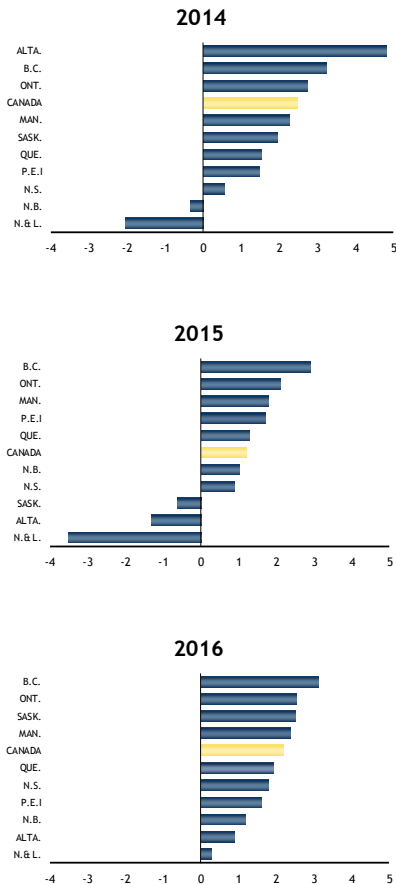


PROVINCIAL OUTLOOK

December 2015

Real GDP growth

% change



Source: Statistics Canada, RBC Economics Research

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Regional differences to narrow in 2016

- We expect diverging conditions between oil-producing and oil-consuming provinces to persist for the most part in 2016, but the contrast is unlikely to be as sharp as it was in 2015 with oil prices expected to trend modestly higher.
- The drastic cuts in capital spending in the energy sector are likely to ease in 2016, thereby lessening a major source of weakness in oil-producing provinces. We forecast positive growth to resume in Alberta (0.9%), Saskatchewan (2.5%), and Newfoundland and Labrador (0.3%), after it turned negative in 2015. In the case of Saskatchewan, and to a lesser extent Alberta, the return to positive growth also reflects the assumption of more normal growing conditions for agriculture after adverse weather weighted on the 2015 crop.
- Our view is that the benefits from lower oil prices, weaker value of the Canadian dollar, and solid growth in the US economy will accrue more substantially in 2016, thereby promoting moderately faster rates of expansion in the majority of oil-consuming and oil-exporting provinces in 2016 compared to 2015.
- We project British Columbia to top the provincial growth rankings for the second consecutive year in 2016 with a growth rate of 3.1%. It is followed by Ontario (2.5%), Saskatchewan (2.5%) and Manitoba (2.4%) above the national average rate of 2.2%, and below it for Quebec (1.9%), Nova Scotia (1.8%), Prince Edward Island (1.6%), New Brunswick (1.2%), Alberta, and Newfoundland and Labrador.
- Our provincial real gross domestic product (GDP) forecasts for 2015 generally are little changed from the ones in the September edition of *Provincial Outlook*. We continue to show declines in Newfoundland and Labrador (-3.5%, revised downwardly from -3.0% previously), Alberta (-1.3%, unchanged) and Saskatchewan (-0.6%, unchanged). We also maintain positive growth calls in all remaining provinces led by British Columbia (2.9%, unchanged), Ontario (2.1%, unchanged) and Manitoba (1.8%, revised lower from 2.3%).
- This edition of *Provincial Outlook* introduces our forecasts for 2017. We expect further recovery in oil-producing provinces and narrowing of the gap with oil-consuming provinces, although Saskatchewan's growth rate is projected to ease somewhat (to 1.8%) due a smaller expected addition from its agricultural sector. British Columbia still remains our fastest-growing provincial economy in 2017 with a rate of 2.9%, although Ontario (2.7%), Alberta (2.7%) and Manitoba (2.6%) will be closing in on it.

Recovery process to start in 2016 in provinces hit by the plunge in oil prices...

Very clearly, 2015 has been tough for regions of Canada that produce oil. In fact, we believe that all three oil-producing provinces experienced a contraction of their economy. The good news is that a major source of weakness—drastic cuts in capital spending in the energy sector—is likely to diminish in intensity in 2016, which will help these provinces return to positive growth. While we expect the oil industry to continue to focus on saving cash in the near term, it is likely to get some reprieve from a gradual rise in oil prices. RBC's working assumption is that the West Texas Intermediate (WTI) benchmark will increase from an average of US\$51/barrel in 2015 to US\$57 in 2016 and US\$65 in 2017. Such a profile for oil prices would lift some of the pressure to slash capital spending further, especially in light of the approximately 40% reduction implemented in 2015. Nonetheless, oil-producing provinces will continue to face significant challenges arising from lower levels of capital investments and job losses resulting from the downturn in the energy sector, which we expect will keep growth subdued in most of these provinces in 2016. Saskatchewan is likely to be an exception, however, where we see growth being boosted more substantially by a recovery in agricultural production following adverse weather conditions that downwardly affected levels in 2015.

...while positive offsets will accrue more substantially in other provinces

In oil-consuming regions of the country, we expect the rate of economic expansion generally to accelerate in 2016 from 2015 on the basis that positive offsets arising from lower gasoline prices, a weaker value of the Canadian dollar, and a strengthening US economy will gain increasing traction. To some extent, the more substantial accrual of economic benefits expected in 2016 would represent a somewhat delayed response in provinces such as Ontario and Quebec, where exports have not flourished as much as we had anticipated in 2015. With a number of temporary factors (e.g., poor weather and labour strikes at western ports in the US) restraining exports in 2015 unlikely to be reoccur in 2016, however, we believe that the stage is set for greater contribution from external trade in these provinces.

Remaining in front of the pack

Rising housing valuations and a strengthening labour market continue to set a positive backdrop for households in British Columbia, with consumer spending underpinning a 2015 pace of real GDP growth that is expected to exceed all other provinces. Unsustainable house price growth and an expected reduction in monetary policy stimulus in late 2016 present challenges for the major housing markets in the province going forward; although, firm export growth should provide an anchor for economic activity in 2016 as the US economy is poised to strengthen further, and the tailwinds from the low Canadian dollar are set to persist. Our forecast calls for real GDP growth to record a 2.9% pace in 2015 and accelerate slightly to a 3.1% rate in 2016. Our initial take on 2017 is for growth to come in at a still-solid 2.9%.

Hot housing markets at risk of overheating...

Housing market activity remains strongly tipped in favour of sellers with tight supply conditions evident in close to two-thirds of the province's housing markets. New listings trended sideways in 2015 while residential unit sales climbed in October 2015 to the highest level since July 2007. Resultantly, annual price gains have accelerated to double-digit rates in markets such as Vancouver and are becoming increasingly unsustainable. With upward pressure on borrowing rates expected to emerge in 2016, housing affordability is expected to become even more constrained, thereby exerting intensifying downward pressure on homebuyer demand. Nonetheless, still-tight supply conditions are expected to prevail in the short term and support further property appreciation albeit at a decelerating pace.

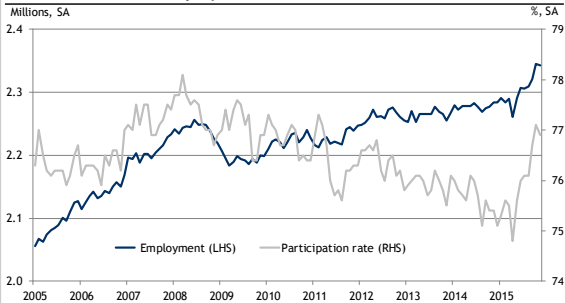
...but hiring gains set to outpace the rest of the country.

Strong gains in the public sector resulted in the province adding more jobs, on net, year to date in November 2015 than all other provinces, with employment advancing by almost 60,000. Bright prospects encouraged new entrants to the labour force with the participation rate surging to a nearly three-year high. Strengthening in hiring gains should continue to attract newcomers to the province, with employment gains expected to be sufficient to push the unemployment rate downward to 5.8% in 2016 from 6.0% in 2015. The flow of individuals moving back from neighbouring Alberta will likely continue to remain elevated, which should help to offset a sharp decline in the number of foreigners moving to the province, thereby helping to sustain the upswing in population growth that emerged late in 2015.

...with greater support from merchandise exports expected in 2016

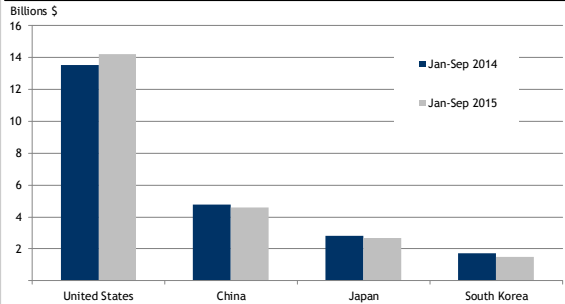
On the external trade front, solid performance in lumber shipments to the United States has been met by declines in nominal merchandise exports to the province's next three largest trading partners, China, Japan and South Korea, so far in 2015. With nominal shipments of coal, copper, and natural gas underperforming relative to a year ago, international exports from the province remained subdued, rising only 0.6% year to date as of September 2015. An anticipated strengthening in economic activity in the US in 2016 and a modest recovery in commodity prices underpin our expectation that export-oriented sectors will improve. The completion of a Kitimat aluminum smelter combined with a ramping up of output at other production facilities are further expected to support a stronger contribution from this segment of the economy in 2016.

British Columbia : Employment and labour force



Source: Statistics Canada, RBC Economics Research

British Columbia : International merchandise exports



Source: Industry Canada, RBC Economics Research

British Columbia forecast at a glance

% change unless otherwise indicated

	2012	2013	2014	2015F	2016F	2017F
Real GDP	2.5	2.1	3.2	2.9	3.1	2.9
Nominal GDP	2.1	2.3	4.7	4.5	4.8	5.2
Employment	1.6	0.1	0.6	1.3	1.8	0.7
Unemployment rate (%)	6.8	6.6	6.1	6.0	5.8	5.8
Retail sales	1.9	2.4	5.6	6.8	4.7	3.9
Housing starts (units)	27,465	27,054	28,356	32,200	33,000	27,500
Consumer price index	1.1	-0.1	1.0	1.1	2.1	1.7

Laura Cooper
Economist

A bust...without an ensuing boom

Our outlook for Alberta's economy remains cautious, as we forecast growth to remain subdued in 2016 following a contraction in economic activity (real GDP growth forecast of -1.3%) in 2015. Fiscal support should help to counter some of the headwinds facing the province, albeit only slightly, with recently announced stimulus measures by the Alberta government underlying our revision to 2016 real GDP growth (to 0.9% from 0.6% in the September outlook). The situation remains fluid, however, as the recovery in growth conditions in 2016 and into 2017 is premised on a modest strengthening in crude oil prices; in the absence of which, the anemic economic environment could persist.

Weakness permeating through non-energy sectors...

The protracted period of crude oil prices at low levels is having a more meaningful downward effect on private domestic demand later in 2015 than was evident earlier in the year. Retail sales recorded an accelerating pace of decline during 2015 and led by pronounced declines in sales of motor vehicles and at gasoline stations (together account for more than 40% of nominal retail sales). Weakness intensified in the province's housing markets with existing home sales plunging from year-ago levels in Calgary and Edmonton (down 36.4% and 16.5%, respectively in October). Supply response in these markets helped to contain price weakness; however, with home sales expected to remain anemic in 2016, overall home prices in the province are likely to be in negative territory in 2016.

...with employment declines expected to persist

Private-sector hiring has fallen sharply year to date in November 2015 with further weakness expected as firms continue to face cost pressures. Total employment in the province has dipped only modestly below year-ago levels, as public-sector hiring has largely absorbed the excess slack; however, as the unsustainable pace of growth in this sector diminishes, overall employment declines are set to dominate in 2016. As a result, further upward pressure on the province's unemployment rate is expected to materialize. We forecast Alberta's unemployment rate to rise to average 6.9% in 2016, thereby surpassing the national average for the first time since 1988.

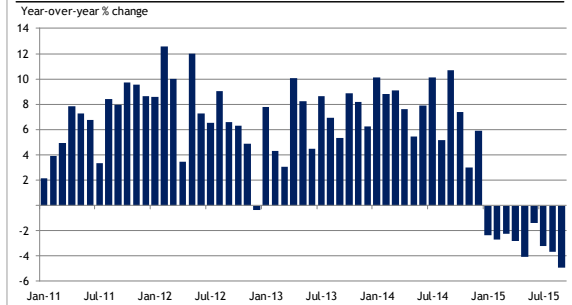
Oil production to remain resilient

Oil sands producers continued to churn out supply in 2015, thereby contributing to total crude production rising 6.7% year to date in August 2015 and above levels recorded during the same period in 2014. Looking ahead, as a number of large-scale projects ramp up production, oil sands output is poised to rise further in 2016. Future production in the province will be tied to a Climate Leadership Plan that was released in late November 2015. The details of this announcement cleared some of the uncertainty looming over the province's energy sector and included a carbon price of \$20/tonne to be placed on emissions coming into effect January 1, 2017 before rising to \$30/tonne the year thereafter.

Fiscal stimulus to provide some support

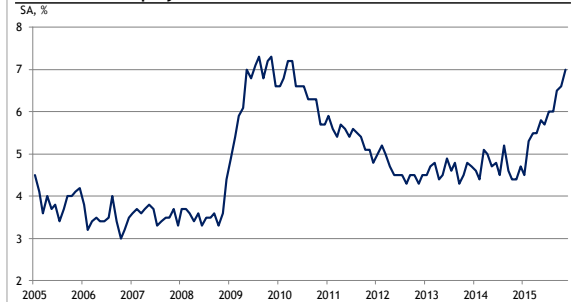
The Alberta government tackled the harsh economic realities facing the province with the release of its provincial 2015 budget on October 27, 2015. A record budgetary shortfall of \$6.1 billion is projected for 2015-16 because non-renewable resource revenues are bearing the brunt of the oil price shock. Infrastructure spending to the tune of \$34 billion is planned for a five-year period and is expected to provide an incremental boost to economic activity beginning in 2016 and 2017.

Alberta : Retail sales



Source: Statistics Canada, RBC Economics Research

Alberta : Unemployment rate



Source: Statistics Canada, RBC Economics Research

Alberta forecast at a glance

	% change unless otherwise indicated					
	2012	2013	2014	2015F	2016F	2017F
Real GDP	3.9	5.1	4.8	-1.3	0.9	2.7
Nominal GDP	4.3	10.2	9.1	-8.8	5.2	7.5
Employment	3.5	2.5	2.2	1.3	-1.1	1.6
Unemployment rate (%)	4.6	4.6	4.7	5.9	6.9	5.7
Retail sales	7.0	6.9	7.5	-3.1	1.3	3.2
Housing starts (units)	33,396	36,011	40,590	37,100	29,300	32,500
Consumer price index	1.1	1.4	2.6	1.1	1.8	1.7

Laura Cooper
Economist

Agricultural sector to help economy back to growth in 2016

Saskatchewan's economy clearly faced significant challenges in 2015 with the province's energy sector contending with sharply lower oil prices; however, we expect that overall conditions will improve in 2016, thanks in large part to an anticipated rebound in the agricultural sector. Several economic indicators stress the weak state of affairs in the province in 2015. The unemployment rate surged to a five-year high of 5.6% in October 2015, thereby representing quite a dramatic swing from the 3.6% that prevailed in the last quarter of 2014. Deterioration in labour market conditions reverberated across household-dependent sectors, for example with retail sales declining on average almost 1% during the first three quarters of 2015 on a nominal basis (and excluding gasoline stations). Big-ticket items such as new motor vehicles were hit particularly hard as unit sales fell by 5.3%. The housing market is another sector feeling the pinch with home resales down by more than 12% in the first 10 months of 2015.

A lessening in the weakness in the energy sector in 2016 and...

Generally, soft economic data are consistent with our view that overall 2015 real GDP growth for the province will decline by 0.6% after a modest 1.9% gain in 2014 and a 5.8% surge in 2013. This downturn in 2015 growth in part reflects the effect of the drop in oil prices and attendant cutbacks in energy investment in the province. Such cutbacks in the energy sector also likely contributed to a marked double-digit drop in manufacturing sales in the province. Our assumption that oil prices will start to recover modestly in 2016 likely will lessen, although not eliminate, a further decline in capital spending in 2016.

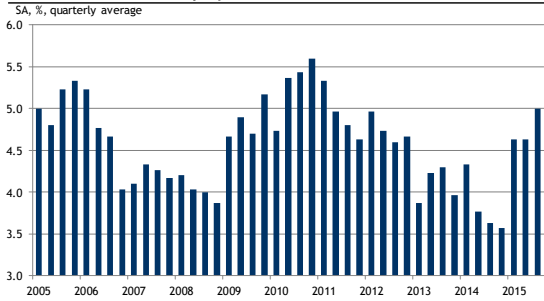
...a recovery in agriculture should see a return to positive GDP growth next year

The projected decline in 2015 real GDP growth also largely reflects a substantial weaker than expected crop due to dry weather conditions. A recently released survey by Statistics Canada indicates flat production of the province's three major crops (wheat, canola, and barley), which would come on the heels of a 21% plunge in 2014. An even greater decline for 2015 had been flagged in earlier-released production numbers; however, rain late in the growing season helped temper the estimated drop. We expect overall agricultural production will be flat in 2015. For 2016, an assumed return to more normal growing conditions would result in a strong rise in agricultural sector output, which we peg at 8%. We assume further growth of 2% in the sector in 2017. This outlook for agriculture contributes to our overall real GDP growth forecast in the province rebounding to 2.5% in 2016 before moderating to 1.8% in 2017.

Potash production rises despite weak prices

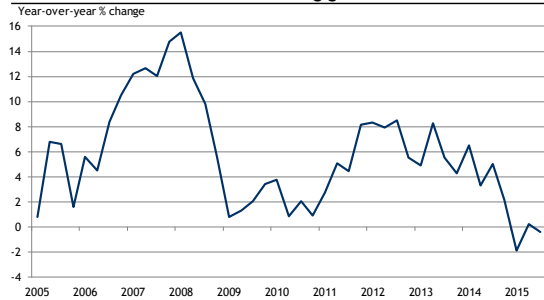
The weakening in real GDP 2015 growth is being tempered by indications that potash production rose strongly during much of 2015. Data through September are indicative of production rising by 10% in 2015, which would be up from a 6% increase in 2014. This increase should occur despite a weakening in potash prices. Nonetheless, lower prices have resulted in some announced production cuts in the fourth quarter of 2015, which dims prospects for production growth in 2016 and 2017.

Saskatchewan : Unemployment rate



Source: Statistics Canada, RBC Economics Research

Saskatchewan : Retail sales excluding gasoline stations



Source: Statistics Canada, RBC Economics Research

Saskatchewan forecast at a glance

% change unless otherwise indicated

	2012	2013	2014	2015F	2016F	2017F
Real GDP	1.7	5.8	1.9	-0.6	2.5	1.8
Nominal GDP	4.2	7.1	-0.9	-3.9	5.4	5.4
Employment	2.4	3.1	1.0	0.5	1.0	1.0
Unemployment rate (%)	4.7	4.1	3.8	5.0	5.8	4.8
Retail sales	7.4	5.1	4.6	-2.6	2.9	3.8
Housing starts (units)	9,968	8,290	8,257	5,000	6,000	6,500
Consumer price index	1.6	1.4	2.4	1.6	2.4	2.5

Paul Ferley
Assistant Chief Economist

Manitoba

Momentum to pick up as growth broadens across sectors

The manufacturing data to date for Manitoba indicate a wide divergence among the various sub-sectors in 2015 with areas of declining activity keeping the overall measure disappointingly weak. Areas of pronounced weakness include machinery and fabricated metals that both show sizeable double-digits declines in the first nine months of 2015. This weakness likely reflects a spillover effect from the downturn in the energy sector in Alberta and Saskatchewan. In contrast, sub-sectors such as transportation equipment and furniture show a sharp pick-up in growth and are on pace to record double-digit increases in 2015. This strength indicates that some areas of manufacturing in the province are responding to the strengthening US economy and weak Canadian dollar (Manitoba's non-energy exports increased by 5.8% in the first 10 months of 2015 on a nominal basis). Unfortunately, the gains in these areas come short of fully offsetting the weakness elsewhere, and thus, we expect total manufacturing output to decline by 2% overall in 2015. This would represent a further downward revision from the 2% increase that we had assumed in September. Looking ahead, our expectation is that the drag from the energy sector will ease and that the positive factors will eventually dominate, thereby returning overall manufacturing to positive growth, although we have downwardly revised the increase in 2016 to 3% from a 4% gain previously.

Growth profile revised lower but ascending trend still expected

The downward revision to growth in the manufacturing sector is a key factor prompting us to lower our real GDP growth forecast for the province to 1.8% and 2.4% in 2015 and 2016, respectively, from the previously projected rates of 2.3% and 2.7%. Nonetheless, we expect the faster ramp-up of growth only to be delayed until 2017 when we project real GDP growth of 2.6%.

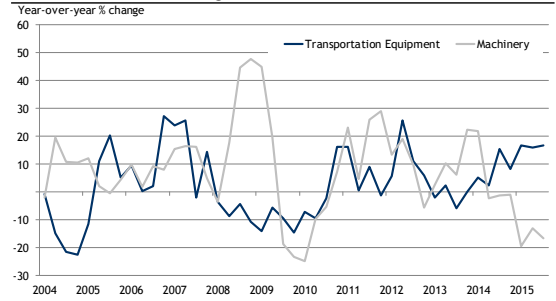
Agriculture to support growth

In contrast to dry weather conditions weighing on agricultural production in Saskatchewan and Alberta in 2015, moisture levels in Manitoba proved sufficient for an increase in the grain and oilseed harvest in 2015. According to Statistics Canada figures, we should see the province's two largest crops rise in aggregate by 9% in 2015. This would follow a 23% decline in 2014 that reflected the sector coming off a bumper crop in 2013 (when production surged by 36%). Tempering the boost that the rise in production in 2015 will have on farm income, however, will be weaker grain and oilseed prices globally that resulted from strong harvests outside of Canada.

The pace of construction spending to slow

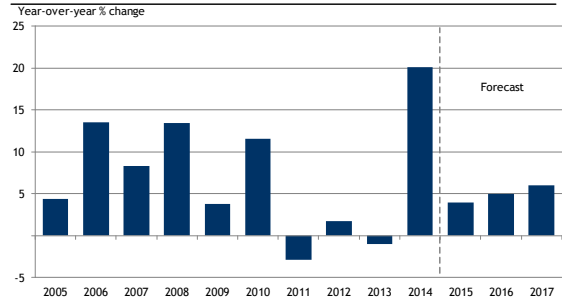
Elements are in place for construction activity to continue to grow in Manitoba during our forecast horizon. We expect the pace to slow to 4% in 2015, however, due the winding down of some large capital expenditure projects, such as a large office and hotel complex in Winnipeg and the expansion of the RBC Convention Centre Winnipeg, which contributed to a very strong 20% increase in 2014. Still, with spending on two Manitoba Hydro projects (Bipole III transmission line and Keeyask Infrastructure and Generating Station), we believe that construction expenditures in the province will be well supported and have good prospects to move up further in 2016 and 2017. Our outlook for capital spending is consistent with the capex survey released by Statistics Canada in early 2015 that indicated that businesses intended to boost capital investment by an above-national average of 5% in 2015 following a surge of 25% in 2014.

Manitoba : Manufacturing sales



Source: Statistics Canada, RBC Economics Research

Manitoba : Construction real GDP



Source: Statistics Canada, RBC Economics Research

Manitoba forecast at a glance

% change unless otherwise indicated						
	2012	2013	2014	2015F	2016F	2017F
Real GDP	3.0	2.4	2.3	1.8	2.4	2.6
Nominal GDP	6.4	3.5	3.5	3.2	4.0	4.8
Employment	1.6	0.7	0.1	1.6	1.1	1.1
Unemployment rate (%)	5.3	5.4	5.4	5.6	5.3	4.9
Retail sales	1.3	3.9	4.3	1.5	4.4	4.1
Housing starts (units)	7,242	7,465	6,220	5,800	6,300	6,000
Consumer price index	1.6	2.3	1.8	1.2	2.2	2.0

Paul Ferley
Assistant Chief Economist



Stars aligning for stronger growth

Ontario is poised to be among the faster-growing provincial economies in 2016 with a projected growth rate of 2.5%. This would constitute an improvement from a forecasted rate of 2.1% in 2015, and a third consecutive year during which growth in the province surpassed the national average. We believe that several stars will be in alignment to elevate Ontario’s economic game in 2016, including a strong US economy, low Canadian dollar, still-low (albeit rising) interest rates, confident household sector, the late stages of a housing boom, rising business investment, and increased public infrastructure building. In fact, many of these stars were already in position in 2015 and would have generated a stronger growth rate than 2.1% had it not been for a slow start to the year for provincial exports. With more recent data showing an improvement in external trade, we believe that the stage is set for growth to accelerate moderately in the latter half of 2015 and in 2016 in Ontario. Our initial take on 2017 is for growth to pick up further to 2.7%.

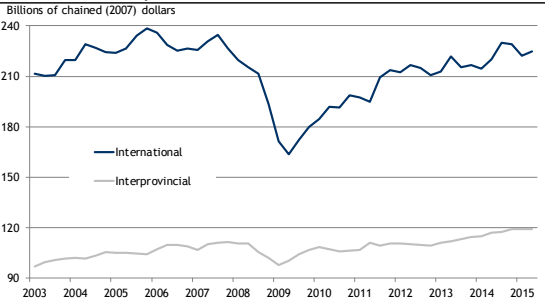
Growth rotation is still a work in progress.

Ontario’s economy showed some signs of transitioning toward greater contribution from external sources of growth in 2015; however, developments to date were far from a wholesale rotation. For one, it took until the second quarter to see broad-based gains in exports after a significant setback occurred in the first quarter (when real exports fell 7.8% quarter over quarter annualized, according to figures from the Ontario Ministry of Finance). As we pointed out in the September edition of *Provincial Outlook*, much of this early-year decline was related to retooling downtime at two motor vehicle assembly plants in the province and disruptions to supply chains caused by a labour strike at US west coast ports. Additionally, a rotation away from housing—which may be nearing a point of exhaustion after having been a key driver of growth for the past several years in the province—has yet to occur. In fact, very strong home resale and construction activity during most of 2015 continued to contribute positively to provincial growth both directly and indirectly (e.g., through the effect on retail sales). In short, developments in 2015 were more consistent with tentative steps toward a broadening of sources of growth than an actual rotation.

...and will continue to be in 2016

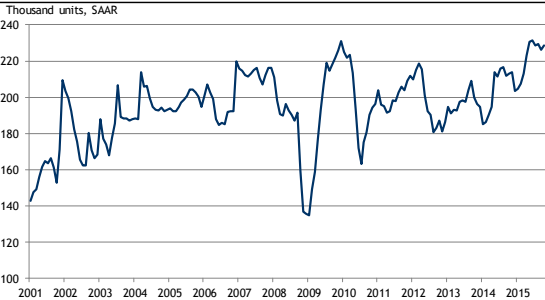
Our outlook for 2016 calls for more of this same broadening of growth in the province. We expect solid US growth and a low value of the Canadian dollar to keep Ontario goods and services exports firmly on an ascending path and, along with this, entice businesses to boost investment in the province. Such strengthening in business capital spending would build on increases recorded in 2015. Meanwhile, we expect Ontario’s households to keep their wallets open in 2016, spurred on by gains in the job market—which in 2015, has been primarily in full-time positions—and for home owners, the wealth effect arising from the appreciation in the value of their residence. Although frothy in some areas (e.g., Toronto), we believe that the provincial housing market will continue to be supported by strong demand, which will maintain housing construction at historically elevated levels. On the public-sector side of the economy, strong commitment at all levels of government to build public infrastructure (particular for public transportation) will fuel non-residential construction activity in the province.

Ontario : Real exports



Source: Ontario Ministry of Finance, Statistics Canada, RBC Economics Research

Ontario : Home resales



Source: Canadian Real Estate Association, RBC Economics Research

Ontario forecast at a glance

% change unless otherwise indicated

	2012	2013	2014	2015F	2016F	2017F
Real GDP	1.3	1.3	2.7	2.1	2.5	2.7
Nominal GDP	3.1	1.9	4.1	3.7	3.8	4.4
Employment	0.7	1.8	0.8	0.7	1.2	1.0
Unemployment rate (%)	7.9	7.6	7.3	6.8	6.5	6.1
Retail sales	1.6	2.3	5.0	4.4	4.4	3.9
Housing starts (units)	76,742	61,085	59,134	70,200	68,500	59,000
Consumer price index	1.4	1.1	2.3	1.2	2.1	1.9

Robert Hogue
Senior Economist



More uniform performance in the cards for 2016

We expect broader and more consistent growth to take place across economic sectors in Quebec in 2016 after a disappointingly uneven performance in 2015 that failed to deliver the hoped for acceleration in the pace of expansion. The province's economic performance in 2016 will benefit from sustained growth in external demand (mainly the US), a strengthening household sector, and an improved provincial fiscal situation. While most of these factors contributed positively in 2015, we see their boosting effects both gaining heft and spreading more widely as they gain further traction. We expect momentum in provincial exports to pick up in 2016, which should fuel manufacturing activity and various links within supply chains. Domestically, steady—albeit still-moderate—job creation should support continued growth in household spending, and improving business confidence should support non-residential investment—a regular sour spot in the provincial economy in recent years. We project Quebec's real GDP growth to quicken from a rate of 1.3% in 2015 to a five-year high of 1.9% in 2016. We expect that most of this faster pace will be maintained in 2017 with our real GDP growth forecast easing just slightly to 1.7%.

2015 disappoints but the seeds are planted...

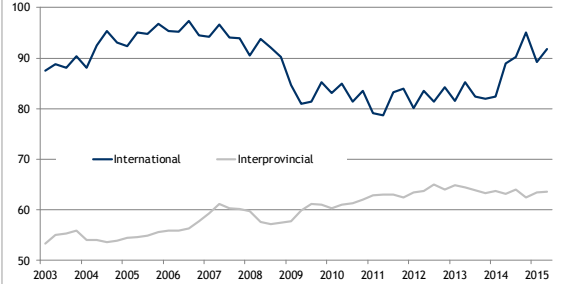
Based on currently available indicators, Quebec's economic performance in 2015 is shaping up to be a mild disappointment. Growth appears to be stuck in middle gear, which in our analysis, will translate into a rate of 1.3% for the year. This would represent a slight slowing from the 1.5% recorded in 2014. The main issue holding back growth in 2015 is a lack of consistency. The year started reasonably well, with good momentum in merchandise exports (carrying over from the latter half of 2014) and household spending; however, the pace weakened mid-year particularly on the external trade side. Still, we note positive elements that bode well for the period ahead. According to estimates from the *Institut de la statistique du Québec* (ISQ), manufacturing real GDP was up by 1.3% year over year in the first seven months of 2015, and real merchandise exports were up by a solid 5.3% in the first nine months of the year despite slowing mid-year. These indicators suggest to us that external sources of growth indeed are contributing positively to activity in the province. Also quite encouraging is the fact that employment was up 1.0% year over year in the first 11 months of 2015, which is a welcome turnaround from no growth in 2014.

...for stronger economic growth in 2016

Importantly, the majority of the new jobs created in the province in 2015 were full-time positions. We believe that improved labour market outcomes and prospects—we forecast employment to continue to grow moderately by 0.8% in 2016—will boost consumer confidence and spending power into 2016. This should support domestic activity in the province, including in the retail trade and housing sectors (although housing construction will continue to contend with plentiful supply of recently completed condo units). We think that the elimination of the provincial budget deficit in the fiscal year ending March 2016 at the margin will be positive for confidence for both consumers and businesses, following years of belt-tightening. Any boost to business confidence would help stabilize the declining trend in non-residential investment in the province, thereby ensuring that Quebec firms enhance their competitive position and fully capitalize on export opportunities. External sources of growth will continue to be central to Quebec's outlook in 2016.

Quebec : Real exports

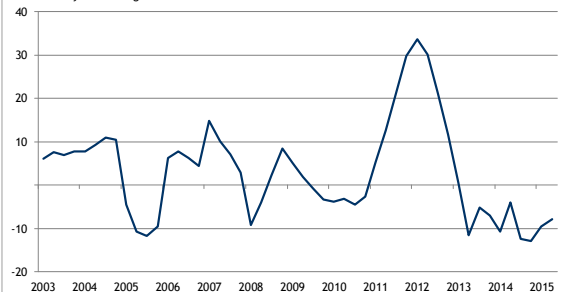
Billions of chained (2007) dollars



Source: Institut de la statistique du Québec, RBC Economics Research

Quebec : Business non-residential investment

Year-over-year % change



Source: Institut de la statistique du Québec, RBC Economics Research

Quebec forecast at a glance

% change unless otherwise indicated

	2012	2013	2014	2015F	2016F	2017F
Real GDP	1.0	1.2	1.5	1.3	1.9	1.7
Nominal GDP	2.7	2.0	2.5	2.9	3.5	3.5
Employment	0.8	1.4	0.0	1.0	0.8	0.7
Unemployment rate (%)	7.7	7.6	7.7	7.6	7.4	7.1
Retail sales	1.2	2.5	1.7	1.2	3.9	3.4
Housing starts (units)	47,367	37,758	38,810	36,400	35,500	33,500
Consumer price index	2.1	0.8	1.4	1.1	2.0	2.0

Robert Hogue
Senior Economist

Counting on exports to accelerate growth

Economic indicators point to subdued overall growth in 2015 in New Brunswick; however, there are signs suggesting that the provincial economy started to build momentum as the year progressed, which we believe will contribute to acceleration of the pace in 2016. Non-energy exports are beginning to pick up, and strong gains in manufacturing employment in 2015 should continue as the macro environment remains supportive. We expect that hiring in export-oriented sectors will support consumer spending and help stimulate a domestic economy despite continually weak demographics. We forecast that after expanding by 1.0% in 2015, New Brunswick’s real GDP growth will accelerate to 1.2% in 2016 and 1.5% in 2017.

Crosscurrents for construction

The construction sector has been buffeted by a weak housing market and falling non-residential investment in 2015 resulting in a 14% year-over-year drop in employment in the industry in the first 11 months of 2015. There was some reprieve late in the year, however, as the Saint John refinery underwent a \$200-million upgrade project that created thousands of temporary jobs. The outlook for new housing construction remains dim, but non-residential investment should help sustain the construction industry in 2016, as the government increases spending on road and bridge construction, and the forestry and food manufacturing sectors make investments in new capacity.

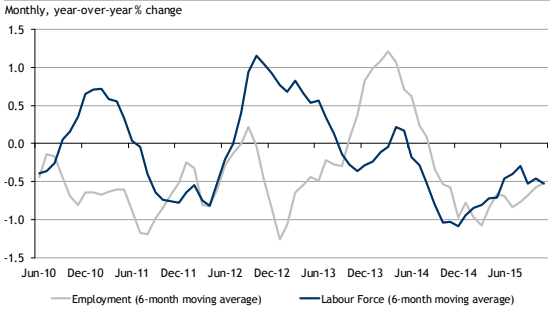
Job growth at last in 2016

New Brunswick once again faces the prospects of seeing employment fall in 2015 after several years of near-zero job growth. Looking ahead, we expect stronger economic growth to translate to renewed, albeit modest, job gains during our forecast horizon. While job gains are likely to be limited, the labour market is bound to tighten due to a shrinking pool of working-age adults puts downward pressure on the labour force and the unemployment rate. Rising public employment in 2015 helped limit job losses in province, but as the government aims to contain its budget deficit (projected to be \$453 million in FY15–16), that support likely will fade. Instead, we expect that the private sector will drive job growth, as payrolls rise in export-oriented industries and recent gains in average wages and stronger consumer spending translate into job creation in the service sector. Growth in retail sales (excluding gasoline) picked up in the first three quarters of 2015, especially in big-ticket categories like motor vehicles and furniture and furnishings, and further gains are expected in 2016.

Non-energy exports begin to lift off

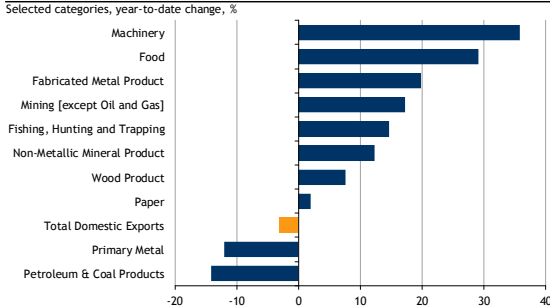
After being reopened to sate international demand for potash in 2014, the potash mine at Penobsquis has now been closed, and production shifted to the nearby Picadilly mine, which is ramping up toward full production. Farther north, the newly commissioned Caribou mine will see increased production of a variety of metal ores next year. A pick-up in mining activity should fuel the industry’s exports and add to strong growth in New Brunswick’s non-energy export categories. Exports of food products have grown substantially year to date, thanks to increased shipments of seafood, and forestry products continue to see gains that are consistent with the steady rise of US housing construction. New investments in both industries point to further growth in 2016 and 2017.

New Brunswick : Labour market indicators



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						
	2012	2013	2014	2015F	2016F	2017F
Real GDP	-1.0	0.4	-0.3	1.0	1.2	1.5
Nominal GDP	0.7	0.4	0.6	2.6	2.8	3.5
Employment	-0.7	0.4	-0.2	-0.4	0.4	0.3
Unemployment rate (%)	10.2	10.3	10.0	9.8	9.5	9.1
Retail sales	-0.7	0.7	3.8	2.7	2.9	2.6
Housing starts (units)	3,299	2,843	2,276	2,000	2,200	1,900
Consumer price index	1.7	0.8	1.5	0.5	2.2	2.1

Gerard Walsh
Economist

Shipbuilding underpins stronger growth ahead

Recent revisions to Nova Scotia’s economic growth record reveal that the province’s economy has barely grown since 2010, and because of faster than anticipated declines in natural gas production, we believe that 2015 will be another slow growth year. The outlook is brighter for 2016 thanks to stronger construction activity, a full-year’s work on the major shipbuilding contract with the federal government, and rising non-energy exports. We project real GDP growth to accelerate from 0.9% in 2015 to 1.8% in 2016 before an anticipated easing in construction activity tempers growth in 2017 to 1.3%.

As natural gas plunges, non-energy exports step in

The Deep Panuke project began producing natural gas again in October 2015 after having been offline since May, thereby reflecting its changed status as a seasonal operation. The seasonal schedule results in sharply lower production totals in 2015 compared to 2014, and when coupled with continued declines at the Sable offshore field as it heads for decommissioning as early as 2017, it means that natural gas will likely pose a continued drag on the economy throughout our forecast horizon. Exploration activity, however, is taking place offshore, which may generate production opportunities in the future for the provincial industry. A drilling program began in 2015 as part of \$2 billion worth of exploration work for new deposits by a number of major energy companies. The decline in natural gas production in 2015 weighed heavily on Nova Scotia’s merchandise exports, which are down year to date despite substantial gains in other categories. Led by gains in seafood, exports of food products are up strongly, and exports of tires have rebounded following the retooling of a production facility in the province. We expect non-energy exports to grow further in 2016, as solid external demand and the low value of the Canadian dollar remain supportive factors.

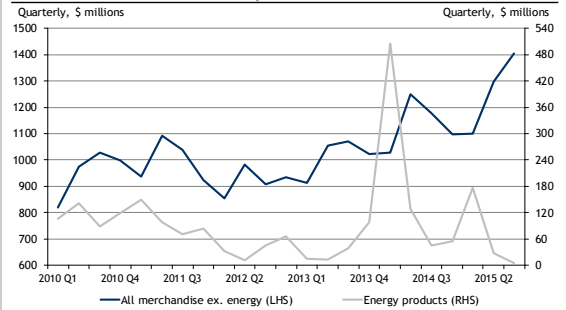
Manufacturing to gain from a full year of shipbuilding

First steel was cut in September 2015 for the multi-billion dollar Arctic Offshore Patrol Ships (AOPS) contract with the federal government, and Nova Scotia’s manufacturing activity will see a significant boost from the first full year of shipbuilding work on this contract in 2016. Activity is expected to ramp up during our forecast horizon as ships move through their construction phases. Shipbuilding work will also generate demand along supply chains in other industries around the province particularly metal fabrication. While manufacturing has seen job losses year to date in 2015, there has been an uptick since summer, and increased activity in the industry raises the prospect of further gains ahead.

Construction activity up heading into 2016

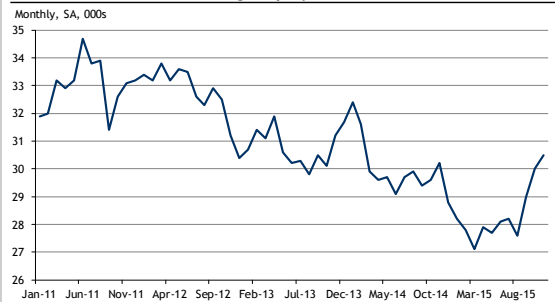
The outlook for the construction sector is bright in the near term, with positive implications for employment in a sector that is on track for its second year of job losses in 2015. Led by construction of new multi-unit structures in Halifax, residential investment has picked up so far in 2015, and a rise in housing starts should keep the industry busy heading into 2016. Further support will come from major projects around the province, as activity peaks on the Maritime Link transmission project linking Cape Breton to Newfoundland and redecking work proceeds on the Macdonald Bridge in Halifax throughout the year. Looking to 2017, the construction sector may become a drag on growth, as activity on major projects winds down and continued demographic weakness impedes residential building.

Nova Scotia : Merchandise exports



Source: Statistics Canada, RBC Economics Research

Nova Scotia : Manufacturing employment



Source: Statistics Canada, RBC Economics Research

Nova Scotia forecast at a glance

% change unless otherwise indicated

	2012	2013	2014	2015F	2016F	2017F
Real GDP	-0.9	0.0	0.6	0.9	1.8	1.3
Nominal GDP	0.5	2.0	1.3	2.2	3.5	2.8
Employment	1.0	-1.1	-1.1	0.1	0.5	0.2
Unemployment rate (%)	9.1	9.1	8.9	8.6	8.4	8.3
Retail sales	1.0	2.9	2.3	0.3	3.5	2.1
Housing starts (units)	4,522	3,919	3,056	4,000	3,300	3,000
Consumer price index	1.9	1.2	1.7	0.5	2.1	2.1

Gerard Walsh
Economist



Still chugging along

We project growth on Prince Edward Island to remain quite steady in 2016 as the province’s vibrant export and construction sectors continue to be powerful economic engines generating forward momentum. We expect strength in these sectors increasingly to flow through to the labour market, thereby prompting renewed hiring and helping reverse some of the job losses of the past two years. Our forecast is for real GDP to expand by 1.7% in 2015 and 1.6% in 2016 before slowing slightly to 1.3% in 2017.

Surging exports continue drive growth

After topping \$1 billion for the first time in 2014, Prince Edward Island’s merchandise exports are on track for another record year in 2015, thanks in large part to soaring shipments of food products to the United States (showing an impressive 19% year-to-date gain). Despite aerospace exports falling in the first nine months of 2015, overall exports of non-food manufactured products are also on track for strong gains in 2015 and no doubt are contributing to a 9% gain in manufacturing employment in 2015. Looking ahead, we believe that the export boom in manufacturing has further room to grow, as new investments in the aerospace sector and a low Canadian dollar provide a tailwind to the industry. The weaker exchange rate may also be enticing more tourists to come to Prince Edward Island where increased numbers of US and international visitors drove growth in overnight stays in 2015.

Job market to start turning around in 2016

Labour market conditions on Prince Edward Island remained disappointingly weak in 2015 and a second consecutive year of job losses is looming. Despite slack in the labour market, workers saw robust growth in average hourly wages, and in response, Islanders have opened their wallets: retail sales (exclusive of gasoline) have seen strong growth, particularly in big-ticket purchases like motor vehicles (up 8.4% year to date) and furniture and home furnishings (up 8.9%). Going forward, continued export strength should help restart job creation in the province, and rising consumer spending should support the service sector; however, weak demographic trends will be an impediment. The working-age population of Prince Edward Island declined in 2015, and similar declines are expected going forward as the population ages. While there has been a recent uptick in international immigration to Prince Edward Island, it was offset by a rise in interprovincial outmigration, which underscores the province’s demographic challenges.

Upside from construction in the near term

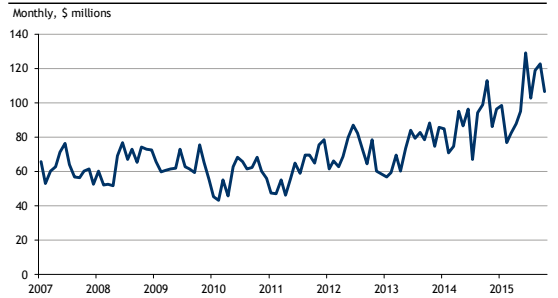
After a slow start to 2015, residential investment and housing starts picked up later in the year with positive implications for the construction industry going into 2016. Further upside exists for the construction industry in late 2016 and into 2017 if work begins on the multi-million Northumberland Strait Power Cable project, which would allow the island to export its wind-generated power. The project, which has received pledges of government funding, would help compensate for a frugal five-year capital plan from the provincial government, which projects lower capital spending in each year until fiscal 2019–20.

Prince Edward Island : Employment



Source: Statistics Canada, 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						
	2012	2013	2014	2015F	2016F	2017F
Real GDP	1.2	2.0	1.5	1.7	1.6	1.3
Nominal GDP	2.7	3.8	3.8	3.5	3.1	3.3
Employment	1.7	1.4	-0.1	-0.7	0.5	0.4
Unemployment rate (%)	11.1	11.5	10.6	10.5	9.9	9.6
Retail sales	3.2	0.8	3.3	2.4	3.2	2.3
Housing starts (units)	941	636	511	620	630	800
Consumer price index	2.0	2.0	1.6	-0.5	2.2	2.1

Gerard Walsh
Economist



Newfoundland & Labrador

Doldrums after the storm

Indicators suggest that Newfoundland and Labrador’s economic contraction worsened in 2015 as oil production declined significantly for structural and operational reasons. Going forward, we expect oil production to stabilize in 2016, but capital investment spending is set to wane as a number of major projects pass peak activity. This likely will have adverse implications for consumer spending and employment, which would add to economic weakness and come amid public-sector restraint as the government tackles its large deficit. After contracting by an estimated 3.5% in 2015, we expect Newfoundland and Labrador’s economy to edge out 0.3% growth in 2016 and 0.5% in 2017.

A (hopefully) less turbulent year ahead for oil and gas

The sharp economic contraction in Newfoundland and Labrador in 2015 owes primarily to a 20% year-to-date drop in oil production that has been led by declines at Hibernia and North Amethyst. Declining production and lower prices have caused export revenues from crude oil to plunge by \$3.0 billion (52%) in the first three quarters of 2015. Looking ahead, production should stabilize in 2016 as new wells are brought online offsetting continued depletion-related declines at more mature fields. A large increase in oil production awaits the commissioning of Hebron that is currently expected in late 2017. Despite near-term challenges, the longer-term prospects for the oil and gas sector have received a boost based on a recent round of bids for exploration rights that attracted a commitment of \$1.2 billion for work in the Flemish Pass.

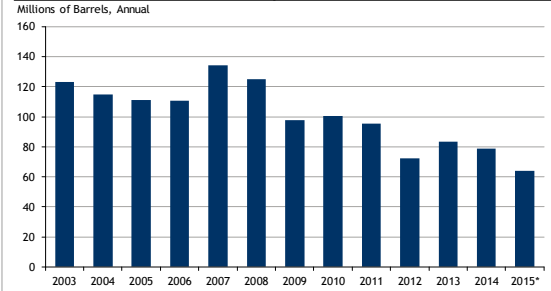
Mining activity set to pick up despite still-low prices

Despite low iron prices, which led to the closure or delay of mining operations in Newfoundland and Labrador in recent years, iron ore shipments are on track to increase by 16% in 2015 as existing projects boost production. Going forward, capital investment activity in the mining sector is expected to rise in 2016, as a new iron ore mine in Labrador heads toward its construction phase and work begins on a new underground nickel mine at Voisey’s bay late in the year. Nickel from the existing Voisey’s Bay operation is now being shipped to the plant at Long Harbour for processing and export. During 2016, the facility is expected to shift away from imported nickel concentrate from Indonesia and rely solely on Voisey’s Bay for its supply.

Economy-wide construction activity passing its peak

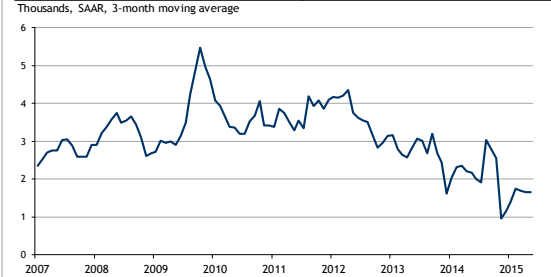
Capital investment is expected to decline in 2016 as Hebron and Muskrat Falls—the province’s two largest construction projects at the present time—pass their peak construction phases. While other planned investments in the mining and offshore oil sectors will provide some offset, the wind up of these projects will deal a blow to the construction sector that is already grappling with weak activity on the residential side. Housing starts were down sharply in the first 10 months of 2015 and are expected to fall further during our forecast horizon as job losses and slow population growth sap demand for new housing supply.

Newfoundland & Labrador : Oil production



* Annual estimate based on January - September production
Source: C-MLDPB, RBC Economics Research

Newfoundland & Labrador : Housing starts



Source: Statistics Canada, RBC Economics Research

Newfoundland forecast at a glance

% change unless otherwise indicated

	2012	2013	2014	2015F	2016F	2017F
Real GDP	-4.4	5.8	-2.0	-3.5	0.3	0.5
Nominal GDP	-4.5	9.2	-4.2	-9.3	4.2	4.7
Employment	3.8	0.8	-1.7	-1.0	-1.7	-0.6
Unemployment rate (%)	12.3	11.6	11.9	12.7	13.3	13.0
Retail sales	4.5	5.0	3.4	0.3	0.3	0.7
Housing starts (units)	3,885	2,862	2,119	1,900	1,800	1,700
Consumer price index	2.1	1.7	1.9	0.5	2.3	2.1

Gerard Walsh
Economist

Forecast detail

Average annual % change unless otherwise indicated

	Real GDP				Nominal GDP				Employment				Unemployment rate %				Housing starts Thousands				Retail sales				CPI			
	14	15F	16F	17F	14	15F	16F	17F	14	15F	16F	17F	14	15F	16F	17F	14	15F	16F	17F	14	15F	16F	17F	14	15F	16F	17F
N.& L.	-2.0	-3.5	0.3	0.5	-4.2	-9.3	4.2	4.7	-1.7	-1.0	-1.7	-0.6	11.9	12.7	13.3	13.0	2.1	1.9	1.8	1.7	3.4	0.3	0.3	0.7	1.9	0.5	2.3	2.1
P.E.I.	1.5	1.7	1.6	1.3	3.8	3.5	3.1	3.3	-0.1	-0.7	0.5	0.4	10.6	10.5	9.9	9.6	0.5	0.6	0.6	0.8	3.3	2.4	3.2	2.3	1.6	-0.5	2.2	2.1
N.S.	0.6	0.9	1.8	1.3	1.3	2.2	3.5	2.8	-1.1	0.1	0.5	0.2	8.9	8.6	8.4	8.3	3.1	4.0	3.3	3.0	2.3	0.3	3.5	2.1	1.7	0.5	2.1	2.1
N.B.	-0.3	1.0	1.2	1.5	0.6	2.6	2.8	3.5	-0.2	-0.4	0.4	0.3	10.0	9.8	9.5	9.1	2.3	2.0	2.2	1.9	3.8	2.7	2.9	2.6	1.5	0.5	2.2	2.1
QUE.	1.5	1.3	1.9	1.7	2.5	2.9	3.5	3.5	0.0	1.0	0.8	0.7	7.7	7.6	7.4	7.1	38.8	36.4	35.5	33.5	1.7	1.2	3.9	3.4	1.4	1.1	2.0	2.0
ONT.	2.7	2.1	2.5	2.7	4.1	3.7	3.8	4.4	0.8	0.7	1.2	1.0	7.3	6.8	6.5	6.1	59.1	70.2	68.5	59.0	5.0	4.4	4.4	3.9	2.3	1.2	2.1	1.9
MAN.	2.3	1.8	2.4	2.6	3.5	3.2	4.0	4.8	0.1	1.6	1.1	1.1	5.4	5.6	5.3	4.9	6.2	5.8	6.3	6.0	4.3	1.5	4.4	4.1	1.8	1.2	2.2	2.0
SASK.	1.9	-0.6	2.5	1.8	-0.9	-3.9	5.4	5.4	1.0	0.5	1.0	1.0	3.8	5.0	5.8	4.8	8.3	5.0	6.0	6.5	4.6	-2.6	2.9	3.8	2.4	1.6	2.4	2.5
ALTA.	4.8	-1.3	0.9	2.7	9.1	-8.8	5.2	7.5	2.2	1.3	-1.1	1.6	4.7	5.9	6.9	5.7	40.6	37.1	29.3	32.5	7.5	-3.1	1.3	3.2	2.6	1.1	1.8	1.7
B.C.	3.2	2.9	3.1	2.9	4.7	4.5	4.8	5.2	0.6	1.3	1.8	0.7	6.1	6.0	5.8	5.8	28.4	32.2	33.0	27.5	5.6	6.8	4.7	3.9	1.0	1.1	2.1	1.7
CANADA	2.5	1.2	2.2	2.7	4.3	0.9	4.2	5.2	0.6	0.9	0.8	0.9	6.9	6.9	6.8	6.4	189	195	186	172	4.6	2.2	3.7	3.5	2.0	1.1	2.1	1.9

Key provincial comparisons

2014 unless otherwise indicated

	N. & L.	P.E.I.	N.S.	N.B.	QUE	ONT	MAN	SASK	ALTA	B.C.
Population (000s)	529	146	942	755	8,215	13,678	1,280	1,122	4,121	4,638
Gross domestic product (\$ billions)	33.5	6.0	39.1	32.1	370.1	722.0	64.1	82.8	375.8	237.2
Real GDP (\$2007 billions)	27.7	5.1	35.8	28.4	334.1	648.4	58.3	63.1	320.1	222.9
Share of provincial GDP of Canadian GDP (%)	1.7	0.3	2.0	1.6	18.8	36.6	3.2	4.2	19.0	12.0
Real GDP growth (CAGR, 2009-14, %)	1.5	1.8	0.6	0.3	1.6	2.2	2.5	3.9	5.0	2.7
Real GDP per capita (\$ 2007)	52,451	35,245	37,920	37,628	40,970	47,845	46,075	57,071	79,874	48,633
Real GDP growth rate per capita (CAGR, 2009-14, %)	1.0	0.9	0.5	0.1	0.6	1.1	1.4	2.2	2.7	1.7
Personal disposable income per capita (\$)	31,915	26,368	27,482	26,912	26,046	29,687	27,478	32,249	40,495	31,460
Employment growth (CAGR, 2009-14, %)	2.1	1.7	-0.1	-0.3	1.0	1.3	0.8	1.7	2.3	0.8
Employment rate (Nov. 2015, %)	53.2	60.7	57.0	56.7	59.7	60.6	64.2	67.0	67.8	60.1
Discomfort index (inflation + unemp. rate, Oct. 2015)	13.5	9.1	8.1	9.3	8.4	7.7	7.2	7.0	8.0	7.6
Manufacturing industry output (% of GDP)	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)	47.3	68.5	73.1	67.2	59.4	57.4	57.4	42.6	38.8	64.6
International exports (% of GDP)	40.7	18.6	20.7	45.7	27.7	33.6	27.0	45.9	34.9	22.4

Tables

British Columbia

		2008	2009	2010	2011	2012	2013	2014	2015F	2016F	2017F
Real GDP	Chained \$2007 millions	199,768	194,987	200,324	206,360	211,427	215,901	222,868	229,331	236,532	243,497
	% change	0.7	-2.4	2.7	3.0	2.5	2.1	3.2	2.9	3.1	2.9
Nominal GDP	\$ millions	204,406	196,250	205,117	216,786	221,414	226,605	237,188	247,913	259,788	273,321
	% change	3.1	-4.0	4.5	5.7	2.1	2.3	4.7	4.5	4.8	5.2
Employment	thousands	2,242	2,192	2,223	2,228	2,262	2,266	2,278	2,307	2,348	2,364
	% change	1.6	-2.2	1.4	0.2	1.6	0.1	0.6	1.3	1.8	0.7
Unemployment rate	%	4.6	7.7	7.6	7.5	6.8	6.6	6.1	6.0	5.8	5.8
Retail sales	\$ millions	57,794	55,288	58,251	60,090	61,255	62,734	66,273	70,751	74,095	76,986
	% change	1.5	-4.3	5.4	3.2	1.9	2.4	5.6	6.8	4.7	3.9
Housing starts	units	34,321	16,077	26,479	26,400	27,465	27,054	28,356	32,200	33,000	27,500
	% change	-12.4	-53.2	64.7	-0.3	4.0	-1.5	4.8	13.6	2.5	-16.7
Consumer price index	2002=100	112.3	112.3	113.8	116.5	117.8	117.7	118.9	120.2	122.8	124.9
	% change	2.1	0.0	1.4	2.3	1.1	-0.1	1.0	1.1	2.1	1.7

Alberta

		2008	2009	2010	2011	2012	2013	2014	2015F	2016F	2017F
Real GDP	Chained \$2007 millions	265,165	250,510	262,720	279,655	290,544	305,353	320,113	315,952	318,795	327,403
	% change	1.6	-5.5	4.9	6.4	3.9	5.1	4.8	-1.3	0.9	2.7
Nominal GDP	\$ millions	296,072	245,690	270,049	299,521	312,485	344,452	375,756	342,737	360,692	387,840
	% change	13.5	-17.0	9.9	10.9	4.3	10.2	9.1	-8.8	5.2	7.5
Employment	thousands	2,054	2,030	2,024	2,100	2,172	2,226	2,275	2,304	2,279	2,315
	% change	3.2	-1.2	-0.3	3.7	3.5	2.5	2.2	1.3	-1.1	1.6
Unemployment rate	%	3.6	6.5	6.6	5.4	4.6	4.6	4.7	5.9	6.9	5.7
Retail sales	\$ millions	61,620	56,489	59,849	63,945	68,408	73,109	78,582	76,173	77,164	79,627
	% change	0.2	-8.3	5.9	6.8	7.0	6.9	7.5	-3.1	1.3	3.2
Housing starts	units	29,164	20,298	27,088	25,704	33,396	36,011	40,590	37,100	29,300	32,500
	% change	-39.7	-30.4	33.5	-5.1	29.9	7.8	12.7	-8.6	-21.0	10.9
Consumer price index	2002=100	121.6	121.5	122.7	125.7	127.1	128.9	132.2	133.7	136.2	138.5
	% change	3.2	-0.1	1.0	2.4	1.1	1.4	2.6	1.1	1.8	1.7

Saskatchewan

		2008	2009	2010	2011	2012	2013	2014	2015F	2016F	2017F
Real GDP	Chained \$2007 millions	55,139	52,195	54,647	57,545	58,514	61,929	63,127	62,748	64,317	65,503
	% change	5.3	-5.3	4.7	5.3	1.7	5.8	1.9	-0.6	2.5	1.8
Nominal GDP	\$ millions	67,619	60,080	63,368	74,821	77,957	83,496	82,780	79,548	83,820	88,354
	% change	29.1	-11.1	5.5	18.1	4.2	7.1	-0.9	-3.9	5.4	5.4
Employment	thousands	517	526	531	536	548	565	571	574	580	586
	% change	2.5	1.6	1.0	0.9	2.4	3.1	1.0	0.5	1.0	1.0
Unemployment rate	%	4.0	4.9	5.3	4.9	4.7	4.1	3.8	5.0	5.8	4.8
Retail sales	\$ millions	14,676	14,605	15,103	16,199	17,405	18,301	19,143	18,637	19,185	19,906
	% change	11.8	-0.5	3.4	7.3	7.4	5.1	4.6	-2.6	2.9	3.8
Housing starts	units	6,828	3,866	5,907	7,031	9,968	8,290	8,257	5,000	6,000	6,500
	% change	13.7	-43.4	52.8	19.0	41.8	-16.8	-0.4	-39.4	20.0	8.3
Consumer price index	2002=100	115.9	117.1	118.7	122.0	123.9	125.7	128.7	130.8	133.9	137.2
	% change	3.2	1.1	1.3	2.8	1.6	1.4	2.4	1.6	2.4	2.5

Manitoba

		2008	2009	2010	2011	2012	2013	2014	2015F	2016F	2017F
Real GDP	Chained \$2007 millions	51,544	51,464	52,736	54,045	55,674	57,005	58,301	59,350	60,775	62,382
	% change	3.7	-0.2	2.5	2.5	3.0	2.4	2.3	1.8	2.4	2.6
Nominal GDP	\$ millions	52,154	50,804	53,308	56,197	59,781	61,897	64,077	66,139	68,810	72,113
	% change	4.9	-2.6	4.9	5.4	6.4	3.5	3.5	3.2	4.0	4.8
Employment	thousands	602	601	609	612	622	626	626	637	644	651
	% change	1.5	-0.2	1.4	0.4	1.6	0.7	0.1	1.6	1.1	1.1
Unemployment rate	%	4.2	5.2	5.4	5.5	5.3	5.4	5.4	5.6	5.3	4.9
Retail sales	\$ millions	14,983	14,920	15,770	16,443	16,652	17,297	18,034	18,307	19,110	19,884
	% change	6.9	-0.4	5.7	4.3	1.3	3.9	4.3	1.5	4.4	4.1
Housing starts	units	5,537	4,174	5,888	6,083	7,242	7,465	6,220	5,800	6,300	6,000
	% change	-3.5	-24.6	41.1	3.3	19.1	3.1	-16.7	-6.8	8.6	-4.8
Consumer price index	2002=100	113.4	114.1	115.0	118.4	120.3	123.0	125.3	126.7	129.6	132.2
	% change	2.2	0.6	0.8	2.9	1.6	2.3	1.8	1.2	2.2	2.0

Ontario

		2008	2009	2010	2011	2012	2013	2014	2015F	2016F	2017F
Real GDP	Chained \$2007 millions	601,723	582,904	600,131	614,606	622,717	631,068	648,352	661,967	678,781	697,410
	% change	0.0	-3.1	3.0	2.4	1.3	1.3	2.7	2.1	2.5	2.7
Nominal GDP	\$ millions	608,446	597,882	630,989	659,743	680,084	693,210	721,970	748,788	777,405	811,520
	% change	1.1	-1.7	5.5	4.6	3.1	1.9	4.1	3.7	3.8	4.4
Employment	thousands	6,610	6,433	6,538	6,658	6,703	6,823	6,878	6,924	7,009	7,079
	% change	1.0	-2.7	1.6	1.8	0.7	1.8	0.8	0.7	1.2	1.0
Unemployment rate	%	6.6	9.1	8.7	7.9	7.9	7.6	7.3	6.8	6.5	6.1
Retail sales	\$ millions	151,697	148,109	156,276	161,859	164,503	168,253	176,719	184,510	192,545	200,072
	% change	3.9	-2.4	5.5	3.6	1.6	2.3	5.0	4.4	4.4	3.9
Housing starts	units	75,076	50,370	60,433	67,821	76,742	61,085	59,134	70,200	68,500	59,000
	% change	10.2	-32.9	20.0	12.2	13.2	-20.4	-3.2	18.7	-2.4	-13.9
Consumer price index	2002=100	113.3	113.7	116.5	120.1	121.8	123.0	125.9	127.4	130.1	132.5
	% change	2.3	0.4	2.4	3.1	1.4	1.1	2.3	1.2	2.1	1.9

Quebec

		2008	2009	2010	2011	2012	2013	2014	2015F	2016F	2017F
Real GDP	Chained \$2007 millions	311,945	309,359	315,708	321,647	324,993	329,038	334,103	338,446	345,012	351,031
	% change	1.9	-0.8	2.1	1.9	1.0	1.2	1.5	1.3	1.9	1.7
Nominal GDP	\$ millions	314,380	314,541	328,138	344,735	354,040	361,211	370,064	380,624	393,828	407,670
	% change	2.7	0.1	4.3	5.1	2.7	2.0	2.5	2.9	3.5	3.5
Employment	thousands	3,883	3,854	3,938	3,976	4,006	4,061	4,060	4,101	4,132	4,161
	% change	1.1	-0.7	2.2	1.0	0.8	1.4	0.0	1.0	0.8	0.7
Unemployment rate	%	7.2	8.6	8.0	7.9	7.7	7.6	7.7	7.6	7.4	7.1
Retail sales	\$ millions	94,816	93,759	99,590	102,556	103,753	106,301	108,137	109,402	113,667	117,476
	% change	4.9	-1.1	6.2	3.0	1.2	2.5	1.7	1.2	3.9	3.4
Housing starts	units	47,901	43,403	51,363	48,387	47,367	37,758	38,810	36,400	35,500	33,500
	% change	-1.3	-9.4	18.3	-5.8	-2.1	-20.3	2.8	-6.2	-2.5	-5.6
Consumer price index	2002=100	112.7	113.4	114.8	118.3	120.8	121.7	123.4	124.7	127.3	129.8
	% change	2.1	0.6	1.3	3.0	2.1	0.8	1.4	1.1	2.0	2.0

Tables

New Brunswick

		2008	2009	2010	2011	2012	2013	2014	2015F	2016F	2017F
Real GDP	Chained \$2007 millions	28,501	28,080	28,643	28,702	28,417	28,530	28,436	28,732	29,077	29,513
	% change	0.8	-1.5	2.0	0.2	-1.0	0.4	-0.3	1.0	1.2	1.5
Nominal GDP	\$ millions	28,779	28,857	30,213	31,500	31,723	31,857	32,056	32,899	33,826	35,003
	% change	1.7	0.3	4.7	4.3	0.7	0.4	0.6	2.6	2.8	3.5
Employment	thousands	361	360	358	356	353	355	354	352	354	355
	% change	0.9	-0.2	-0.5	-0.7	-0.7	0.4	-0.2	-0.4	0.4	0.3
Unemployment rate	%	8.5	8.7	9.2	9.5	10.2	10.3	10.0	9.8	9.5	9.1
Retail sales	\$ millions	10,018	10,094	10,595	11,103	11,028	11,107	11,528	11,837	12,175	12,494
	% change	6.5	0.8	5.0	4.8	-0.7	0.7	3.8	2.7	2.9	2.6
Housing starts	units	4,274	3,521	4,101	3,452	3,299	2,843	2,276	2,000	2,200	1,900
	% change	0.8	-17.6	16.5	-15.8	-4.4	-13.8	-19.9	-12.1	10.0	-13.6
Consumer price index	2002=100	113.2	113.5	115.9	120.0	122.0	123.0	124.8	125.5	128.2	130.8
	% change	1.7	0.3	2.1	3.5	1.7	0.8	1.5	0.5	2.2	2.1

Nova Scotia

		2008	2009	2010	2011	2012	2013	2014	2015F	2016F	2017F
Real GDP	Chained \$2007 millions	34,618	34,721	35,693	35,884	35,567	35,562	35,758	36,080	36,729	37,207
	% change	2.0	0.3	2.8	0.5	-0.9	0.0	0.6	0.9	1.8	1.3
Nominal GDP	\$ millions	35,416	34,931	36,849	37,652	37,835	38,576	39,077	39,948	41,358	42,524
	% change	4.3	-1.4	5.5	2.2	0.5	2.0	1.3	2.2	3.5	2.8
Employment	thousands	452	450	451	453	458	453	448	448	450	451
	% change	1.0	-0.5	0.4	0.4	1.0	-1.1	-1.1	0.1	0.5	0.2
Unemployment rate	%	7.6	9.2	9.6	9.0	9.1	9.1	8.9	8.6	8.4	8.3
Retail sales	\$ millions	12,091	12,105	12,651	13,098	13,223	13,605	13,915	13,956	14,441	14,740
	% change	4.1	0.1	4.5	3.5	1.0	2.9	2.3	0.3	3.5	2.1
Housing starts	units	3,982	3,438	4,309	4,644	4,522	3,919	3,056	4,000	3,300	3,000
	% change	-16.2	-13.7	25.3	7.8	-2.6	-13.3	-22.0	30.9	-17.5	-9.1
Consumer price index	2002=100	115.9	115.7	118.2	122.7	125.1	126.6	128.8	129.4	132.1	134.9
	% change	3.0	-0.1	2.2	3.8	1.9	1.2	1.7	0.5	2.1	2.1

Prince Edward Island

		2008	2009	2010	2011	2012	2013	2014	2015F	2016F	2017F
Real GDP	Chained \$2007 millions	4,683	4,695	4,800	4,895	4,952	5,051	5,126	5,213	5,297	5,368
	% change	1.1	0.3	2.2	2.0	1.2	2.0	1.5	1.7	1.6	1.3
Nominal GDP	\$ millions	4,754	4,927	5,222	5,424	5,573	5,783	6,003	6,214	6,409	6,621
	% change	2.7	3.6	6.0	3.9	2.7	3.8	3.8	3.5	3.1	3.3
Employment	thousands	69	68	70	72	73	74	74	74	74	74
	% change	0.8	-1.3	2.3	3.1	1.7	1.4	-0.1	-0.7	0.5	0.4
Unemployment rate	%	10.8	11.9	11.4	11.1	11.1	11.5	10.6	10.5	9.9	9.6
Retail sales	\$ millions	1,703	1,682	1,770	1,866	1,925	1,940	2,005	2,052	2,118	2,166
	% change	5.1	-1.3	5.3	5.4	3.2	0.8	3.3	2.4	3.2	2.3
Housing starts	units	712	877	756	940	941	636	511	620	630	800
	% change	-5.1	23.2	-13.8	24.3	0.1	-32.4	-19.7	21.3	1.6	27.0
Consumer price index	2002=100	117.5	117.3	119.5	123.0	125.5	128.0	130.1	129.5	132.3	135.1
	% change	3.4	-0.1	1.8	2.9	2.0	2.0	1.6	-0.5	2.2	2.1

Newfoundland & Labrador

		2008	2009	2010	2011	2012	2013	2014	2015F	2016F	2017F
Real GDP	Chained \$2007 millions	28,629	25,740	27,164	27,946	26,719	28,272	27,695	26,726	26,806	26,952
	% change	-1.5	-10.1	5.5	2.9	-4.4	5.8	-2.0	-3.5	0.3	0.5
Nominal GDP	\$ millions	31,572	25,001	29,085	33,539	32,032	34,991	33,514	30,398	31,678	33,156
	% change	8.6	-20.8	16.3	15.3	-4.5	9.2	-4.2	-9.3	4.2	4.7
Employment	thousands	221	215	223	232	241	243	239	236	232	231
	% change	1.9	-2.7	3.6	4.1	3.8	0.8	-1.7	-1.0	-1.7	-0.6
Unemployment rate	%	13.3	15.5	14.7	12.6	12.3	11.6	11.9	12.7	13.3	13.0
Retail sales	\$ millions	7,009	7,121	7,453	7,833	8,182	8,589	8,882	8,907	8,936	8,994
	% change	7.4	1.6	4.7	5.1	4.5	5.0	3.4	0.3	0.3	0.7
Housing starts	units	3,261	3,057	3,606	3,488	3,885	2,862	2,119	1,900	1,800	1,700
	% change	23.1	-6.3	18.0	-3.3	11.4	-26.3	-26.0	-10.3	-5.3	-5.6
Consumer price index	2002=100	114.3	114.6	117.4	121.4	123.9	126.0	128.4	129.1	132.1	134.8
	% change	2.9	0.3	2.4	3.4	2.1	1.7	1.9	0.5	2.3	2.1

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