

## RBC ECONOMIC OUTLOOK - PROVINCIAL FACT SHEET

### HIGHLIGHTS FROM ACROSS CANADA

#### **British Columbia: Leading the provinces in economic growth in 2016**

Continued consumer spending and a strengthening labour market propelled British Columbia's economy ahead of all other provinces in 2015, according to the latest [RBC Economic Outlook](#). While unsustainable home price growth continues to present a challenge for the province, RBC expects firm export growth, abetted by a low Canadian dollar and strengthening U.S. economy to stimulate economic activity in British Columbia in the year ahead. RBC forecasts real GDP of 2.9 per cent in 2015, and 3.1 per cent in 2016, before easing slightly to 2.8 per cent in 2017.

"B.C. is well positioned to lead the way for economic growth in Canada in 2016," said Craig Wright, senior vice-president and chief economist, RBC. "We expect solid consumer spending, firm gains in exports and a strengthening labour market to underpin overall economic growth in the province in the year ahead."

Learn more about RBC's Economic Outlook for British Columbia [here](#).

#### **Alberta: Oil slowdown to continue to take its toll in 2016**

RBC's outlook for Alberta's economy remains cautious as an economic recovery hinges on a modest strengthening in crude oil prices in 2016 and 2017. Fiscal stimulus from the Alberta government is expected to provide some support, most notably in the form of an enlarged five-year, \$34 billion capital plan which is expected to provide an incremental boost to economic activity in 2016 and 2017. That said, declines in employment and a spill-over of energy weakness to non-energy sectors, including housing and consumer spending, is expected to continue. RBC forecasts real GDP to contract in 2015 by 1.3 per cent. Looking ahead, RBC expects real GDP growth of 0.9 per cent in 2016 and 2.9 per cent in 2017.

"The protracted period of low crude oil prices is having a more meaningful impact on private domestic demand than was evident earlier in 2015," said Craig Wright, senior vice-president and chief economist, RBC. "The province is likely to experience ongoing challenges as the weakness further infiltrates the retail and housing sectors, with the unemployment rates expected to continue to rise in 2016. A return to positive growth in 2016 is premised on a modest strengthening in crude oil prices."

Learn more about RBC's Economic Outlook for Alberta [here](#).

#### **Saskatchewan: Agricultural sector to provide boost in 2016**

Despite a number of challenges in 2015, including adverse weather conditions and sharply lower oil prices, Saskatchewan's economy is expected to improve in the year ahead, largely due to an assumed rebound in the agricultural sector. RBC forecasts real GDP to decline 0.6 per cent in 2015, down from the 1.9 per cent recorded in 2014. Looking ahead, RBC expects the province's economic growth to accelerate in 2016 to a rate of 2.5 per cent before easing slightly to 1.8 per cent in 2017.

“Adverse weather conditions and declining oil prices largely contributed to a weakened economic state in Saskatchewan throughout 2015,” said Craig Wright, senior vice-president and chief economist, RBC. “An assumed return to more normal growing conditions in agriculture and an easing in energy sector weakness will position Saskatchewan for growth in the year ahead.”

Learn more about RBC’s Economic Outlook for Saskatchewan [here](#).

### **Manitoba: Growth broadens across sectors in 2016**

Manufacturing data to date for Manitoba indicates a divergence among sub-sectors in 2015, with declines in areas such as machinery and fabricated metals likely related to the weakness in the energy sector in Alberta and Saskatchewan. That said, other sub-sectors, such as transportation equipment and furniture, showed a sharp pick-up in growth, benefitting from a strengthening U.S. economy and a weaker Canadian dollar boosting external demand; however, gains in these areas came short of fully offsetting weakness elsewhere to date in 2015. Looking ahead, RBC expects the weakness in the energy sector to lessen and export demand to strengthen which is expected to eventually return manufacturing to positive growth. RBC forecast that this will help send real GDP growth to 1.8 per cent in 2015, 2.4 per cent in 2016 and 2.6 per cent in 2017.

“Declining activity in the manufacturing sector weighed heavily on Manitoba’s economy in 2015,” said Craig Wright, senior vice-president and chief economist, RBC. “Looking ahead, we expect lessening effects from the energy sector weakness in Alberta and Saskatchewan combined with strengthening exports to the U.S. to play a key role in supporting economic growth in the province throughout 2016 and into 2017.”

Learn more about RBC’s Economic Outlook for Manitoba [here](#).

### **Ontario: Robust growth in the cards for 2016**

Ontario is poised to be among the faster-growing provincial economies in 2016, thanks to a strengthening U.S. economy, the weaker Canadian dollar, a confident household sector, rising business investment, and an increase in public infrastructure construction. If not for a slow start for exports in 2015, the province would be on its way to a growth rate greater than the 2.1 per cent projected for this year. RBC forecasts a real GDP growth to tick up to 2.5 per cent in 2016 and 2.7 per cent in 2017.

“We expect a growing U.S. economy and a weak Canadian dollar will keep provincial exports on an incline, which will lead to a boost in capital investment activity in Ontario,” said Craig Wright, senior vice-president and chief economist, RBC. “With more recent data showing an improvement in external trade, we believe the stage is set for economic growth to accelerate modestly in Ontario in 2016.”

Learn more about RBC’s Economic Outlook for Ontario [here](#).

### **Quebec: Uneven economic performance in 2015; some improvement ahead**

Due to uneven performance across several sectors in Quebec, the province failed to see an acceleration in the pace of economic expansion in 2015. However, broader and more consistent growth is in the cards for the province in the year ahead. RBC expects the province's economic growth to accelerate from a disappointing 1.3 per cent in 2015 to a rate of 1.9 per cent in 2016 before easing slightly to 1.7 per cent in 2017.

"After promising signs of stronger economic growth in the first quarter of 2015, several sectors in Quebec lost momentum in the middle of the year," said Craig Wright, senior vice president and chief economist, RBC. "Looking forward, we expect sustained growth in exports, a strengthening household sector and steady, albeit moderate, job creation to fuel growth in the province's economy."

Learn more about RBC's Economic Outlook for Quebec [here](#).

### **Atlantic Canada:**

#### **New Brunswick: Exports to accelerate growth in 2016**

As non-energy exports begin to pick-up, and as stronger gains in manufacturing employment take hold, New Brunswick's economy is expected to build on its 2015 momentum in the year ahead. RBC forecasts that, after expanding by 1.0 per cent in 2015, New Brunswick's real GDP growth will accelerate modestly to 1.2 per cent in 2016 and 1.5 per cent in 2017.

"Despite overall subdued growth in 2015, New Brunswick's economy is likely to improve in the year ahead," said Craig Wright, senior vice-president and chief economist, RBC. "With an increase in mining activity fuelling growth in the province's non-energy export categories, we can expect modest job gains and new investments to continue in 2016 and 2017."

Learn more about RBC's Economic Outlook for New Brunswick [here](#).

#### **Nova Scotia: Shipbuilding to underpin growth in 2016**

Faster-than-anticipated declines in natural gas production in the province contributed to another slow growth year in Nova Scotia. However, expected strong construction activity, a major shipbuilding contract with the federal government and rising non-energy exports paint a positive outlook for the province in 2016. RBC projects Nova Scotia's real GDP growth rate to double from 0.9 per cent in 2015 to 1.8 per cent in 2016 before an anticipated easing in construction activity tempers growth in 2017 to 1.3 per cent.

"Nova Scotia's economy was challenged by the Deep Panuke's seasonal production schedule, which led to sharply lower natural gas totals in 2015," said Craig Wright, senior vice-president and chief economist, RBC. "However, manufacturing activity, and overall economic growth, will see a significant boost from a full year of shipbuilding work in the year ahead."

Learn more about RBC's Economic Outlook for Nova Scotia [here](#).

### **Prince Edward Island: Exports to help economy remain steady in 2016**

RBC expects vibrant export and construction sectors to keep the economic expansion in Prince Edward Island on course in 2016. Real GDP is projected to expand by 1.7 per cent in 2015 and 1.6 per cent in 2016, before easing slightly to 1.3 per cent in 2017.

“On the cusp of another record year for merchandise exports, Prince Edward Island’s economy continues to see forward momentum,” said Craig Wright, senior vice-president and chief economist, RBC. “Although labour market conditions remained weak throughout 2015, continued export strength has brightened the prospects for modest improvements in job creation and consumer spending.”

Learn more about RBC’s Economic Outlook for Prince Edward Island [here](#).

### **Newfoundland and Labrador: Oil production declines take toll on economy**

Significant declines in oil production have further weakened economic activity in Newfoundland and Labrador in 2015. After a contraction of 2.0 per cent in 2014, RBC expects provincial real GDP to fall by 3.5 per cent in 2015. However, the outlook for 2016 and 2017 is moderately better as RBC forecasts the economy to edge out slight positive growth of 0.3 per cent in 2016 and 0.5 per cent in 2017.

“It’s been a turbulent time for Newfoundland and Labrador so far in 2015 as the province faced a 20 per cent year-to-date drop in oil production,” said Craig Wright, senior vice-president and chief economist, RBC. “Looking ahead, oil production should stabilize in 2016 as new offshore wells are brought online, offsetting continued depletion-related declines at more mature fields.”

Learn more about RBC’s Economic Outlook for Newfoundland and Labrador [here](#).

#### **For more information, please contact:**

[Craig Wright](#), RBC Economics Research, 416-974-7457

[Robert Hogue](#), RBC Economics Research, 416-974-6192

[Tony Maraschiello](#), Communications, RBC Capital Markets, 416-974-9334

[Blair West](#), Communications, RBC, 416-974-3558