supplies such as fabricated metals arising from capital projects and a loan from the provincial government for \$110 million to Corner Brook pulp and paper for new investment. Recent job losses continue to weigh on services and housing activity, but as employment recovers next year, both of these sectors should see a pick up.

Newfoundland and Labrador metal and mineral exports and iron price



Newfoundland and Labrador employment



Newfoundland forecast at a glance

% change unless otherwise indicated					
	2011	2012	2013F	2014F	2015F
Real GDP	2.9	-4.4	7.9	0.6	1.4
Employment	2.7	2.3	1.0	-1.8	1.6
Unemployment rate (%)	12.7	12.5	11.4	12.3	12.1
Retail sales	5.1	4.5	5.0	3.2	3.9
Housing starts (units)	3,488	3,885	2,862	2,500	2,700
Consumer price index	3.4	2.1	1.7	2.2	1.8

Gerard Walsh
Economist



Forecast detail

Average annual % change unless otherwise indicated

	Real GDP				Employment				Unemployment rate %				Housing starts Thousands				Retail sales				CPI			
	12	13F	14F	15F	12	13	14F	15F	12	13	14F	15F	12	13	14F	15F	12	13	14F	15F	12	13	14F	15F
N. & L.	-4.4	7.9	0.6	1.4	2.3	1.0	-1.8	1.6	12.5	11.4	12.3	12.1	3.9	2.9	2.5	2.7	4.5	5.0	3.2	3.9	2.1	1.7	2.2	1.8
P.E.I.	1.5	1.4	1.4	1.2	1.1	1.8	0.1	1.1	11.3	11.5	10.9	10.6	0.9	0.6	0.6	0.7	3.2	0.8	3.0	4.0	2.0	2.0	2.0	1.5
N.S.	-0.1	1.0	2.4	2.2	0.6	-0.4	-1.0	1.3	9.0	9.0	8.9	8.8	4.5	3.9	2.7	3.4	1.0	2.9	2.8	3.6	1.9	1.2	2.0	1.7
N.B.	-1.1	0.2	1.0	1.6	-0.2	-0.1	0.3	0.4	10.2	10.4	9.8	9.6	3.3	2.8	2.5	2.8	-0.7	0.7	3.2	3.0	1.7	0.8	1.6	1.6
QUE.	1.5	1.1	1.7	1.8	0.8	1.2	0.0	0.6	7.8	7.6	7.8	7.6	47.4	37.8	38.0	33.3	1.2	2.5	3.3	3.5	2.1	0.8	1.4	1.6
ONT.	1.3	1.3	2.1	2.8	0.8	1.4	0.7	1.1	7.8	7.5	7.4	6.9	76.7	61.1	61.6	59.0	1.6	2.3	3.8	4.0	1.4	1.1	2.3	1.8
MAN.	2.6	2.2	1.8	2.8	0.9	0.5	-0.1	1.1	5.3	5.3	5.4	5.0	7.2	7.5	6.3	6.5	1.3	3.9	3.9	3.9	1.6	2.3	2.1	1.7
SASK.	1.9	4.5	1.3	3.0	2.1	3.4	1.6	1.7	4.7	4.0	3.8	3.9	10.0	8.3	8.0	7.5	7.4	5.1	4.9	4.7	1.6	1.4	2.6	2.2
ALTA.	3.8	3.7	3.9	3.5	2.6	2.9	3.0	2.2	4.6	4.6	4.5	3.9	33.4	36.0	38.9	36.0	7.0	6.9	7.9	5.2	1.1	1.4	2.5	1.7
B.C.	1.5	1.7	2.5	2.8	1.7	-0.2	0.7	1.0	6.7	6.6	6.1	6.0	27.5	27.1	27.3	24.8	1.9	2.4	4.9	3.9	1.1	-0.1	1.2	1.5
CANADA	1.7	2.0	2.4	2.7	1.2	1.3	0.7	1.2	7.2	7.1	6.9	6.6	215	188	188	177	2.5	3.2	4.4	4.1	1.5	0.9	2.0	1.7

Key provincial comparisons

2012 unless otherwise indicated

	N. & L.	P.E.I.	N.S.	N.B.	QUE	ONT	MAN	SASK	ALTA	B.C.
Population (000s) (2013)	527	145	941	756	8,155	13,538	1,265	1,108	4,025	4,582
Gross domestic product (\$ billions)	33,8	5,5	38,4	31,5	357,9	674,5	58,2	77,9	311,9	220,0
Real GDP (\$2007 billions)	27,6	4,9	36,0	28,1	327,2	619,3	54,6	58,6	288,5	209,0
Share of provincial GDP of Canadian GDP (%)	1,9	0,3	2,1	1,7	19,7	37,1	3,2	4,3	17,1	12,1
Real GDP growth (CAGR, 2007-12, %)	-1,5	1,2	1,2	0,2	1,4	0,7	2,1	2,3	2,2	1,2
Real GDP per capita (\$ 2007)	52,359	33,762	38,082	37,181	40,470	46,177	43,705	53,865	74,201	45,993
Real GDP growth rate per capita (CAGR, 2007-12, %)	-2,2	0,1	1,0	-0,1	0,4	-0,3	1,1	0,7	0,1	0,0
Personal disposable income per capita (\$)	30,461	26,115	27,063	26,793	26,347	29,745	26,995	31,363	38,761	30,474
Employment growth (CAGR, 2007-13, %)	1,5	1,5	0,3	-0,3	1,0	0,9	1,1	1,9	2,1	0,8
Employment rate (Aug. 2014, %)	52,5	61,2	57,2	56,9	59,6	61,1	64,0	67,1	68,8	59,5
Discomfort index (inflation + unemp. rate, Jul. 2014)	14,6	11,2	11,4	11,8	9,7	10,0	6,8	5,7	7,2	7,3
Manufacturing industry output (% of GDP)	3,1	8,9	8,4	10,3	13,7	12,7	10,0	6,0	7,2	6,7
Personal expenditures on goods & services (% of GDP)	43,0	69,4	69,3	63,4	57,6	56,2	57,4	40,7	41,0	64,0
International exports (% of GDP)	35,7	18,5	19,4	50,0	25,8	32,9	26,4	41,6	31,8	21,5

Tables

British Columbia

		2007	2008	2009	2010	2011	2012	2013F	2014F	2015F
Real GDP	Chained \$2007 millions	197,072	199,270	194,214	200,628	205,958	208,961	212,513	217,921	224,088
	% change	3.1	1.1	-2.5	3.3	2.7	1.5	1.7	2.5	2.8
Employment	thousands	2,223	2,266	2,218	2,257	2,275	2,313	2,308	2,325	2,349
	% change	3.5	2.0	-2.1	1.7	0.8	1.7	-0.2	0.7	1.0
Unemployment rate	%	4.3	4.6	7.7	7.6	7.5	6.7	6.6	6.1	6.0
Retail sales	\$ millions	56,936	57,794	55,288	58,251	60,090	61,255	62,734	65,809	68,356
	% change	7.2	1.5	-4.3	5.4	3.2	1.9	2.4	4.9	3.9
Housing starts	units	39,195	34,321	16,077	26,479	26,400	27,465	27,054	27,300	24,800
	% change	7.6	-12.4	-53.2	64.7	-0.3	4.0	-1.5	0.9	-9.2
Consumer price index	2002=100	110.0	112.3	112.3	113.8	116.5	117.8	117.7	119.1	120.9
	% change	1.7	2.1	0.0	1.4	2.3	1.1	-0.1	1.2	1.5

Alberta

		2007	2008	2009	2010	2011	2012	2013F	2014F	2015F
Real GDP	Chained \$2007 millions	259,087	263,515	252,811	264,164	277,940	288,548	299,224	311,026	322,048
	% change	1.7	1.7	-4.1	4.5	5.2	3.8	3.7	3.9	3.5
Employment	thousands	1,991	2,054	2,025	2,017	2,094	2,150	2,211	2,276	2,326
	% change	3.9	3.1	-1.4	-0.4	3.8	2.6	2.9	3.0	2.2
Unemployment rate	%	3.5	3.6	6.6	6.5	5.5	4.6	4.6	4.5	3.9
Retail sales	\$ millions	61,490	61,620	56,489	59,849	63,945	68,408	73,109	78,889	82,995
	% change	9.9	0.2	-8.3	5.9	6.8	7.0	6.9	7.9	5.2
Housing starts	units	48,336	29,164	20,298	27,088	25,704	33,396	36,011	38,900	36,000
	% change	-1.3	-39.7	-30.4	33.5	-5.1	29.9	7.8	8.0	-7.5
Consumer price index	2002=100	117.9	121.6	121.5	122.7	125.7	127.1	128.9	132.2	134.3
	% change	4.9	3.2	-0.1	1.0	2.4	1.1	1.4	2.5	1.7

Saskatchewan

		2007	2008	2009	2010	2011	2012	2013F	2014F	2015F
Real GDP	Chained \$2007 millions	52,253	55,183	52,553	54,756	57,479	58,581	61,217	62,040	63,901
	% change	3.5	5.6	-4.8	4.2	5.0	1.9	4.5	1.3	3.0
Employment	thousands	504	513	519	524	526	537	555	564	574
	% change	2.4	1.7	1.3	0.9	0.3	2.1	3.4	1.6	1.7
Unemployment rate	%	4.2	4.1	4.8	5.2	5.0	4.7	4.0	3.8	3.9
Retail sales	\$ millions	13,131	14,676	14,605	15,103	16,199	17,405	18,301	19,198	20,105
	% change	13.6	11.8	-0.5	3.4	7.3	7.4	5.1	4.9	4.7
Housing starts	units	6,007	6,828	3,866	5,907	7,031	9,968	8,290	8,000	7,500
	% change	61.7	13.7	-43.4	52.8	19.0	41.8	-16.8	-3.5	-6.3
Consumer price index	2002=100	112.2	115.9	117.1	118.7	122.0	123.9	125.7	128.9	131.8
	% change	2.9	3.2	1.1	1.3	2.8	1.6	1.4	2.6	2.2

Manitoba

		2007	2008	2009	2010	2011	2012	2013F	2014F	2015F
Real GDP	Chained \$2007 millions	49,265	51,157	51,048	52,379	53,269	54,633	55,857	56,887	58,480
	% change	2.9	3.8	-0.2	2.6	1.7	2.6	2.2	1.8	2.8
Employment	thousands	599	608	608	620	624	630	633	632	639
	% change	1.7	1.7	0.0	1.9	0.8	0.9	0.5	-0.1	1.1
Unemployment rate	%	4.4	4.2	5.2	5.4	5.4	5.3	5.3	5.4	5.0
Retail sales	\$ millions	14,017	14,983	14,920	15,770	16,443	16,652	17,297	17,972	18,675
	% change	8.9	6.9	-0.4	5.7	4.3	1.3	3.9	3.9	3.9
Housing starts	units	5,738	5,537	4,174	5,888	6,083	7,242	7,465	6,300	6,500
	% change	14.1	-3.5	-24.6	41.1	3.3	19.1	3.1	-15.6	3.2
Consumer price index	2002=100	110.9	113.4	114.1	115.0	118.4	120.3	123.0	125.6	127.8
	% change	2.1	2.2	0.6	0.8	2.9	1.6	2.3	2.1	1.7

Ontario

		2007	2008	2009	2010	2011	2012	2013F	2014F	2015F
Real GDP	Chained \$2007 millions	597,803	596,921	578,510	598,174	611,131	619,331	627,382	640,836	659,061
	% change	1.3	-0.1	-3.1	3.4	2.2	1.3	1.3	2.1	2.8
Employment	thousands	6,564	6,666	6,502	6,610	6,731	6,784	6,879	6,925	7,003
	% change	1.8	1.6	-2.5	1.7	1.8	0.8	1.4	0.7	1.1
Unemployment rate	%	6.4	6.5	9.0	8.7	7.8	7.8	7.5	7.4	6.9
Retail sales	\$ millions	145,978	151,697	148,109	156,276	161,859	164,503	168,253	174,642	181,626
	% change	3.8	3.9	-2.4	5.5	3.6	1.6	2.3	3.8	4.0
Housing starts	units	68,123	75,076	50,370	60,433	67,821	76,742	61,085	61,600	59,000
	% change	-7.2	10.2	-32.9	20.0	12.2	13.2	-20.4	0.8	-4.2
Consumer price index	2002=100	110.8	113.3	113.7	116.5	120.1	121.8	123.0	125.9	128.1
	% change	1.8	2.3	0.4	2.4	3.1	1.4	1.1	2.3	1.8

Quebec

		2007	2008	2009	2010	2011	2012	2013F	2014F	2015F
Real GDP	Chained \$2007 millions	305,874	311,626	309,683	316,886	322,442	327,161	330,760	336,530	342,722
	% change	1.8	1.9	-0.6	2.3	1.8	1.5	1.1	1.7	1.8
Employment	thousands	3,834	3,880	3,848	3,915	3,954	3,984	4,032	4,032	4,057
	% change	2.4	1.2	-0.8	1.7	1.0	0.8	1.2	0.0	0.6
Unemployment rate	%	7.2	7.2	8.5	8.0	7.8	7.8	7.6	7.8	7.6
Retail sales	\$ millions	90,412	94,816	93,759	99,590	102,556	103,753	106,301	109,802	113,700
	% change	4.5	4.9	-1.1	6.2	3.0	1.2	2.5	3.3	3.5
Housing starts	units	48,553	47,901	43,403	51,363	48,387	47,367	37,758	38,000	33,300
	% change	1.4	-1.3	-9.4	18.3	-5.8	-2.1	-20.3	0.6	-12.4
Consumer price index	2002=100	110.4	112.7	113.4	114.8	118.3	120.8	121.7	123.4	125.4
	% change	1.6	2.1	0.6	1.3	3.0	2.1	0.8	1.4	1.6

Tables

New Brunswick

		2007	2008	2009	2010	2011	2012	2013F	2014F	2015F
Real GDP	Chained \$2007 millions	27,869	28,125	27,811	28,381	28,460	28,146	28,202	28,484	28,940
	% change	0.5	0.9	-1.1	2.0	0.3	-1.1	0.2	1.0	1.6
Employment	thousands	357	359	360	356	352	351	351	352	354
	% change	1.9	0.6	0.1	-1.0	-1.1	-0.2	-0.1	0.3	0.4
Unemployment rate	%	7.5	8.5	8.8	9.3	9.5	10.2	10.4	9.8	9.6
Retail sales	\$ millions	9,408	10,018	10,094	10,595	11,103	11,028	11,107	11,460	11,806
	% change	6.2	6.5	0.8	5.0	4.8	-0.7	0.7	3.2	3.0
Housing starts	units	4,242	4,274	3,521	4,101	3,452	3,299	2,843	2,500	2,800
	% change	3.8	0.8	-17.6	16.5	-15.8	-4.4	-13.8	-12.1	12.0
Consumer price index	2002=100	111.3	113.2	113.5	115.9	120.0	122.0	123.0	125.0	126.9
	% change	1.9	1.7	0.3	2.1	3.5	1.7	0.8	1.6	1.6

Nova Scotia

		2007	2008	2009	2010	2011	2012	2013F	2014F	2015F
Real GDP	Chained \$2007 millions	33,907	34,625	34,753	35,806	36,029	35,990	36,350	37,222	38,041
	% change	1.3	2.1	0.4	3.0	0.6	-0.1	1.0	2.4	2.2
Employment	thousands	448	452	451	452	453	456	454	449	455
	% change	1.6	0.9	-0.1	0.2	0.1	0.6	-0.4	-1.0	1.3
Unemployment rate	%	7.9	7.7	9.2	9.3	8.8	9.0	9.0	8.9	8.8
Retail sales	\$ millions	11,617	12,091	12,105	12,651	13,098	13,223	13,605	13,979	14,489
	% change	4.3	4.1	0.1	4.5	3.5	1.0	2.9	2.8	3.6
Housing starts	units	4,750	3,982	3,438	4,309	4,644	4,522	3,919	2,700	3,400
	% change	-3.0	-16.2	-13.7	25.3	7.8	-2.6	-13.3	-31.1	25.9
Consumer price index	2002=100	112.5	115.9	115.7	118.2	122.7	125.1	126.6	129.1	131.3
	% change	1.9	3.0	-0.1	2.2	3.8	1.9	1.2	2.0	1.7

Prince Edward Island

		2007	2008	2009	2010	2011	2012	2013F	2014F	2015F
Real GDP	Chained \$2007 millions	4,620	4,658	4,678	4,783	4,829	4,901	4,970	5,039	5,100
	% change	2.2	0.8	0.4	2.2	1.0	1.5	1.4	1.4	1.2
Employment	thousands	69	70	69	71	72	73	74	74	75
	% change	0.7	1.2	-1.4	3.0	1.9	1.1	1.8	0.1	1.1
Unemployment rate	%	10.3	10.7	12.0	11.1	11.4	11.3	11.5	10.9	10.6
Retail sales	\$ millions	1,621	1,703	1,682	1,770	1,866	1,925	1,940	1,998	2,077
	% change	7.4	5.1	-1.3	5.3	5.4	3.2	0.8	3.0	4.0
Housing starts	units	750	712	877	756	940	941	636	600	650
	% change	1.6	-5.1	23.2	-13.8	24.3	0.1	-32.4	-5.7	8.3
Consumer price index	2002=100	113.6	117.5	117.3	119.5	123.0	125.5	128.0	130.5	132.5
	% change	1.8	3.4	-0.1	1.8	2.9	2.0	2.0	2.0	1.5

Newfoundland & Labrador

		2007	2008	2009	2010	2011	2012	2013F	2014F	2015F
Real GDP	Chained \$2007 millions	29,715	29,369	26,464	28,033	28,850	27,585	29,764	29,943	30,374
	% change	9.3	-1.2	-9.9	5.9	2.9	-4.4	7.9	0.6	1.4
Employment	thousands	216	219	212	219	225	231	233	229	232
	% change	0.8	1.1	-3.0	3.4	2.7	2.3	1.0	-1.8	1.6
Unemployment rate	%	13.5	13.2	15.5	14.4	12.7	12.5	11.4	12.3	12.1
Retail sales	\$ millions	6,528	7,009	7,121	7,453	7,833	8,182	8,589	8,861	9,209
	% change	8.6	7.4	1.6	4.7	5.1	4.5	5.0	3.2	3.9
Housing starts	units	2,649	3,261	3,057	3,606	3,488	3,885	2,862	2,500	2,700
	% change	18.6	23.1	-6.3	18.0	-3.3	11.4	-26.3	-12.6	8.0
Consumer price index	2002=100	111.1	114.3	114.6	117.4	121.4	123.9	126.0	128.8	131.1
	% change	1.4	2.9	0.3	2.4	3.4	2.1	1.7	2.2	1.8

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