



RECENT SOFTENING IN BRITISH COLUMBIA'S ECONOMY WILL BE TEMPORARY: RBC ECONOMICS

TORONTO, June 9, 2011 — After hitting a soft patch in the late stages of 2010 and the early months of this year, British Columbia's economy is now forecast to grow at a more restrained rate of 2.6 per cent in 2011, compared to 3.8 per cent in 2010, according to the latest Provincial Economic Outlook report by RBC Economics.

"British Columbia's disappointing economic performance of late will likely be temporary thanks to an expected pick-up in job creation and further inroads by the province's exporters into the Chinese market. B.C.'s exports to China have more than doubled over the past two years," said Craig Wright, senior vice-president and chief economist, RBC. "These export gains in foreign markets outside the United States have brought life back to the provincial forest product sector."

RBC indicates that British Columbia's unemployment rate has eased to 7.9 per cent in April, following a spike in February. However, small gains in employment so far this year have not been enough to make up for the meager performance in other sectors – most notably British Columbia's mining production, which has shown considerable year-over-year declines. After increasing substantially in 2010, retail sales and construction were also soft in the first quarter.

"The rate of population growth in British Columbia has dropped from being the second fastest in the country in 2009 to the slowest among the western provinces," added Wright. "Dim job prospects and very high housing costs in areas like Vancouver are contributing factors to weaker flows of net in-migration in the province."

Looking ahead to 2012, British Columbia's economy is forecast to regain momentum, as strong global demand for commodities and job creation help to re-energize domestic demand and set a slightly faster pace of growth at 3.0 per cent.

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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 www.rbc.com/economics/market/pdf/provfcst.pdf.

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