



## British Columbia's economy set for modest growth in 2013: RBC Economics

**TORONTO, March 19, 2013** — British Columbia's economy limped into 2013 after growth slowed at the tail end of last year, according to the latest [RBC Economics Provincial Outlook](#) released today. Tepid economic activity and unexpectedly weak capital spending intentions prompted RBC to trim the province's real GDP growth from 2.3 per cent to 1.6 per cent for 2013.

The RBC report notes that provincial employment fell between October 2012 and January 2013, doing little to revive personal income growth. B.C.'s retail sales and manufacturing shipments also stagnated in the fourth quarter of 2012, and activity in the home resale market continued to slide. Residential construction was flat at best, while housing starts weakened.

"While it was a slow start to the year, we expect that the relatively soft economic picture in British Columbia will be short-lived. In fact, we are already seeing signs that housing resales are stabilizing and new motor vehicle sales are improving, and that employment regained its footing in February," said Craig Wright, senior vice-president and chief economist, RBC. "We are particularly encouraged by the sustained recovery in U.S. home building and its implications for B.C. lumber as provincial exporters will reap the benefits of increasing demand from south of the border."

Business capital spending in the province is expected to play a smaller role than previously anticipated, with the most recent Private and Public Investment survey by Statistics Canada polling results that counter RBC's earlier thesis that stronger non-residential investment would be a prime growth engine in 2013.

"Multi-billion dollar spending intention declines in the mining, and oil and gas industries were significant disappointments. Needless to say, this may not be the year for an investment boom in B.C.," noted Wright.

The Outlook notes that intense pressures on B.C.'s revenues from a rollback in natural gas royalties and the desire to balance the books by 2013-2014, played into the budget blueprint in February – the provincial government stuck to its commitment to eliminate the deficit by holding the line on spending, raising taxes and selling assets.

The RBC Economics Provincial Outlook assesses the provinces according to economic growth, employment growth, unemployment rates, retail sales, housing starts and consumer price indices. The full report and provincial details are available online as of 8 a.m. ET today at [rbc.com/economics/market/pdf/provfcst.pdf](http://rbc.com/economics/market/pdf/provfcst.pdf).

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