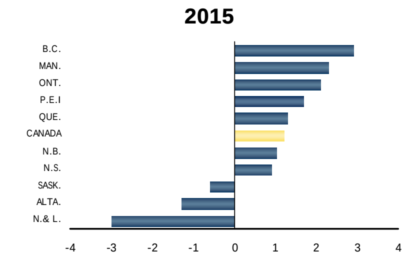
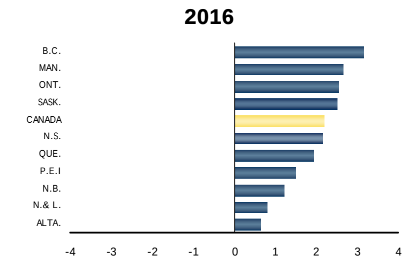
PROVINCIAL OUTLOOK

September 2015

Real GDP growth

% change





Source: Statistics Canada, RBC Economics Research

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Oil price shock continues to take its toll

- The outlook for provincial economies continues to be divided between oil producers and oil consumers. The plunge in oil prices since mid-2014 has significantly dimmed prospects for Newfoundland and Labrador, Alberta, and Saskatchewan, whereas it offers some upside scope for oil-consuming provinces.
- In this edition of *Provincial Outlook*, we further downgraded our growth outlooks for 2015 for the three oil-producing provinces, which is consistent with RBCs downward revision to oil price assumptions—now US$50.50/West Texas Intermediate (WTI) barrel in 2015 and US$57.00/barrel in 2016, compared to US$54.00 and US$74.00, respectively, that we assumed in our June report—although other factors (e.g., drought in Alberta and Saskatchewan, and operational issues at oil production facilities in Alberta and Newfoundland and Labrador) also contributed. We project all three provinces to contract in 2015: Newfoundland and Labrador by 3.0%, Alberta by 1.3%, and Saskatchewan by 0.6%
- Much of the offsetting gains that we expect to occur in oil-consuming provinces seem to be delayed. A number of temporary factors conspired to postpone the liftoff of growth in provinces such as Ontario, Quebec, and Manitoba during the first half of 2015. Consequently, we also reduced our growth forecasts for 2015 for the majority of oil-consuming provinces; still, we project all these provincial economies to continue to expand.
- Our view of British Columbia remains little changed, as developments to date in the province are largely on track. We expect that it will lead all provinces in real gross domestic product (GDP) growth in 2015 with a rate of 2.9%.
- Manitoba (with a forecasted real 2015 GDP growth rate of 2.3%) and Ontario (2.1%) come in second and third place, respectively, in our provincial growth rankings for 2015, and we expect both to benefit increasingly from stronger US demand. Prince Edward Island (1.7%) and Quebec (1.3%) are the only other provinces that we project to grow faster than the national average of 1.2% this year.
- New Brunswick (1.0%) and Nova Scotia (0.9%) continue to face challenges—including unexpected downtime at an offshore natural gas facility—that will keep their rankings slightly below the national average.
- The outlook for 2016 shows broad, albeit modest, improvement across provinces. We expect oil-consuming provinces to accelerate their pace and oil-producing provinces to return to growth mode.

Intense pressure exerted on oil-producing provinces…

The economic data so far this year have confirmed the significant toll that the drop in global oil prices is taking on Canada's oil-producing provinces. The clearest indication of stress has been the plummeting of energy-related investment, which in turn, has been a catalyst for weakness in related business activity (e.g., manufacturing and professional services), consumer spending (e.g., big-ticket items such as motor vehicles and home resales), and government revenues in these provinces. To make matters worse, Alberta, Saskatchewan, and Newfoundland and Labrador have suffered from bad luck in the form of widespread forest fires, drought conditions, and operational disruptions at oil facilities that delivered additional blows. RBC's newly revised assumptions for oil prices (US$50.50/WTI barrel in 2015 and US$57.00 in 2016, both revised downward from US$54.00 and US$74.00, respectively, assumed in June) also imply that tough conditions in the energy sector are unlikely to turn around as quickly or as greatly as we had previously thought. For all these reasons, we lowered our real GDP forecasts for these three provinces.

…to be offset by gains in other provinces with a greater lag than we expected

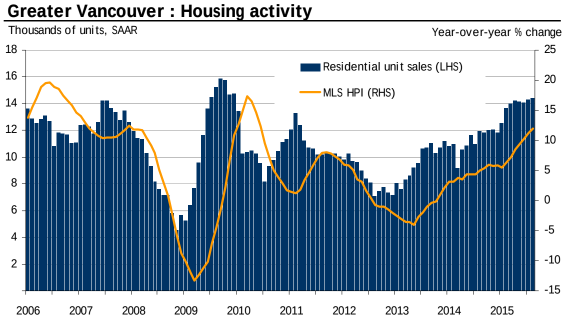
We also reduced our growth forecasts for most oil-consuming provinces, because the pickup in non-energy exports and non-energy capital investment that we expect has been delayed. While running ahead of a year ago, exports from provinces such as Ontario and Quebec lost momentum earlier this year due to supply-chain disruptions arising from unusually poor weather and labour strikes at western ports in the US, as well as auto assembly plant retooling in Ontario. Canadian businesses are not responding as promptly to build capacity or to invest in new machinery as we had anticipated in sectors other than energy. Statistics Canada's survey of capital expenditure intentions (CAPEX survey) conducted earlier this year showed a mixed picture across oil-consuming provinces, which was disappointingly short of the broad surge necessary to offset the plummeting of capital spending in oil-producing provinces significantly.

Rotation toward external sources of growth still on the way

Despite the bigger than expected bumps on the road this year, we continue to expect that growth in oil-consuming provinces will more than compensate for real GDP declines in Newfoundland and Labrador, Alberta, and Saskatchewan. Going forward, we believe that the rotation toward external sources of growth increasingly will gain traction in export-dependent provinces such as Ontario, Manitoba, Quebec, and British Columbia, thanks to a strong US economy and the low value of the Canadian dollar.

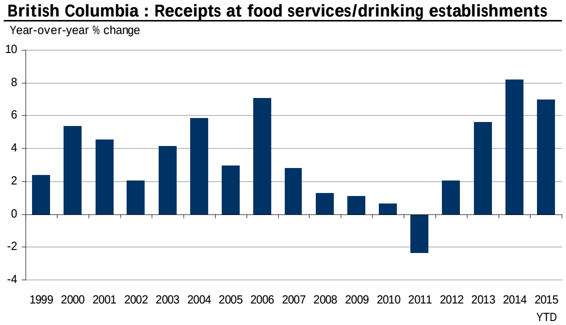
British Columbia

Greater Vancouver : Housing activity



Source: CREA, RBC Economics Research

British Columbia : Receipts at food services/drinking establishments



Source: Statistics Canada, RBC Economics Research

British Columbia forecast at a glance

% change unless otherwise indicated

	2012	2013	2014F	2015F	2016F
Real GDP	2.4	1.9	2.9	2.9	3.1
Nominal GDP	2.3	3.2	4.7	4.3	4.9
Employment	1.6	0.1	0.6	1.0	1.4
Unemployment rate (%)	6.8	6.6	6.1	5.9	5.6
Retail sales	1.9	2.4	5.6	7.0	4.5
Housing starts (units)	27,465	27,054	28,356	33,000	31,000
Consumer price index	1.1	-0.1	1.0	1.1	1.9

Laura Cooper
Economist

Propelled by supercharged consumers

Economic indicators point to British Columbia maintaining its position at the top of the provincial growth rankings in 2015, led by the strength of the consumer who continues to benefit from rising housing valuations, low gasoline prices, and accommodative borrowing conditions. Stronger US demand and a low Canadian dollar are further buttressing the province's ongoing economic expansion, although softer growth prospects in Asia are tempering the lift to export-oriented sectors. We expect that real economic activity will expand at a 2.9% pace in 2015 and strengthen marginally to 3.1% in 2016.

Housing boom goes on and on and on and on…

Lower interest rates are percolating through the housing market in British Columbia, particularly boosting resale activity in the already frothy Vancouver market. Sellers continue to hold the upper hand in the supply-constrained market, thereby fuelling home prices in August 2015 to their strongest annual increase since 2010. Against this backdrop, homeowners in the province ramped up renovation activity, and construction of new homes gathered speed, with few signs that the housing boom will ease in the current low interest rate environment.

…as households catch spending fever…

The spending binge of households showed no signs of abating so far this year, with retail sales advancing strongly by 7.6% from year-ago levels. Strengthening housing market activity and unseasonably warm weather earlier this year, no doubt, spurred demand for housing-related goods, with a surge in sales at furniture stores accompanying a nearly 30% increase in building material and garden equipment stores. The warm-glow effects of rising housing wealth further extended to services, with spending at restaurants and bars continuing to climb at a rate of 7% in the first half of 2015, after posting the strongest gain in 2014 (8.2%) since records began in 1999. A weaker Canadian dollar and sporting events, such as the FIFA women's world cup, also played a hand in boosting sales in the province this year, by shifting the tourism sector into high gear.

…despite mixed employment indicators…

Firm domestic demand prevailed despite employment in the province hitting a slow patch so far this year. Private-sector hiring took a step back in the first eight months of 2015; however, we still expect the labour market to gain traction in 2015, as hiring in health care and social assistance helps to keep employment above year-ago levels. These gains have been insufficient to move the needle downward on the unemployment rate, however. Entrants to the labour force outpaced job growth so far this year despite population growth losing some steam. The net increase in the number of immigrants from abroad fell to the lowest number since records began in 1991 and was led by a sharp decline in the number of non-permanent residents locating to the province.

…and spillover from commodity price weakness into export performance

Impressive gains in nominal lumber exports to the United States are helping to keep merchandise exports marginally above year-ago levels. Anemic prices and softer demand from Asian markets for products such as copper and coal resulted in a lull in the value of shipments sent overseas and prompted the temporary closure of steelmaking coal mines in the province during the summer months. A bright spot remains at Port Metro Vancouver, however, where activity was up from a year ago in the first half of 2015.

Alberta

No reprieve from challenging economic conditions

Another leg down in crude oil prices this summer is aggravating the already challenging conditions afflicting Alberta's economy and contributing to a more pronounced and widespread negative hit to economic growth than we had assumed in our June forecast. With a sustained price recovery remaining elusive, prospects for a relatively short bout of contraction were dampened with drought conditions, wildfires, and disruptions to crude oil production all exacerbating the economic downturn. On account of these unfolding developments, we now expect the economy will contract by 1.3% in 2015 compared to our June forecast for a 1.0% decline in real GDP. A modest recovery in energy markets underlies our forecast for growth to return to positive in 2016, albeit marginally, with real GDP growth at 0.6%.

Lower oil profile dampens energy sector prospects…

A modest rebound in crude oil prices earlier this spring proved temporary, with a renewed downturn tainting the short-term outlook for prices. The slowdown in energy sector activity arising from a protracted period of low prices was exacerbated by challenging weather conditions. In the midst of a drought that is expected to reduce crop production, wildfires across the province prompted the shutdown of oil production facilities in late spring. Crude oil production continued to churn out year-over-year gains, thereby reflecting rising bitumen levels, although a prolonged explosion-related shutdown at Syncrude late this summer added to the pressures facing the hard-hit energy sector.

…with employment yet to bear the full brunt of a weak economy…

Employment in the province surprisingly continues to hold up despite sizeable layoffs in the energy sector, as declines year-to-date have been met by strong public-sector hiring gains, as reported in Statistics Canada's *Labour Force Survey*. In the absence of a meaningful uptick in oil prices, we anticipate that additional downward pressure on economic activity will prompt firms in the province to accelerate the reduction in their headcounts during the remainder of the year. Evidence of the knock-on effects of an uncertain job market to domestic demand is already emerging, with declining motor vehicle sales exerting downward pressure on retail sales in the province, which are tracking well below year-ago levels.

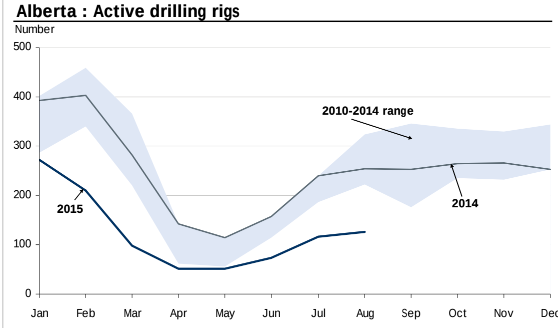
Slower domestic demand to further on activity

Diminished labour market prospects increasingly held back potential newcomers to the province, thereby resulting in a slowdown in population growth. Net interprovincial migration was below levels recorded during the past three years, and the number of immigrants from abroad fell sharply in the first quarter of 2015 from levels recorded in the same period in 2014. Slowing population growth and an attendant easing in domestic demand will likely keep Alberta's housing market on edge and in time lead to moderation in new homebuilding in the province.

Fiscal outlook expected this fall

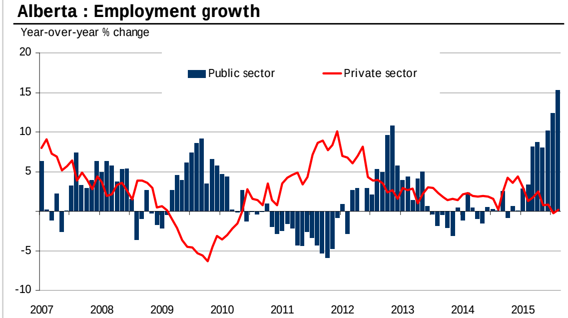
The deleterious effects of the energy-led downturn were evident in the Alberta Treasury and Finance's First Quarterly report, released at the end of August. In the event, the government projected a budgetary deficit of $5.9 billion for fiscal 2015-16, which would mark the largest shortfall on record. A full update on the fiscal situation and outlook of the province is expected in Budget 2015 in October.

Alberta : Active drilling rigs



Source: CAODC, RBC Economics Research

Alberta : Employment growth



Source: Statistics Canada, RBC Economics Research

Alberta forecast at a glance

% change unless otherwise indicated

	2012	2013	2014F	2015F	2016F
Real GDP	4.5	3.8	4.4	-1.3	0.6
Nominal GDP	5.6	7.1	8.1	-8.0	5.5
Employment	3.5	2.5	2.2	1.0	0.1
Unemployment rate (%)	4.6	4.6	4.7	5.9	6.1
Retail sales	7.0	6.9	7.5	-2.5	2.5
Housing starts (units)	33,396	36,011	40,590	37,600	30,500
Consumer price index	1.1	1.4	2.6	1.0	1.8

Laura Cooper
Economist

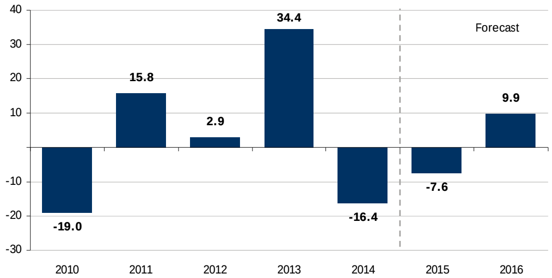
Saskatchewan

Drought conditions weigh on growth

We have revised our growth forecast downward in Saskatchewan for 2015 to a decline of 0.6% which represents a significant change relative to the 1.6% increase that we projected in the June edition of *Provincial Outlook*. In part, this reflects indications of weaker than expected capital spending in the province this year; however, the more significant factor is drought conditions during much of the agricultural regions in the province. Our forecast for 2016 is based on a return to normal weather conditions and an attendant bounceback in agricultural production. This contributed to growth next year being revised upward to 2.5% from the 1.9% projected in June. The bounceback is tempered by continued, albeit lessening, declines in the energy sector.

Saskatchewan : Agriculture production

Year-over-year % change



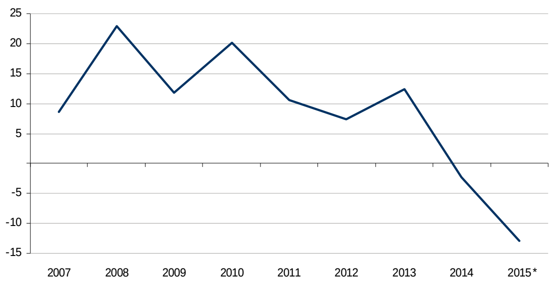
Source: Statistics Canada, RBC Economics Research

After 2015's decline, crops to rebound in 2016

Economic activity in Saskatchewan has historically been buffeted by swings in three main outputs: agricultural crops, energy, and potash. We expect the drop in oil prices to weigh on energy sector activity this year and next, but our previous forecast in June had assumed continued growth in the other two areas. The earlier projected gain in crop production was largely premised on the assumption of the prevalence of historically average weather conditions during the growing season. As the crop developed, however, drier than normal conditions set in, particularly in the western half of the province. Crop production numbers released by Statistics Canada in August confirmed the negative effect, with production of the three largest crops in the province projected to drop by 14% relative to year-ago levels. Some precipitation eventually emerged late in the 2015 growing season, subsequent to the Statistic Canada's preliminary tally, although our expectation is that crop production will still likely decline by 10% in 2015. For 2016, we assume a return to normal growing conditions, which we expect to reverse this decline, with crop production rising by 12%.

Saskatchewan : Capital expenditures

Year-over-year % change



*Intentions

Source: Statistics Canada, RBC Economics Research

Business investment expected to decline

The downward revision to our growth forecast for Saskatchewan this year was also prompted by indications of weaker than expected capital spending in the province. Statistics Canada's CAPEX survey indicated that the private and public sectors plan to reduce spending in the province by 13% after a 2% drop in 2014 (although following double-digit increases during the previous seven years). This weakness largely reflects spending in the energy sector dropping by 33%. Non-energy mining is not providing any offset, declining as well although by a lesser 12%. With our expectation of only a modest rise in oil prices in 2016, investment spending is likely to continue to decline in 2016 although at a moderate rate relative to 2015.

Saskatchewan forecast at a glance

% change unless otherwise indicated

	2012	2013	2014F	2015F	2016F
Real GDP	3.1	5.0	1.4	-0.6	2.5
Nominal GDP	5.7	5.5	0.1	-3.3	6.6
Employment	2.4	3.1	1.0	0.3	1.1
Unemployment rate (%)	4.7	4.1	3.8	4.8	4.9
Retail sales	7.4	5.1	4.6	-1.7	3.2
Housing starts (units)	9,968	8,290	8,257	5,400	6,500
Consumer price index	1.6	1.4	2.4	1.8	2.4

Potash production continues to rise

A positive element in 2015, however, is potash production where data for the first half of 2015 indicated continued growth. Although the pace of production has slowed from double-digit gains at the start of the year, the overall increase this year is still expected to match the 6% increase recorded in 2014. A strengthening US demand is expected to allow this growth pace to continue into 2016. Sustained potash demand growth has contributed to increased capital spending for a number of projects in the province in recent years; however, with some of the larger projects nearing completion, it is contributing to declining investment in non-energy mining as indicated in the CAPEX survey.

Paul Ferley
Assistant Chief Economist

Manitoba

Above-average growth still in the cards despite downward revision

We downgraded our 2015 growth outlook for Manitoba to 2.3% from the 2.8% projected in June, with the 2016 growth rate notched marginally lower to 2.7% from the previously projected 2.8%. Despite these downward revisions, it is still the case that the province should outpace growth nationally both this year and next. This is consistent with an impressive rebound in employment growth in the province so far this year to around 2% after relatively flat growth in 2014. Employment growth nationally so far in 2015 is slightly under 1%.

Manufacturing poised to strengthen

The downward revision that we made to 2015 provincial economic growth largely reflected indications that manufacturing activity continued to be weak during the second quarter of 2015. The weakness in the second and first quarters was most evident in machinery and fabricated metal manufacturing that offset significant strength in transportation equipment and furniture exports. These areas of weakness may in part reflect a knock-on effect from declining activity in the energy sector in neighbouring Saskatchewan and Alberta. Going forward, we expect recent indications that export strength is building both in the province and nationally to provide some offset to this weakness. We believe that rising external demand will represent a greater pull for Manitoba's manufacturing sector, thereby increasingly offsetting reduced demand from energy-related industries. Our forecast assumes growth in the manufacturing sector eventually will emerge, rising to a projected 2% for 2015 as a whole, although this is down from a 4% gain imbedded in our June forecast. As these supportive factors persist, we expect growth in manufacturing to strengthen further to 4.0% in 2016, although this reflects a downward revision from the 5.5% previously projected.

Agricultural production increases

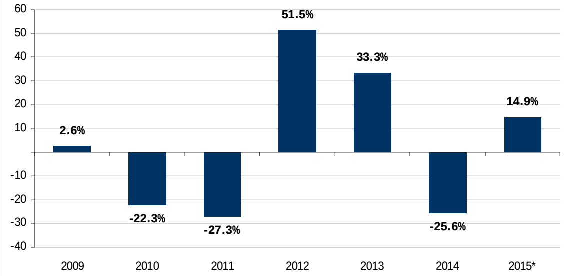
The disappointing pace of activity to date this year in manufacturing is being tempered by indications of greater strength in agriculture. Although drought conditions have prevailed elsewhere in the Prairies, Manitoba managed to enjoy normal levels of precipitation. Such was confirmed by initial crop estimates provided by Statistics Canada in August that suggested aggregate production of the province's two major crops, wheat and canola, will be up by 15% this year. This would follow a decline in 2014 of 26% that largely reflected a return to normal yields after a bumper crop in 2013. Assuming the persistence of favourable growing conditions in 2016, growth is expected to continue although at a more muted pace relative to this year. The agricultural sector as a whole is expected to rise by 5.5% this year and to moderate to less than 2% in 2016.

Capital spending to rise

Also supporting growth this year are indications in the Statistics Canada CAPEX survey that capital spending in the province will increase by 5% this year. Although this is down from a 25% increase last year, it is in contrast to declining activity for the country as a whole that is being weighed down by cutbacks in the energy sector. Although manufacturing sales have been disappointing to date this year, the sector is planning on increasing capital expenditures in 2015 by 6% on top of the massive 36% gain recorded in 2014. This implies confidence in the sector that stronger demand will eventually emerge, with firms adding capacity to be ready to respond.

Manitoba estimated crop production

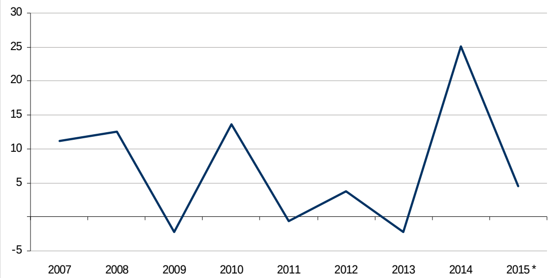
Wheat and canola, year-over-year % change



*Statistics Canada July 2015 Estimate
Source: Statistics Canada, RBC Economics Research

Manitoba : Capital expenditures

Year-over-year % change



*Intentions
Source: Statistics Canada, RBC Economics Research

Manitoba forecast at a glance

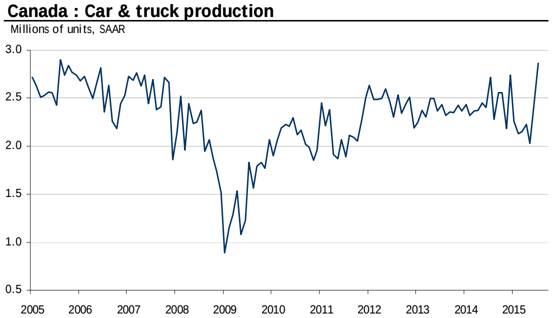
% change unless otherwise indicated

	2012	2013	2014F	2015F	2016F
Real GDP	3.3	2.2	1.3	2.3	2.7
Nominal GDP	6.0	3.7	2.9	3.6	4.3
Employment	1.6	0.7	0.1	1.5	1.0
Unemployment rate (%)	5.3	5.4	5.4	5.6	5.3
Retail sales	1.3	3.9	4.3	1.3	4.3
Housing starts (units)	7,242	7,465	6,220	5,600	6,300
Consumer price index	1.6	2.3	1.8	1.3	2.1

Paul Ferley
Assistant Chief Economist

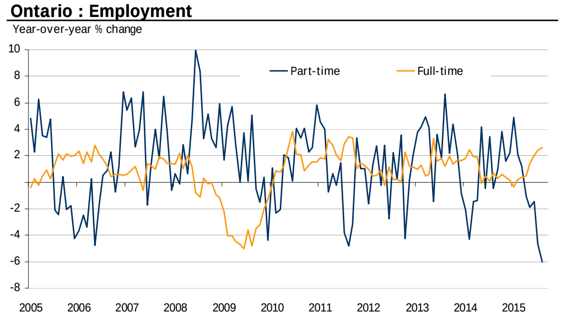
Ontario

Canada : Car & truck production



Source: Statistics Canada, RBC Economics Research

Ontario : Employment



Source: Statistics Canada, RBC Economics Research

Ontario forecast at a glance

% change unless otherwise indicated

	2012	2013	2014F	2015F	2016F
Real GDP	1.7	1.3	2.4	2.1	2.5
Nominal GDP	3.2	2.4	4.3	3.7	3.9
Employment	0.7	1.8	0.8	0.9	1.2
Unemployment rate (%)	7.9	7.6	7.3	6.7	6.4
Retail sales	1.6	2.3	5.0	4.6	4.4
Housing starts (units)	76,742	61,085	59,134	64,900	64,300
Consumer price index	1.4	1.1	2.3	1.4	1.9

Robert Hogue
Senior Economist

Growth liftoff delayed but not lost

It was not the clear-cut liftoff that we had hoped for Ontario's economy so far in 2015. To be sure, there were many positive signs, such as solid residential investment and consumer spending; however, unusually poor weather conditions in the US and disruptions in the province's auto sector—and across supply chains in North America more generally—threw a wrench into provincial manufacturing production and tempered the Ontario's export performance this winter and spring. With the one-off impediments to a more convincing liftoff largely behind us now, we expect Ontario's economy to pick up its pace in the remainder of 2015. In fact, we believe that upcoming data will show that activity already ramped up this summer, thanks in part to the boost provided by the Pan Am and Parapan Am Games in the Toronto area. Nonetheless, weaker than anticipated activity earlier this year, and our slightly dimmer expectations for the second-half performance, prompted us to reduce our real GDP growth forecast to 2.1% in 2015 from 2.8% previously. We project the faster pace to carry into 2016 and result in Ontario's real GDP growing at a five-year high rate of 2.5% next year.

Auto production rebounding

Evidence has started to emerge that the unexpected softening in manufacturing production will prove to be temporary. Motor vehicle production—which was hampered earlier this year by retooling downtime at two assembly plants in the province—rebounded in June and, especially, July (when units climbed solidly to be 7.1% above year-ago levels). This is consistent with our view that the industry brought forward the timing of retooling this year (usually the middle to late summer) and that it will make up for earlier losses in the coming months. With North American motor vehicle sales still firmly on an upward track (reaching a 10-year high in the second quarter of 2015), we expect Ontario's auto industry to be very busy in the period ahead.

Strong increase in full-time employment…

Recent gains in the labour market provided another sign that the provincial economy is becoming stronger. After a disappointing start to the year—when employment rose by just 3,000 from January to April—there were 54,000 net new jobs created between April and August. More importantly, however, is the fact that full-time employment rose by 94,000 (1.7%) in the four months ending August (part-time jobs fell by 40,000 during this interval) or more than double the gain of 42,000 full-time employed persons in the first four months of this year. Full-time employment in Ontario is on pace to increase the most since 2002.

…keeps households in a spending mood

Improved full-time employment prospects, no doubt, are among the factors fuelling quite solid consumer spending in the province at this stage. In particular, Ontario households continue to show strong motivation to buy new vehicles and residential properties. New motor vehicle sales in Ontario—which were running 5.2% ahead of year-ago levels in the first half of 2015—are poised to beat their all-time high (733,000 units) set just last year. Existing home sales nearly reached record-high levels this spring and summer, the strength of which also is reflected in the new home market. Despite a surge in completions earlier this year, housing starts were up by 9.3% from a year ago in the first eight months of 2015. We expect housing starts to rise to 64,900 units in 2015, which would be the strongest total in three years.

Quebec

A short detour on the way to stronger growth

Quebec's economy took an unfortunate detour on its way to stronger growth this spring when activity softened in a number of key industrial sectors. Developments in manufacturing, construction, and utilities, in particular, disappointed and weighed on the overall economic performance of the province after encouraging signs of vigour were seen at the start of 2015. While we believe that the soft patch will be short lived and that things will get back on track in the remainder of 2015, the recent developments tainted the outlook for 2015 as a whole. Accordingly, we revised our real GDP growth forecast downward to 1.3% for 2015 from the rate of 1.8% in the June edition of *Provincial Outlook*. Nonetheless, our view remains that momentum will pick up going forward and be supported by a stronger US economy, lower value of the Canadian dollar, and low interest rates. We project real GDP to re-accelerate to 1.9% in 2016.

Soft patch this spring…

It has not been an easy ride so far this year for Quebec's economy. The year started reasonably well with indicators showing increasing momentum—statistics from the *Institut de la statistique du Québec* (ISQ) showed that real GDP growth accelerated to a rate of 1.6% (annualized) in the first quarter from an average of 1.3% in the second half of 2014—despite growth remaining unevenly balanced across sectors. In fact, it was very encouraging to see acceleration in the province when a decline of 0.8% was registered at the national level. Unfortunately, indicators point to a softening of general activity in the province this spring. There were setbacks in the manufacturing sector (including in food products), utilities (although this was partly payback for a strong increase in electricity production this winter), and continued weakness in the construction sector (particularly on the non-residential side). Some offset came from slightly stronger activity in the services sector; however, those gains were slim at best.

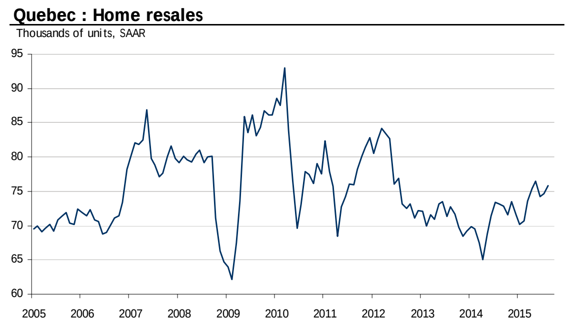
…is likely behind us, with signs pointing to an improvement ahead

We believe that the detour taken by Quebec's economy this spring will be brief. Stronger demand for the province's exports, thanks to a vigorous US economy and lower value of the Canadian dollar, is poised to stimulate activity in the manufacturing and other export-dependent sectors such as tourism. It is worth noting that despite softening somewhat this spring, Quebec's real merchandise exports were up by 6.6% year over year during the first six months of 2015—thereby still indicating a positive contribution to the economy. While non-residential construction may remain stagnant for a little longer, we expect housing construction to pick up in the period ahead. Monthly housing starts have rebounded quite strongly since May (after reaching 14-year lows during the winter months), and renewed vigour in the home resale market likely will continue to fuel demand for new housing units in the short term.

Modest job growth to be sustained

As forward momentum generally returns across the economy in the second half of 2015, we expect to see sustained—albeit modest—gains in employment in the province. We project employment to grow by 1.0% in 2015 and 0.8% in 2016, which would represent welcome improvement from no job growth at all in 2014.

Source: Statistics Canada, RBC Economics Research



Source: CREA, RBC Economics Research

Quebec forecast at a glance

% change unless otherwise indicated

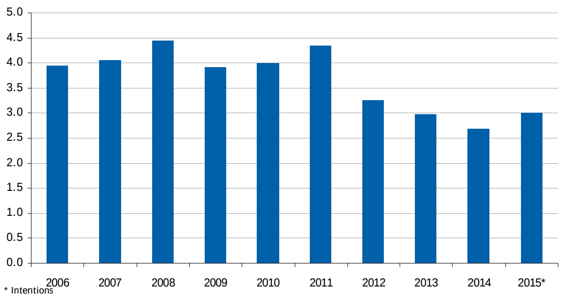
	2012	2013	2014F	2015F	2016F
Real GDP	1.5	1.0	1.4	1.3	1.9
Nominal GDP	3.4	1.5	3.0	2.9	3.4
Employment	0.8	1.4	0.0	1.0	0.8
Unemployment rate (%)	7.7	7.6	7.7	7.6	7.4
Retail sales	1.2	2.5	1.7	1.6	3.9
Housing starts (units)	47,367	37,758	38,810	35,300	35,500
Consumer price index	2.1	0.8	1.4	1.4	2.0

Robert Hogue
Senior Economist

New Brunswick

New Brunswick : Capital expenditures

Annual, billions of C$

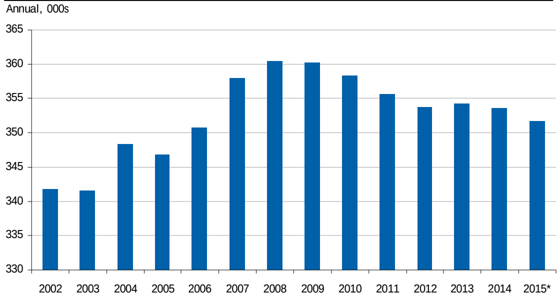


* Intentions

Source: Statistics Canada, RBC Economics Research

New Brunswick : Employment

Annual, 000s



* Average from January to August

Source: Statistics Canada, RBC Economics Research

New Brunswick forecast at a glance

% change unless otherwise indicated

	2012	2013	2014F	2015F	2016F
Real GDP	-0.4	-0.5	0.2	1.0	1.2
Nominal GDP	1.1	0.5	1.5	2.6	2.8
Employment	-0.7	0.4	-0.2	-0.5	0.4
Unemployment rate (%)	10.2	10.3	10.0	10.1	9.8
Retail sales	-0.7	0.7	3.8	2.1	2.7
Housing starts (units)	3,299	2,843	2,276	2,000	2,000
Consumer price index	1.7	0.8	1.5	0.7	2.1

Gerard Walsh
Economist

Growth to remain slow this year

Economic indicators remain generally weak in New Brunswick so far in 2015, but we expect them to improve somewhat in the remainder of the year. The housing and employment situations remain challenging, and despite a weakened Canadian dollar, exports are poised to decline as the Saint John oil refinery is partially idled for maintenance and upgrades. While investment spending by the public and private sectors will provide some positive offset this year, the difficult fiscal environment will limit the public-sector contribution to growth in the coming years. After four years of effectively no growth, we expect New Brunswick's real GDP to expand by 1.0% in 2015 before accelerating slightly to 1.2% in 2016 as exports recover.

Housing activity remains subdued as capital spending ticks upward

Declining capital spending has weighed on New Brunswick's economy in recent years, and some of that weakness thankfully will reverse in 2015. While non-residential investment tumbled in the first half of the year, we expect it to rebound, as the government increases spending on road and bridge construction and improvements to the energy efficiency of public buildings. Private-sector projects will also contribute to investment growth and include $200 million worth of maintenance and upgrades at the oil refinery in Saint John, which will be partially idled from mid-September to mid-November for the work. Overall, capital spending is expected to rise by 12% province wide, which would help compensate for still-weak housing activity. So far this year, total housing starts are down by 28% compared with the same period last year, and going forward, demographic realities will continue to forestall a major rebound.

Export recovery delayed but indicators increasingly positive

New Brunswick will have to wait longer before it sees an export recovery, because the announced repairs and upgrades at the Saint John refinery imply that provincial exports will decline again this year. Refined petroleum products account for nearly two-thirds of New Brunswick's nominal exports, and as part of the two-month repair process, the facility's production will be halved. On the upside, some offset is coming from the rapid growth in exports of wood, food, and mineral products. In mining, exports of potash have risen by 11% year to date during 2015, thereby reflecting rising production at the Picadilly mine. The newly commissioned Caribou mine is diversifying New Brunswick's mining industry, with its production of zinc, lead, silver, copper, and gold.

Jobs losses again this year

Employment in New Brunswick has grinded steadily lower since the recession, and 2015 will be no different. Led by goods-producing industries, private-sector employment has ebbed year to date, and offsets from the public sector will not prevent another year of losses. One highlight is manufacturing, where employment is up nearly 10% year to date compared with last year, and a weaker Canadian dollar will help sustain manufacturing employment, as exports rise. In construction, year-to-date employment losses will be contained by work at the Saint John refinery, which is expected to create the equivalent of 800 annualized jobs in the fourth quarter of 2015.

Nova Scotia

Shipbuilding begins as natural gas fades

Nova Scotia's economy faces crosscurrents this year, as the start of work on a major shipbuilding contract in Halifax and a pick up in construction activity run against a significant drop in natural gas production. We expect that further declines in natural gas output will have a smaller negative effect next year, however, and growing construction and manufacturing sectors will support job creation and propel economic growth to a six-year high in 2016. Following an estimated 1.8% advance in 2014, we project real GDP growth to slow this year to 0.9% before re-accelerating to 2.1% in 2016, thereby reflecting a full year of shipbuilding activity.

Ship building starts at last!

In September, work began in Halifax on the first of six arctic offshore patrol ships ordered by the federal government under its $33 billion National Shipbuilding Procurement Strategy. Much of the $3.5 billion budget for this stage of the project will be spent in the Halifax area across a number of industries, including design and technical services, construction, and steel fabrication. Employment at the shipyard now exceeds 800 (with still room to grow to an expected peak of 1,000 jobs by 2017). Aside from increased shipbuilding activity, we expect Nova Scotia's manufacturing sector to be propelled by gains in other segments as well. We see evidence of such in strong increases in tire exports this year and higher investment in aerospace and pharmaceutical manufacturing that we believe will translate into rising production before the end of 2015.

Tumbling natural gas production sets exports back

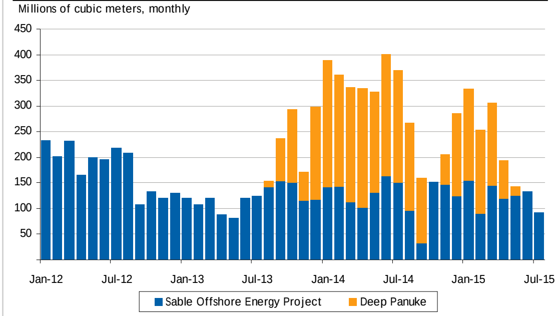
After a dramatic increase in natural gas production in 2014 (resulting from the first full year of operation of the Deep Panuke Offshore Gas Project), output is expected to decline significantly in 2015 and deal a blow to overall provincial economic growth. Due to operational issues, the Deep Panuke facility has been downgraded to producing on a seasonal basis, which will result in a significant decline in natural gas output at the facility this year. At the older Sable Offshore Energy Project, depletion-related production declines of natural gas are continuing as the project heads for decommissioning as early as 2017. Falling natural gas production is also affecting the province's exports, which have fallen by 8% in nominal terms so far this year despite gains in key export categories such as food products, paper, and tires.

Construction activity picks up after a severe winter

Despite a trimmed-down capital spending plan from the provincial government, public-sector investment intentions are up this year, propelled by the 18-month re-decking of the Macdonald Bridge linking Halifax and Dartmouth, and infrastructure investments across the province. Private-sector investment is also expected to rise this year, as construction activity peaks on the Maritime Link—a power transmission line between Nova Scotia and Newfoundland and Labrador—and major construction projects take shape in Halifax. While residential construction picked up after it fell sharply due to a severe winter, housing market indicators remain soft, thereby signalling that the rebound in homebuilding activity this spring and summer likely will be short lived. The provincial home resale market remains well supplied—thereby causing prices to remain largely stagnant, even in markets such as Halifax—as resales fell to a 17-year low in the second quarter of 2015, and the unabsorbed inventory of newly completed housing units remains high despite some recent improvement.

Nova Scotia offshore natural gas production

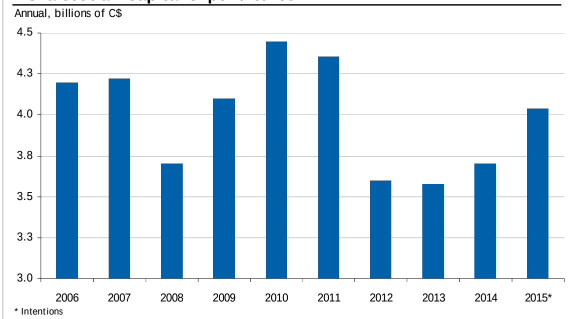
Millions of cubic meters, monthly



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

Nova Scotia : Capital expenditures

Annual, billions of C$



* Intentions

Source: Statistics Canada, RBC Economics Research

Nova Scotia forecast at a glance

% change unless otherwise indicated

	2012	2013	2014F	2015F	2016F
Real GDP	-0.3	0.3	1.8	0.9	2.1
Nominal GDP	-0.4	2.4	3.8	2.2	3.9
Employment	1.0	-1.1	-1.1	0.1	0.7
Unemployment rate (%)	9.1	9.1	8.9	8.5	8.3
Retail sales	1.0	2.9	2.3	0.2	3.4
Housing starts (units)	4,522	3,919	3,056	4,100	3,300
Consumer price index	1.9	1.2	1.7	0.9	2.2

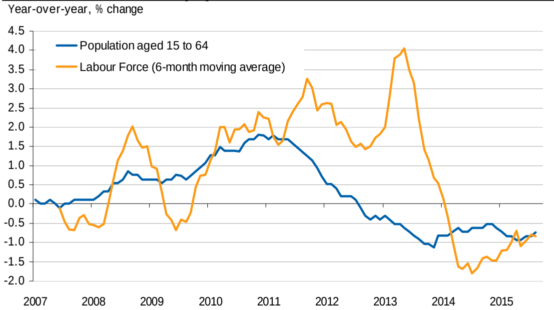
Gerard Walsh
Economist

Prince Edward Island

Exports solid; employment soft

Steady, modest growth is expected to continue in Prince Edward Island this year, as the tourism and merchandise export sectors benefit from a weaker dollar, and as construction activity picks up. Growth in these sectors has yet to flow through to the labour market, however, and modest job gains in late 2014 has given way to losses so far this year. Our forecast is for real GDP growth to pick up to 1.7% in 2015 before moderating slightly to 1.5% in 2016.

Prince Edward Island population and labour force

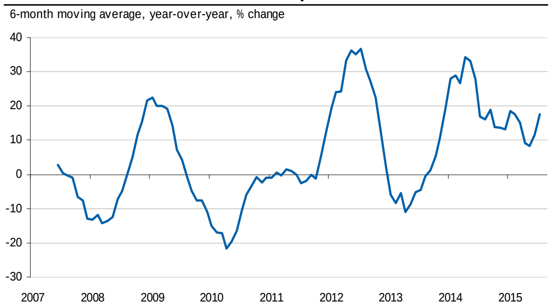


Source: Statistics Canada, RBC Economics Research

Re-oriented exports remain a key growth engine

After surging by 19% in 2014, merchandise exports have continued to grow so far in 2015. Exports of food products—the Island's largest merchandise export category—are taking up slack from machinery and aerospace products, exports of which have ebbed somewhat so far in 2015 after growing rapidly since the recession. A new multi-million dollar investment in the aerospace industry, however, highlights its prospects for future growth. The weaker Canadian dollar, which we expected will provide a tailwind to exporters during 2016, also supports tourism. Tourist arrivals fell below seasonal averages during the winter, but strong early indicators for the summer season suggest that tourism will contribute to growth on the Island this year.

Prince Edward Island : Domestic exports



Source: Statistics Canada, RBC Economics Research

Construction looks upbeat this year

Indicators of construction activity are mixed so far this year, but an expected increase in public-sector capital spending and a spike in renovation-driven residential investment will contribute to a strong increase in construction activity for 2015. While the longer-term outlook is for declining public capital spending, investment intentions for 2015 show marked increases in the education and public administration sectors.

Job losses in the short term…

After shedding jobs in 2014 and then showing signs of renewed job growth in early 2015, we now expect Prince Edward Island to see its worst year of job losses since 2009. The primary drivers of job losses this year include education and health care, and looking ahead, there is little scope for a turnaround, given Prince Edward Island's focus on restraining spending in order to eliminate its deficit. In the private sector, goods-producing industries, including primary industries and construction, have also shed jobs this year, but a recent rebound in construction activity will help reverse some of these losses. A bright spot in the otherwise gloomy job picture is manufacturing, which is on track for a second year of double-digit employment growth.

…as demographics realities sink in

The challenging employment situation in Prince Edward Island put upward pressure on the unemployment rate this year, and we expect the latter to remain above 10%, on average, during 2016. Any further deterioration in the unemployment rate, however, would be contained by declines in the labour force. International immigration has slowed, and the pace of provincial net outmigration recently has quickened, thereby leading to steady declines in Prince Edward Island's working-age population. Weakening demographic underpinnings have negative implications for future economic growth.

Prince Edward Island forecast at a glance

% change unless otherwise indicated

	2012	2013	2014F	2015F	2016F
Real GDP	1.0	2.0	1.4	1.7	1.5
Nominal GDP	1.9	5.0	3.2	3.5	3.0
Employment	1.7	1.4	-0.1	-1.0	0.9
Unemployment rate (%)	11.1	11.5	10.6	10.7	10.2
Retail sales	3.2	0.8	3.3	2.0	3.0
Housing starts (units)	941	636	511	500	600
Consumer price index	2.0	2.0	1.6	-0.1	2.1

Gerard Walsh
Economist

Newfoundland & Labrador

The construction wave crests and oil production bottoms out

Newfoundland and Labrador's economy is going through another challenging year in 2015, as government-sector restraint, falling oil production, and a drop in construction activity weigh on overall performance. Downward pressure will persist into next year in the construction sector, as work winds down on a number of major projects in 2016. After declining by an estimated 2.6% in 2014, we expect real GDP to contract by a further 3.0% in 2015 before posting a modest 0.8% recovery in 2016.

Construction begins a protracted decline

While capital spending intentions for Newfoundland and Labrador expressed in the Statistics Canada's CAPEX survey earlier this year were only down modestly in 2015, this represented the cresting of a wave of major capital works in the province. An investment boom, which started in 2010 as a number of large projects began to take shape, is now ending, with negative implications for near-term growth. At the two largest projects—Hebron ($14 billion) and Muskrat Falls ($7 billion)—spending is set to decline in the coming years, as these projects advance toward completion. The construction industry will also face headwinds from the housing sector. Job losses and demographic headwinds are depressing demand for new housing: housing starts were down 17% in the first eight months of 2015 compared to the same period in 2014, and low levels of new building permits suggest little in the way of any imminent turnaround.

In the face of low prices, natural resource exports plunge

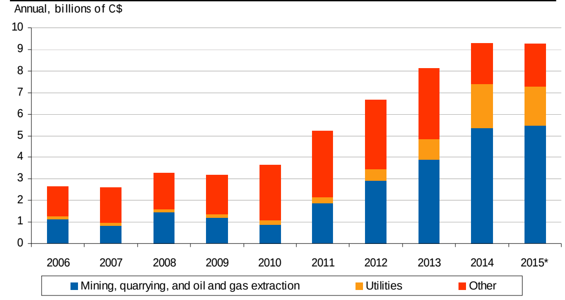
Newfoundland and Labrador's year-to-date nominal exports have fallen by 37% compared with 2014, thereby reflecting sharp declines in oil prices and production volumes. Maintenance-related shutdowns coupled with production declines from mature offshore fields have resulted in year-to-date production falling by 19%. Looking ahead, we expect oil production to pick up modestly in 2016, as production rises at Hibernia South before growing strongly in the following years when the Hebron offshore facility begins operations (expected in 2017). In the metal mining sector, nominal exports have also fallen so far this year, thereby resulting in part from lower prices. Iron ore, the province's key mining export commodity, has seen its average price fall by half since the first half of 2014, thereby posing challenges for a number of mining operations in the province.

Fewer jobs this year and next

Tough economic conditions weigh on employment in Newfoundland and Labrador. The province is on track to lose jobs in 2015, and we expect further declines in 2016. Job losses thus far in 2015 have been concentrated in the public sector, where year-to-date employment is down by 8%. The outlook for public-sector employment remains dim, as the province retrenches in the face of projected serial deficits until 2019 or 2020. While construction employment has increased year to date, we also expect to see declines going forward as work winds down on major construction projects in the coming years. There will be some positive offsets from manufacturing, which has added workers this year, as the Long Harbour nickel processing facility ramps up operations for refining ore from the mine at Voisey's Bay.

Newfoundland and Labrador : Capital investment

Annual, billions of C$

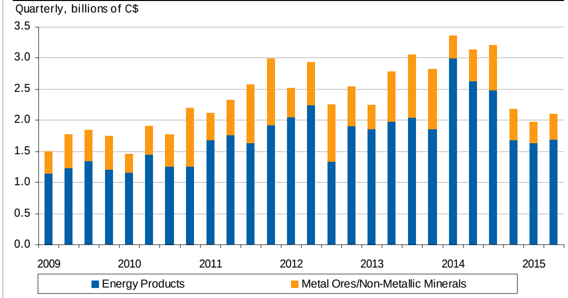


* Intentions

Source: Statistics Canada, RBC Economics Research

Newfoundland and Labrador energy and mining exports

Quarterly, billions of C$



Source: Statistics Canada, RBC Economics Research

Newfoundland forecast at a glance

% change unless otherwise indicated

	2012	2013	2014F	2015F	2016F
Real GDP	-4.5	7.2	-2.6	-3.0	0.8
Nominal GDP	-3.4	10.7	-2.8	-8.3	4.6
Employment	3.8	0.8	-1.7	-0.8	-1.4
Unemployment rate (%)	12.3	11.6	11.9	12.3	13.0
Retail sales	4.5	5.0	3.4	0.1	0.4
Housing starts (units)	3,885	2,862	2,119	1,900	1,800
Consumer price index	2.1	1.7	1.9	0.7	2.2

Gerard Walsh
Economist

Tables

Forecast detail

Average annual % change unless otherwise indicated

	Real GDP				Nominal GDP				Employment				Unemployment rate %				Housing starts Thousands				Retail sales				CPI			
	13	14F	15F	16F	13	14F	15F	16F	13	14	15F	16F	13	14	15F	16F	13	14	15F	16F	13	14	15F	16F	13	14	15F	16F
N.& L.	7.2	-2.6	-3.0	0.8	10.7	-2.8	-8.3	4.6	0.8	-1.7	-0.8	-1.4	11.6	11.9	12.3	13.0	2.9	2.1	1.9	1.8	5.0	3.4	0.1	0.4	1.7	1.9	0.7	2.2
P.E.I	2.0	1.4	1.7	1.5	5.0	3.2	3.5	3.0	1.4	-0.1	-1.0	0.9	11.5	10.6	10.7	10.2	0.6	0.5	0.5	0.6	0.8	3.3	2.0	3.0	2.0	1.6	-0.1	2.1
N.S.	0.3	1.8	0.9	2.1	2.4	3.8	2.2	3.9	-1.1	-1.1	0.1	0.7	9.1	8.9	8.5	8.3	3.9	3.1	4.1	3.3	2.9	2.3	0.2	3.4	1.2	1.7	0.9	2.2
N.B.	-0.5	0.2	1.0	1.2	0.5	1.5	2.6	2.8	0.4	-0.2	-0.5	0.4	10.3	10.0	10.1	9.8	2.8	2.3	2.0	2.0	0.7	3.8	2.1	2.7	0.8	1.5	0.7	2.1
QUE.	1.0	1.4	1.3	1.9	1.5	3.0	2.9	3.4	1.4	0.0	1.0	0.8	7.6	7.7	7.6	7.4	37.8	38.8	35.3	35.5	2.5	1.7	1.6	3.9	0.8	1.4	1.4	2.0
ONT.	1.3	2.4	2.1	2.5	2.4	4.3	3.7	3.9	1.8	0.8	0.9	1.2	7.6	7.3	6.7	6.4	61.1	59.1	64.9	64.3	2.3	5.0	4.6	4.4	1.1	2.3	1.4	1.9
MAN.	2.2	1.3	2.3	2.7	3.7	2.9	3.6	4.3	0.7	0.1	1.5	1.0	5.4	5.4	5.6	5.3	7.5	6.2	5.6	6.3	3.9	4.3	1.3	4.3	2.3	1.8	1.3	2.1
SASK.	5.0	1.4	-0.6	2.5	5.5	0.1	-3.3	6.6	3.1	1.0	0.3	1.1	4.1	3.8	4.8	4.9	8.3	8.3	5.4	6.5	5.1	4.6	-1.7	3.2	1.4	2.4	1.8	2.4
ALTA.	3.8	4.4	-1.3	0.6	7.1	8.1	-8.0	5.5	2.5	2.2	1.0	0.1	4.6	4.7	5.9	6.1	36.0	40.6	37.6	30.5	6.9	7.5	-2.5	2.5	1.4	2.6	1.0	1.8
B.C.	1.9	2.9	2.9	3.1	3.2	4.7	4.3	4.9	0.1	0.6	1.0	1.4	6.6	6.1	5.9	5.6	27.1	28.4	33.0	31.0	2.4	5.6	7.0	4.5	-0.1	1.0	1.1	1.9
CANADA	**2.0**	**2.4**	**1.2**	**2.2**	**3.4**	**4.3**	**1.0**	**4.3**	**1.5**	**0.6**	**0.9**	**0.9**	**7.1**	**6.9**	**6.8**	**6.6**	**188**	**189**	**190**	**182**	**3.2**	**4.6**	**2.5**	**3.8**	**0.9**	**2.0**	**1.2**	**2.0**

Key provincial comparisons

2013 unless otherwise indicated

	N. & L.	P.E.I.	N.S.	N.B.	QUE	ONT	MAN	SASK	ALTA	B.C.
Population (000s) (2014)	527	146	943	754	8,215	13,679	1,282	1,125	4,122	4,631
Gross domestic product ($ billions)	35.8	5.8	39.1	31.9	362.8	695.7	61.3	83.2	338.2	229.7
Real GDP ($2007 billions)	29.6	5.0	36.0	28.3	331.2	632.4	56.5	62.7	303.0	215.2
Share of provincial GDP of Canadian GDP (%)	1.9	0.3	2.1	1.7	19.2	36.7	3.2	4.4	17.9	12.1
Real GDP growth (CAGR, 2008-13, %)	0.1	1.5	0.8	0.1	1.2	1.2	2.0	2.6	2.8	1.6
Real GDP per capita ($ 2007)	56,017	34,404	38,223	37,415	40,622	46,666	44,639	56,693	75,605	46,964
Real GDP growth rate per capita (CAGR, 2008-13, %)	-0.5	0.5	0.7	-0.1	0.2	0.1	0.9	0.9	0.6	0.5
Personal disposable income per capita ($)	31,579	26,439	27,604	27,431	26,774	30,401	27,900	33,050	40,303	31,647
Employment growth (CAGR, 2008-13, %)	1.9	1.5	0.0	-0.3	0.9	0.6	0.8	1.8	1.6	0.2
Employment rate (Aug. 2015, %)	54.2	59.6	57.0	56.3	59.8	60.9	64.2	66.4	68.4	59.5
Discomfort index (inflation + unemp. rate, Aug. 2015)	12.2	10.7	9.2	11.1	9.1	8.0	7.5	6.6	7.7	7.2
Manufacturing industry output (% of GDP) (2014)	4.0	9.7	7.4	11.7	13.9	12.2	11.7	6.7	6.9	6.9
Personal expenditures on goods & services (% of GDP)	42.6	68.4	70.1	64.4	58.6	56.5	57.1	40.2	40.0	63.1
International exports (% of GDP)	43.0	20.2	20.0	47.3	25.7	32.6	25.7	41.6	32.5	21.7

Tables

British Columbia

		2008	2009	2010	2011	2012	2013	2014F	2015F	2016F
Real GDP	Chained $2007 millions	199,270	194,214	200,628	206,225	211,124	215,218	221,545	227,970	235,128
	% change	**1.1**	**-2.5**	**3.3**	**2.8**	**2.4**	**1.9**	**2.9**	**2.9**	**3.1**
Nominal GDP	$ millions	203,951	195,966	205,996	217,460	222,565	229,685	240,408	250,843	263,247
	% change	**3.5**	**-3.9**	**5.1**	**5.6**	**2.3**	**3.2**	**4.7**	**4.3**	**4.9**
Employment	thousands	2,242	2,192	2,223	2,228	2,262	2,266	2,278	2,301	2,333
	% change	**1.6**	**-2.2**	**1.4**	**0.2**	**1.6**	**0.1**	**0.6**	**1.0**	**1.4**
Unemployment rate	%	4.6	7.7	7.6	7.5	6.8	6.6	6.1	5.9	5.6
Retail sales	$ millions	57,794	55,288	58,251	60,090	61,255	62,734	66,273	70,895	74,051
	% change	**1.5**	**-4.3**	**5.4**	**3.2**	**1.9**	**2.4**	**5.6**	**7.0**	**4.5**
Housing starts	units	34,321	16,077	26,479	26,400	27,465	27,054	28,356	33,000	31,000
	% change	**-12.4**	**-53.2**	**64.7**	**-0.3**	**4.0**	**-1.5**	**4.8**	**16.4**	**-6.1**
Consumer price index	2002=100	112.3	112.3	113.8	116.5	117.8	117.7	118.9	120.2	122.5
	% change	**2.1**	**0.0**	**1.4**	**2.3**	**1.1**	**-0.1**	**1.0**	**1.1**	**1.9**

Alberta

		2008	2009	2010	2011	2012	2013	2014F	2015F	2016F
Real GDP	Chained $2007 millions	263,515	252,811	264,164	279,277	291,855	302,966	316,418	312,304	314,303
	% change	**1.7**	**-4.1**	**4.5**	**5.7**	**4.5**	**3.8**	**4.4**	**-1.3**	**0.6**
Nominal GDP	$ millions	295,126	246,717	270,100	299,142	315,803	338,166	365,481	336,201	354,593
	% change	**13.9**	**-16.4**	**9.5**	**10.8**	**5.6**	**7.1**	**8.1**	**-8.0**	**5.5**
Employment	thousands	2,054	2,030	2,024	2,100	2,172	2,226	2,275	2,297	2,300
	% change	**3.2**	**-1.2**	**-0.3**	**3.7**	**3.5**	**2.5**	**2.2**	**1.0**	**0.1**
Unemployment rate	%	3.6	6.5	6.6	5.4	4.6	4.6	4.7	5.9	6.1
Retail sales	$ millions	61,620	56,489	59,849	63,945	68,408	73,109	78,582	76,631	78,515
	% change	**0.2**	**-8.3**	**5.9**	**6.8**	**7.0**	**6.9**	**7.5**	**-2.5**	**2.5**
Housing starts	units	29,164	20,298	27,088	25,704	33,396	36,011	40,590	37,600	30,500
	% change	**-39.7**	**-30.4**	**33.5**	**-5.1**	**29.9**	**7.8**	**12.7**	**-7.4**	**-18.9**
Consumer price index	2002=100	121.6	121.5	122.7	125.7	127.1	128.9	132.2	133.6	136.0
	% change	**3.2**	**-0.1**	**1.0**	**2.4**	**1.1**	**1.4**	**2.6**	**1.0**	**1.8**

Saskatchewan

		2008	2009	2010	2011	2012	2013	2014F	2015F	2016F
Real GDP	Chained $2007 millions	55,183	52,553	54,756	57,938	59,737	62,716	63,594	63,212	64,793
	% change	**5.6**	**-4.8**	**4.2**	**5.8**	**3.1**	**5.0**	**1.4**	**-0.6**	**2.5**
Nominal GDP	$ millions	67,695	60,326	63,379	74,605	78,873	83,222	83,292	80,557	85,874
	% change	**29.6**	**-10.9**	**5.1**	**17.7**	**5.7**	**5.5**	**0.1**	**-3.3**	**6.6**
Employment	thousands	517	526	531	536	548	565	571	573	579
	% change	**2.5**	**1.6**	**1.0**	**0.9**	**2.4**	**3.1**	**1.0**	**0.3**	**1.1**
Unemployment rate	%	4.0	4.9	5.3	4.9	4.7	4.1	3.8	4.8	4.9
Retail sales	$ millions	14,676	14,605	15,103	16,199	17,405	18,301	19,143	18,821	19,429
	% change	**11.8**	**-0.5**	**3.4**	**7.3**	**7.4**	**5.1**	**4.6**	**-1.7**	**3.2**
Housing starts	units	6,828	3,866	5,907	7,031	9,968	8,290	8,257	5,400	6,500
	% change	**13.7**	**-43.4**	**52.8**	**19.0**	**41.8**	**-16.8**	**-0.4**	**-34.6**	**20.4**
Consumer price index	2002=100	115.9	117.1	118.7	122.0	123.9	125.7	128.7	131.1	134.3
	% change	**3.2**	**1.1**	**1.3**	**2.8**	**1.6**	**1.4**	**2.4**	**1.8**	**2.4**

Tables

Manitoba

		2008	2009	2010	2011	2012	2013	2014F	2015F	2016F
Real GDP	Chained $2007 millions	51,157	51,048	52,379	53,487	55,252	56,486	57,243	58,559	60,111
	% change	**3.8**	**-0.2**	**2.6**	**2.1**	**3.3**	**2.2**	**1.3**	**2.3**	**2.7**
Nominal GDP	$ millions	51,920	50,636	52,896	55,758	59,126	61,323	63,098	65,389	68,195
	% change	**5.4**	**-2.5**	**4.5**	**5.4**	**6.0**	**3.7**	**2.9**	**3.6**	**4.3**
Employment	thousands	602	601	609	612	622	626	626	636	642
	% change	**1.5**	**-0.2**	**1.4**	**0.4**	**1.6**	**0.7**	**0.1**	**1.5**	**1.0**
Unemployment rate	%	4.2	5.2	5.4	5.5	5.3	5.4	5.4	5.6	5.3
Retail sales	$ millions	14,983	14,920	15,770	16,443	16,652	17,297	18,034	18,261	19,047
	% change	**6.9**	**-0.4**	**5.7**	**4.3**	**1.3**	**3.9**	**4.3**	**1.3**	**4.3**
Housing starts	units	5,537	4,174	5,888	6,083	7,242	7,465	6,220	5,600	6,300
	% change	**-3.5**	**-24.6**	**41.1**	**3.3**	**19.1**	**3.1**	**-16.7**	**-10.0**	**12.5**
Consumer price index	2002=100	113.4	114.1	115.0	118.4	120.3	123.0	125.3	126.8	129.5
	% change	**2.2**	**0.6**	**0.8**	**2.9**	**1.6**	**2.3**	**1.8**	**1.3**	**2.1**

Ontario

		2008	2009	2010	2011	2012	2013	2014F	2015F	2016F
Real GDP	Chained $2007 millions	596,921	578,510	598,174	613,803	624,369	632,368	647,798	661,402	678,201
	% change	**-0.1**	**-3.1**	**3.4**	**2.6**	**1.7**	**1.3**	**2.4**	**2.1**	**2.5**
Nominal GDP	$ millions	604,282	595,433	629,500	658,635	679,616	695,705	725,404	752,043	781,170
	% change	**1.1**	**-1.5**	**5.7**	**4.6**	**3.2**	**2.4**	**4.3**	**3.7**	**3.9**
Employment	thousands	6,610	6,433	6,538	6,658	6,703	6,823	6,878	6,939	7,021
	% change	**1.0**	**-2.7**	**1.6**	**1.8**	**0.7**	**1.8**	**0.8**	**0.9**	**1.2**
Unemployment rate	%	6.6	9.1	8.7	7.9	7.9	7.6	7.3	6.7	6.4
Retail sales	$ millions	151,697	148,109	156,276	161,859	164,503	168,253	176,719	184,775	192,976
	% change	**3.9**	**-2.4**	**5.5**	**3.6**	**1.6**	**2.3**	**5.0**	**4.6**	**4.4**
Housing starts	units	75,076	50,370	60,433	67,821	76,742	61,085	59,134	64,900	64,300
	% change	**10.2**	**-32.9**	**20.0**	**12.2**	**13.2**	**-20.4**	**-3.2**	**9.8**	**-0.9**
Consumer price index	2002=100	113.3	113.7	116.5	120.1	121.8	123.0	125.9	127.7	130.1
	% change	**2.3**	**0.4**	**2.4**	**3.1**	**1.4**	**1.1**	**2.3**	**1.4**	**1.9**

Quebec

		2008	2009	2010	2011	2012	2013	2014F	2015F	2016F
Real GDP	Chained $2007 millions	311,626	309,683	316,886	323,210	328,082	331,231	335,703	340,067	346,664
	% change	**1.9**	**-0.6**	**2.3**	**2.0**	**1.5**	**1.0**	**1.4**	**1.3**	**1.9**
Nominal GDP	$ millions	313,595	315,531	329,670	345,732	357,431	362,846	373,843	384,535	397,483
	% change	**2.5**	**0.6**	**4.5**	**4.9**	**3.4**	**1.5**	**3.0**	**2.9**	**3.4**
Employment	thousands	3,883	3,854	3,938	3,976	4,006	4,061	4,060	4,102	4,134
	% change	**1.1**	**-0.7**	**2.2**	**1.0**	**0.8**	**1.4**	**0.0**	**1.0**	**0.8**
Unemployment rate	%	7.2	8.6	8.0	7.9	7.7	7.6	7.7	7.6	7.4
Retail sales	$ millions	94,816	93,759	99,590	102,556	103,753	106,301	108,137	109,918	114,191
	% change	**4.9**	**-1.1**	**6.2**	**3.0**	**1.2**	**2.5**	**1.7**	**1.6**	**3.9**
Housing starts	units	47,901	43,403	51,363	48,387	47,367	37,758	38,810	35,300	35,500
	% change	**-1.3**	**-9.4**	**18.3**	**-5.8**	**-2.1**	**-20.3**	**2.8**	**-9.0**	**0.6**
Consumer price index	2002=100	112.7	113.4	114.8	118.3	120.8	121.7	123.4	125.1	127.5
	% change	**2.1**	**0.6**	**1.3**	**3.0**	**2.1**	**0.8**	**1.4**	**1.4**	**2.0**

Tables

New Brunswick

		2008	2009	2010	2011	2012	2013	2014F	2015F	2016F
Real GDP	Chained $2007 millions	28,125	27,811	28,381	28,543	28,426	28,272	28,329	28,623	28,967
	% change	**0.9**	**-1.1**	**2.0**	**0.6**	**-0.4**	**-0.5**	**0.2**	**1.0**	**1.2**
Nominal GDP	$ millions	28,422	28,825	30,082	31,409	31,751	31,900	32,370	33,197	34,133
	% change	**2.0**	**1.4**	**4.4**	**4.4**	**1.1**	**0.5**	**1.5**	**2.6**	**2.8**
Employment	thousands	361	360	358	356	353	355	354	352	354
	% change	**0.9**	**-0.2**	**-0.5**	**-0.7**	**-0.7**	**0.4**	**-0.2**	**-0.5**	**0.4**
Unemployment rate	%	8.5	8.7	9.2	9.5	10.2	10.3	10.0	10.1	9.8
Retail sales	$ millions	10,018	10,094	10,595	11,103	11,028	11,107	11,528	11,769	12,086
	% change	**6.5**	**0.8**	**5.0**	**4.8**	**-0.7**	**0.7**	**3.8**	**2.1**	**2.7**
Housing starts	units	4,274	3,521	4,101	3,452	3,299	2,843	2,276	2,000	2,000
	% change	**0.8**	**-17.6**	**16.5**	**-15.8**	**-4.4**	**-13.8**	**-19.9**	**-12.1**	**0.0**
Consumer price index	2002=100	113.2	113.5	115.9	120.0	122.0	123.0	124.8	125.7	128.4
	% change	**1.7**	**0.3**	**2.1**	**3.5**	**1.7**	**0.8**	**1.5**	**0.7**	**2.1**

Nova Scotia

		2008	2009	2010	2011	2012	2013	2014F	2015F	2016F
Real GDP	Chained $2007 millions	34,625	34,753	35,806	36,073	35,950	36,042	36,691	37,021	37,813
	% change	**2.1**	**0.4**	**3.0**	**0.7**	**-0.3**	**0.3**	**1.8**	**0.9**	**2.1**
Nominal GDP	$ millions	35,467	35,254	37,073	38,349	38,214	39,145	40,643	41,542	43,152
	% change	**4.6**	**-0.6**	**5.2**	**3.4**	**-0.4**	**2.4**	**3.8**	**2.2**	**3.9**
Employment	thousands	452	450	451	453	458	453	448	448	451
	% change	**1.0**	**-0.5**	**0.4**	**0.4**	**1.0**	**-1.1**	**-1.1**	**0.1**	**0.7**
Unemployment rate	%	7.6	9.2	9.6	9.0	9.1	9.1	8.9	8.5	8.3
Retail sales	$ millions	12,091	12,105	12,651	13,098	13,223	13,605	13,915	13,949	14,423
	% change	**4.1**	**0.1**	**4.5**	**3.5**	**1.0**	**2.9**	**2.3**	**0.2**	**3.4**
Housing starts	units	3,982	3,438	4,309	4,644	4,522	3,919	3,056	4,100	3,300
	% change	**-16.2**	**-13.7**	**25.3**	**7.8**	**-2.6**	**-13.3**	**-22.0**	**34.2**	**-19.5**
Consumer price index	2002=100	115.9	115.7	118.2	122.7	125.1	126.6	128.8	129.9	132.8
	% change	**3.0**	**-0.1**	**2.2**	**3.8**	**1.9**	**1.2**	**1.7**	**0.9**	**2.2**

Prince Edward Island

		2008	2009	2010	2011	2012	2013	2014F	2015F	2016F
Real GDP	Chained $2007 millions	4,658	4,678	4,783	4,861	4,908	5,006	5,076	5,162	5,240
	% change	**0.8**	**0.4**	**2.2**	**1.6**	**1.0**	**2.0**	**1.4**	**1.7**	**1.5**
Nominal GDP	$ millions	4,767	4,947	5,202	5,409	5,514	5,788	5,974	6,184	6,371
	% change	**3.2**	**3.8**	**5.2**	**4.0**	**1.9**	**5.0**	**3.2**	**3.5**	**3.0**
Employment	thousands	69	68	70	72	73	74	74	73	74
	% change	**0.8**	**-1.3**	**2.3**	**3.1**	**1.7**	**1.4**	**-0.1**	**-1.0**	**0.9**
Unemployment rate	%	10.8	11.9	11.4	11.1	11.1	11.5	10.6	10.7	10.2
Retail sales	$ millions	1,703	1,682	1,770	1,866	1,925	1,940	2,005	2,045	2,107
	% change	**5.1**	**-1.3**	**5.3**	**5.4**	**3.2**	**0.8**	**3.3**	**2.0**	**3.0**
Housing starts	units	712	877	756	940	941	636	511	500	600
	% change	**-5.1**	**23.2**	**-13.8**	**24.3**	**0.1**	**-32.4**	**-19.7**	**-2.2**	**20.0**
Consumer price index	2002=100	117.5	117.3	119.5	123.0	125.5	128.0	130.1	129.9	132.7
	% change	**3.4**	**-0.1**	**1.8**	**2.9**	**2.0**	**2.0**	**1.6**	**-0.1**	**2.1**

Tables

Newfoundland & Labrador

		2008	2009	2010	2011	2012	2013	2014F	2015F	2016F
Real GDP	Chained $2007 millions	29,369	26,464	28,033	28,904	27,592	29,588	28,819	27,954	28,178
	% change	**-1.2**	**-9.9**	**5.9**	**3.1**	**-4.5**	**7.2**	**-2.6**	**-3.0**	**0.8**
Nominal GDP	$ millions	31,434	24,972	29,063	33,497	32,365	35,832	34,830	31,927	33,405
	% change	**5.8**	**-20.6**	**16.4**	**15.3**	**-3.4**	**10.7**	**-2.8**	**-8.3**	**4.6**
Employment	thousands	221	215	223	232	241	243	239	237	233
	% change	**1.9**	**-2.7**	**3.6**	**4.1**	**3.8**	**0.8**	**-1.7**	**-0.8**	**-1.4**
Unemployment rate	%	13.3	15.5	14.7	12.6	12.3	11.6	11.9	12.3	13.0
Retail sales	$ millions	7,009	7,121	7,453	7,833	8,182	8,589	8,882	8,888	8,919
	% change	**7.4**	**1.6**	**4.7**	**5.1**	**4.5**	**5.0**	**3.4**	**0.1**	**0.4**
Housing starts	units	3,261	3,057	3,606	3,488	3,885	2,862	2,119	1,900	1,800
	% change	**23.1**	**-6.3**	**18.0**	**-3.3**	**11.4**	**-26.3**	**-26.0**	**-10.3**	**-5.3**
Consumer price index	2002=100	114.3	114.6	117.4	121.4	123.9	126.0	128.4	129.3	132.2
	% change	**2.9**	**0.3**	**2.4**	**3.4**	**2.1**	**1.7**	**1.9**	**0.7**	**2.2**