



B.C.'S RESOURCE SECTOR TO DRIVE ECONOMIC GROWTH: RBC ECONOMICS

However, overall growth expected to slow in coming months

TORONTO, December 15, 2010 — After benefiting from a strong start to 2010, British Columbia's economy is expected to grow at a slightly slower pace in 2011 with real GDP growth forecast to ease to 2.9 per cent next year, down from 3.1 in 2010, according to the latest Provincial Economic Outlook report released today by RBC Economics.

An improved outlook for some of the key commodities produced in the province will continue to support overall growth; however, the gradual removal of government stimulus and the cooling provincial housing market will restrain B.C.'s rate of growth. In fact, there are signs already pointing to a slowing in the late stages of 2010. The recent slowing in B.C.'s economy is partly attributable to lower exports of softwood lumber which suffered from renewed weakness in the U.S. housing market.

"B.C.'s economic performance in 2010 will emerge as being very respectable overall when all is said and done," said Craig Wright, senior vice-president and chief economist, RBC. "Provincial economic activity benefited from supporting factors such as rising mineral production, particularly coal, and improvements in the job market."

A key engine of provincial growth moving forward will be increased investment in the natural resource sector amid continued strong global demand for commodities, although B.C. forest products producers are unlikely to enjoy any major turnaround given the limited improvement expected in the U.S. housing market.

The slight deceleration in overall growth will sustain job creation in B.C. at a moderate pace in 2011. RBC forecasts employment to rise by 1.9 per cent in 2011, translating to 40,000 new jobs, which is marginally lower than 2010's growth of 2.1 per cent and 60,000 new jobs. The unemployment rate is forecast to ease to an average of 7.0 per cent in 2011, down from 7.5 per cent this year.

“2011 will see the maturing of the recovery in British Columbia and the conclusion of some of the measures such as increased infrastructure spending that had been put into place to combat the recession,” added Wright. “However, B.C.’s economy is expected to regain momentum in 2012 as real GDP growth is predicted to re-accelerate to 3.2 per cent from further strength in the U.S. economy and increasing trade ties with fast-growing China.”

The RBC Economics Provincial Outlook assesses the provinces according to economic growth, employment growth, unemployment rates, retail sales, housing starts and consumer price indexes.

The full report and provincial details are available online as of 8 a.m. ET today at www.rbc.com/economics/market/pdf/provfcst.pdf.

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