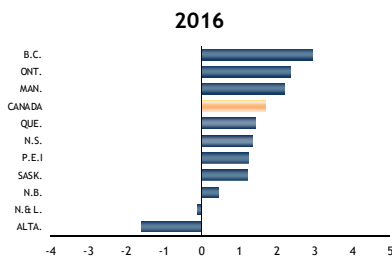
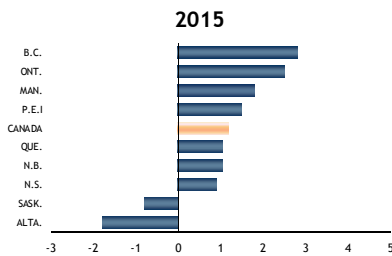


PROVINCIAL OUTLOOK

March 2016

Real GDP growth

% change



Source: Statistics Canada, RBC Economics Research

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Toll from low oil prices to lessen in 2016

- The outlook for provincial economies remains divided along the oil producer-consumer line.
- Lower oil prices for longer will cause further hardship for oil-producing provinces in 2016. We have downgraded our growth forecasts quite significantly for Alberta, Newfoundland and Labrador, and Saskatchewan this year.
- We now expect provincial recessions to persist in Alberta, and Newfoundland and Labrador in 2016, with real gross domestic product (GDP) falling by 1.6% and 0.1%, respectively, and Saskatchewan's recovery (growth of 1.2%) to be more modest than we had previously anticipated.
- Still, such performance would mark an improvement relative to 2015 when we estimated all three provincial economies to have contracted more significantly.
- Our outlook for oil-consuming provinces remains generally constructive with moderate growth being sustained this year; however, we have also downgraded our calls slightly to reflect longer than expected lags in seeing the benefits of lower oil prices across industrial sectors.
- Oil-consuming provinces stand to get a boost from weaker oil prices in the form of more competitively priced exports, cheaper energy costs, and a stronger US economy.
- We project British Columbia to remain at the top of our provincial growth rankings for the second consecutive year in 2016, with a growth rate of 2.9%, followed closely by Ontario and Manitoba with rates of 2.3% and 2.2%, respectively. We expect all other provinces to come in below the national average of 1.7%: Quebec at 1.4%, Nova Scotia at 1.3%, Prince Edward Island and Saskatchewan at 1.2%, and New Brunswick at 0.4%, with both Alberta, and Newfoundland and Labrador trailing with negative rates.
- We made several changes to our 2015 forecast as well to reflect recent developments. The majority of these changes were slight downgrades to our growth estimates for the year (such as the case in Alberta, Quebec, and Saskatchewan); however, Ontario was an exception where we boosted our estimate in light of stronger than expected indicators for housing, household spending, and business investment.
- Similarly, we made a few alterations to our 2017 forecast in line with downward revisions that we made to our macroeconomic assumptions. While we continue to expect all provincial economies except Newfoundland and Labrador to grow in 2017, we have generally tempered the pace at which they should grow. British Columbia, Manitoba, and Ontario remain our top provincial growth prospects in 2017. We project Alberta to emerge from recession next year.

Lower oil prices for longer dim prospects of a quick turnaround in oil-producing provinces

The persistence of historically low oil prices in recent months has increased the likelihood that they will remain 'lower for longer', and that the hardship felt in oil-producing regions of the country will continue in the short term, albeit at a decreasing intensity—we do not expect cuts in capital spending in the energy sector to be as dramatic as they were in 2015. RBC recently once more cut its working assumptions for the West Texas Intermediate (WTI) benchmark to an average of US\$40/barrel in 2016 and US\$57/barrel in 2017, with quarterly values remaining particularly weak during the first half of 2016. Accordingly, with little meaningful relief for the energy sector in sight causing further declines in capital spending, we expect provincial recessions in Alberta, and Newfoundland and Labrador to carry over into 2016 with weakness increasingly spreading to non-energy sectors. In Saskatchewan, an expected recovery in the province's agricultural sector should help return growth to the plus side.

Benefits from lower oil prices to increase in oil-consuming provinces

The other side of the coin of low oil prices—which brings net benefits via more competitively priced exports, cheaper energy prices, and a stronger US economy—brightens the prospects of oil-consuming provinces. The complex adjustments underway have somewhat delayed the benefits in 2015; however, we expect to see them accrue more significantly in 2016. In particular, we expect Ontario, British Columbia, Manitoba, and Quebec will get a material lift to their exports.

Housing to remain top of mind in 2016

Hot housing market conditions, competitively priced exports, and a healthy labour market are poised to keep fuelling incomes and household spending in British Columbia and maintain the province at the top of our provincial growth rankings in 2016. In the past year, fast-rising home prices across the province and solid hiring gains—most of which were in full-time positions—have bolstered consumers’ confidence and sense of wealth, and we expect such conditions largely to prevail in 2016. The risk of the Vancouver market overheating remains on our radar screen; however, we believe that the likelihood of a crash is remote in the near term given current momentum. Weak commodity prices and subdued Asian demand have tempered what otherwise would have been solid performance of export-oriented sectors in 2015; although, a mild expected improvement in conditions for commodities should set the stage for stronger export gains in 2016. Our forecast calls for real GDP to grow at a rate of 2.9% in 2016 and 2.7% in 2017, both little changed from the rate of 2.8% that we estimate for 2015.

Existing home sales hit record high in Vancouver in 2015

An upswing in housing market activity continued unabated in 2015, with existing home sales in the province posting a near all-time high level of 102,500 units, representing a whopping 22% advance from 2014. With the sales-to-new listings ratio sitting at a 12-year high in the early stages of 2016, there is little indication that the brisk pace of activity will subside in earnest in the near term. If anything, we anticipate that an uptick in hiring and newcomers to the province (partly at the expense of Alberta) could even potentially boost demand for housing in the province. We expect such strong housing demand to translate into further increases in new home construction in the province in 2016. Sky-high (and still rapidly escalating) prices in the Greater Vancouver area prompted governments to introduce a series of measures to address the rising economic and financial system risks that they represent. Among these measures, a proposal to improve data collection announced in the 2016 BC budget to enhance the transparency of foreign investment in the housing market is a welcome development that in time will hopefully shed some light on this phenomenon.

Relatively healthy on the fiscal front

The underpinnings of the province’s fiscal situation remain solid, as evidenced by the government tabling its fourth consecutive balanced budget for 2016–17. A better than expected outcome for the 2015–16 fiscal year, led by stronger than anticipated taxation revenues, provided a firm foundation for the three-year fiscal plan that projects budget surpluses of \$264 million in 2016–17, \$287 million in 2017–18, and \$373 million and 2018–19.

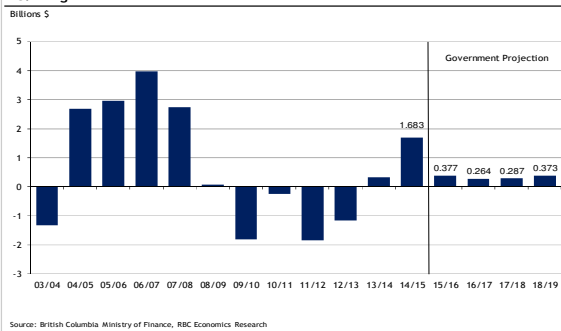
Improved export performance expected in 2016

Weak commodity prices led to nominal international merchandise trade exports edging upward only slightly in 2015, despite lumber shipments headed south of the border continuing to gain ground. The expiration of the Softwood Lumber Agreement with the US late in 2015 and the effect of the mountain pine beetle infestation in the province’s interior could weigh on lumber shipments in 2016. Nonetheless, we believe that as headwinds from the low commodity price environment diminish, the positive lift to export-oriented sectors stemming from the weak Canadian dollar and strengthening demand from the US will materialize more meaningfully in 2016.

BC: Housing market activity



BC: Budget balance



British Columbia forecast at a glance

% change unless otherwise indicated

	2012	2013	2014	2015F	2016F	2017F
Real GDP	2.5	2.1	3.2	2.8	2.9	2.7
Nominal GDP	2.1	2.3	4.7	4.0	4.5	5.8
Employment	1.6	0.1	0.6	1.2	1.9	0.8
Unemployment rate (%)	6.8	6.6	6.1	6.2	6.1	6.0
Retail sales	1.9	2.4	5.6	6.8	4.6	4.3
Housing starts (units)	27,465	27,054	28,356	31,446	35,500	31,300
Consumer price index	1.1	-0.1	1.0	1.1	1.8	2.1

Laura Cooper
Economist



Another year of contraction

The persistence of low oil prices and downgraded prospects for a turnaround in the energy sector this year prompted us materially to revise our outlook for Alberta. We now expect economic activity to contract for a second consecutive year in 2016 by 1.6% following an estimated decline of 1.8% in 2015. Weakness directly related to the downturn in the energy sector will continue to weigh considerably on the province’s economic conditions; however, we expect that such weakness increasingly will spill over to other sectors of the economy. While the outlook for 2017 remains fluid at this stage, we believe that conditions will start to improve and that a modest recovery will begin next year as economic adjustments to lower oil prices make increasing progress.

Labour market woes likely to intensify in 2016.

Strong public-sector hiring helped to offset private-sector layoffs to keep overall employment above year-ago levels in 2015; however, as the unsustainable pace of growth in the former eases and as firms grapple with prevailing crude oil price conditions, additional layoffs are poised to propel overall employment lower in 2016. Consequently, upward pressure on the unemployment rate is likely to persist after the rate surged during 2015 and in January 2016 surpassed the national average for the first time since 1989. Increasing labour market slack was further evident with the number of claimants for employment insurance rising to the highest level since 2009 and an increasing number of households filing for insolvency.

...with knock-on effects for consumer demand

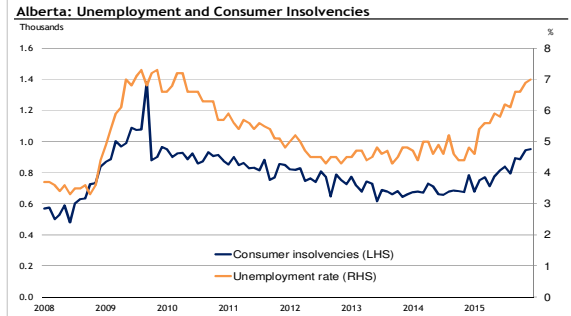
Mounting job losses and the knock-on financial hit to households weighed on demand for goods and services, with broad-based declines across a number of retail sales components in 2015. New motor vehicle sales plunged by nearly 25% from year-ago levels in December 2015, and deteriorating labour market conditions are likely to weigh on underlying consumer demand further in 2016. A sharp rise in the outflow of individuals to other provinces is expected to contribute to a slowing in population growth in 2016, which would further weigh on household demand, including the province’s housing market. Existing home sales plunged by 21% in Alberta in 2015, and ongoing depressed conditions are likely to lead to a further decline of 12% in 2016. In turn, homebuilders are expected to curb activity with housing starts projected to fall to 23,700 units in 2016, which would be down by 36% from 2015.

Fiscal situation deteriorates under weight of low oil prices

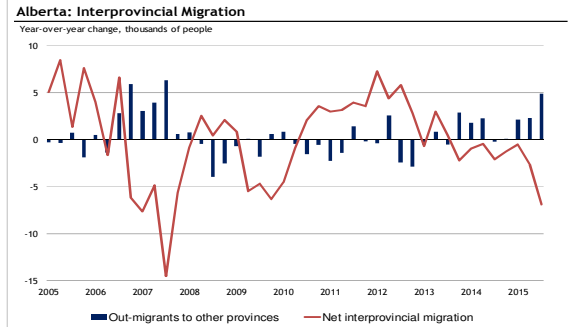
The fiscal situation of the province has deteriorated against a backdrop of weaker than expected crude oil prices, with a 30% drop in ‘black gold’ since the October 2015 budget that has prompted the government to revise its deficit higher for 2015–16 to \$6.3 billion from \$6.1 billion previously. The upcoming 2016 Alberta budget to be released later this spring is likely to show a further—and potentially substantial—increase in the deficit in 2016–17 relative to 2015–16.

Further growth in oil sands production

Despite all the gloom in the energy sector, Alberta’s crude oil production is still set to rise through our forecast horizon as large-scale oil sands projects continue to come online. RBC Capital Markets equity research expects production will rise to 2.56 million barrels per day in 2016 from 2.36 million barrels per day in 2015, led by rising bitumen output offsetting declines in the production of conventional crude. The much-anticipated resource royalty regime review that was completed in January 2016 left the parameters for oil sands producers largely unchanged.



Source: Industry Canada, Statistics Canada, RBC Economics Research



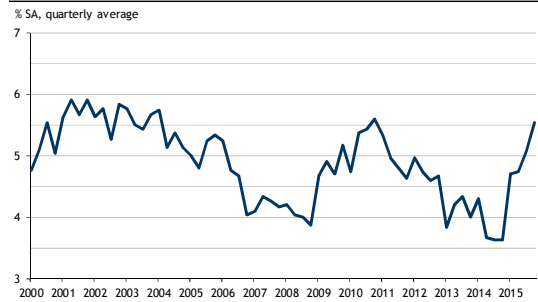
Source: Statistics Canada, RBC Economics Research

Alberta forecast at a glance

% change unless otherwise indicated						
	2012	2013	2014	2015F	2016F	2017F
Real GDP	3.9	5.1	4.8	-1.8	-1.6	2.0
Nominal GDP	4.3	10.2	9.1	-10.6	-3.7	10.2
Employment	3.5	2.5	2.2	1.2	-1.4	1.4
Unemployment rate (%)	4.6	4.6	4.7	6.0	7.8	7.1
Retail sales	7.0	6.9	7.5	-3.7	-1.0	2.5
Housing starts (units)	33,396	36,011	40,590	37,282	23,700	24,000
Consumer price index	1.1	1.4	2.6	1.2	1.5	2.1

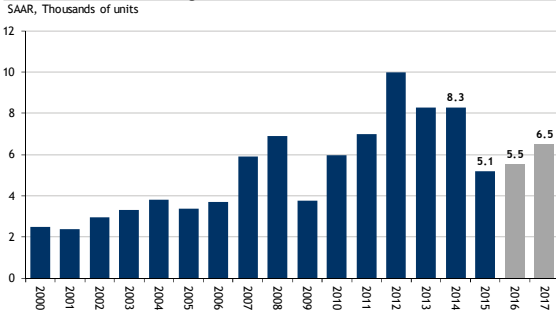
Laura Cooper
Economist

Saskatchewan: Unemployment rate



Source: Statistics Canada, RBC Economics Research

Saskatchewan: Housing starts



Source: Canada Mortgage and Housing Corporation, RBC Economics Research

Forecasted Values: ■

Saskatchewan forecast at a glance

% change unless otherwise indicated

	2012	2013	2014	2015F	2016F	2017F
Real GDP	1.7	5.8	1.9	-0.8	1.2	2.4
Nominal GDP	4.2	7.1	-0.9	-4.8	2.0	6.7
Employment	2.4	3.1	1.0	0.5	-0.5	0.5
Unemployment rate (%)	4.7	4.1	3.8	5.0	6.9	6.6
Retail sales	7.4	5.1	4.6	-2.9	1.6	3.8
Housing starts (units)	9,968	8,290	8,257	5,149	5,500	6,500
Consumer price index	1.6	1.4	2.4	1.6	2.1	2.8

Paul Ferley
Assistant Chief Economist

Economy to remain soft

We have lowered our growth expectations for the Saskatchewan economy significantly this year to 1.2% from the 2.5% that we had projected last December. Despite this revision, this would still represent an improvement from the 0.8% decline that we now estimate for 2015, which we also revised marginally relative to the previously estimated -0.6%. The persistence of Saskatchewan’s growth below the national average is in part a reflection of the province being one of the three provinces, along with Alberta, and Newfoundland and Labrador, most negatively affected by the drop in oil prices. The attendant downward effect on energy production and investment should be even greater in 2016 than we had previously assumed, with oil prices remaining lower for longer. The expected recovery in oil prices in 2017 contributes to both a rebound in the energy sector and overall GDP growth in Saskatchewan to 2.4%.

Greater weakness in potash production expected

The weak GDP growth forecast in the province in 2016 is also due to an expected softening in potash production in the province this year. Potash production started 2015 on a strong note with production rising sharply; however, weakening demand and lower potash prices prompted a steady slowing in mining activity during the year that culminated in a major producer shutting down production completely for three weeks in December 2015. The strength at the start of last year was sufficient to send annual production up around 6% in 2015; however, the weaker trend in recent months is expected to persist during the first half of 2016. We expect this will send production downward to 2% in 2016 as opposed to our previous assumption of a rise of 6%. We expect that an increase in demand from a number of key emerging markets will materialize during the second half of 2016 and that will help limit the annual decline.

Crop production weakens less than expected in 2015

Crop production did not decline as much in 2015 as we had assumed last quarter. Late season rains helped to ease drought conditions, thereby resulting in the volume of the grain harvest holding relatively steady compared to 2014, which was contrary to initial crop estimates indicating declining production. For 2016, our working assumption is a return to normal growing conditions resulting in grain production rising by 5%. Such an increase in 2016, however, would represent a downward revision from our earlier-expected 10% gain that reflected a recovery from a lower base due to greater drought-related decline in 2015.

Labour markets weaken

Weakening economic conditions in the province are consistent with the provincial unemployment rate trending higher through 2015. From a recent low in the fourth quarter of 2014 of 3.6%, the rate has steadily risen to 5.5% by the final quarter of 2015. This weakening trend can in part be attributed to some slowing in employment growth, although the bigger factor has been a surprising strengthening in labour force growth. Weakness has also been evident in the housing sector with starts dropping to 5,100 units in 2015 from the 8,300 that prevailed in both 2014 and 2013. Our expectation is that starts will total 5,500 this year before recovering modestly in 2017 to 6,500.



Manitoba

Province to outpace national growth

We expect Manitoba's economy to grow by 2.2% this year following an expected 1.8% expansion in 2015. Although the 2.2% in 2016 represents a modest pace of growth, it is above the national average of 1.7%. Manitoba is less adversely affected by the slide in oil prices, because energy production constitutes a much smaller component of its economy compared to Saskatchewan and Alberta. Although Manitoba's industries supplying goods and services to the energy sector have been negatively affected, many other industries are well positioned to benefit from lower oil prices both domestically, from lower energy costs, and externally, from the attendant boost to US growth and weakening Canadian dollar. While admittedly these supportive factors have been slow to materialize, some tentative evidence of such has started to emerge late in 2015. We believe that these supportive factors will intensify and contribute to a strengthening in economic growth in the province both this year to 2.2% and in 2017 to 2.7%.

Export growth is strengthening

Nominal export growth in Manitoba, excluding energy and agricultural products, has been quite volatile on a monthly basis during 2015; however, a strengthening trend has been apparent during the last three quarters, with export growth in the fourth quarter of 2015 managing to move upward into double digits. This strengthening trend reflects relatively broad-based gains among a number of components and led by motor vehicles and parts, electronic equipment, and consumer goods.

Manufacturing showing tentative signs of growth

It has been the case that manufacturing sub-sectors, such as transportation equipment and furniture production, have benefitted from strengthening export growth; however, during much of 2015, weakening demand from the energy sector in Manitoba's neighbouring provinces has seemingly been weighing on other manufacturing areas, such as fabricated metal production and machinery manufacturing, that have more than offset rising external demand. Encouragingly, the weakness in machinery appeared to ease as the year progressed, particularly in the final quarter of 2015. This helped contribute to growth in overall manufacturing sales turning modestly positive in the fourth quarter, which represented the first quarterly increase in 2015. Our forecast assumes that the strong foreign demand will increasingly offset the weakness emanating from the energy sector, thereby allowing growth in the manufacturing sector to trend modestly higher going forward.

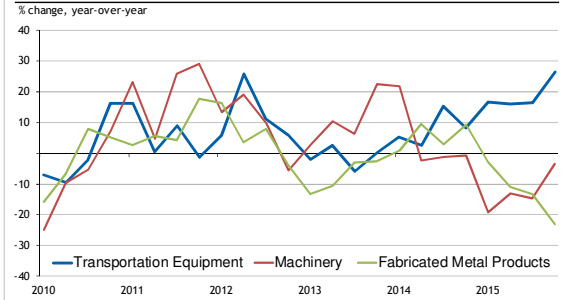
Agriculture and base-metal mining to continue to grow

Among Manitoba's natural resource sectors, the sizeable non-energy mining industry posted a solid increase in production in 2015, which was made possible by a recent expansion in productive capacity. We expect growth in non-energy mining to continue in 2016 albeit at a moderate pace. Meanwhile, the province's oil production is likely to be cut back significantly in 2016 in the face of oil prices remaining low. We expect agriculture production to continue to increase this year although at a moderate pace of 2% compared to the strong 6% rise that we have estimated for 2015—growing conditions in Manitoba were less adversely affected by the dry weather that hampered harvests in Saskatchewan and Alberta.

Large hydro projects to support construction

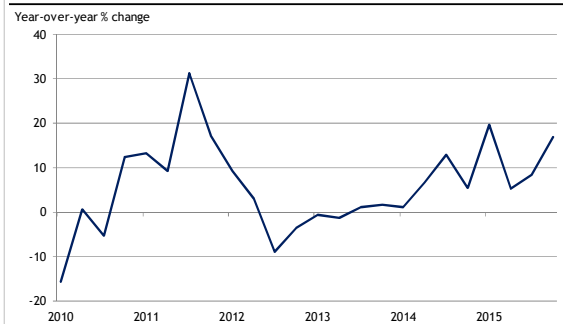
The construction sector is expected to provide continued underlying support to growth in the province both this year and next. This expectation mainly reflects expenditure by Manitoba Hydro on two major projects, namely the Bipole III transmission line and the Keeyask generating station. Further support to construction will come from the recent commencement of work on a large commercial and residential development in downtown Winnipeg.

Manitoba: Manufacturing sales



Source: Statistics Canada, RBC Economics Research

Manitoba: Exports excluding energy and agricultural products



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	2.2	2.7
Nominal GDP	6.4	3.5	3.5	2.8	3.7	5.2
Employment	1.6	0.7	0.1	1.6	0.5	1.1
Unemployment rate (%)	5.3	5.4	5.4	5.6	5.4	5.0
Retail sales	1.3	3.9	4.3	1.3	4.1	4.2
Housing starts (units)	7,242	7,465	6,220	5,501	5,900	6,500
Consumer price index	1.6	2.3	1.8	1.2	2.0	2.4

Paul Ferley
Assistant Chief Economist

Maintaining a fairly quick pace

We expect Ontario’s economy to keep cruising at one of the better speeds among the provinces in 2016. We see growth in the province finding support from rising exports and fairly solid demand within the province from both private and public sources. Ontario exporters stand to benefit increasingly from the low value of the Canadian dollar and expanding US consumer demand, despite intense competition from other global players. At home, activity will be stimulated by still-low interest rates, a confident household sector, rising business investment, and increased public infrastructure building. We project Ontario’s economy will grow at a rate of 2.3% this year, which would be only marginally weaker than the upwardly revised rate of 2.5% that we now estimate for 2015. Our outlook for 2017 calls for slight re-acceleration of the pace to 2.6%.

Quite solid momentum in 2015...

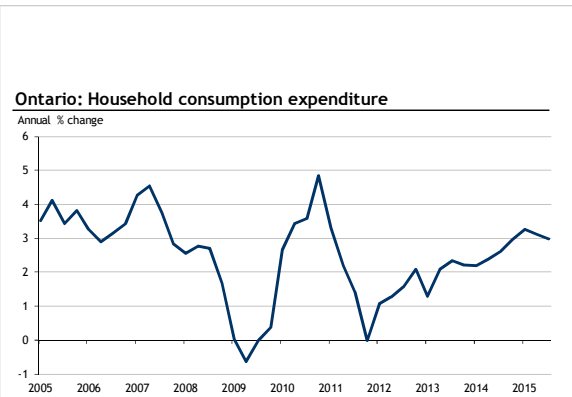
There is evidence that Ontario’s economy carried a little more momentum last year than we previously thought, which bodes well for further expansion in 2016. Real GDP estimates from the Ontario Ministry of Finance published in January 2016 showed a strong 3.5% growth (annualized) in the third quarter of 2015, as well as upwardly revised growth estimates in the previous eight quarters. These statistics paint a fairly positive picture for the provincial economy last year, with Ontario households boosting their spending by more than 3% in the first three quarters of 2015 (including a strong increase in durable goods reflecting record new motor vehicle sales) and business non-residential investment rising by 7%. While we believe that the pace slowed in the fourth quarter, greater than anticipated strength earlier in the year prompted us to boost our growth estimate for 2015 to 2.5% from 2.1% previously.

...expected to carry into 2016

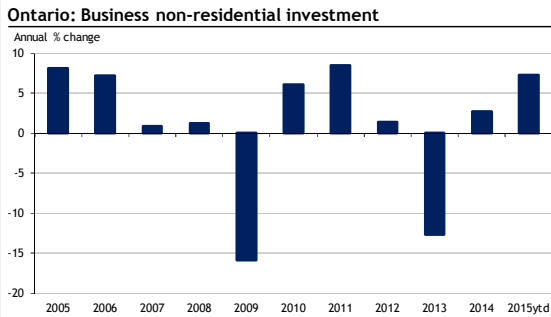
One part of the provincial economy that has not been as strong as we hoped was exports. Ontario’s exports of goods and services rose by a meagre 0.6% in the first three quarters of 2015, far less than we expected. This weakness reflected a poor start to the year, and there were signs that exports began to strengthen by mid-year. We expect further traction in exports to occur in 2016, as Ontario exporters increasingly capitalize on opportunities arising from the lower Canadian dollar. We believe that stronger exports will be a new element in Ontario’s economic mix this year that will greatly offset the effect of maturation in the province’s housing boom, which contributed substantially to provincial growth in recent years. We expect both home resale and new home construction activity to be effectively flat in 2016 albeit at elevated levels.

Early provincial budget shows progress toward reducing the deficit

The Ontario government released its 2016 budget on February 25 or almost two months earlier than the 2015 budget. In it, the government reported a material reduction in its budget deficit in 2015–16 to \$5.7 billion from the \$10.3 billion shortfall recorded in 2014–15, and projected a further reduction to \$4.3 billion in 2016–17 thanks to a mix of solid revenue growth and restrained expenditures. Provincial revenues included a new source in the form of carbon emission cap-and-trade auction proceeds that should contribute \$0.5 billion in 2016–17—rising to \$1.9 billion in 2017–18. The government remains committed to balancing its books by 2017–18.



Source: Ontario Ministry of Finance, RBC Economics Research



Source: Ontario Ministry of Finance, 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	2.5	2.3	2.6
Nominal GDP	3.1	1.9	4.1	3.8	4.1	4.4
Employment	0.7	1.8	0.8	0.7	1.3	1.0
Unemployment rate (%)	7.9	7.6	7.3	6.8	6.3	5.9
Retail sales	1.6	2.3	5.0	4.6	4.5	4.2
Housing starts (units)	76,742	61,085	59,134	70,156	69,700	63,000
Consumer price index	1.4	1.1	2.3	1.2	1.7	2.2

Robert Hogue
Senior Economist



Bumpy transition to stronger growth

Despite a disappointing handoff to 2016, we continue to expect that the Quebec economy will pick up its pace modestly this year. We believe that some of the factors that held growth back in 2015—including weak business investment—will have a lesser restraining effect in 2016, thereby clearing the way for expanding sectors such as exports to have a larger positive effect on overall performance. The low value of the Canadian dollar and reasonably healthy conditions in the US and Ontario markets, in our view, will form a solid basis for further gains in Quebec exports, which along with steady increases in household spending—supported by renewed momentum in the provincial job market—and a modest rise in business investment will be central to our growth story in the province in 2016. Nonetheless, recent economic indicators have been weaker than we expected and have prompted us to revise downwardly our growth estimate for 2015 to 1.0% from 1.3% previously and forecast for 2016 to 1.4% from 1.9%. We expect further acceleration to 1.8% in 2017.

Weak ending to 2015 tempers the outlook for 2016

Recently released indicators showed a disappointing slowdown in activity in the province in the late stages of 2015. Estimates from the Institut de la statistique du Québec (ISQ) showed that real GDP fell in both October and November, which suggests that Quebec’s economy probably contracted in the fourth quarter. Weakness was most evident in goods-producing sectors with mining, manufacturing, and construction all on pace to register quarterly declines. Our scenario for the province counted on a fairly solid finish to 2015 to launch the economy onto a stronger growth path in 2016. Given this bump on the road, we now expect this launch to be delayed until later in 2016.

Business investment to finally regain its footing?

One of the sectors representing a regular source of weakness in the province during the past many years—including in 2015—has been business investment in non-residential structures and machinery and equipment (M&E). Declines in this sector subtracted 0.3 percentage points from provincial growth in the first three quarters of 2015. Since 2011, business spending on non-residential structures and M&E has fallen by more than 15% to the lowest level in 12 years in the third quarter of 2015. We believe that this degree of weakness is overdone and that 2016 will see firms beginning to boost their spending in the province as they run against capacity constraints.

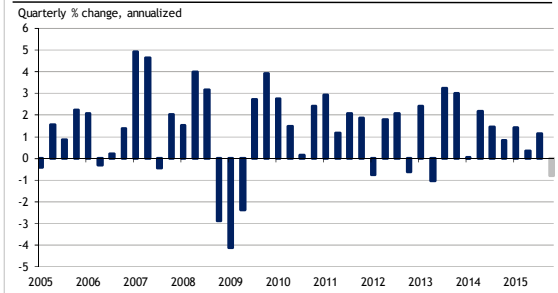
Improved job prospects

A more positive development in 2015 was the resumption of job creation in the province. Particularly encouraging was the fact that new hires were predominantly in full-time positions. We expect employment to continue to grow at a moderate rate of 0.8% in 2016 (down marginally from 0.9% in 2015), which would maintain positive support for household spending.

Upcoming provincial budget expected to confirm balance

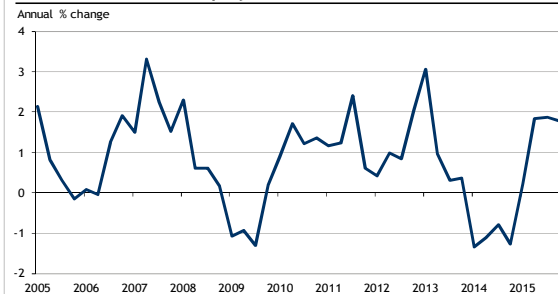
The Quebec government will unveil on March 17 a 2016 budget that is widely expected to confirm the elimination of the provincial deficit in 2015–16 and the maintenance of balance in 2016–17. Monthly budget updates published by the Quebec Ministry of Finance show that the government was solidly on track in the first eight months of the 2015–16 fiscal year to accomplish its goal. We believe that a balanced budget would be positive for confidence of both consumers and businesses, following years of belt tightening in the province.

Quebec: Real GDP



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

Quebec: Full-time employment



Source: Statistics Canada, RBC Economics Research

Quebec forecast at a glance

% change unless otherwise indicated	2012						2013						2014						2015F						2016F						2017F					
	Q1	Q2	Q3	Q4	YTD	Annual	Q1	Q2	Q3	Q4	YTD	Annual	Q1	Q2	Q3	Q4	YTD	Annual	Q1	Q2	Q3	Q4	YTD	Annual	Q1	Q2	Q3	Q4	YTD	Annual	Q1	Q2	Q3	Q4	YTD	Annual
Real GDP	1.0	1.2	1.5	1.0	1.0	1.4	1.0	1.2	1.5	1.0	1.0	1.4	1.0	1.2	1.5	1.0	1.0	1.4	1.0	1.2	1.5	1.0	1.0	1.4	1.0	1.2	1.5	1.0	1.0	1.4	1.0	1.2	1.5	1.0	1.0	1.4
Nominal GDP	2.7	2.0	2.5	2.0	2.0	3.0	2.7	2.0	2.5	2.0	2.0	3.0	2.7	2.0	2.5	2.0	2.0	3.0	2.7	2.0	2.5	2.0	2.0	3.0	2.7	2.0	2.5	2.0	2.0	3.0	2.7	2.0	2.5	2.0	2.0	3.0
Employment	0.8	1.4	0.0	0.9	0.8	0.7	0.8	1.4	0.0	0.9	0.8	0.7	0.8	1.4	0.0	0.9	0.8	0.7	0.8	1.4	0.0	0.9	0.8	0.7	0.8	1.4	0.0	0.9	0.8	0.7	0.8	1.4	0.0	0.9	0.8	0.7
Unemployment rate (%)	7.7	7.6	7.7	7.6	7.7	7.3	7.7	7.6	7.7	7.6	7.7	7.3	7.7	7.6	7.7	7.6	7.7	7.3	7.7	7.6	7.7	7.6	7.7	7.3	7.7	7.6	7.7	7.6	7.7	7.3	7.7	7.6	7.7	7.6	7.7	7.3
Retail sales	1.2	2.5	1.7	1.0	3.8	3.9	1.2	2.5	1.7	1.0	3.8	3.9	1.2	2.5	1.7	1.0	3.8	3.9	1.2	2.5	1.7	1.0	3.8	3.9	1.2	2.5	1.7	1.0	3.8	3.9	1.2	2.5	1.7	1.0	3.8	3.9
Housing starts (units)	47,367	37,758	38,810	37,926	35,900	34,500	47,367	37,758	38,810	37,926	35,900	34,500	47,367	37,758	38,810	37,926	35,900	34,500	47,367	37,758	38,810	37,926	35,900	34,500	47,367	37,758	38,810	37,926	35,900	34,500	47,367	37,758	38,810	37,926	35,900	34,500
Consumer price index	2.1	0.8	1.4	1.1	1.6	2.3	2.1	0.8	1.4	1.1	1.6	2.3	2.1	0.8	1.4	1.1	1.6	2.3	2.1	0.8	1.4	1.1	1.6	2.3	2.1	0.8	1.4	1.1	1.6	2.3	2.1	0.8	1.4	1.1	1.6	2.3

Robert Hogue
Senior Economist

Stuck in the slow lane

New Brunswick is expected to be among the slower-growing provincial economies in 2016 with a growth rate of 0.4%. This forecast represents continuation of lacklustre economic performance since 2010 and a downgrade from expected growth of 1.0% in 2015. Our near-term outlook reflects the announced closure of a prominent potash mine and a tough provincial budget, which come amid demographic challenges and a declining path of investment spending. We continue to expect that exports will be a key growth driver during our forecast period and will contribute to acceleration of growth to a still-modest 0.6% in 2017.

Charting a path to balanced budget

In early 2015, the province launched a Strategic Program Review to identify the measures needed to close an estimated \$600 million structural deficit. The results were a host of recommendations, many of which found their way into the recently released budget, including a 2 percentage point increase in the provincial portion of the Harmonized Sales Tax (HST), elimination of a number of managerial positions in the public sector, and consolidation of government operations and programs. The upshot is that revenue growth is expected to outpace expenditure growth and return the province to surplus during a five-year horizon. While many of the included measures will likely subtract from economic growth in the short term, by sapping consumer and government spending, the government maintained its commitment to transportation and other public-infrastructure spending as an ‘important stimulus’ in the midst of a fragile economy.

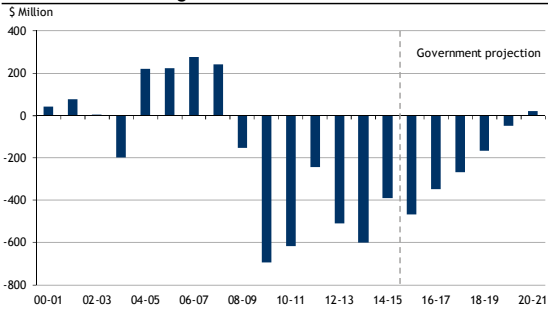
Growth drivers remain absent...

The government’s commitment to infrastructure spending will help offset a re-trenchment of investment by the private sector. Following a turnaround project at the Saint John refinery in late 2015 and the gradual winding down of investments in primary industries, we expect private-sector investment to decline during the forecast horizon. We expect that those prior investments in production capacity, however, will support growth in the province’s non-energy exports during our forecast period, although the recently announced closure of the Picadilly potash mine has tempered our outlook. While other metal mines remain in ramp-up mode, the Picadilly mine’s closure will weigh on growth in both 2016 and 2017, as it is phased out and temporary relief measures offered by the mine’s operator are exhausted.

...as jobs and the workforce dwindle

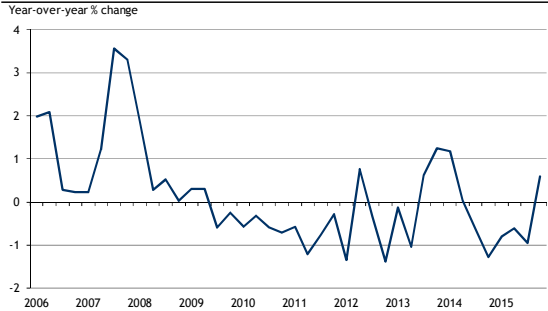
Since the December 2015 edition of our Provincial Outlook, adverse economic conditions have gathered in New Brunswick, and we now expect employment to be flat to down during the forecast period; however, the labour force should also contract as the pool of working-age adults continues to decline, thereby keeping the unemployment rate relatively stable during 2017. New Brunswick’s perennially modest economic and employment growth is largely tied to these demographic trends, because fewer workers translate into less demand for consumer goods and new housing construction, and a shrinking tax base constrains government spending.

New Brunswick: Budget balance



Source: Statistics Canada, RBC Economics Research

New Brunswick: Employment



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	0.4	0.6
Nominal GDP	0.7	0.4	0.6	2.7	2.0	2.5
Employment	-0.7	0.4	-0.2	-0.6	-0.3	-0.2
Unemployment rate (%)	10.2	10.3	10.0	9.8	9.5	9.5
Retail sales	-0.7	0.7	3.8	3.3	2.2	2.4
Housing starts (units)	3,299	2,843	2,276	1,995	1,600	1,900
Consumer price index	1.7	0.8	1.5	0.5	1.8	2.4

Gerard Walsh
Economist

Modest growth carries on

Modest and broad-based economic growth is expected to continue in Nova Scotia in 2016. The province’s economy will benefit from rising external demand (mainly from the US), and a continuation of construction and shipbuilding activity centred on Halifax. These sources of growth come amid a continued decline in provincial natural gas production and indications of weak wage and employment growth ahead, which will restrain growth in consumer spending and challenge domestically oriented industries. We project Nova Scotia’s real GDP growth to accelerate to 1.3% in 2016 before moderating to 1.1% in 2017.

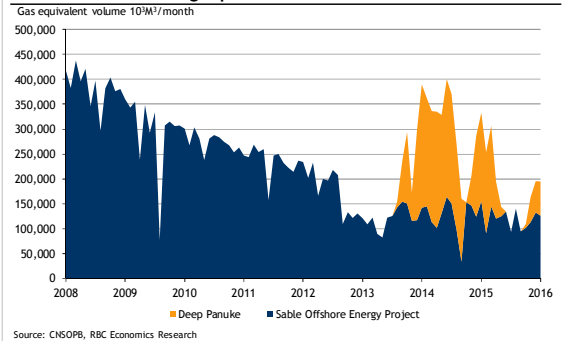
Energy dwindles, but exports and shipbuilding deliver a double-barrelled boost to manufacturing

Declining natural gas production was a substantial drag on exports in 2015, but its effect will be smaller this year. In 2015, the Deep Panuke natural gas facility became a seasonal operation, supplying gas only during the more lucrative winter months. The mature Sable Offshore Energy Project is expected to see ongoing production declines as it heads toward decommissioning as early as 2017. Despite low natural prices, exploration and drilling activity for new gas deposits continue offshore as part of a \$2 billion commitment by major energy companies, which create upside potential for the industry in the longer term (past our forecast horizon). Steep declines in natural gas exports in recent years now mean that they represent only a small fraction of overall exports. Meanwhile, other export categories have posted steady gains during the same period. Supported by favourable macroeconomic conditions in the US and a weak Canadian dollar, non-energy exports in general should build on the solid 13% gain recorded in 2015, and manufacturers in particular stand to benefit from recent investments in tire and aerospace plants around the province. In Halifax, production is underway on the first ships in the multi-decade, \$25-billion contract to build a new fleet for the Royal Canadian Navy, and this work is spurring demand for a host of industries including fabricated metal manufacturing.

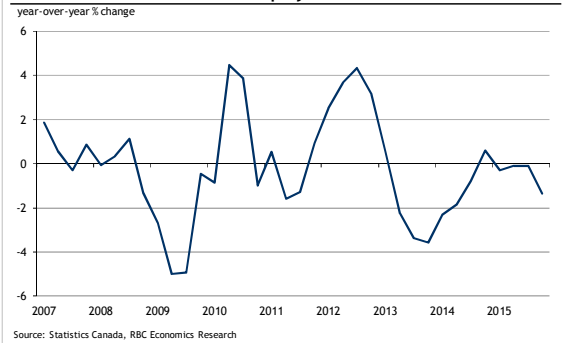
Labour markets to feel the pinch

Nova Scotia has seen a pickup in wage and salary growth in recent years, but the outlook for future gains has dimmed amid efforts by the provincial government to contain public-sector wage growth prompted by the need to control provincial expenditures. Overall employment in the province edged marginally higher in 2015 thanks to hiring in the public sector, but further gains are unlikely because the government remains in restraint mode. The private sector is unlikely to take up the slack, as growth in the construction and manufacturing sectors this year are offset by weakness in the services sector in the face of slower growth in retail sales and consumer spending. The gradual decline that we forecast in employment would coincide with a fall in the provincial unemployment rate, because we expect that Nova Scotia’s labour force will decline by a greater extent. While Nova Scotia’s participation rates among younger people remain near the Canadian average, the number of working-age adults and their share of the population are in decline, thereby depleting the labour force.

Nova Scotia: Natural gas production



Nova Scotia: Private-sector employment

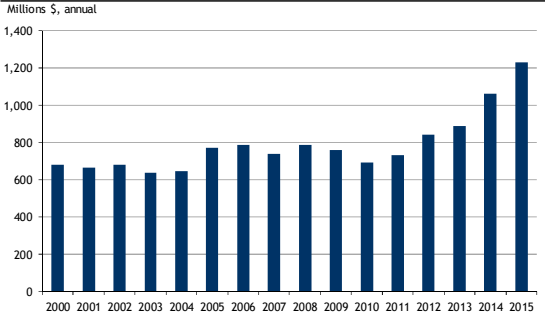


Nova Scotia forecast at a glance

% change unless otherwise indicated						
	2012	2013	2014	2015F	2016F	2017F
Real GDP	-0.9	0.0	0.6	0.9	1.3	1.1
Nominal GDP	0.5	2.0	1.3	2.0	3.1	3.1
Employment	1.0	-1.1	-1.1	0.1	-0.2	0.0
Unemployment rate (%)	9.1	9.1	8.9	8.6	8.4	8.1
Retail sales	1.0	2.9	2.3	0.2	2.5	2.9
Housing starts (units)	4,522	3,919	3,056	3,825	3,200	3,000
Consumer price index	1.9	1.2	1.7	0.4	1.5	2.5

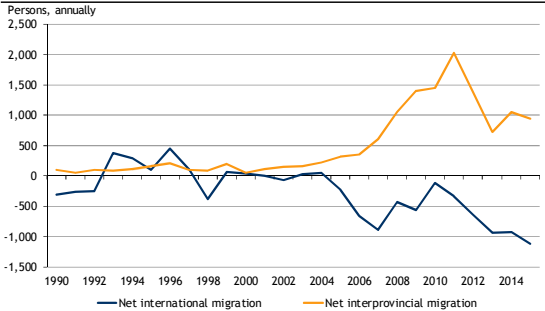
Gerard Walsh
Economist

Prince Edward Island: Merchandise exports



Source: Statistics Canada, RBC Economics Research

Prince Edward Island: Migration of working-age adults



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	1.5	1.2	0.9
Nominal GDP	2.7	3.8	3.8	3.5	2.8	2.9
Employment	1.7	1.4	-0.1	-1.2	-0.4	0.0
Unemployment rate (%)	11.1	11.5	10.6	10.5	10.2	10.2
Retail sales	3.2	0.8	3.3	2.5	3.0	2.6
Housing starts (units)	941	636	511	558	570	800
Consumer price index	2.0	2.0	1.6	-0.6	1.6	2.5

Gerard Walsh
Economist

Exports to sustain stable growth

The key growth driver on Prince Edward Island in recent years has been exports, and going forward, exporters will continue to make a large contribution to overall growth. The macroeconomic climate and low Canadian dollar remain supportive of this trend, and a strong handoff from 2015 puts exports on track for further growth this year. On the domestic side of the provincial economy, spending restraint at the provincial government level and demographic challenges are poised to restrain growth during our forecast period. We project real GDP to expand by 1.2% in 2016 before moderating to 0.9% in 2017.

Export growth remains buoyant...

Since the December 2015 *Provincial Outlook*, a full year of export data have become available and show that nominal merchandise exports grew by 16% in 2015 to \$1.2 billion, driven by broad-based gains in food products (up 11%) and non-food manufactured products (up 22%). With US demand expected to remain firm and the Canadian dollar supportive during our forecast period, exports and tourism should provide a lift to overall growth in 2016. Looking to 2017, we expect that exports will continue to expand but at a somewhat slower pace, which would contribute to a mild slowdown in overall growth.

...and will help lessen employment losses

Despite having the strongest estimated GDP growth in Atlantic Canada in 2015, employment continues to grind lower in PEI. The main culprit is the private sector, which saw job losses in all goods-producing industries except manufacturing, which continued to be a bright spot for job creation in 2015. Looking ahead, we expect export gains to continue to support hiring in manufacturing, but weakness in other sectors will push overall employment growth negative again in 2016. The unemployment rate, which has hovered near 10% in recent months, will remain near its current level, as declining employment is matched by a declining labour force.

Migration trends contribute to slowing population growth

Since 2012, the pace of international immigration to PEI has cooled and out-migration to other provinces has picked up, thereby causing a major drag on labour force growth. In the year to June 2015, net outmigration of working-age adults to other provinces rose to 1,100, or 1.2% of the working-age population, and international immigration provided only a partial offset to this outflow. The pickup in outmigration of younger individuals is exacerbating the ageing of the population, and with time, this saps demand for housing, lowers consumer spending, and shrinks the tax base. In the near term, the provincial government has projected a lower path of capital spending during a five-year horizon and is maintaining a tight grip on spending growth in pursuit of budget balance in 2016–17.

Newfoundland & Labrador

A sobering outlook for the years ahead

Declining oil prices and production took a severe toll on overall growth in 2015, initially affecting the oil sector but ultimately spilling over to the rest of the economy. This year, oil production is poised to be relatively stable, but low oil prices will continue to subtract from growth through their effect on incomes across the corporate, household, and government sectors. Weakness stemming from oil will hit the provincial economy at the same time that major construction projects will wrap up and, therefore, reduce their contribution to economic activity during our forecast period. After declining by an estimated 3.5% in 2015, we expect real GDP will slip again by 0.1% in 2016 and by a further 0.8% in 2017 as falling investment exert a dominant influence.

Big projects begin to wrap up...

Investment spending in Newfoundland and Labrador will wind down significantly during the next two years, as the Muskrat Falls and Hebron projects near completion. There will be some offset from smaller resource development projects around the province, including ongoing offshore drilling activity in the Flemish Pass, but low oil and iron ore prices are causing the timetables for resource development projects to be pushed outward. The decline in investment is the key driver in our forecast for the next two years and implies a negative outlook for a construction sector, which is also facing declining residential activity. There has been a steady decline in housing starts since 2012, and there are indications that further weakness could be expected: average resale prices are in decline, the market remains tilted in favour of buyers, and the working-age population is shrinking at an accelerated rate.

...as the government and wider economy feel the bite of lower oil

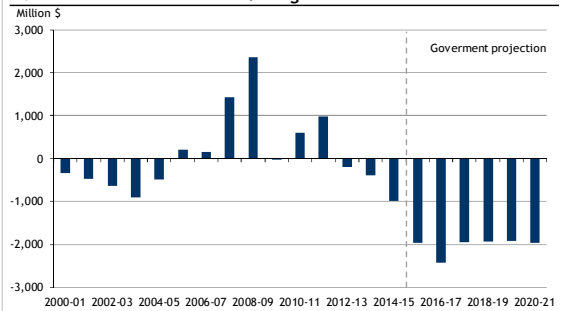
In late December 2015, the provincial government released the 2015 Economic and Fiscal Update, which reflected expectations of lower oil production and prices resulting in an expected deficit of nearly \$2 billion in 2015–16, which would be up from an expected \$1.1 billion in the April 2015 budget. Absent action by government to reduce the deficit or funds from the federal government’s Fiscal Stabilization Program, the combined effect of lower oil revenues, weaker economy, and higher interest expenses on government debt is expected to result in more than \$10 billion in cumulative deficits from 2016–17 to 2020–21. The upcoming 2016 budget will detail the government’s plan to tackle this very tough predicament, and we expect that cost containment measures will feature prominently. The upshot is that limited contribution to growth is likely to come from the public sector going forward. Led by primary industries, private-sector job losses mounted in the last quarter of 2015, thereby setting the stage for further job losses this year. In 2017, we forecast that falling investment spending and fiscal restraint will cause further employment declines, thereby putting upward pressure on the unemployment rate, which we expect to remain the highest among the provinces through 2017.

Newfoundland and Labrador: Employment



Source: Statistics Canada, RBC Economics Research

Newfoundland and Labrador: Budget balance



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	-0.1	-0.8
Nominal GDP	-4.5	9.2	-4.2	-10.3	-1.1	5.2
Employment	3.8	0.8	-1.7	-1.0	-1.5	-2.0
Unemployment rate (%)	12.3	11.6	11.9	12.8	13.4	14.5
Retail sales	4.5	5.0	3.4	0.4	0.9	0.7
Housing starts (units)	3,885	2,862	2,119	1,697	1,500	1,500
Consumer price index	2.1	1.7	1.9	0.4	1.7	2.4

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	15	16F	17F	14	15	16F	17F	14	15	16F	17F	14	15	16F	17F	14	15	16F	17F
N. & L.	-2.0	-3.5	-0.1	-0.8	-4.2	-10.3	-1.1	5.2	-1.7	-1.0	-1.5	-2.0	11.9	12.8	13.4	14.5	2.1	1.7	1.5	1.5	3.4	0.4	0.9	0.7	1.9	0.4	1.7	2.4
P.E.I.	1.5	1.5	1.2	0.9	3.8	3.5	2.8	2.9	-0.1	-1.2	-0.4	0.0	10.6	10.5	10.2	10.2	0.5	0.6	0.6	0.8	3.3	2.5	3.0	2.6	1.6	-0.6	1.6	2.5
N.S.	0.6	0.9	1.3	1.1	1.3	2.0	3.1	3.1	-1.1	0.1	-0.2	0.0	8.9	8.6	8.4	8.1	3.1	3.8	3.2	3.0	2.3	0.2	2.5	2.9	1.7	0.4	1.5	2.5
N.B.	-0.3	1.0	0.4	0.6	0.6	2.7	2.0	2.5	-0.2	-0.6	-0.3	-0.2	10.0	9.8	9.5	9.5	2.3	2.0	1.6	1.9	3.8	3.3	2.2	2.4	1.5	0.5	1.8	2.4
QUE.	1.5	1.0	1.4	1.8	2.5	2.0	3.0	3.6	0.0	0.9	0.8	0.7	7.7	7.6	7.7	7.3	38.8	37.9	35.9	34.5	1.7	1.0	3.8	3.9	1.4	1.1	1.6	2.3
ONT.	2.7	2.5	2.3	2.6	4.1	3.8	4.1	4.4	0.8	0.7	1.3	1.0	7.3	6.8	6.3	5.9	59.1	70.2	69.7	63.0	5.0	4.6	4.5	4.2	2.3	1.2	1.7	2.2
MAN.	2.3	1.8	2.2	2.7	3.5	2.8	3.7	5.2	0.1	1.6	0.5	1.1	5.4	5.6	5.4	5.0	6.2	5.5	5.9	6.5	4.3	1.3	4.1	4.2	1.8	1.2	2.0	2.4
SASK.	1.9	-0.8	1.2	2.4	-0.9	-4.8	2.0	6.7	1.0	0.5	-0.5	0.5	3.8	5.0	6.9	6.6	8.3	5.1	5.5	6.5	4.6	-2.9	1.6	3.8	2.4	1.6	2.1	2.8
ALTA.	4.8	-1.8	-1.6	2.0	9.1	-10.6	-3.7	10.2	2.2	1.2	-1.4	1.4	4.7	6.0	7.8	7.1	40.6	37.3	23.7	24.0	7.5	-3.7	-1.0	2.5	2.6	1.2	1.5	2.1
B.C.	3.2	2.8	2.9	2.7	4.7	4.0	4.5	5.8	0.6	1.2	1.9	0.8	6.1	6.2	6.1	6.0	28.4	31.4	35.5	31.3	5.6	6.8	4.6	4.3	1.0	1.1	1.8	2.1
CANADA	2.5	1.2	1.7	2.3	4.3	0.6	2.9	5.6	0.6	0.8	0.7	0.9	6.9	6.9	7.0	6.7	189	196	183	173	4.6	2.2	3.2	3.8	2.0	1.1	1.7	2.3

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)	52,347	35,071	37,944	37,685	40,670	47,402	45,539	56,249	77,680	48,048
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, 2009-15, %)	1.9	1.4	-0.1	-0.5	1.2	1.5	1.2	1.8	2.5	1.0
Employment rate (Jan. 2016, %)	53.1	60.5	57.0	56.7	59.7	60.6	64.1	67.0	67.8	60.1
Discomfort index (inflation + unemp. rate, Jan. 2016)	13.7	9.1	8.1	9.3	8.3	7.7	7.3	7.1	8.0	7.7
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	229,108	235,844	242,212
	% change	0.7	-2.4	2.7	3.0	2.5	2.1	3.2	2.8	2.9	2.7
Nominal GDP	\$ millions	204,406	196,250	205,117	216,786	221,414	226,605	237,188	246,696	257,759	272,660
	% change	3.1	-4.0	4.5	5.7	2.1	2.3	4.7	4.0	4.5	5.8
Employment	thousands	2,242	2,192	2,223	2,228	2,262	2,266	2,278	2,306	2,350	2,369
	% change	1.6	-2.2	1.4	0.2	1.6	0.1	0.6	1.2	1.9	0.8
Unemployment rate	%	4.6	7.7	7.6	7.5	6.8	6.6	6.1	6.2	6.1	6.0
Retail sales	\$ millions	57,794	55,288	58,251	60,090	61,255	62,734	66,273	70,760	73,999	77,177
	% change	1.5	-4.3	5.4	3.2	1.9	2.4	5.6	6.8	4.6	4.3
Housing starts	units	34,321	16,077	26,479	26,400	27,465	27,054	28,356	31,446	35,500	31,300
	% change	-12.4	-53.2	64.7	-0.3	4.0	-1.5	4.8	10.9	12.9	-11.8
Consumer price index	2002=100	112.3	112.3	113.8	116.5	117.8	117.7	118.9	120.2	122.3	124.8
	% change	2.1	0.0	1.4	2.3	1.1	-0.1	1.0	1.1	1.8	2.1

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	314,351	309,321	315,508
	% change	1.6	-5.5	4.9	6.4	3.9	5.1	4.8	-1.8	-1.6	2.0
Nominal GDP	\$ millions	296,072	245,690	270,049	299,521	312,485	344,452	375,756	335,834	323,521	356,390
	% change	13.5	-17.0	9.9	10.9	4.3	10.2	9.1	-10.6	-3.7	10.2
Employment	thousands	2,054	2,030	2,024	2,100	2,172	2,226	2,275	2,301	2,269	2,300
	% change	3.2	-1.2	-0.3	3.7	3.5	2.5	2.2	1.2	-1.4	1.4
Unemployment rate	%	3.6	6.5	6.6	5.4	4.6	4.6	4.7	6.0	7.8	7.1
Retail sales	\$ millions	61,620	56,489	59,849	63,945	68,408	73,109	78,582	75,692	74,912	76,781
	% change	0.2	-8.3	5.9	6.8	7.0	6.9	7.5	-3.7	-1.0	2.5
Housing starts	units	29,164	20,298	27,088	25,704	33,396	36,011	40,590	37,282	23,700	24,000
	% change	-39.7	-30.4	33.5	-5.1	29.9	7.8	12.7	-8.1	-36.4	1.3
Consumer price index	2002=100	121.6	121.5	122.7	125.7	127.1	128.9	132.2	133.7	135.7	138.5
	% change	3.2	-0.1	1.0	2.4	1.1	1.4	2.6	1.2	1.5	2.1

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	62,622	63,373	64,894
	% change	5.3	-5.3	4.7	5.3	1.7	5.8	1.9	-0.8	1.2	2.4
Nominal GDP	\$ millions	67,619	60,080	63,368	74,821	77,957	83,496	82,780	78,814	80,397	85,785
	% change	29.1	-11.1	5.5	18.1	4.2	7.1	-0.9	-4.8	2.0	6.7
Employment	thousands	517	526	531	536	548	565	571	574	571	574
	% change	2.5	1.6	1.0	0.9	2.4	3.1	1.0	0.5	-0.5	0.5
Unemployment rate	%	4.0	4.9	5.3	4.9	4.7	4.1	3.8	5.0	6.9	6.6
Retail sales	\$ millions	14,676	14,605	15,103	16,199	17,405	18,301	19,143	18,588	18,892	19,610
	% change	11.8	-0.5	3.4	7.3	7.4	5.1	4.6	-2.9	1.6	3.8
Housing starts	units	6,828	3,866	5,907	7,031	9,968	8,290	8,257	5,149	5,500	6,500
	% change	13.7	-43.4	52.8	19.0	41.8	-16.8	-0.4	-37.6	6.8	18.2
Consumer price index	2002=100	115.9	117.1	118.7	122.0	123.9	125.7	128.7	130.8	133.5	137.2
	% change	3.2	1.1	1.3	2.8	1.6	1.4	2.4	1.6	2.1	2.8

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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	60,656	62,294
	% change	3.7	-0.2	2.5	2.5	3.0	2.4	2.3	1.8	2.2	2.7
Nominal GDP	\$ millions	52,154	50,804	53,308	56,197	59,781	61,897	64,077	65,878	68,338	71,867
	% change	4.9	-2.6	4.9	5.4	6.4	3.5	3.5	2.8	3.7	5.2
Employment	thousands	602	601	609	612	622	626	626	636	639	646
	% change	1.5	-0.2	1.4	0.4	1.6	0.7	0.1	1.6	0.5	1.1
Unemployment rate	%	4.2	5.2	5.4	5.5	5.3	5.4	5.4	5.6	5.4	5.0
Retail sales	\$ millions	14,983	14,920	15,770	16,443	16,652	17,297	18,034	18,266	19,015	19,807
	% change	6.9	-0.4	5.7	4.3	1.3	3.9	4.3	1.3	4.1	4.2
Housing starts	units	5,537	4,174	5,888	6,083	7,242	7,465	6,220	5,501	5,900	6,500
	% change	-3.5	-24.6	41.1	3.3	19.1	3.1	-16.7	-11.6	7.3	10.2
Consumer price index	2002=100	113.4	114.1	115.0	118.4	120.3	123.0	125.3	126.8	129.3	132.3
	% change	2.2	0.6	0.8	2.9	1.6	2.3	1.8	1.2	2.0	2.4

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	664,561	680,112	698,066
	% change	0.0	-3.1	3.0	2.4	1.3	1.3	2.7	2.5	2.3	2.6
Nominal GDP	\$ millions	608,446	597,882	630,989	659,743	680,084	693,210	721,970	749,205	779,770	813,962
	% change	1.1	-1.7	5.5	4.6	3.1	1.9	4.1	3.8	4.1	4.4
Employment	thousands	6,610	6,433	6,538	6,658	6,703	6,823	6,878	6,923	7,015	7,085
	% change	1.0	-2.7	1.6	1.8	0.7	1.8	0.8	0.7	1.3	1.0
Unemployment rate	%	6.6	9.1	8.7	7.9	7.9	7.6	7.3	6.8	6.3	5.9
Retail sales	\$ millions	151,697	148,109	156,276	161,859	164,503	168,253	176,719	184,800	193,058	201,218
	% change	3.9	-2.4	5.5	3.6	1.6	2.3	5.0	4.6	4.5	4.2
Housing starts	units	75,076	50,370	60,433	67,821	76,742	61,085	59,134	70,156	69,700	63,000
	% change	10.2	-32.9	20.0	12.2	13.2	-20.4	-3.2	18.6	-0.6	-9.6
Consumer price index	2002=100	113.3	113.7	116.5	120.1	121.8	123.0	125.9	127.4	129.6	132.4
	% change	2.3	0.4	2.4	3.1	1.4	1.1	2.3	1.2	1.7	2.2

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	337,578	342,439	348,603
	% change	1.9	-0.8	2.1	1.9	1.0	1.2	1.5	1.0	1.4	1.8
Nominal GDP	\$ millions	314,380	314,541	328,138	344,735	354,040	361,211	370,064	377,402	388,580	402,457
	% change	2.7	0.1	4.3	5.1	2.7	2.0	2.5	2.0	3.0	3.6
Employment	thousands	3,883	3,854	3,938	3,976	4,006	4,061	4,060	4,097	4,129	4,157
	% change	1.1	-0.7	2.2	1.0	0.8	1.4	0.0	0.9	0.8	0.7
Unemployment rate	%	7.2	8.6	8.0	7.9	7.7	7.6	7.7	7.6	7.7	7.3
Retail sales	\$ millions	94,816	93,759	99,590	102,556	103,753	106,301	108,137	109,193	113,358	117,787
	% change	4.9	-1.1	6.2	3.0	1.2	2.5	1.7	1.0	3.8	3.9
Housing starts	units	47,901	43,403	51,363	48,387	47,367	37,758	38,810	37,926	35,900	34,500
	% change	-1.3	-9.4	18.3	-5.8	-2.1	-20.3	2.8	-2.3	-5.3	-3.9
Consumer price index	2002=100	112.7	113.4	114.8	118.3	120.8	121.7	123.4	124.7	126.7	129.6
	% change	2.1	0.6	1.3	3.0	2.1	0.8	1.4	1.1	1.6	2.3

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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	28,858	29,031
	% change	0.8	-1.5	2.0	0.2	-1.0	0.4	-0.3	1.0	0.4	0.6
Nominal GDP	\$ millions	28,779	28,857	30,213	31,500	31,723	31,857	32,056	32,931	33,605	34,449
	% change	1.7	0.3	4.7	4.3	0.7	0.4	0.6	2.7	2.0	2.5
Employment	thousands	361	360	358	356	353	355	354	352	351	350
	% change	0.9	-0.2	-0.5	-0.7	-0.7	0.4	-0.2	-0.6	-0.3	-0.2
Unemployment rate	%	8.5	8.7	9.2	9.5	10.2	10.3	10.0	9.8	9.5	9.5
Retail sales	\$ millions	10,018	10,094	10,595	11,103	11,028	11,107	11,528	11,903	12,165	12,457
	% change	6.5	0.8	5.0	4.8	-0.7	0.7	3.8	3.3	2.2	2.4
Housing starts	units	4,274	3,521	4,101	3,452	3,299	2,843	2,276	1,995	1,600	1,900
	% change	0.8	-17.6	16.5	-15.8	-4.4	-13.8	-19.9	-12.3	-19.8	18.8
Consumer price index	2002=100	113.2	113.5	115.9	120.0	122.0	123.0	124.8	125.4	127.7	130.8
	% change	1.7	0.3	2.1	3.5	1.7	0.8	1.5	0.5	1.8	2.4

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	36,563	36,965
	% change	2.0	0.3	2.8	0.5	-0.9	0.0	0.6	0.9	1.3	1.1
Nominal GDP	\$ millions	35,416	34,931	36,849	37,652	37,835	38,576	39,077	39,869	41,090	42,373
	% change	4.3	-1.4	5.5	2.2	0.5	2.0	1.3	2.0	3.1	3.1
Employment	thousands	452	450	451	453	458	453	448	448	447	447
	% change	1.0	-0.5	0.4	0.4	1.0	-1.1	-1.1	0.1	-0.2	0.0
Unemployment rate	%	7.6	9.2	9.6	9.0	9.1	9.1	8.9	8.6	8.4	8.1
Retail sales	\$ millions	12,091	12,105	12,651	13,098	13,223	13,605	13,915	13,947	14,295	14,710
	% change	4.1	0.1	4.5	3.5	1.0	2.9	2.3	0.2	2.5	2.9
Housing starts	units	3,982	3,438	4,309	4,644	4,522	3,919	3,056	3,825	3,200	3,000
	% change	-16.2	-13.7	25.3	7.8	-2.6	-13.3	-22.0	25.2	-16.3	-6.3
Consumer price index	2002=100	115.9	115.7	118.2	122.7	125.1	126.6	128.8	129.3	131.3	134.6
	% change	3.0	-0.1	2.2	3.8	1.9	1.2	1.7	0.4	1.5	2.5

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	5,203	5,267	5,315
	% change	1.1	0.3	2.2	2.0	1.2	2.0	1.5	1.5	1.2	0.9
Nominal GDP	\$ millions	4,754	4,927	5,222	5,424	5,573	5,783	6,003	6,214	6,386	6,569
	% change	2.7	3.6	6.0	3.9	2.7	3.8	3.8	3.5	2.8	2.9
Employment	thousands	69	68	70	72	73	74	74	73	73	73
	% change	0.8	-1.3	2.3	3.1	1.7	1.4	-0.1	-1.2	-0.4	0.0
Unemployment rate	%	10.8	11.9	11.4	11.1	11.1	11.5	10.6	10.5	10.2	10.2
Retail sales	\$ millions	1,703	1,682	1,770	1,866	1,925	1,940	2,005	2,054	2,116	2,172
	% change	5.1	-1.3	5.3	5.4	3.2	0.8	3.3	2.5	3.0	2.6
Housing starts	units	712	877	756	940	941	636	511	558	570	800
	% change	-5.1	23.2	-13.8	24.3	0.1	-32.4	-19.7	9.2	2.2	40.4
Consumer price index	2002=100	117.5	117.3	119.5	123.0	125.5	128.0	130.1	129.3	131.4	134.7
	% change	3.4	-0.1	1.8	2.9	2.0	2.0	1.6	-0.6	1.6	2.5

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	26,699	26,485
	% change	-1.5	-10.1	5.5	2.9	-4.4	5.8	-2.0	-3.5	-0.1	-0.8
Nominal GDP	\$ millions	31,572	25,001	29,085	33,539	32,032	34,991	33,514	30,074	29,744	31,276
	% change	8.6	-20.8	16.3	15.3	-4.5	9.2	-4.2	-10.3	-1.1	5.2
Employment	thousands	221	215	223	232	241	243	239	236	233	228
	% change	1.9	-2.7	3.6	4.1	3.8	0.8	-1.7	-1.0	-1.5	-2.0
Unemployment rate	%	13.3	15.5	14.7	12.6	12.3	11.6	11.9	12.8	13.4	14.5
Retail sales	\$ millions	7,009	7,121	7,453	7,833	8,182	8,589	8,882	8,921	9,001	9,061
	% change	7.4	1.6	4.7	5.1	4.5	5.0	3.4	0.4	0.9	0.7
Housing starts	units	3,261	3,057	3,606	3,488	3,885	2,862	2,119	1,697	1,500	1,500
	% change	23.1	-6.3	18.0	-3.3	11.4	-26.3	-26.0	-19.9	-11.6	0.0
Consumer price index	2002=100	114.3	114.6	117.4	121.4	123.9	126.0	128.4	129.0	131.2	134.3
	% change	2.9	0.3	2.4	3.4	2.1	1.7	1.9	0.4	1.7	2.4

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