



RBC ECONOMIC OUTLOOK – PROVINCIAL FACT SHEET

Highlights from across Canada

March 10, 2017

British Columbia: Starting 2017 (mostly) on a strong footing

The majority of economic indicators point to a vibrant economy in British Columbia. In late 2016 and early 2017, employment gains have been strong, the jobless rate is the lowest among the provinces and retail and manufacturing sales have been robust. However, RBC expects the significant cooling of Vancouver's housing market to erode provincial economic momentum from an estimated rate of 3.3 per cent in 2016 to 1.9 per cent in 2017 and 1.8 per cent in 2018.

“Home resales in the Vancouver-area housing market have dropped dramatically since hitting an all-time high in February 2016, and we expect declining activity will contribute to slower growth in the province,” said Craig Wright, senior vice-president and chief economist, RBC.

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

Alberta: On recovery watch as oil prices rebound

After two very difficult years that saw a collapse in energy-sector investment and a surge in unemployment, positive growth is projected to return in 2017 at a rate of 2.1 per cent. This forecast assumes an increase in energy-sector spending due to the rebound in oil prices. While RBC anticipates that the provincial recovery will accelerate in 2018, with growth of 3.3 per cent, the effects will be uneven. For example, the Calgary commercial and industrial real estate sector continues to be hampered by excess capacity.

“Alberta is seeing some welcome light at the end of a long, dark tunnel, although the recovery that we anticipate unfolding is not likely to bring instant relief for everybody in the province,” said Craig Wright, senior vice-president and chief economist, RBC.

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

Saskatchewan: Growth projected to turn positive

RBC projects a return to positive GDP growth in 2017, as strengthening oil prices underpin an expected recovery in energy mining and higher capital expenditures in the oil and gas industry. Other mining sectors, such as potash mining, are not expected to fare as well. The Saskatchewan economy is expected to expand 1.8 per cent in 2017 and 2.3 per cent in 2018.

“Our projected growth turnaround in 2017 assumes oil prices continue to trend higher through the forecast,” said Craig Wright, senior vice-president and chief economist, RBC. “We think that a resumption of positive job creation in 2017 will support overall household income and consumer spending.”

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

Manitoba: Bumps on the road

RBC slightly lowered its growth forecast for Manitoba’s economy after recent indicators for capital expenditures, manufacturing and employment disappointed on the downside. However, a strengthening U.S. economy and recovery in energy-sector activity in neighbouring provinces should lead to an uptick in economic growth. Provincial GDP is projected to grow by 1.9 per cent in 2017 and 2.2 per cent in 2018, compared to an estimated 1.7 per cent in 2016.

“Manitoba’s manufacturing sector should benefit from strengthening factors in North America, as well as the Canada-U.S. dollar exchange rate, so we forecast a jump in manufacturing output of 4.0 per cent in both 2017 and 2018,” said Craig Wright, senior vice-president and chief economist, RBC. “This would be a hefty increase, as manufacturing volumes grew by an estimated 1.5 per cent in 2016.”

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

Ontario: Taking centre stage

In a world of slower economic growth, Ontario’s performance in the past three years (averaging 2.6 per cent) is probably as good as it gets for a large, mature and diversified economy. Most sectors of Ontario’s economy firmly remain in expansion mode and the province is poised to lead the country in growth this year for the first time since 2000. RBC expects Ontario’s GDP to grow by 2.5 per cent in 2017, decelerating modestly to 2.0 per cent in 2018.

“While employment and retail sales are strong, economic activity in Ontario may be restrained by a moderation in housing markets and uncertainty over trade with the United States,” said Craig Wright, senior vice-president and chief economist, RBC. “We expect homebuyer demand in the Greater Toronto Area to cool in 2017, given skyrocketing prices and the prospect of interest rate increases, but if GTA home prices continue to accelerate then we see increasing odds that policy makers will intervene.”

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

Quebec: Labour market strength sends a positive signal

Quebec's labour market has had a remarkable run in the past half-year. Solid job creation has helped to bring the provincial unemployment rate down to its lowest level in more than 40 years. What's more, Quebec's employment rate - the share of the working-age population that is employed - has risen to nearly 61 per cent, which matches Ontario's rate for the first time ever. RBC's 2017 forecast of 1.8 per cent growth for Quebec is up from the previous forecast of 1.6 per cent, and 2018 remains positive with projected growth of 1.6 per cent.

"The strong labour market in Quebec is very encouraging and this, combined with recent rebounds in international trade and manufacturing sales, prompted us to ratchet up both our 2016 and 2017 growth estimates," said Craig Wright, senior vice-president and chief economist, RBC.

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

New Brunswick: A little more vigour on the way

Recent indicators show early signs of a turnaround in New Brunswick labour markets, with positive implications for domestic industries. While the outlook for exports, investment and government spending remains dim, RBC expects subdued positive economic growth to return to the province after growth was estimated to be zero in 2016. Economic growth is forecast to accelerate to 0.6 per cent in 2017 and 0.9 per cent in 2018.

"We expect job creation to be concentrated in New Brunswick's private sector, where anticipated growth in consumer spending is poised to boost employment in the service and consumer-related sectors," said Craig Wright, senior vice-president and chief economist, RBC. "Excluding any trade actions related to the recent expiry of the Softwood Lumber Agreement between Canada and the United States, we expect the provincial forestry sector to do well as U.S. residential investment continues to grow."

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

Nova Scotia: Maintaining modest steady growth

RBC expects ebbing construction activity to dampen a rebound in Nova Scotia employment in the coming years, but immigration-fuelled population growth should support consumer spending, housing activity and the provincial tax base. After growing by an estimated rate of 1.2 per cent in 2016, Nova Scotia's economy is forecast to expand by 0.8 per cent in 2017 and 1.2 per cent in 2018.

"The pickup in immigration is positive for a province facing severe long-run demographic challenges, although much of the benefits will depend on Nova Scotia's ability to retain those immigrants," said Craig Wright, senior vice-president and chief economist, RBC.

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

Prince Edward Island: Fewer jobs in a slow-growing economy

Prince Edward Island's economic growth has edged lower in the past several years and the near-term outlook is similar. Demographic trends are still challenging and a negative investment outlook is expected to keep provincial growth restrained. RBC projects that P.E.I.'s growth rate of 1.1 per cent in 2016 will decelerate marginally to 1.0 per cent in both 2017 and 2018.

"Tourism was a bright spot for the Island economy last year, with a surge of U.S. visitors driving an 11 per cent increase in overnight stays," said Craig Wright, senior vice-president and chief economist, RBC. "Gradually rising employment, solid gains in employee compensation and a good environment for tourism should continue to support the service sector and retail sales."

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

Newfoundland and Labrador: A deep economic contraction in 2017

Unlike its western oil-producing peers, a rebound in Newfoundland and Labrador's economy is not expected; in fact, a shrinking economy is likely to become the norm as investment spending plunges and high taxes and fiscal restraint weigh on the labour market and disposable income. A 22 per cent leap in oil production in 2016 forestalled an outright contraction in the provincial economy, which is estimated to have advanced only 0.8 per cent. Growth is expected to turn significantly negative at -3.6 per cent in 2017, before improving somewhat to -0.3 per cent in 2018.

"Peak construction activity on some significant resource projects has passed," said Craig Wright, senior vice-president and chief economist, RBC. "Newfoundland and Labrador's construction industry, which accounts for a tenth of all workers, is expected to shed many jobs in the coming years, which would push the unemployment rate sharply higher by 2018."

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

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