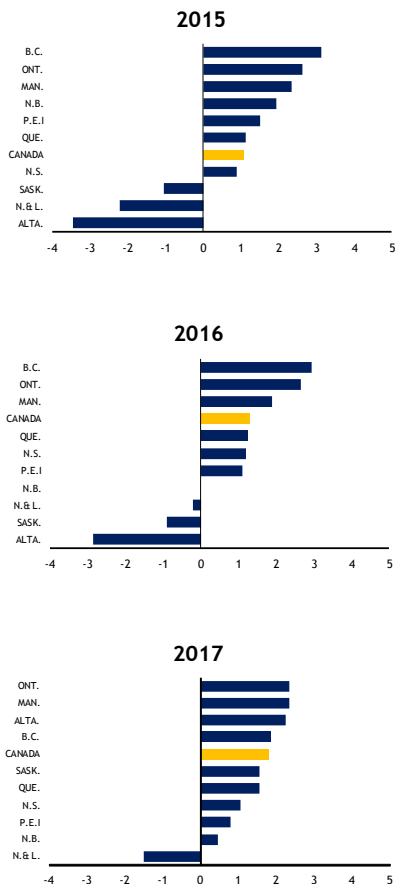


PROVINCIAL OUTLOOK

September 2016

Real GDP growth

% change



Source: Statistics Canada, RBC Economics Research

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Distinct challenges shape growth across the country in 2016

- Statistics published so far this year continue to paint a picture of contrasting growth across provincial economies in 2016.
- Dependence on the oil industry remains a key distinguishing factor with oil-producing provinces struggling amid low revenues and belt-tightening in the private and, in some cases, public sectors, while oil-consuming provinces see growing opportunities afforded by the past depreciation of the Canadian dollar, more competitively priced energy commodities, and low interest rates.
- We expect the economies of Alberta (real GDP falling by 2.9%), Saskatchewan (-0.9%), and Newfoundland and Labrador (-0.2%) to contract further this year, thereby extending these provinces' recessions that started in 2015.
- With the exception of New Brunswick, we expect all other provinces to continue to expand in 2016, albeit varying paces—quite brisk in the case of British Columbia (3.0%) and Ontario (2.7%), but more moderate for Manitoba (1.9%), Quebec (1.3%), Nova Scotia (1.2%), and Prince Edward Island (1.1%).
- We project New Brunswick's economy to be flat (0.0%) in part because of setbacks in its export sector following the shuttering of a mine.
- Downside risks to growth remain present in Alberta, Saskatchewan, and Newfoundland and Labrador owing to 'second-round' effects from employment losses working their way through their economies; however, in Alberta, we expect some of the recent weakness attributable to the wildfires in Fort McMurray to start to reverse during the second half of 2016.
- Our outlook for 2017 shows more balanced growth profiles across the country compared to 2016, with Alberta and Saskatchewan returning to positive growth at one end of the spectrum and moderation of growth in British Columbia at the other end. On the latter province, we have revised our 2017 British Columbia growth forecast downwardly to reflect cooler prospects for the Vancouver housing market in light of recent market and policy developments.

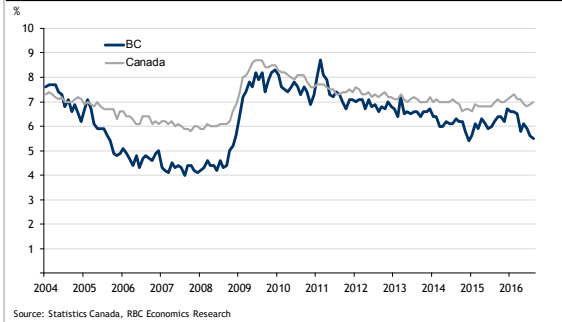
A mixed bag in 2016

Developments to date in 2016 can best be described as a mixed bag for provincial economies. To be sure, there was some encouraging news including impressive employment gains in British Columbia and, to a lesser extent, Ontario, as well as indications that consumers kept the wallets open in several provinces; however, the news remained predominantly grim in parts of the country struggling with a recession. In Alberta, the wildfires in May delivered yet another blow to an economy already facing one of its steeper downturn in modern times. Beyond the challenges continuing to plague oil-producing provinces, momentum appeared to slow this spring in several oil-consuming provinces, including Ontario, Quebec, and Manitoba. Accordingly, we have revised our 2016 growth forecasts slightly downwardly for eight provinces.

Broader growth in the cards for 2017

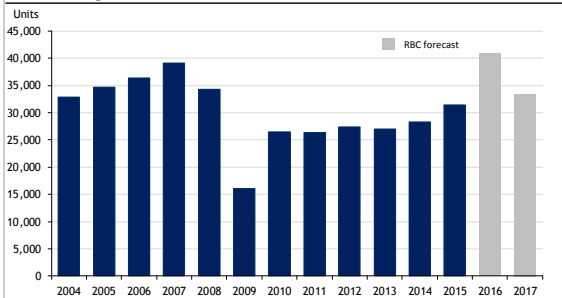
Nonetheless, our view remains that growth will broaden across the country in 2017. We expect the recessions to end in Alberta and Saskatchewan, supported in part by gradually rising oil prices (our working assumption is that the West Texas Intermediate (WTI) benchmark will increase to an average of US\$59/barrel in 2017 from \$45 in 2016) fiscal stimulus in these two provinces, and enhanced in Alberta with rebuilding work in Fort McMurray. That being said, our outlook for 2017 still shows Newfoundland and Labrador's economy contracting amid a ramping down of major capital investment projects.

BC: Unemployment rate



Source: Statistics Canada, RBC Economics Research

BC: Housing starts



Source: CMHC, 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	3.1	3.0	1.9
Nominal GDP	2.1	2.3	4.7	4.6	4.8	4.0
Employment	1.6	0.1	0.6	1.2	2.8	1.3
Unemployment rate (%)	6.8	6.6	6.1	6.2	6.1	5.8
Retail sales	1.9	2.4	5.6	6.0	5.5	3.8
Housing starts (units)	27,465	27,054	28,356	31,446	40,900	33,500
Consumer price index	1.1	-0.1	1.0	1.1	1.9	2.2

**Robert Hogue**  
Senior Economist

**The end of the housing boom?**

Much of the economic discussion lately in British Columbia has focused on housing risks and for good reasons; however, the impressive strength in the provincial economy being painted by a broad sweep of indicators should not be overlooked. Year-to-date statistics on the labour market, consumer spending, population, non-residential construction, and, of course, housing point toward solid growth being sustained this year. Accordingly, we maintained our growth forecast of 3.0% in 2016, thereby leaving British Columbia once again at the top of our provincial growth rankings. We revised our outlook for 2017 modestly lower, although this in large part reflected dimmed prospects for the Vancouver housing market in light of recent market and policy developments. We now project real gross domestic product (GDP) to grow by 1.9% in 2017 instead of the 2.3% rate that we had previously forecasted.

**Substantial momentum in the first half of 2016**

While not universally favourable, indicators available to date overwhelmingly point to the provincial economy carrying still-solid momentum during the first half of 2016. In particular, labour market statistics stand out with impressive gains in employment—which rose by 50,000 since the end of 2015, and was more than 3% above year-ago levels by mid-year—and continued drop in the unemployment rate to the lowest level (5.5% in August) among the provinces. In turn, British Columbia’s healthy employment situation has kept households in good spending spirit, which has been positive for consumer-dependent industries in the province. The retail trade industry, for instance, saw a strong 6.7% increase in sales during the first six months of 2016, thereby further building on hefty gains recorded in the previous two years. Dealers of new motor vehicles continued to benefit from unbridled interest on the part of British Columbians.

**BC government imposes new tax on foreign homebuyers**

Easily the biggest news in British Columbia since our June 2016 Provincial Outlook report has been the surprise announcement by the BC government of a new 15% tax on residential properties purchased by foreign nationals in Metro Vancouver. This announcement—and snap implementation on August 2, 2016—represented the BC government’s most significant action to date to address housing market risks in the province and signalled a shift in provincial housing policy toward actively engineering a cool down of the Vancouver-area market. Reaction from buyers and sellers appears to have been swift following the news, with the Real Estate Board of Greater Vancouver reporting that home resales in August fell by 26% from the same period a year ago, although a sizable 19% decline had already been registered in July, mostly prior to the announcement of the new tax. In fact, home resales in the area have trended downwardly since reaching an all-time high (on a seasonally adjusted basis) in February.

**Housing likely to cool and contribute less to the economy**

We believe that this shift in provincial housing policy is a material change for the Vancouver-area market that could trigger a downgrading of future price expectations and temper speculative activity. We assume as much and accordingly revised our BC housing forecasts downwardly, projecting a sharp 16% decline in home resales in 2017 and more subdued price increase of 5.7%, as well as moderation in housing starts from a 23-year high of 40,900 units in 2016 to 33,500 units in 2017. In this context, we expect housing to contribute less to British Columbia’s economy next year.



# Alberta

## Time to rebuild

2016 has been a very tough year for Alberta's economy. Already in the midst of a recession caused by the plunging oil prices, it was kicked further downward by the horrendous wildfires that devastated parts of Fort McMurray and disrupted major oil sands operations in the region in May. Contained at first, the blows to the economy have since triggered 'second-round' effects, thereby spreading the weakness across other sectors. The upshot of these unfortunate dynamics is that the significant economic contraction that began last year (with real GDP falling by 3.5%) has extended into 2016 at our projected rate -2.9%. These substantial back-to-back real GDP declines would be the worst such episode in the province since Statistics Canada kept provincial GDP statistics in the early 1980s. We remain optimistic that conditions will start to improve in the period ahead, however, with the effects of the wildfires on oil production proving transitory. Moreover, we expect oil prices to increase gradually—which would pump more revenues into the economy—and rebuilding work in Fort McMurray to hit its stride by 2017. We forecast positive GDP growth to return in 2017 at a rate of 2.3%.

### Energy-sector doldrums

After representing Alberta's (and arguably Canada's) main engine of growth for many years, the oil and gas sector has run in reverse since 2015, and this continued to be the case in 2016 with energy companies firmly entrenched in cash-saving mode. Spending restraint is clearly evident in the sector's capital expenditures (by far the largest of any industries in the province), which are on track to drop by another one-third in 2016 after falling by more than 40% in 2015. Drilling activity and utilization to date have been a fraction of what they were a year ago (and these year-ago levels were already down from historical averages). In short, energy-related activity continued to be weak and a major sore spot for Alberta's economy during the first half of 2016. That being said, there is scope for a rebound in crude oil production in the coming months because the 3.5% year-to-date decline mostly reflected the temporary disruptions caused by the Fort McMurray wildfires.

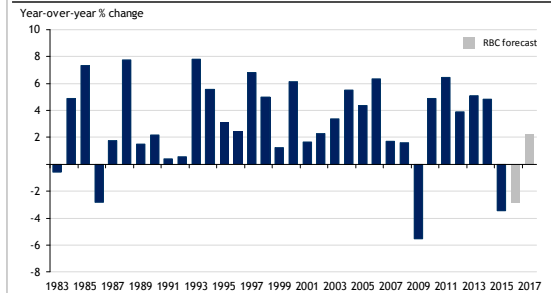
### Weakness spreads

Regrettably, the downturn in energy has spread to other parts of the provincial economy. Job losses have mounted across sectors such as manufacturing, construction, transportation, and business services. Alberta's unemployment rate surged to a 22-year high in July 2016 (8.6%). Souring job prospects, in turn, have adversely affected the flow of population moving into the province—a perennial source of growth in Alberta until recently. While population growth has slowed to a still-respectable 1.8% in the second quarter, more concerning has been a sharp slowdown in the working-age population growth to its lowest level (0.8%) since 1988. 'Second-round' effects of this weakening in labour market and demographic conditions can be seen in declines in nominal retail sales and housing construction.

### Provincial government revises budget deficit higher

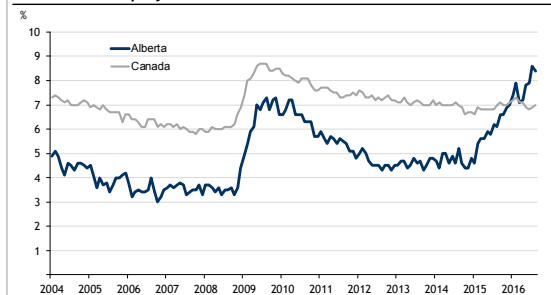
In August, the Alberta government reported that wildfires in the province would result in a \$500 million hit to its budget this year; therefore, it has revised its deficit projection for fiscal 2016–17 to \$10.9 billion from \$10.4 billion in the spring budget. This would constitute Alberta's biggest deficit on record in dollar terms.

Alberta: Real GDP



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	-3.5	-2.9	2.3
Nominal GDP	4.3	10.2	9.1	-12.1	-5.5	10.4
Employment	3.5	2.5	2.2	1.2	-1.8	0.7
Unemployment rate (%)	4.6	4.6	4.7	6.0	7.9	7.5
Retail sales	7.0	6.9	7.5	-4.6	-1.3	2.2
Housing starts (units)	33,396	36,011	40,590	37,282	23,100	23,500
Consumer price index	1.1	1.4	2.6	1.2	1.3	2.2

**Robert Hogue**  
Senior Economist

**Mining woes weigh on economic performance**

The Saskatchewan economy is expected to show a slightly greater decline in activity this year dropping 0.9% compared to the -0.2% estimated last quarter. The provincial economy is expected to recover in 2017 with positive growth of 1.6% that would only be slightly below the 1.8% growth rate projected for the overall Canadian economy.

**Weak demand and low prices in the mining sector**

The decline in economic activity this year is mainly a reflection of weakness in the mining sector. Energy mining is being weighed down by persistently low oil prices, although we expect with our projection of modest strengthening in these prices during our forecast will to return the mining subsector to modest positive growth in 2017. Our updated forecast also reflects greater than anticipated downward pressure in non-energy mining relative to our June 2016 forecast. This mainly emulates indications of softening potash prices amid reduced global demand for fertilizers, of which potash is a key input. Anecdotal reports indicate potash producers in the province idling production for the remainder of the year in response. We now expect provincial potash production dropping by 12% this year following double-digit growth in 2015. Activity is expected to stabilize at these low levels in 2017.

**Capital spending to be reduced**

Downturns in both energy and non-energy mining activity are putting downward pressure on construction-related capital expenditure. While our previous forecast assumed declining energy investment this year, our updated forecast assumes even greater cutbacks in capital spending in the potash industry. We expect that spending on projects already underway will continue, albeit at a slower pace, although any planned spending on new projects will be put on hold. We project this will send construction activity downward by 8% in 2016 with declines continuing into 2017 although by a lesser 2% rate.

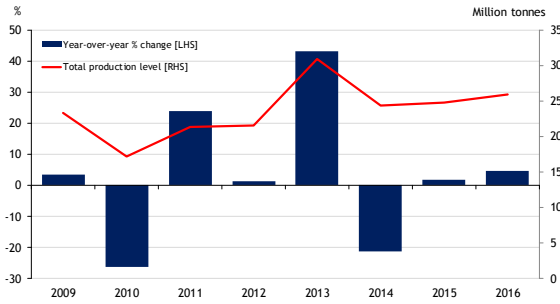
**Agriculture production up, although prices ease further**

Partly offsetting these sour spots for the province this year are indications that Saskatchewan's agricultural sector will get a boost from strengthening grain and oilseed production. Statistics Canada recently released estimates indicating a 4.6% rise in production of the province's three largest crops: wheat, canola, and barley. This production will be up slightly from the modest 1.7% gain in 2015. Our June 2016 forecast assumed an even greater increase in crop production, although less than favourable weather conditions have more recently weighed on production. The lift to the economy from agriculture should be limited by further easing in prices globally for grains and oilseeds that should temper farm income growth.

**Labour markets continue to erode**

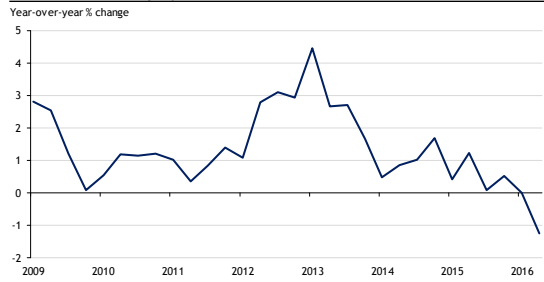
The emergence of greater weakness among the major natural resource sectors in the province has been reflected in disappointing labour market numbers to date this year. After a rise in employment in 2015, albeit at a modest 0.5%, hiring was flat in the first quarter of 2016 followed by declining employment in the second quarter. For the whole year, we expect employment to fall by 0.8% in the province. We expect this will contribute to the 2016 unemployment rate rising to a 20-year high of 6.4% from the 5.0% that prevailed in 2015. Declining growth and weakening employment are expected to weigh on housing construction with housing starts projected to drop to an annualized 4,700 units from the 5,100 units achieved in 2015.

**Saskatchewan: Principal field crop production**



Source: Statistics Canada, RBC Economics Research

**Saskatchewan: Employment**



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	-1.1	-0.9	1.6
Nominal GDP	4.2	7.1	-0.9	-6.0	-2.9	6.1
Employment	2.4	3.1	1.0	0.5	-0.8	0.7
Unemployment rate (%)	4.7	4.1	3.8	5.0	6.4	6.5
Retail sales	7.4	5.1	4.6	-3.5	1.5	3.2
Housing starts (units)	9,968	8,290	8,257	5,149	4,700	5,400
Consumer price index	1.6	1.4	2.4	1.6	1.6	2.9

**Paul Ferley**  
Assistant Chief Economist



## Moving forward despite bumps on the road

Growth in Manitoba is expected to remain above the national average for 2016 and 2017. We expect this will be the case despite a downward revision to growth in 2016 to 1.9% from the 2.3% projected last quarter. Growth in 2017 has been left unchanged at 2.4%.

### Agricultural sector facing headwinds

The downward revision to 2016 growth in part reflects recent crop estimates released by Statistics Canada based on information gathered between July 21 and August 4 that indicated a 4.9% decline in Manitoba's two largest crops: wheat and canola. This represented a partial retracement from the strong 12.2% increase in the 2015 harvest of these two crops. The estimated decline came amid less than favourable weather conditions late in the growing season and represented greater weakness than what we assumed previously for 2016. This estimated drop in the Manitoba harvest is occurring alongside strong production globally that has put downward pressure on grain and oilseed prices. Such conditions will further weigh on farm incomes in the province this year. For 2017, our forecast assumes a modest retracement with the volume of agricultural activity rising 2.0% on the basis of a return of more favourable growing conditions.

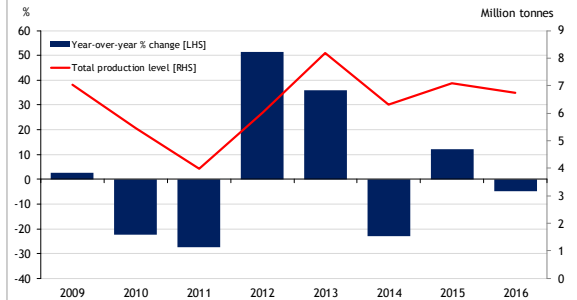
### Manufacturing activity disappoints in Q2/16

The downward revision to our overall GDP growth forecast in Manitoba for 2016 also reflects some re-emerging weakness in the manufacturing sector. After declining by 1.5% in 2015, manufacturing sales rose by almost 2.0% in the first quarter of 2016 relative to the same period a year ago. Such a result provided some optimism that the sector was starting to benefit from the weak Canadian dollar, solid growth in US household spending, and overcoming the effects of the energy sector downturn in the province's two neighbouring provinces: Alberta and Saskatchewan. Second quarter manufacturing sales, however, were disappointingly flat. A number of manufacturing industries that had earlier shown strong double-digit increases during 2015, such as transportation equipment and furniture, have started to slow so far in 2016, with the furniture component showing an outright year-over-year decline in the second quarter. Fabricated metal and machinery, two industries with strong ties to the energy sector, continued to show relatively flat growth during the first half of 2016, although this represented a marked improvement from the double-digit declines that prevailed in 2015. We expect that modest strengthening in oil prices should contribute to activity in these latter two industries improving gradually for the remainder of 2016 and during 2017. More generally, we continue to expect that provincial manufacturing activity will have renewed support from a strengthening US economy and a low Canadian dollar. We project manufacturing activity on a volumes basis rising by 2.0% this year and 4.0% in 2017—both represent slight downward revisions relative to our June 2016 forecast.

### Ongoing support expected from construction

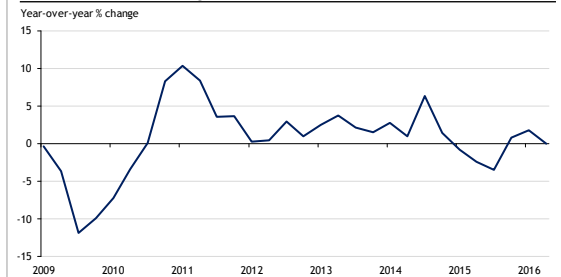
Our growth outlook for the province is also premised on ongoing support from the construction sector where activity is expected to rise by 5.0% this year and 3.0% in 2017. A key factor in this growth is the ongoing capital spending by Manitoba Hydro on large capital projects such as the Keeyask Generating Station.

Manitoba: Principal field crop production



Source: Statistics Canada, RBC Economics Research

Manitoba: Manufacturing sales



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	2.3	1.9	2.4
Nominal GDP	6.4	3.5	3.5	3.6	3.4	4.5
Employment	1.6	0.7	0.1	1.6	0.1	1.0
Unemployment rate (%)	5.3	5.4	5.4	5.6	5.9	5.7
Retail sales	1.3	3.9	4.3	1.5	5.1	4.5
Housing starts (units)	7,242	7,465	6,220	5,501	5,700	7,100
Consumer price index	1.6	2.3	1.8	1.2	1.6	2.6

**Paul Ferley**  
Assistant Chief Economist

**Taking a breather but solid growth still on track**

Ontario’s economy remains on track to grow at one of the faster rates among the provinces in 2016, although it appears to have taken a little breather this spring when major sectors lost some momentum. Provincial exports and manufacturing sales were soft in the second quarter, and Ontario’s consumers showed signs of fatigue of late after a strong run of spending in the previous two years. We believe that these hiccups will be short-lived and that vigorous growth will resume in earnest during the second half of 2016. Ontario’s economy continues to be underpinned by a reasonably healthy job market and still-strong housing sector. We forecast GDP growth will be 2.7% in 2016, which would be in line with the performance of the past two years. We expect the pace to moderate slightly to 2.4% next year; however, it would still place Ontario at the top of the provincial growth rankings.

**Hiccups in exports and manufacturing just temporary**

Recovery in the export sector has been a positive development in Ontario in recent years, especially so since the middle of 2015 when business picked up quite noticeably for a number of key exporting industries such as motor vehicles and consumer goods. This improving trend was halted this spring, however, in part due to disruptions to global auto industry supply chains caused by an earthquake in Japan in April. The good news is that the supply-chain issues have since been resolved and that auto sector production has returned to full force in the province. July statistics showed a strong 6.2% monthly advance in motor vehicle and parts exports at the national level. Despite this spring’s setback, motor vehicle assembly in the province is on pace to increase by more than 10% in 2016. We continue to believe that external trade will contribute increasingly to growth in Ontario as we go forward, propelled by strengthening demand in the US market and improved competitive position afforded by past depreciation in the Canadian dollar.

**Consumers still busy spending but some fatigue may have set in lately**

Consumer spending has grown briskly in the past two years, and this remained the case in the first quarter of 2016. Signs emerged that the pace of spending may have slowed more recently, however. Retail sales fell slightly in the second quarter, in part reflecting some levelling off in new motor vehicle purchases following rapid increases in recent years. Nonetheless, we expect this slowdown to be brief. We believe that consumer spending in the province will continue to be supported by a reasonably robust job market. Employment has risen quite steadily during the first half of 2016, which helped to bring the unemployment rate down to an eight-year low of 6.4% by mid-year.

**Housing keeps on going**

There was no letup in Ontario’s housing sector so far this year. This sector continues to generate strong and rising activity both directly and indirectly in the province. Home resales set new record highs successively in the first and second quarters, and new home building climbed close to record levels in terms of units under construction despite some levelling off in housing starts in the second quarter. These factors have fuelled sustained growth in residential investment, which remains one of the key engines of growth in the province.

**Ontario: Manufacturing sales**



**Ontario: Dwellings under construction**



**Ontario forecast at a glance**

% change unless otherwise indicated

	2012	2013	2014	2015F	2016F	2017F
Real GDP	1.3	1.3	2.7	2.6	2.7	2.4
Nominal GDP	3.1	1.9	4.1	4.1	4.6	4.0
Employment	0.7	1.8	0.8	0.7	1.1	1.0
Unemployment rate (%)	7.9	7.6	7.3	6.8	6.5	6.1
Retail sales	1.6	2.3	5.0	4.2	5.0	4.4
Housing starts (units)	76,742	61,085	59,134	70,156	73,700	67,300
Consumer price index	1.4	1.1	2.3	1.2	2.0	2.4

**Robert Hogue**  
Senior Economist

## Still looking for steadier growth

To be sure, Quebec's economy is not on a smooth, steady growth ride. It seems that every encouraging gain inevitably is followed by setbacks in the following quarter. Such was the case during the first half of 2016 when the provincial economy at first showed some signs of gathering momentum early but then appeared to stall. The net result of this unsteady course continues to be disappointingly slow growth. We have revised our provincial growth forecast slightly downward to 1.3% this year from 1.5% in the June 2016 Provincial Outlook to reflect the recent weakening in the pace. Nonetheless, our view remains that the Quebec economy will benefit from the lower value of the Canadian dollar, improving conditions in the US market, and sustained growth in Ontario's economy. We also believe that fiscal policy at the federal and provincial levels will become more conducive to stronger growth going forward. We forecast real GDP growth will accelerate modestly to 1.6% in 2017.

### Another setback: growth likely stalled this spring

Just when we thought that Quebec's economy finally was about to break from its fits-and-starts pattern of the past four years and transition toward a (modestly) stronger pace of expansion earlier this year, it hit yet another dry spell by the arrival of spring. Monthly GDP estimates from the Institut de la statistique du Québec (ISQ) showed that a solid gain at the start of this year was reversed subsequently, such that quarterly growth in the province likely was marginal at best in the second quarter of 2016. Contributing most to this latest setback was a sharp drop in manufacturing activity, led by declines in aircrafts and parts, wood products, pulp and paper, machinery, and fabricated metal products. For the most part, this soft patch in manufacturing emanated from export markets with Quebec's merchandise exports seeing corresponding declines. Construction was largely flat in the second quarter, and services grew modestly. Job creation was timid—albeit positive—and restrained by a second consecutive quarter of material loss in public administration employment. A seventh-consecutive quarterly fall in institutional and governmental building construction spending weighed on non-residential investment in the province. All in all, the latest data suggested that the provincial economy remained stuck in the slow lane with growth for the year likely to be just a tad weaker than the 1.4% average of the past five years.

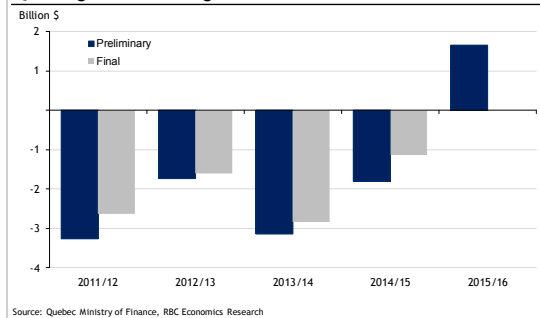
### The end of the fiscal restraint tunnel?

At the end June, Quebec's Ministry of Finance published preliminary budget results for fiscal 2015–16, which revealed a surplus of \$1.7 billion, thereby ending a string of six consecutive annual deficits. While there will be further adjustments to last year's budget numbers before they are finalized (expected this fall), it looks quite certain that the provincial government has met its deficit-elimination objective. With deficit-fighting efforts likely behind it, we believe that provincial fiscal policy gradually will become less restrictive going forward, with measured spending increases and targeted tax relief possibly in the cards. This easing in restraint at the provincial level would come at a time when the federal government is moving ahead with stimulus measures that should boost investment in infrastructure and put more money in the pockets of many families. Therefore, we expect overall fiscal policy in Quebec to be less of a headwind and more of a tailwind for Quebec's economy.

Quebec: Real merchandise exports



Quebec government budget balance



Quebec forecast at a glance

% change unless otherwise indicated

	2012	2013	2014	2015F	2016F	2017F
Real GDP	1.0	1.2	1.5	1.1	1.3	1.6
Nominal GDP	2.7	2.0	2.5	2.7	3.0	3.3
Employment	0.8	1.4	0.0	0.9	0.5	0.7
Unemployment rate (%)	7.7	7.6	7.7	7.6	7.3	7.2
Retail sales	1.2	2.5	1.7	0.5	4.1	3.9
Housing starts (units)	47,367	37,758	38,810	37,926	36,900	36,500
Consumer price index	2.1	0.8	1.4	1.1	1.1	2.3

Robert Hogue  
Senior Economist

**Growth stalls this year, and prospects look dim**

After briefly leading the Atlantic Provinces in GDP growth in 2015, indicators suggest that New Brunswick’s economy has stalled so far in 2016. While economic conditions remain supportive for exports, this year’s data have disappointed, and the mining sector has been set back substantially by the shuttering of a major mine. Relief will not be forthcoming from the manufacturing or construction sectors, unfortunately—both of which also show signs of sluggish growth in output and employment. We forecast economic growth to be nil (0.0%) in New Brunswick in 2016, and while we expect growth to return in 2017, it should be a modest increase of 0.5%.

**Fewer government jobs set a weak tone for the labour market**

Overall, employment has declined by 0.6% during the first eight months of 2016 in New Brunswick, thereby reflecting losses of both part- and full-time jobs. Weakness was concentrated in the public sector, which has seen steep declines in education and public administration jobs amid fiscal restraint by the government as it grapples with a significant budgetary shortfall (-1.0% of GDP in 2016–17). The private sector, by contrast, has added jobs so far this year. Strong growth in employee compensation is helping to support service-sector employment and retail sales, and construction employment is up following a rise in housing activity last year. Going forward, we expect declining overall employment and tax increases to blunt growth in consumer spending and put upward pressure on the unemployment rate. Despite declines in the labour force and working-age population in the province, falling employment levels are keeping unemployment rates stubbornly high, particularly in northern New Brunswick, which has seen a disproportionate share of job losses.

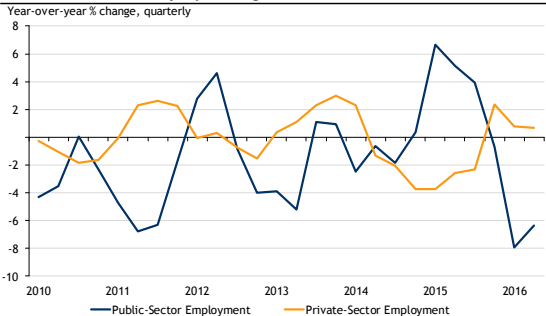
**A dim outlook for construction**

In its most recent budget, the government increased its capital plan to provide stimulus to a sluggish economy; however, rising spending on roads and other infrastructure will not offset declining spending in the private sector. There are few major projects underway in New Brunswick, and overall, non-residential investment declined by 8% in the first half of 2016. On the residential side, renovations are sustaining investment growth, but fewer starts and a buyer’s market for housing weigh on new building activity.

**Mining shutdown deals a blow to exports**

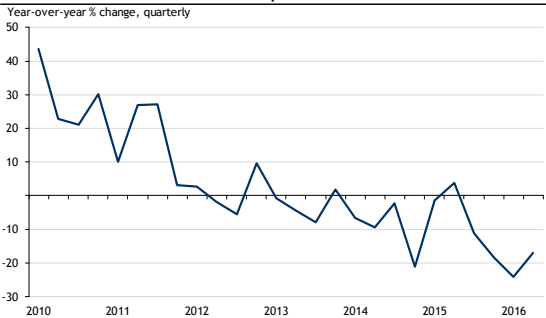
Overall, nominal merchandise exports have declined by 20% year to date in 2016 due principally to decreased exports of refined petroleum products. Moreover, the closure of the Picadilly potash mine is causing a decline in exports of mining products this year, and the ramp up of the Caribou zinc mine will provide only a partial offset. On a brighter note, exports of food products have grown strongly in value, and wood product exports have surged by 17% so far this year thanks to earlier boosts in production capacity, increasing lumber prices, the weak Canadian dollar, and a steady rise in US housing starts.

**New Brunswick: Employment growth**



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	1.9	0.0	0.5
Nominal GDP	0.7	0.4	0.6	4.0	1.5	2.0
Employment	-0.7	0.4	-0.2	-0.6	-0.8	0.0
Unemployment rate (%)	10.2	10.3	10.0	9.8	10.2	10.0
Retail sales	-0.7	0.7	3.8	2.4	3.9	2.4
Housing starts (units)	3,299	2,843	2,276	1,995	1,700	2,200
Consumer price index	1.7	0.8	1.5	0.5	2.0	2.6

**Gerard Walsh**  
Economist





# Nova Scotia

## A growing population and an economy to match

Non-energy exports, manufacturing, and increasingly consumer spending are key drivers of a prospective pickup in economic growth in Nova Scotia this year. We project provincial GDP growth to accelerate from 0.9% in 2015 to 1.2% in 2016; however, this rate of growth may be as strong as it gets. We expect the pace to ease slightly in 2017 to 1.1%, in the face of stiffer headwinds arising from the wrapping up of major construction projects and declining employment with attendant knock-on implications for consumer-oriented sectors.

### Growth to rely on exporters and shipbuilders

So far in 2016, overall merchandise exports have grown by 0.1%, slowing from a 2.0% increase in 2015. This lacklustre performance was driven primarily by plunging exports of natural gas (reflecting the downgrading of the Deep Panuke project to a seasonal operation), which masked strong growth in non-energy products. Exports of agricultural, fishery, and manufactured-food products account for 41% of Nova Scotia’s exports and have increased by an impressive 19% in the first half of 2016. Especially strong were exports of lobster, which surged by 23% in nominal value so far this year on the back of high prices. Manufacturing exports, by contrast, have largely disappointed with only modest growth in tires and declines in paper and wood products. While a low Canadian dollar has yet to translate into sustained growth in manufacturing exports, activity in the province’s manufacturing sector is operating at a higher level in large part because of activity generated by the long-term, \$26-billion federal contract to replace the Royal Canadian Navy’s surface fleet.

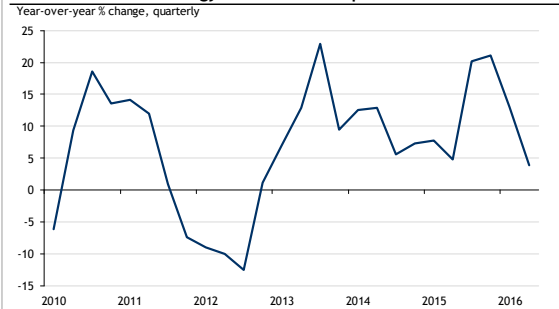
### A housing market for buyers, not builders

Construction job losses so far this year are unlikely to reverse quickly as prospects for construction activity remain dim. Non-residential investment spending is trending lower as major projects in Halifax head for completion, including the Nova Centre and the re-decking of the Macdonald Bridge. On the residential side, home building has declined this year, although a recent firming in demand-supply conditions in the provincial resale market provides some scope for a pickup next year.

### Record level of immigration helps to reverse population decline

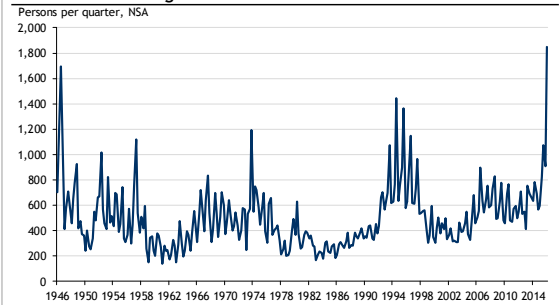
Nova Scotia’s labour market has disappointed this year despite indications of a pickup in economic growth. Developments to date point to a small loss of employment in 2016 as private-sector industries continue to shed workers for the fourth consecutive year. On a brighter note, the job losses have been concentrated among part-time workers, and employee compensation has grown robustly. Moreover, further declines in the working-age population and rate of participation in the labour force have tightened labour market conditions somewhat this year. Notwithstanding usual month-to-month volatility, Nova Scotia’s jobless rate remains on a downward trend. Even more encouraging has been a significant turnaround in the province’s demographic prospects. Interprovincial out-migration has slowed dramatically since the onset of the oil price shock as migration flows to Alberta reversed and international migration has spiked. Driven in part by the arrival of Syrian refugees, Nova Scotia received 1,850 international migrants in the first quarter of 2016, which was its highest quarterly number since the end of the Second World War.

**Nova Scotia: Non-energy merchandise exports**



Source: Statistics Canada, RBC Economics Research

**Nova Scotia: Immigrant arrivals**



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	1.2	1.1
Nominal GDP	0.5	2.0	1.3	2.3	2.7	2.9
Employment	1.0	-1.1	-1.1	0.1	-0.4	-0.2
Unemployment rate (%)	9.1	9.1	8.9	8.6	8.5	8.3
Retail sales	1.0	2.9	2.3	-0.6	3.4	2.6
Housing starts (units)	4,522	3,919	3,056	3,825	3,500	3,600
Consumer price index	1.9	1.2	1.7	0.4	1.6	2.6

**Gerard Walsh**  
Economist

Slowing exports a setback for the island economy

Economic conditions have softened on Prince Edward Island since the release of our June 2016 Provincial Outlook. Export growth has stumbled, and investment activity has weakened with little offset coming from fiscal policy. While strong gains in employee compensation have lent some support for consumer-oriented industries—including retail trade—provincial employment has declined at an accelerated pace so far this year, and we expect such a trend to blunt growth in these industries going forward. After sustaining a rate of 1.5% in 2015, we expect the Prince Edward Island economy to expand by 1.1% in 2016 and 0.8% in 2017; both have been downwardly revised from our previous forecast.

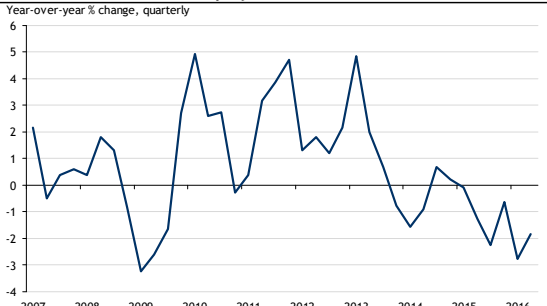
Fewer public-sector jobs aggravate employment declines

Total employment dropped by 2.1% in the first eight months of 2016 in Prince Edward Island, thereby putting the province on track for its third consecutive year of job losses in 2016. The public sector accounted for much of the job losses with steep declines recorded in public administration and education, and it is unlikely that these losses will be reversed in the near term. As revealed in its spring budget, lower than expected revenue—which caused a one-year delay in the projected return to balance—will limit the provincial government’s room to increase spending or public-sector payrolls. Despite falling public-sector employment, employee compensation continued to grow briskly this year. This likely reflects comparatively stronger conditions in the private sector (where jobs have increased year to date, including in the manufacturing sector and a handful of service industries) and possibly severance payments in the public sector. Rising employee compensation, no doubt, contributed to solid gains in retail sales, especially for big ticket items like motor vehicles, which are up 15% year to date. Tourism activity in the province appears to be brisk this year. While we still await data for the summer season, overall tourist arrivals for the early part of the year were up 17% compared with the same period in 2015. While most visitors to the island are Canadians (95%), international visitor arrivals are growing strongly, propelled by a weaker Canadian dollar. Another sign of strong tourism activity in the province has been an impressive 7% rise in accommodation and food services jobs year to date.

Exports stumble after a long boom

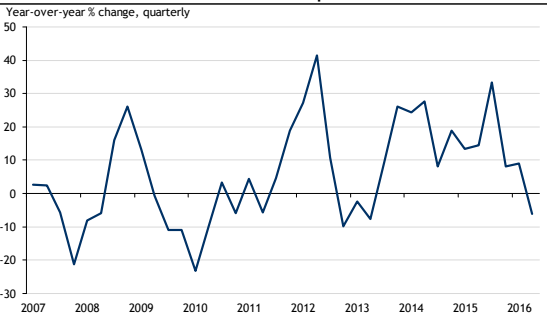
Prince Edward Island’s relatively rapid economic growth in recent years in large part is due to its booming export sector. From 2010 to 2015, overall exports grew by 80% thanks to strong growth in both food products and expanding sectors including aerospace and machinery. So far in 2016, exports of machinery and transportation equipment have declined, thereby putting overall merchandise exports on track for only modest growth this year. Taking up the slack are exports of food products, PEI’s traditional export base, which currently accounts for two-thirds of total exports and has increased rapidly so far in 2016. Particularly fast-growing are nominal exports of potato products (15%) and lobsters (9%), which are being buoyed by high prices.

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	1.5	1.1	0.8
Nominal GDP	2.7	3.8	3.8	3.8	2.9	2.4
Employment	1.7	1.4	-0.1	-1.2	-1.8	0.3
Unemployment rate (%)	11.1	11.5	10.6	10.5	10.8	10.6
Retail sales	3.2	0.8	3.3	2.3	4.6	2.4
Housing starts (units)	941	636	511	558	620	800
Consumer price index	2.0	2.0	1.6	-0.6	1.5	2.6

Gerard Walsh  
Economist



# Newfoundland & Labrador

## Though times to continue

Economic conditions have not improved in Newfoundland and Labrador since our June 2016 Provincial Outlook, thereby cementing our view that the province is in the midst of a rough patch and is likely to remain so during our forecast horizon. While there are indications that oil production will remain stable until Hebron comes online in 2017, lower oil prices and royalties have compelled deep cuts in government spending, employment is declining, and investment spending is beginning to come down as major projects head for completion with no new projects coming on stream to fill the gap. We expect real GDP to decline by 0.2% in 2016 and then by 1.5% in 2017 as investment spending falls further.

### Rising oil production forestalls deeper economic decline

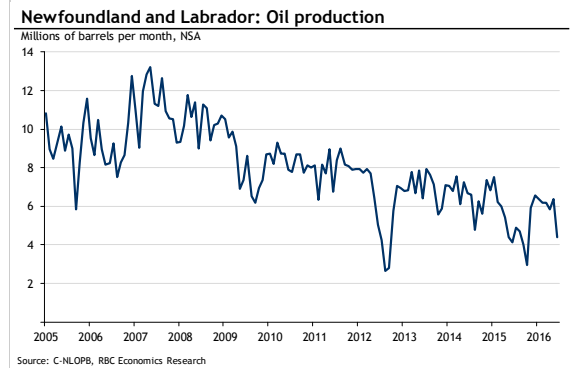
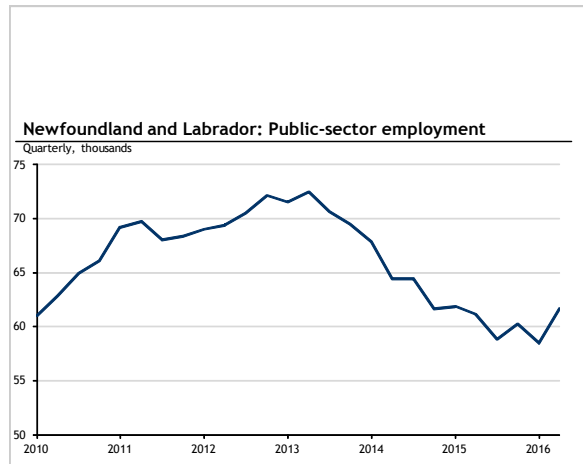
While rising production at the Hibernia field has driven oil production up by 5% so far this year, the provincial oil and gas sector is still reeling from low energy prices. Primary resources employment is down 10% year to date, and the multi-billion dollar West White Rose offshore development has been delayed as the operator waits for greater stability in oil prices. Oil production is expected to remain stable until late 2017 when oil begins to flow from the soon-to-be-ready Hebron project. Once fully operational, the facility is expected to produce up to 150,000 barrels per day, thereby causing a substantial increase in provincial oil production and GDP in 2018. At the current time, the province's mining sector is also afflicted by low prices, particularly for iron ore. Nominal exports of mining products are down 7% so far this year, and low prices have delayed the building or expansion of a number of mines in Labrador.

### Public-sector cutbacks take a bite out of employment

Overall, employment is declining for the third straight year in Newfoundland and Labrador in 2016. Year-to-date job losses have been concentrated among full-time workers and are distributed across the public and private sectors. Among the hard hit sectors are those at the forefront of the economic slowdown, including mining, oil and gas (-9.6%), and construction (-2.3%), but going forward, a raft of tax increases and an outright decline in employee compensation will begin to affect the service sector. Public-sector employment is down 0.9% year to date, and further losses may be on the way as the provincial government implements its tough fiscal plan. Despite the job losses, the province's unemployment rate eased since the start of 2016 due to larger declines in the labour force owing to drops in the working-age population and rate of labour force participation.

### Costs soar for Muskrat Falls

The key driver in our pessimistic growth forecast is lower investment spending as activity winds down on major projects including Hebron and Muskrat Falls. Despite its fiscal crunch, the government of Newfoundland and Labrador continues to invest in the Muskrat Falls hydroelectric project as its costs escalate. Originally expected to cost \$7.4 billion in 2012, the project's new price tag is now estimated at \$11.4 billion. This higher expenditure has not prevented full power production being delayed by two years until 2020. While this increased spending may cushion the decline in investment activity on other projects during the coming years, Muskrat Falls' rising cost will put pressure on an already cash-strapped government.



### Newfoundland forecast at a glance

% change unless otherwise indicated

	2012	2013	2014	2015F	2016F	2017F
Real GDP	-4.4	5.8	-2.0	-2.2	-0.2	-1.5
Nominal GDP	-4.5	9.2	-4.2	-9.5	-2.7	4.3
Employment	3.8	0.8	-1.7	-1.0	-1.1	-2.2
Unemployment rate (%)	12.3	11.6	11.9	12.8	13.1	14.5
Retail sales	4.5	5.0	3.4	0.2	2.0	0.5
Housing starts (units)	3,885	2,862	2,119	1,697	1,600	1,300
Consumer price index	2.1	1.7	1.9	0.4	2.1	2.7

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	-2.2	-0.2	-1.5	-4.2	-9.5	-2.7	4.3	-1.7	-1.0	-1.1	-2.2	11.9	12.8	13.1	14.5	2.1	1.7	1.6	1.3	3.4	0.2	2.0	0.5	1.9	0.4	2.1	2.7
P.E.I.	1.5	1.5	1.1	0.8	3.8	3.8	2.9	2.4	-0.1	-1.2	-1.8	0.3	10.6	10.5	10.8	10.6	0.5	0.6	0.6	0.8	3.3	2.3	4.6	2.4	1.6	-0.6	1.5	2.6
N.S.	0.6	0.9	1.2	1.1	1.3	2.3	2.7	2.9	-1.1	0.1	-0.4	-0.2	8.9	8.6	8.5	8.3	3.1	3.8	3.5	3.6	2.3	-0.6	3.4	2.6	1.7	0.4	1.6	2.6
N.B.	-0.3	1.9	0.0	0.5	0.6	4.0	1.5	2.0	-0.2	-0.6	-0.8	0.0	10.0	9.8	10.2	10.0	2.3	2.0	1.7	2.2	3.8	2.4	3.9	2.4	1.5	0.5	2.0	2.6
QUE.	1.5	1.1	1.3	1.6	2.5	2.7	3.0	3.3	0.0	0.9	0.5	0.7	7.7	7.6	7.3	7.2	38.8	37.9	36.9	36.5	1.7	0.5	4.1	3.9	1.4	1.1	1.1	2.3
ONT.	2.7	2.6	2.7	2.4	4.1	4.1	4.6	4.0	0.8	0.7	1.1	1.0	7.3	6.8	6.5	6.1	59.1	70.2	73.7	67.3	5.0	4.2	5.0	4.4	2.3	1.2	2.0	2.4
MAN.	2.3	2.3	1.9	2.4	3.5	3.6	3.4	4.5	0.1	1.6	0.1	1.0	5.4	5.6	5.9	5.7	6.2	5.5	5.7	7.1	4.3	1.5	5.1	4.5	1.8	1.2	1.6	2.6
SASK.	1.9	-1.1	-0.9	1.6	-0.9	-6.0	-2.9	6.1	1.0	0.5	-0.8	0.7	3.8	5.0	6.4	6.5	8.3	5.1	4.7	5.4	4.6	-3.5	1.5	3.2	2.4	1.6	1.6	2.9
ALTA.	4.8	-3.5	-2.9	2.3	9.1	-12.1	-5.5	10.4	2.2	1.2	-1.8	0.7	4.7	6.0	7.9	7.5	40.6	37.3	23.1	23.5	7.5	-4.6	-1.3	2.2	2.6	1.2	1.3	2.2
B.C.	3.2	3.1	3.0	1.9	4.7	4.6	4.8	4.0	0.6	1.2	2.8	1.3	6.1	6.2	6.1	5.8	28.4	31.4	40.9	33.5	5.6	6.0	5.5	3.8	1.0	1.1	1.9	2.2
<b>CANADA</b>	<b>2.5</b>	<b>1.1</b>	<b>1.3</b>	<b>1.8</b>	<b>4.3</b>	<b>0.5</b>	<b>2.1</b>	<b>4.8</b>	<b>0.6</b>	<b>0.8</b>	<b>0.6</b>	<b>0.8</b>	<b>6.9</b>	<b>6.9</b>	<b>7.0</b>	<b>6.8</b>	<b>189</b>	<b>196</b>	<b>192</b>	<b>181</b>	<b>4.6</b>	<b>1.7</b>	<b>3.7</b>	<b>3.7</b>	<b>2.0</b>	<b>1.1</b>	<b>1.7</b>	<b>2.4</b>

## 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, 2015)	528	146	943	754	8,264	13,792	1,293	1,134	4,196	4,683
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, 2010-15, %)	1.2	1.0	-0.1	-0.4	0.8	1.2	0.9	1.6	2.6	0.7
Employment rate (Apr. 2016, %)	53.4	58.5	57.1	56.0	59.6	60.8	63.6	65.4	67.1	60.6
Discomfort index (inflation + unemp. rate, Apr. 2016)	14.5	13.2	9.5	11.8	8.5	9.1	7.4	7.7	8.7	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	229,866	236,647	241,025
	% change	0.7	-2.4	2.7	3.0	2.5	2.1	3.2	3.1	3.0	1.9
Nominal GDP	\$ millions	204,406	196,250	205,117	216,786	221,414	226,605	237,188	248,002	259,913	270,281
	% change	3.1	-4.0	4.5	5.7	2.1	2.3	4.7	4.6	4.8	4.0
Employment	thousands	2,242	2,192	2,223	2,228	2,262	2,266	2,278	2,306	2,371	2,403
	% change	1.6	-2.2	1.4	0.2	1.6	0.1	0.6	1.2	2.8	1.3
Unemployment rate	%	4.6	7.7	7.6	7.5	6.8	6.6	6.1	6.2	6.1	5.8
Retail sales	\$ millions	57,794	55,288	58,251	60,090	61,255	62,734	66,273	70,272	74,162	77,010
	% change	1.5	-4.3	5.4	3.2	1.9	2.4	5.6	6.0	5.5	3.8
Housing starts	units	34,321	16,077	26,479	26,400	27,465	27,054	28,356	31,446	40,900	33,500
	% change	-12.4	-53.2	64.7	-0.3	4.0	-1.5	4.8	10.9	30.1	-18.1
Consumer price index	2002=100	112.3	112.3	113.8	116.5	117.8	117.7	118.9	120.2	122.5	125.2
	% change	2.1	0.0	1.4	2.3	1.1	-0.1	1.0	1.1	1.9	2.2

## 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	309,069	300,261	307,016
	% change	1.6	-5.5	4.9	6.4	3.9	5.1	4.8	-3.5	-2.9	2.3
Nominal GDP	\$ millions	296,072	245,690	270,049	299,521	312,485	344,452	375,756	330,372	312,291	344,863
	% change	13.5	-17.0	9.9	10.9	4.3	10.2	9.1	-12.1	-5.5	10.4
Employment	thousands	2,054	2,030	2,024	2,100	2,172	2,226	2,275	2,301	2,260	2,276
	% change	3.2	-1.2	-0.3	3.7	3.5	2.5	2.2	1.2	-1.8	0.7
Unemployment rate	%	3.6	6.5	6.6	5.4	4.6	4.6	4.7	6.0	7.9	7.5
Retail sales	\$ millions	61,620	56,489	59,849	63,945	68,408	73,109	78,582	74,989	74,024	75,658
	% change	0.2	-8.3	5.9	6.8	7.0	6.9	7.5	-4.6	-1.3	2.2
Housing starts	units	29,164	20,298	27,088	25,704	33,396	36,011	40,590	37,282	23,100	23,500
	% change	-39.7	-30.4	33.5	-5.1	29.9	7.8	12.7	-8.1	-38.0	1.7
Consumer price index	2002=100	121.6	121.5	122.7	125.7	127.1	128.9	132.2	133.7	135.5	138.5
	% change	3.2	-0.1	1.0	2.4	1.1	1.4	2.6	1.2	1.3	2.2

## 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	62,464	61,902	62,861
	% change	5.3	-5.3	4.7	5.3	1.7	5.8	1.9	-1.1	-0.9	1.6
Nominal GDP	\$ millions	67,619	60,080	63,368	74,821	77,957	83,496	82,780	77,837	75,594	80,220
	% change	29.1	-11.1	5.5	18.1	4.2	7.1	-0.9	-6.0	-2.9	6.1
Employment	thousands	517	526	531	536	548	565	571	574	569	573
	% change	2.5	1.6	1.0	0.9	2.4	3.1	1.0	0.5	-0.8	0.7
Unemployment rate	%	4.0	4.9	5.3	4.9	4.7	4.1	3.8	5.0	6.4	6.5
Retail sales	\$ millions	14,676	14,605	15,103	16,199	17,405	18,301	19,143	18,477	18,752	19,358
	% change	11.8	-0.5	3.4	7.3	7.4	5.1	4.6	-3.5	1.5	3.2
Housing starts	units	6,828	3,866	5,907	7,031	9,968	8,290	8,257	5,149	4,700	5,400
	% change	13.7	-43.4	52.8	19.0	41.8	-16.8	-0.4	-37.6	-8.7	14.9
Consumer price index	2002=100	115.9	117.1	118.7	122.0	123.9	125.7	128.7	130.8	132.9	136.7
	% change	3.2	1.1	1.3	2.8	1.6	1.4	2.4	1.6	1.6	2.9

**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	59,665	60,799	62,228
	% change	3.7	-0.2	2.5	2.5	3.0	2.4	2.3	2.3	1.9	2.4
Nominal GDP	\$ millions	52,154	50,804	53,308	56,197	59,781	61,897	64,077	66,385	68,661	71,751
	% change	4.9	-2.6	4.9	5.4	6.4	3.5	3.5	3.6	3.4	4.5
Employment	thousands	602	601	609	612	622	626	626	636	637	643
	% change	1.5	-0.2	1.4	0.4	1.6	0.7	0.1	1.6	0.1	1.0
Unemployment rate	%	4.2	5.2	5.4	5.5	5.3	5.4	5.4	5.6	5.9	5.7
Retail sales	\$ millions	14,983	14,920	15,770	16,443	16,652	17,297	18,034	18,297	19,240	20,103
	% change	6.9	-0.4	5.7	4.3	1.3	3.9	4.3	1.5	5.1	4.5
Housing starts	units	5,537	4,174	5,888	6,083	7,242	7,465	6,220	5,501	5,700	7,100
	% change	-3.5	-24.6	41.1	3.3	19.1	3.1	-16.7	-11.6	3.6	24.6
Consumer price index	2002=100	113.4	114.1	115.0	118.4	120.3	123.0	125.3	126.8	128.8	132.1
	% change	2.2	0.6	0.8	2.9	1.6	2.3	1.8	1.2	1.6	2.6

**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	665,468	683,103	699,156
	% change	0.0	-3.1	3.0	2.4	1.3	1.3	2.7	2.6	2.7	2.4
Nominal GDP	\$ millions	608,446	597,882	630,989	659,743	680,084	693,210	721,970	751,711	786,292	817,646
	% change	1.1	-1.7	5.5	4.6	3.1	1.9	4.1	4.1	4.6	4.0
Employment	thousands	6,610	6,433	6,538	6,658	6,703	6,823	6,878	6,923	6,996	7,068
	% change	1.0	-2.7	1.6	1.8	0.7	1.8	0.8	0.7	1.1	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	184,143	193,375	201,879
	% change	3.9	-2.4	5.5	3.6	1.6	2.3	5.0	4.2	5.0	4.4
Housing starts	units	75,076	50,370	60,433	67,821	76,742	61,085	59,134	70,156	73,700	67,300
	% change	10.2	-32.9	20.0	12.2	13.2	-20.4	-3.2	18.6	5.1	-8.7
Consumer price index	2002=100	113.3	113.7	116.5	120.1	121.8	123.0	125.9	127.4	129.9	133.0
	% change	2.3	0.4	2.4	3.1	1.4	1.1	2.3	1.2	2.0	2.4

**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	337,912	342,136	347,439
	% change	1.9	-0.8	2.1	1.9	1.0	1.2	1.5	1.1	1.3	1.6
Nominal GDP	\$ millions	314,380	314,541	328,138	344,735	354,040	361,211	370,064	380,022	391,314	404,135
	% change	2.7	0.1	4.3	5.1	2.7	2.0	2.5	2.7	3.0	3.3
Employment	thousands	3,883	3,854	3,938	3,976	4,006	4,061	4,060	4,097	4,119	4,149
	% change	1.1	-0.7	2.2	1.0	0.8	1.4	0.0	0.9	0.5	0.7
Unemployment rate	%	7.2	8.6	8.0	7.9	7.7	7.6	7.7	7.6	7.3	7.2
Retail sales	\$ millions	94,816	93,759	99,590	102,556	103,753	106,301	108,137	108,727	113,193	117,647
	% change	4.9	-1.1	6.2	3.0	1.2	2.5	1.7	0.5	4.1	3.9
Housing starts	units	47,901	43,403	51,363	48,387	47,367	37,758	38,810	37,926	36,900	36,500
	% change	-1.3	-9.4	18.3	-5.8	-2.1	-20.3	2.8	-2.3	-2.7	-1.1
Consumer price index	2002=100	112.7	113.4	114.8	118.3	120.8	121.7	123.4	124.7	126.1	129.1
	% change	2.1	0.6	1.3	3.0	2.1	0.8	1.4	1.1	1.1	2.3

## 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	28,988	28,988	29,118
	% change	0.8	-1.5	2.0	0.2	-1.0	0.4	-0.3	1.9	0.0	0.5
Nominal GDP	\$ millions	28,779	28,857	30,213	31,500	31,723	31,857	32,056	33,322	33,822	34,484
	% change	1.7	0.3	4.7	4.3	0.7	0.4	0.6	4.0	1.5	2.0
Employment	thousands	361	360	358	356	353	355	354	352	349	349
	% change	0.9	-0.2	-0.5	-0.7	-0.7	0.4	-0.2	-0.6	-0.8	0.0
Unemployment rate	%	8.5	8.7	9.2	9.5	10.2	10.3	10.0	9.8	10.2	10.0
Retail sales	\$ millions	10,018	10,094	10,595	11,103	11,028	11,107	11,528	11,808	12,273	12,567
	% change	6.5	0.8	5.0	4.8	-0.7	0.7	3.8	2.4	3.9	2.4
Housing starts	units	4,274	3,521	4,101	3,452	3,299	2,843	2,276	1,995	1,700	2,200
	% change	0.8	-17.6	16.5	-15.8	-4.4	-13.8	-19.9	-12.3	-14.8	29.4
Consumer price index	2002=100	113.2	113.5	115.9	120.0	122.0	123.0	124.8	125.4	128.0	131.3
	% change	1.7	0.3	2.1	3.5	1.7	0.8	1.5	0.5	2.0	2.6

## 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	36,513	36,896
	% change	2.0	0.3	2.8	0.5	-0.9	0.0	0.6	0.9	1.2	1.1
Nominal GDP	\$ millions	35,416	34,931	36,849	37,652	37,835	38,576	39,077	39,987	41,074	42,253
	% change	4.3	-1.4	5.5	2.2	0.5	2.0	1.3	2.3	2.7	2.9
Employment	thousands	452	450	451	453	458	453	448	448	447	446
	% change	1.0	-0.5	0.4	0.4	1.0	-1.1	-1.1	0.1	-0.4	-0.2
Unemployment rate	%	7.6	9.2	9.6	9.0	9.1	9.1	8.9	8.6	8.5	8.3
Retail sales	\$ millions	12,091	12,105	12,651	13,098	13,223	13,605	13,915	13,827	14,293	14,664
	% change	4.1	0.1	4.5	3.5	1.0	2.9	2.3	-0.6	3.4	2.6
Housing starts	units	3,982	3,438	4,309	4,644	4,522	3,919	3,056	3,825	3,500	3,600
	% change	-16.2	-13.7	25.3	7.8	-2.6	-13.3	-22.0	25.2	-8.5	2.9
Consumer price index	2002=100	115.9	115.7	118.2	122.7	125.1	126.6	128.8	129.3	131.3	134.8
	% change	3.0	-0.1	2.2	3.8	1.9	1.2	1.7	0.4	1.6	2.6

## 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	5,260	5,302
	% change	1.1	0.3	2.2	2.0	1.2	2.0	1.5	1.5	1.1	0.8
Nominal GDP	\$ millions	4,754	4,927	5,222	5,424	5,573	5,783	6,003	6,233	6,415	6,569
	% change	2.7	3.6	6.0	3.9	2.7	3.8	3.8	3.8	2.9	2.4
Employment	thousands	69	68	70	72	73	74	74	73	72	72
	% change	0.8	-1.3	2.3	3.1	1.7	1.4	-0.1	-1.2	-1.8	0.3
Unemployment rate	%	10.8	11.9	11.4	11.1	11.1	11.5	10.6	10.5	10.8	10.6
Retail sales	\$ millions	1,703	1,682	1,770	1,866	1,925	1,940	2,005	2,052	2,146	2,197
	% change	5.1	-1.3	5.3	5.4	3.2	0.8	3.3	2.3	4.6	2.4
Housing starts	units	712	877	756	940	941	636	511	558	620	800
	% change	-5.1	23.2	-13.8	24.3	0.1	-32.4	-19.7	9.2	11.1	29.0
Consumer price index	2002=100	117.5	117.3	119.5	123.0	125.5	128.0	130.1	129.3	131.3	134.8
	% change	3.4	-0.1	1.8	2.9	2.0	2.0	1.6	-0.6	1.5	2.6

## Newfoundland &amp; 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	27,086	27,032	26,626
	% change	-1.5	-10.1	5.5	2.9	-4.4	5.8	-2.0	-2.2	-0.2	-1.5
Nominal GDP	\$ millions	31,572	25,001	29,085	33,539	32,032	34,991	33,514	30,316	29,499	30,771
	% change	8.6	-20.8	16.3	15.3	-4.5	9.2	-4.2	-9.5	-2.7	4.3
Employment	thousands	221	215	223	232	241	243	239	236	234	228
	% change	1.9	-2.7	3.6	4.1	3.8	0.8	-1.7	-1.0	-1.1	-2.2
Unemployment rate	%	13.3	15.5	14.7	12.6	12.3	11.6	11.9	12.8	13.1	14.5
Retail sales	\$ millions	7,009	7,121	7,453	7,833	8,182	8,589	8,882	8,900	9,078	9,123
	% change	7.4	1.6	4.7	5.1	4.5	5.0	3.4	0.2	2.0	0.5
Housing starts	units	3,261	3,057	3,606	3,488	3,885	2,862	2,119	1,697	1,600	1,300
	% change	23.1	-6.3	18.0	-3.3	11.4	-26.3	-26.0	-19.9	-5.7	-18.8
Consumer price index	2002=100	114.3	114.6	117.4	121.4	123.9	126.0	128.4	129.0	131.6	135.1
	% change	2.9	0.3	2.4	3.4	2.1	1.7	1.9	0.4	2.1	2.7

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