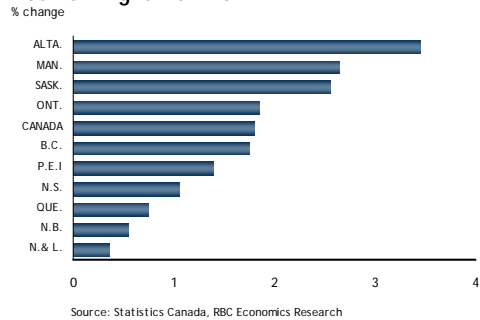


PROVINCIAL OUTLOOK

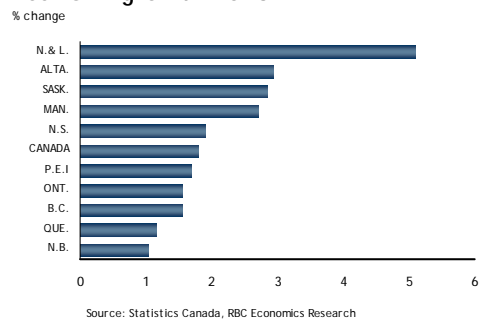
March 2013

Natural resource-intensive provinces still lead growth in 2013

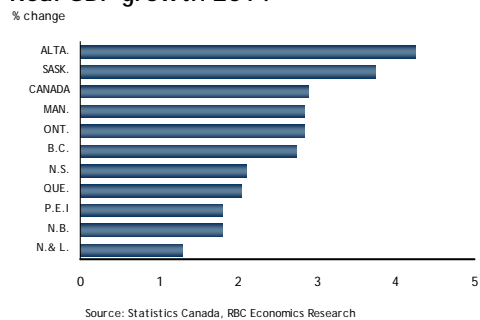
Real GDP growth 2012



Real GDP growth 2013



Real GDP growth 2014



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- The majority of provincial economies limped into 2013 reflecting a generally disappointing performance in the second half of 2012.
- For the most part, we expect things to pick up from here on; however, the pace will not be quite as vigorous as we had previously anticipated in 2013.
- Statistics Canada's survey of capital investment intentions signalled that most provinces will not get as much of a capital spending lift as we had thought.
- We have, consequently, revised our growth forecasts lower for the majority of provinces in 2013.
- The main exception will be Newfoundland and Labrador where a substantial rise in investment by the oil industry will add fuel to the GDP fire, thereby placing the province further ahead of all others in terms of growth this year.
- Most western provinces will continue to grow faster than the national average. British Columbia will lag, however.
- Quebec, Ontario, New Brunswick, and Prince Edward Island will also trail the national average. Transitory disruptions affect growth in 2012...

Limping into 2013

Provincial economies were not exactly hitting the ground running as we rolled in to 2013. In fact, most of them limped at best, as a host of factors conspired to undermine their performance in the latter half of 2012. As we noted in the December issue of *Provincial Outlook*, there were transitory issues that disrupted activity in the mining, oil and gas, and agricultural sectors of several provinces in the third quarter of 2012. Then, a period of high anxiety came ahead of the so called 'fiscal cliff' in the United States, which stalled activity in sectors such as manufacturing in several provinces in the fourth quarter.

Capital spending outlook less bullish

In late February 2013, Statistics Canada's *Private and Public Investment (P&PI)* survey report showed generally disappointing investment intentions for 2013 across the provinces. While results in past surveys have been far from accurate predictions of actual spending, and that this year's survey period (between November 2012 and January 2013) coincided with particular gloom in the news, nonetheless, we used this year's results to temper expectations for construction this year. Non-residential intentions in New Brunswick, Saskatchewan, British Columbia, and to a lesser extent in Quebec and Ontario, were weaker than we expected. On the other hand, intentions in Newfoundland and Labrador, and Manitoba surprised us on the upside.

General downward revisions to our provincial growth forecasts

In light of the weaker than anticipated handoff to 2013 and generally disappointing investment intentions, we revised our provincial growth profile mostly downward in this issue of *Provincial Outlook*. The largest revisions to the 2013 growth rates are for British Columbia (to 1.6% from 2.3% previously), New Brunswick (to 1.1% from 1.7%), Saskatchewan (to 2.9% from 3.5%), and Ontario (to 1.6% from 2.3%). We also adjusted Newfoundland and Labrador's rate upward (to 5.1% from 4.4%). Changes to the other provinces were comparatively smaller.

Broad picture still favouring Prairie Provinces, and Newfoundland and Labrador

After the revisions, Newfoundland and Labrador emerged further ahead of the pack in the 2013 provincial growth rankings. The Prairie Provinces continue to fare well, with growth rates of 3.0% in Alberta, 2.9% in Saskatchewan, and 2.7% in Manitoba. Nova Scotia (1.9%) is the only other province above of the national average (1.8%). All other provinces remain below the national mark, as was the case previously.

BC - Stronger growth delayed

We continue to expect British Columbia's economy to grow modestly in 2013; however, we will have to wait until 2014 to see acceleration in the pace. Unexpectedly weak capital spending intentions prompted us to revise our real GDP growth forecast downward for the province in 2013 to 1.6% from 2.3% previously, and this new rate represents a slight easing from the estimated 1.8% rate in 2012. Our earlier call for 2013 assumed a strong increase in business investment, which was not supported by the most recent P&PI survey by Statistics Canada. Our downwardly revised growth forecast also acknowledges the lack of momentum in the BC economy as it entered 2013. On the upside, however, we believe that the BC economy will see some export gains this year, as provincial exporters benefit from improving demand from the United States, more specifically from the turnaround in housing construction, and thus demand for lumber, that is taking place there. And we believe that a ramp-up in capital spending next year will boost BC economic growth to a rate of 2.7% in 2014.

Disappointing handoff to 2013

Recent economic indicators in the province suggested that the BC economy ended 2012 on a soft note. Employment fell between October 2012 and January 2013, thereby doing little to revive growth in worker earnings. Retail sales and manufacturing shipments stagnated in the fourth quarter. Activity in the home resale market continued to slide. Residential construction was flat at best. Housing starts, in fact, weakened somewhat in the fourth quarter. The general picture, therefore, represented a disappointing handoff to 2013.

Soft patch will be temporary

We expect this soft patch to be temporary, however. There are already tentative signs that housing resale activity stabilized by early in 2013, that new motor vehicle sales picked up in January and that employment regained its footing in February. Other sectors such as manufacturing may well be on the cusp of showing gains. We are encouraged by the sustained recovery in US home building and its implications for BC lumber production. The initial stages of this recovery last year produced an increase of 25% in BC lumber exports to the United States. A strengthening of the Chinese economy brightens the outlook for exports even more.

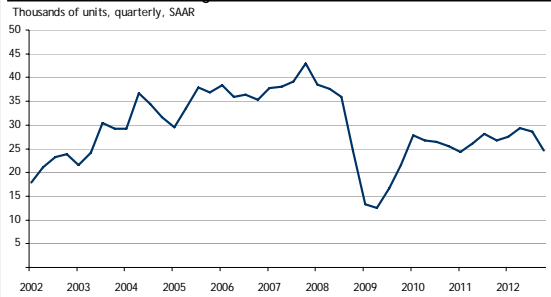
This may not be the year for the investment boom

There will be one key element playing a much smaller role than we previously anticipated during this rebounding from the soft patch this year: business capital spending. The recently released P&PI survey greatly undermined our earlier thesis that stronger non-residential investment would become a prime engine of growth for the province in 2013. While the survey confirmed the increased contribution of major projects in the manufacturing and transportation sectors, multi-billion dollar declines in spending intentions in the mining, and oil and gas industries were significant disappointments. A meaningful boost to economic growth from capital investment activity may have to wait to 2014.

Provincial government sticking to balanced budget commitment

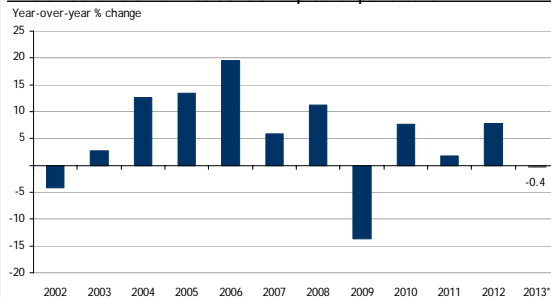
The 2013 BC budget presented in February was a difficult juggling act amid intense pressures on the province's revenues arising from reduced natural gas royalties and the desire to balance the books by 2013-2014. In the end, the government maintained its commitment to eliminate its deficit in 2013-2014 by holding the line on spending, raising taxes, and selling assets. Provincial elections are scheduled for May 14.

British Columbia housing starts



Source: Statistics Canada, RBC Economics Research

British Columbia non-residential capital expenditure



* Intentions
Source: Statistics Canada, RBC Economics Research

British Columbia forecast at a glance

% change unless otherwise indicated

	2011	2012F	2013F	2014F
Real GDP	2.8	1.8	1.6	2.7
Employment	0.8	1.7	1.0	1.4
Unemployment rate (%)	7.5	6.7	6.3	6.3
Retail sales	3.1	2.2	2.9	3.9
Housing starts (units)	26,400	27,500	23,900	23,500
Consumer price index	2.3	1.1	0.7	1.6

Robert Hogue
Senior Economist



AB - Dark clouds barely dimming economic boom

By most accounts, the economic boom is alive and well in Alberta. We estimate that the province led all other regions of the country in terms of growth in 2012 with a rate 3.5%, and we expect it to remain among the leaders again in 2013 with a 3.0% rate, surpassed only by Newfoundland and Labrador. This forecasted 3.0% advance this year, however, represents a downward revision from our previous 3.5% call to reflect the gathering of dark clouds over capital investment and the provincial government's fiscal situation since the middle of last year. We expect these clouds to clear to a large extent by next year thereby setting the stage for stronger growth of 4.2% in 2014.

Few weak spots

As we observed in past *Provincial Outlook* reports, the Alberta economy clearly is in the midst of an impressive boom despite facing some constraints on its ability to deliver key products to markets. Crude oil production surged to a record high last year and is bound to be stronger still this year. High levels of capital investment in the province fuel manufacturing activity, as well as wholesalers' sales. Employment in Alberta is on a steady upswing, which attracts new migrants into the province at record levels. Population growth reached a five-year high in Alberta in 2012. In turn, strong population and employment gains feed demand for housing, and consumer goods and services. Such strength in the majority of sectors easily offsets the few weak spots that include natural gas and drilling.

Some cracks in non-residential investment intentions...

While we expect solid economic momentum to be largely sustained this year, we detected in the recent P&PI survey some signs that non-residential construction—a major catalyst of economic activity in the province—might be letting up a little. The survey showed that non-residential construction intentions are up by just 0.8% in 2013, marking a significant slowdown from average increases of 22% in the previous three years. Intentions in the oil and gas sector are essentially flat this year. No doubt, concerns about rapidly rising energy production in the United States, the emergence of pipeline bottlenecks, and the so called 'bitumen bubble', which have been depressing Alberta's heavy crude oil prices relative to global benchmarks late in 2012 and at the start of 2013, have weighed on energy project developers' plans in Alberta. Weaker than expected oil prices also drilled a multi-billion dollar hole in the government of Alberta's revenues, which led to greater public-sector spending restraint in the recent 2013 provincial budget.

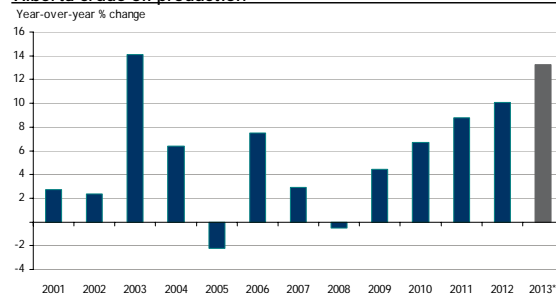
...but no major cutbacks

That being said, however, we continue to believe that any let up in capital spending in areas such as the oil sands this year will be fairly short lived, marking a pause while pipeline issues are addressed and crude oil price relationships normalize. The upcoming decision in the United States on the fate of the northern section of the Keystone XL pipeline project will provide a significant clue on the future investment prospects in the oil sands. RBC Capital Markets equity research analysts ascribe a 75% probability on the project being approved.

Business sector raising its game in 2014

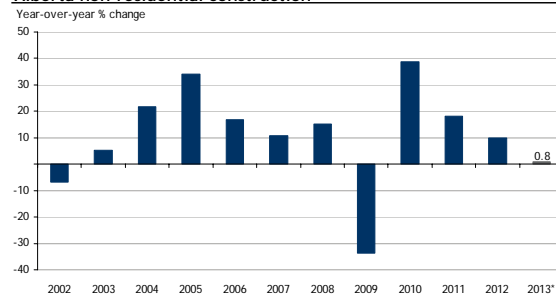
With some of the dark clouds clearing by next year, we expect the business sector to contribute more substantially to growth in Alberta in 2014, thereby supplementing strong consumer-dependent activity that will be sustained through the coming two years.

Alberta crude oil production



* NEB forecast
Source: National Energy Board, RBC Economic Research

Alberta non-residential construction



* Intentions
Source: Statistics Canada, RBC Economics Research

Alberta forecast at a glance

% change unless otherwise indicated

	2011	2012F	2013F	2014F
Real GDP	5.1	3.5	3.0	4.2
Employment	3.8	2.6	2.6	1.9
Unemployment rate (%)	5.5	4.6	4.4	4.5
Retail sales	6.9	7.6	5.3	5.2
Housing starts (units)	25,704	33,300	33,000	32,000
Consumer price index	2.4	1.1	1.6	1.7

Robert Hogue
Senior Economist

SK - Carried by upswings in agriculture and potash

Saskatchewan has traditionally been buffeted by production swings in the agricultural sector although the potash sector is increasingly adding volatility to overall growth in the province. With respect to the former, after a weather-related 8.7% surge in 2011, agricultural production in 2012 held steady with increases in wheat production helping to offset a drop in the canola harvest. Modest gains in other industry segments are estimated to have kept output in the agricultural sector growing by around 2.5% last year. Looking ahead to the harvest this year and next, our forecast assumes normal weather conditions with this winter's heavy snowfall not resulting in any major flooding and delays to the spring planting. This is expected to result in more broad-based strength in field crop production in Saskatchewan that will contribute to agricultural production rising between 3.0% and 3.5 % in the province for both 2013 and 2014.

Potash production expected to resume after cutbacks in 2012

Developments with respect to potash have been less positive last year with rising inventories prompting production cutbacks in the province. On an average annual basis, potash production dropped 15% in 2012 after a 14% increase in 2011 and the almost 120% surge in 2010. Rising potash inventories resulted from a slump in sales during most of last year. In part, this slump reflected major overseas customers curtailing purchases while long-term sales contract negotiations were taking place. In February of this year, however, a major sales agreement was reached with the government and private-sector agents in India, which followed a similar sales agreement with China that is expected to rekindle demand for and production of Saskatchewan potash in 2013. Moreover, we believe that US producers will increase fertilizer use to try and aggressively recover from the disastrous drought-ravaged 2012 harvest in the US Midwest. Increased demand for potash is expected to send mining output up between 4.5% to 5.0% this year and next after rising modestly by an estimated 2% in 2012. Growth in this sector will also be helped by indications of increased uranium production during the forecast in the face of rising demand.

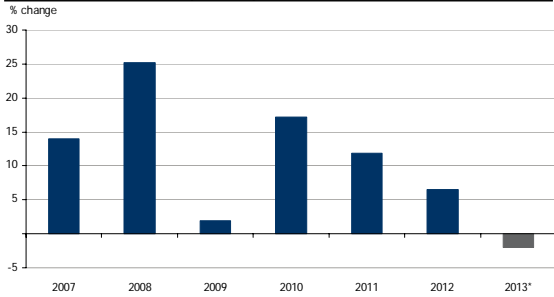
Capital spending plans are disappointingly weak for 2013

The recently released P&PI survey indicated a disappointing and unexpected drop in overall capital spending intentions in the province of 2.0% in 2013 after gains of 6.5% and 11.9% in 2012 and 2011, respectively. This pullback in spending plans likely in part reflected potash producers becoming more cautious in the face of production cutbacks in the past year. We believe that the degree of caution might have been excessive and that potash producers will become more amenable to spend on various projects and facilities as potash demand recovers this year. Nonetheless, we expect overall construction spending to remain modest in 2013, rising only 1.5% after an expected 4.5% rise in 2012 with greater strength emerging in 2014 with a rate of 5.5%.

Growth still expected to trend higher through the forecast

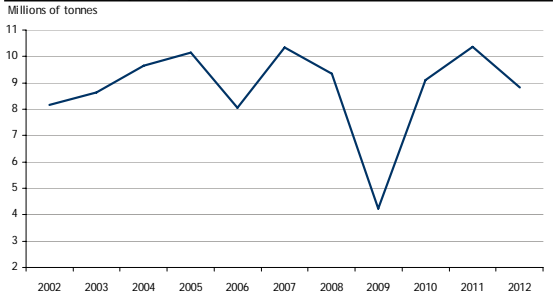
Indications of weaker construction activity this year has prompted us to revise our growth forecast downward in the province for 2013 to 2.9% from 3.5% previously: however, this still represents acceleration from the 2012 estimated rate of 2.6% because of the expected recovery in mining activity and a modest uptick in agricultural output. We forecast the pace in Saskatchewan's economy to accelerate even more in 2014 to 3.7%, fuelled by a resumption of construction activity.

Saskatchewan total capital expenditure



* Intentions
Source: Statistics Canada, RBC Economics Research

Saskatchewan potash production



Source: Saskatchewan Industry and Resources, RBC Economics Research

Saskatchewan forecast at a glance

% change unless otherwise indicated

	2011	2012F	2013F	2014F
Real GDP	4.9	2.6	2.9	3.7
Employment	0.3	2.1	2.7	1.6
Unemployment rate (%)	5.0	4.7	4.3	4.3
Retail sales	7.5	6.7	5.4	4.9
Housing starts (units)	7,031	10,000	7,900	6,900
Consumer price index	2.8	1.6	2.1	2.5

Paul Ferley
Assistant Chief Economist

MB - Continuing on its steady, solid course

We estimate that growth in the Manitoba economy bounced up to a 2.7% gain in 2012 from a 2.0% increase in 2011 in part due to improved weather conditions contributing to a recovery in agricultural activity. This jump in agricultural production coincided with a surge in grain and oilseed prices in the face of supply problems in most other major growing areas around the globe including the extreme drought in the US Midwest. Also supporting the bounce in GDP growth last year was a recovery in construction activity after a sharp falloff in 2011. This was substantiated in the recent release of Statistics Canada P&PI survey that showed overall capital spending jumping by a solid 9.7% in 2012 after no growth in 2011.

Capital spending to remain strong in 2013

The P&PI survey also provided encouraging news for capital spending in the province in 2013 with businesses indicating that they planned to boost their capital outlays by a further 8.5%. This implies some upside risk to our projected increase in construction spending in the province of 5% this year after an expected 4% gain in 2012. This increase reflects spending on a number of projects including ongoing construction activity related to the Canadian Museum of Human Rights that is scheduled to open in 2014, a hotel-office complex in downtown Winnipeg, and the expansion of the Winnipeg Convention Centre. Work on the latter is expected to continue into 2014, which will contribute to keeping construction spending growth strong that year. Manitoba Hydro moving ahead with construction of the Bipole III project would provide a further significant boost to construction in the forecast.

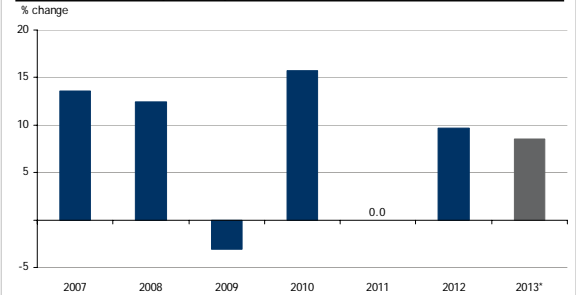
Strengthening US demand to support manufacturing and utilities

Less positive news has emerged in Manitoba's manufacturing sector as sales continue to struggle to gain traction in 2012 with activity in the sector up only about 1% during the year. As well, electricity production dropped by almost 7% last year, which more than retraced the 5% increase in 2011. With US demand for imported goods and services anticipated to strengthen this year and next, we expect improvements on both fronts for the forecast. For utilities output, we project increases of 2.0% and 4.0% for 2013 and 2014, respectively and for manufacturing output gains of 3.0% this year and 3.5% next year. The gains in manufacturing will largely be concentrated in transportation equipment, including aerospace and buses, along with machinery.

Solid growth expected through the forecast

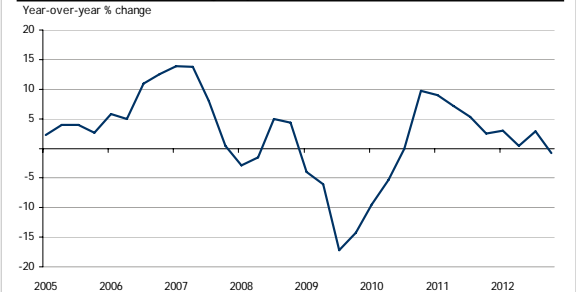
All things considered, our scenario for Manitoba's economy is one of steady solid growth with real GDP rising 2.7% in 2013, thus matching the estimated increase in 2012, and 2.8% in 2014. While we expect agricultural output to grow less rapidly this year after the surge in 2012, larger anticipated gains in construction, manufacturing, and utilities will provide a positive offset. The same supportive factors will continue be present in 2014, thus sustaining the overall growth rate in the province. Our upbeat scenario for the provincial economy also reflects solid farm income growth with agricultural prices remaining historically high. This is expected to be the case even assuming some retracement in prices later this year on the prospects of a recovery in the US harvest following a return to normal growing conditions in the US Midwest.

Manitoba total capital expenditure



* Intentions
Source: Statistics Canada, RBC Economics Research

Manitoba manufacturing shipments



Source: Statistics Canada, RBC Economics Research

Manitoba forecast at a glance

% change unless otherwise indicated

	2011	2012F	2013F	2014F
Real GDP	2.0	2.7	2.7	2.8
Employment	0.8	0.9	1.7	1.2
Unemployment rate (%)	5.4	5.3	5.0	4.8
Retail sales	4.3	1.3	3.6	4.4
Housing starts (units)	6,083	7,400	6,200	5,500
Consumer price index	2.9	1.6	2.1	2.0

Paul Ferley
Assistant Chief Economist

ON - Re-building momentum

Despite beginning 2013 with little wind in its sails, we expect Ontario’s economy to keep forging ahead during the remainder of this year. The lifting of some of the fiscal uncertainty bogging down its top trading partner—the United States—late last year will help to restore economic momentum in Ontario this year. Progressively rising US demand and a slightly weaker Canadian dollar will contribute to boost Ontario’s external trade performance. At the same time, however, the slowing of domestic sectors such as residential investment will cap overall growth in the province. We project real GDP to grow by 1.6% in 2013, which would be down only slightly from the 1.9% rate that we estimate for 2012.

Economy stalled in the second half of 2012...

Economic momentum largely stalled in Ontario in the second half of 2012. The latest estimates from the Ontario Ministry of Finance showed that real GDP (measured on an industry basis) barely grew in the third quarter (rising marginally by 0.4% at an annualized rate from the second quarter). Other more recent economic indicators, such as sales by the province’s manufacturers, wholesalers and retailers, merchandise trade with other countries, and construction activity, point in the direction of continued stagnation in the final quarter of 2012. There were notable gains in employment during the fall, but a high proportion (40%) were part-time positions, thereby contributing only modestly to household incomes.

...as the US fiscal cliff loomed

We attribute part of this stalling in growth in Ontario to heightened uncertainty arising from political wrangling over the so called ‘fiscal cliff’ in the United States as the January 1, 2013, deadline loomed. Concerns that a full-scale fiscal hit would plunge the US economy into recession no doubt caused businesses and consumers to adopt a wait-and-see stance south of the border and, we believe, in Ontario as well. That the US economy stood still in the fourth quarter of 2012 (it grew by just 0.1%, annualized, from the third quarter) in part reflected this heightened caution.

US demand to pick up in 2013

While there are further fiscal hurdles to clear in the United States, the averting of the fiscal cliff in early January removed a significant layer of uncertainty, which in our view, will in time reinvigorate economic activity. We expect US demand for Ontario goods and services to improve, although more clearly so in the latter half of 2013 and into 2014 with the US fiscal uncertainty easing further. A somewhat weaker Canadian dollar will also provide some help at the margin.

Cooler housing market

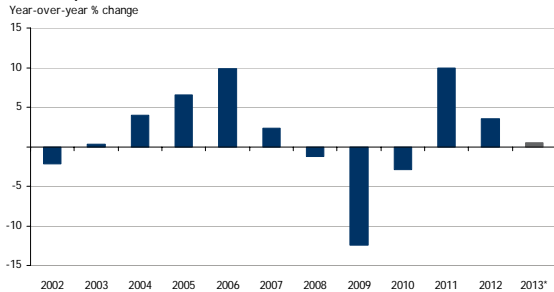
We believe that a wait-and-see attitude was partly to blame for the flattening of business investment in the latter part of 2012. While a disappointingly soft Statistics Canada P&PI survey recently suggested little in the way of a boost in private-sector non-residential capital spending in 2013, we still think that strong corporate balance sheets, low interest rates, and intense competition will drive up business investment in the province this year. Where we see some cooling taking place in 2013 is in residential investment, however. We expect the slowdown in home resales that began last year to apply fairly significant downward pressure on new home construction this year. We forecast housing starts to drop to 58,900 units in 2013 from 76,900 units in 2012.

Ontario manufacturing sales



Source: Statistics Canada, RBC Economics Research

Ontario private non-residential investment



* Intentions
Source: Statistics Canada, RBC Economics Research

Ontario forecast at a glance

% change unless otherwise indicated

	2011	2012F	2013F	2014F
Real GDP	1.8	1.9	1.6	2.8
Employment	1.8	0.8	1.3	1.4
Unemployment rate (%)	7.8	7.8	7.6	7.3
Retail sales	3.6	1.6	3.1	3.8
Housing starts (units)	67,821	76,900	58,900	58,000
Consumer price index	3.1	1.4	1.5	1.9

Robert Hogue
Senior Economist



QC - Outlook brighter but not a sea change

With several of the obstacles that hampered growth in 2012 now cleared, the outlook for Quebec's economy is brighter for 2013 although the improvement will be more subtle than a sea change. We expect that two areas of weakness last year—consumer spending and the external trade sector—will turn a corner this year and contribute to an acceleration of real GDP growth to 1.2% in 2013 from a meagre 0.8% in 2012. This projected rate of 1.2%, however, will still position Quebec below the national mark of 1.8%. Among the factors holding the pace back in 2013 will be a slowdown in capital investment. We expect momentum in the provincial economy to continue to build in 2014 with real GDP growth reaching 2.0%.

Fewer impediments to growth in 2013

Considering how disappointing the performance of Quebec's economy was in 2012—when growth was the weakest in a non-recessionary period since 1989 in the province—it is hardly a stretch to expect better days in 2013. The brighter outlook is in part justified by the fact that a number of impediments to consumer and export activity last year, such as the extended labour disruption in aluminum production (Quebec's top export commodity), the rise in the provincial sales tax on January 1, and months of student protests, have subsided by now. The improved outlook this year is also premised on stronger US demand for Quebec exports. Among other things, the recovery in US housing construction will boost demand for Quebec-made building materials such as wood products.

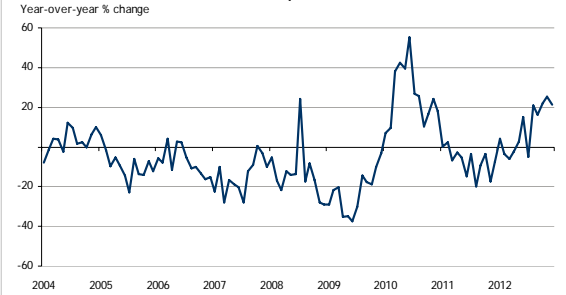
Upgraded momentum...

Some of these factors were already at play in the final stages of 2012. Recent data suggest that the Quebec economy picked up its pace of growth as 2012 drew to an end. The services sector showed signs of vigour lately with gains registered on both business and household sides—including a strong rebound in education services. The goods sector, however, remained a mixed bag. Output by utilities increased substantially in recent months (reversing earlier declines), but the manufacturing sector continued to stagnate, and construction activity moderated. There has been a surprisingly strong employment gain of nearly 92,000 (mostly full-time positions) in the province between August 2012 and January 2013 that pushed Quebec's unemployment rate to a three-year low of 7.1% (before edging higher to 7.4% in February). While the labour market buoyancy may well be overstated by these numbers, nonetheless, we believe that higher labour income will provide increased support for consumer spending in 2013.

...yet upside is limited

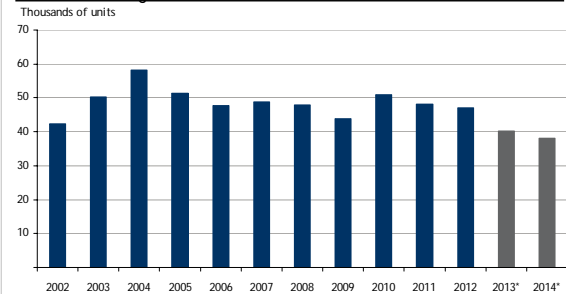
Any upside to provincial growth this year will be limited, however. We expect the moderation in Quebec's construction activity late last year to intensify in 2013 and act as a notable drag on growth. On the residential side, the slowdown in home resales since the summer of 2012 will translate into weaker housing starts and residential investment. We project starts to fall to 40,300 units in 2013 from 47,100 units in 2012. On the non-residential side, the latest P&PI survey revealed a flattening in capital investment intentions in 2013 following substantial increases in the province in the previous two years. The survey showed that a decline in mining will largely offset higher spending intentions by utilities, financial institutions, retailers, and transportation services operators. We assume, therefore, that business non-residential capital expenditures will contribute only minimally to growth in 2013.

Quebec softwood and hardwood production



Source: Statistics Canada, RBC Economics Research

Quebec housing starts



* RBC forecasts
Source: Statistics Canada, RBC Economics Research

Quebec forecast at a glance

% change unless otherwise indicated

	2011	2012F	2013F	2014F
Real GDP	1.9	0.8	1.2	2.0
Employment	1.0	0.8	1.5	1.0
Unemployment rate (%)	7.8	7.8	7.6	7.5
Retail sales	2.9	0.7	3.0	3.5
Housing starts (units)	48,387	47,100	40,300	38,000
Consumer price index	3.0	2.1	1.7	1.9

Robert Hogue
Senior Economist

NB - Lacking a catalyst for growth

The economic engine in New Brunswick still lacks a catalyst for growth. We previously thought that private investment would provide a much needed boost in 2012 and 2013; however, the recent release of Statistics Canada’s P&PI survey gave no indications that such a boost is in the works. In fact, investment intentions were down in both years, although plans for 2013 showed more moderate declines. Accordingly, we revised our economic growth estimate for 2012 and forecast for 2013 lower to 0.6% and 1.1%, respectively, from 0.8% and 1.7% previously.

Public sector on the sidelines

The completion of the Point Lepreau refurbishment project in 2012 likely weighed on capital expenditure plans for 2013. The P&PI survey showed that nearly three-quarters of the 6.4% decline in non-residential capital spending intentions in the province resulted from capital outlay reductions in the utilities industry. In the broad public sector, spending intentions have been cut by 13.5% in 2013, mainly as municipalities continue to unwind from a bout of stimulus spending in 2010. At the provincial level, New Brunswick’s capital budget for 2013-2014 earlier revealed that spending on new projects would plunge 85% in the coming fiscal year as the government focuses on addressing its fiscal challenges. The provincial budget deficit in 2012-2013 was recently revised to \$228.2 million higher than the initial Budget 2012 projection. In addition to lowering its capital spending, the NB government is also considering various deficit-fighting proposals, including returning tax rates to 2008 levels and increasing the HST by two percentage points to 15%. In light of the upwardly revised deficit, we now expect fiscal restraint to act as a greater drag on growth than we previously anticipated.

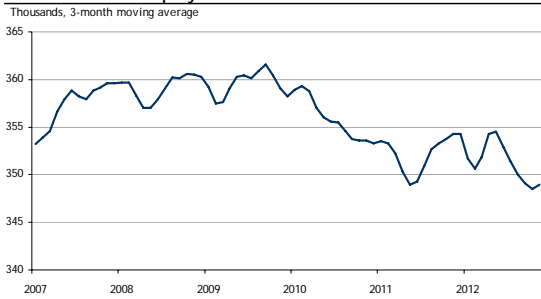
Encouraging news on the jobs front

The recent announcement by JD Irving Ltd. to hire more than 2,700 workers in the province as it gears up for its shipbuilding work in Nova Scotia came as very welcome news. We expect that such hiring will contribute to the first annual gain in employment in four years in New Brunswick in 2013. The province’s export sector will further support the upward employment trajectory as building material producers benefit from the strengthening US housing market. The improving employment picture, however, will be limited by fiscal restraint continuing to weigh on public-sector hiring. Nonetheless, as modest as we expect them to be, the job gains will be positive for sectors such as retail trade, for which we project a bounce back in sales in 2013 after a decline in 2012.

Mining to provide a boost in 2014

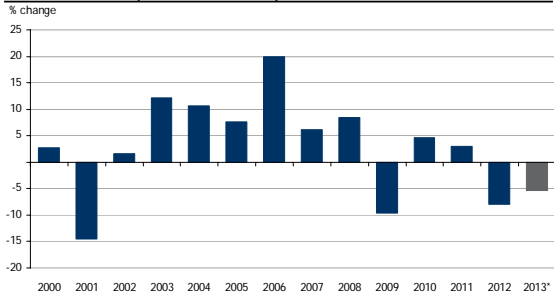
The potential for an east-west pipeline expansion bringing Western Canadian crude to New Brunswick would bolster long-term prospects for the province; however, this year’s prospects in the province rest more closely on stronger exports and consumer spending. In 2014, we expect the mining sector to pitch in after an expected pause in 2013 due to the closure of the Xstrata Brunswick mine and a temporary shutdown at the Half-Mile facility. With production resuming at Half Mile mid-2013 and production ramping up at Sussex Potash, 2014 will see a sizable lift to mining and the overall economy. We project real GDP growth in New Brunswick to accelerate to 1.8% in 2014. The construction of the Sisson Brook tungsten mine bodes well for further mining advances in 2015.

New Brunswick employment



Source: Statistics Canada, RBC Economics Research

New Brunswick private sector capital investment



* Intentions
Source: Statistics Canada, RBC Economics Research

New Brunswick forecast at a glance

% change unless otherwise indicated

	2011	2012F	2013F	2014F
Real GDP	0.0	0.6	1.1	1.8
Employment	-1.1	-0.2	0.6	1.0
Unemployment rate (%)	9.5	10.2	10.5	9.9
Retail sales	4.8	-0.5	2.1	3.0
Housing starts (units)	3,452	3,300	3,000	3,000
Consumer price index	3.5	1.7	1.6	2.0

Laura Cooper
Economist



NS - Time to fill up the (natural) gas tank...

After a weaker than expected performance in 2012, we believe that there is scope for a meaningful pick up in economic activity in Nova Scotia in 2013. Last year, the province’s international exports stagnated while broad-based weakness persisted in the domestic economy. Barring further delays, the start up of natural gas production at Deep Panuke mid-2013 along with the revival of full production at Sable offshore should yield substantial year-over-year natural gas production gains for the first time since 2008. This turnaround is expected to boost real GDP growth to 1.9% in 2013, which would be a notable improvement from an estimated 1.1% in 2012.

Improving exports to bolster growth...

The extent of the pullback in the province’s international export sector surprised on the downside in 2012, as Nova Scotia faced the steepest drop off among all provinces (-14.5%). With pressures facing the forestry and energy sectors expected to ease in 2013, strength in the province’s largest export groups (rubber tires and crustaceans) should make up for any remaining slack. Despite the overall plunge last year, exports to China, which is the second-largest export destination, surged by more than 30% in 2012. Largely fuelled by a 90% rise in fish and crustacean exports, this robust demand is expected to persist in 2013. Strengthening auto sales south of the border coupled with expansion plans by the province’s largest supplier of rubber tires should support growth in the province’s largest nominal export. Firmer natural gas prices and the production gains from the start-up at Deep Panuke are expected to reinvigorate natural gas exports.

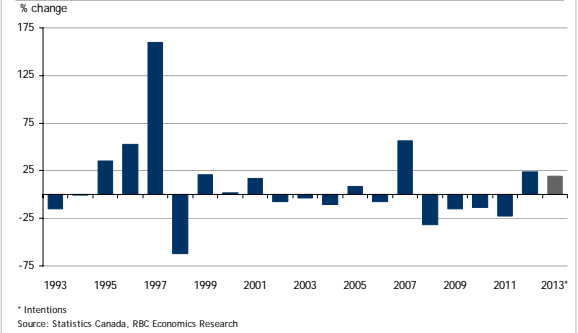
...but no signs of a shipbuilding boost yet

It appears that benefits from preliminary shipbuilding prep work on the \$25-billion, 30-year, shipbuilding contract with the federal government will be modest in 2013. Statistics Canada’s survey of capital spending intentions showed a rise in planned expenditures of only \$58 million by Nova Scotia manufacturing (which includes shipbuilding) in 2013. We will have to wait longer—most likely until 2015—for a stronger contribution to growth from the contract. In other sectors, capital investment plans were raised modestly in 2013. Spending intentions on non-residential construction in the province were boosted by 3.1%, thereby building on a 5.2% increase in 2012. There is scope for further increases in 2014 with construction on the recently sanctioned \$1.5-billion Maritime Transmission Link set to begin in early 2014.

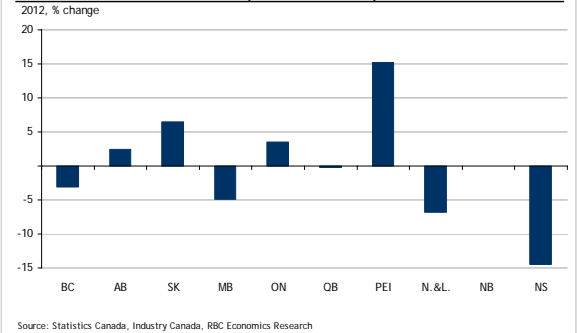
Employment gains: slow but steady

Employment eked out a 0.6% gain in 2012, which was a slight improvement from three consecutive years of essentially unchanged levels. This mild recovery was spurred entirely by the addition of 7,400 private-sector positions that offset a loss of 2,300 in the public sector. With major projects not expected to ramp up in 2013 and a further pullback in the public sector possible, employment growth is likely to remain minimal this year. The modest strengthening in job creation in 2012 failed to bolster gains in consumer spending in 2012. Retail sales cooled in the fall and were led by weakness in motor vehicle sales. Residential construction remained resilient, however, defying expectations for a slowdown, with housing starts reaching a record high in the second half of 2012. Some of this strength, however, likely reflected activity being brought forward. We expect fewer housing starts in the province in 2013 (4,000 units) versus 2012 (4,500).

Nova Scotia manufacturing sector capital investment



Nova Scotia merchandise exports vs. other provinces



Nova Scotia forecast at a glance

% change unless otherwise indicated

	2011	2012F	2013F	2014F
Real GDP	0.5	1.1	1.9	2.1
Employment	0.1	0.6	0.3	1.1
Unemployment rate (%)	8.8	9.0	9.0	8.6
Retail sales	3.5	1.0	3.4	3.1
Housing starts (units)	4,644	4,500	4,000	3,800
Consumer price index	3.8	1.9	1.9	2.1

Laura Cooper
Economist

PEI - Loosening the fiscal belt?

2012 was a period of fiscal restraint in Prince Edward Island as the provincial government set out to restore its fiscal health. Facing its largest budget deficit in a decade and falling revenues, the provincial government resorted to cutting back spending in 2012-2013. The degree of belt tightening may ease in 2013, however, with indications pointing to a sizable increase in public-sector capital investment. After a strong performance in 2012, we expect the province's export sector to continue to fuel PEI's economic growth in 2013, with our forecast calling for real GDP to rise by 1.7%, thereby slightly surpassing the estimated 1.4% rate in 2012.

Public capital spending rebound

The public sector pulled back its capital investment significantly in 2012, bucking the trend in recent years that stimulated the province's economy substantially. The recently released investment intentions survey by Statistics Canada, however, indicated that this pullback will be temporary. The survey revealed that the provincial administration is planning to boost its spending by 65% in 2013 following a sizable drop (-30%) in 2012. Meanwhile, the federal government intends to raise its spending by 1.6% in the province after cutting it drastically in 2012 (by 58%), and establishments in the education and health care sectors project a to boost their expenditures modestly (8.4% and 1.6%, respectively). The results for provincially sourced spending intentions are at odds with the provincial government's updated five-year capital plan released in November 2012. The plan projected spending to fall in 2013-2014 with a notable decline in capital improvements in the health care sector. This potential for an easing of fiscal restraint in 2013 provides some upside risk to our forecast.

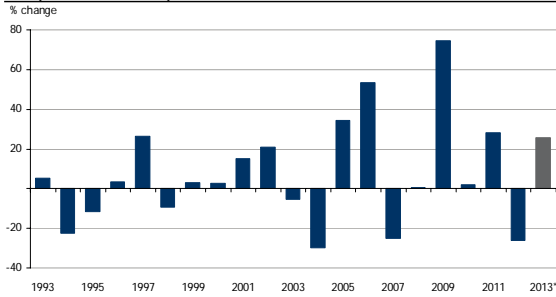
No signs of slowing for manufacturing exports...

Early signs point to 2013 being another solid year for the province's export sector after posting the strongest growth in the country in 2012. Despite expectations for private investment to remain relatively flat in 2013, manufacturing firms intend to boost capital outlays by 26%. This bodes well for the province's manufacturing exports, with manufacturing contributing to 70% of all nominal merchandise exports in 2012. With an environmental impact report completed early this year, a \$60 million wind farm proposal could provide further support to the province's outlook with construction likely to commence this fall, pending further planning and approvals.

...but domestic headwinds to strengthen

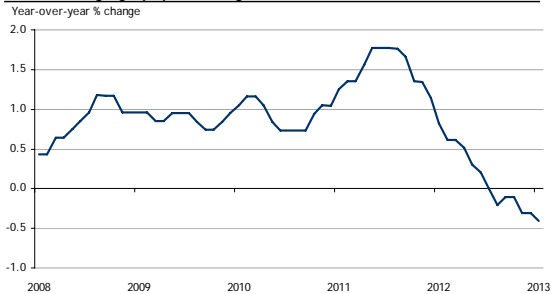
Despite the encouraging signs for Prince Edward Island, headwinds could gain strength in 2013. Population growth moderated to its slowest rate in five years in 2012 as the provincial nominee program concluded. The working-age population (15-64) faced the steepest year-over-year declines in at least 40 years, while the number of Islanders over the age of 65 grew at the fastest pace on record. The effects on the economy of such demographic shift so far have been fairly muted, however. Employment continued to grow in 2012 although it slowed as public hiring stalled. Retail sales excluding the price-sensitive gasoline sales component moderated throughout the year, yet they still posted an impressive overall year-over-year gain (4.1%). Housing starts remained elevated, although we expect the pace to moderate in 2013 (notwithstanding a recent surge driven by multiples in Charlottetown).

PEI public sector capital investment



* Intentions
Source: Statistics Canada, RBC Economics Research

PEI working age population growth



Source: Statistics Canada, RBC Economics Research

Prince Edward Island forecast at a glance

% change unless otherwise indicated

	2011	2012F	2013F	2014F
Real GDP	1.6	1.4	1.7	1.8
Employment	1.9	1.1	1.6	1.3
Unemployment rate (%)	11.4	11.3	11.0	10.4
Retail sales	5.6	3.4	2.6	3.3
Housing starts (units)	940	900	900	700
Consumer price index	2.9	2.0	1.9	2.1

Laura Cooper
Economist



NL - All fired up and ready to spend

Despite significant disruptions to oil production, a record level of capital investment, centred in the oil sector, is estimated to have kept growth in the province afloat in 2012. Investment in the energy sector is expected to accelerate further to an impressive \$4.7 billion in 2013, which would be a whopping 83% increase from 2012. A rebound of production at the province's offshore oil fields will further contribute to launching Newfoundland and Labrador to the top of the provincial growth rankings in Canada for 2013. The boom-like conditions supporting the province's largest industry are forecasted to fuel economic growth to 5.1% in 2013, which would be a significant improvement from a revised estimate in 2012 of 0.4%.

As oil grows, mining slows

The ramping up of construction on the \$8.3 billion Hebron oil offshore project is expected to boost investment in the oil industry considerably in 2013. This increase will more than offset weaker projected spending in the mining sector, which was unsettled in the past year by a slump in commodity prices, particularly for iron ore. Statistics Canada's investment intentions survey indicated that spending by the province's metal ore mining industry is set to fall to \$520 million in 2013, which would represent a 15% decline from 2011 (the 2012 figure was not published). Facing rising costs, the Iron Ore Company of Canada announced a slowdown in the expansion of its Phase 2 project in western Labrador. Uncertain market conditions were also behind the postponement of a feasibility study for the proposed CN rail line to the Labrador Trough. That being said, we believe that recent pessimism in the provincial mining sector is somewhat overdone and that part of this gloom will lift as iron ore prices rebound from 2012 lows (a process that is already underway with prices up 7.5% year over year in January 2013). As a case in point, Labrador Iron Mines recently indicated that it will resume operations in the spring after idling some of its production last year.

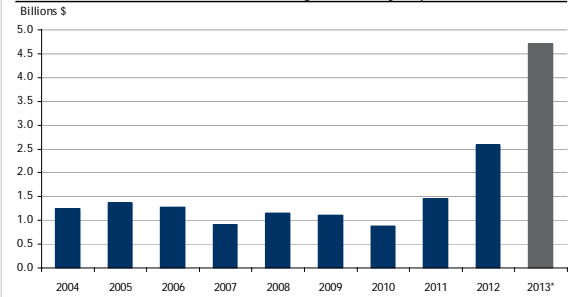
Capital investment to reach a record high

With every indication that 2013 will be a robust year for growth in the province, attention is expected to shift to the province's fiscal situation when Budget 2013 is released. The pressures facing oil royalty revenues, with a 26% decline in production in 2012, are expected to weigh on the government's budget deficit estimate of \$726 million in the fiscal year ending in March 2013. We expect the revenue drop to be short lived, however. The National Energy Board forecasts that crude oil production in the province will surge by 17% in 2013 as previously disrupted offshore oilfields return online. This rebound should restore some royalty revenue for the government in the 2013-2014 fiscal year.

Major capital projects to bolster employment

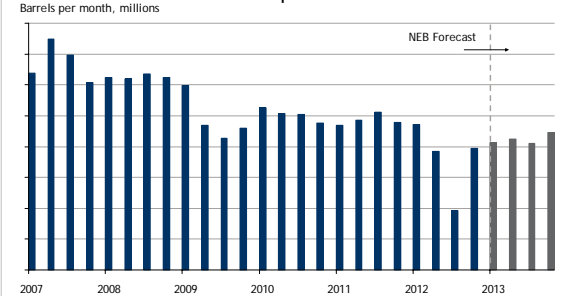
With major capital projects on the agenda and a rebound in oil production, Newfoundland and Labrador's economy will be firing on all cylinders in 2013. Employment reached an all-time high in 2012 and supported a drop in the unemployment rate to its lowest level on record since 1976 (12.5%). Our forecast of 2.0% employment growth for 2013 will contribute to a further decline in the unemployment rate. Additional gains in employment and economic activity beyond 2013 are likely with the approval of the Muskrat Falls portion of the Lower Churchill hydroelectric project. Construction on the \$6.2 billion project is scheduled to begin in early 2014 with electricity expected to flow by mid-2017.

Newfoundland and Labrador oil and gas industry capital



* Intentions
Source: Statistics Canada, RBC Economics Research

Newfoundland and Labrador oil production



Source: Canada-Newfoundland and Labrador Offshore Petroleum Board, National Energy Board, RBC Economics Research

Newfoundland forecast at a glance

% change unless otherwise indicated

	2011	2012F	2013F	2014F
Real GDP	3.0	0.4	5.1	1.3
Employment	2.7	2.3	2.0	1.5
Unemployment rate (%)	12.7	12.5	11.8	11.3
Retail sales	5.1	4.8	4.2	4.3
Housing starts (units)	3,488	4,000	3,400	3,200
Consumer price index	3.4	2.1	1.8	2.1

Laura Cooper
Economist

Forecast detail

Average annual % change unless otherwise indicated

	Real GDP				Employment				Unemployment rate %				Housing starts Thousands				Retail sales			
	11	12F	13F	14F	11	12F	13F	14F	11	12F	13F	14F	11	12F	13F	14F	11	12F	13F	14F
N. & L.	3.0	0.4	5.1	1.3	2.7	2.3	2.0	1.5	12.7	12.5	11.8	11.3	3.5	4.0	3.4	3.2	5.1	4.8	4.2	4.3
P.E.I.	1.6	1.4	1.7	1.8	1.9	1.1	1.6	1.3	11.4	11.3	11.0	10.4	0.9	0.9	0.9	0.7	5.6	3.4	2.6	3.3
N.S.	0.5	1.1	1.9	2.1	0.1	0.6	0.3	1.1	8.8	9.0	9.0	8.6	4.6	4.5	4.0	3.8	3.5	1.0	3.4	3.1
N.B.	0.0	0.6	1.1	1.8	-1.1	-0.2	0.6	1.0	9.5	10.2	10.5	9.9	3.5	3.3	3.0	3.0	4.8	-0.5	2.1	3.0
QUE.	1.9	0.8	1.2	2.0	1.0	0.8	1.5	1.0	7.8	7.8	7.6	7.5	48.4	47.1	40.3	38.0	2.9	0.7	3.0	3.5
ONT.	1.8	1.9	1.6	2.8	1.8	0.8	1.3	1.4	7.8	7.8	7.6	7.3	67.8	76.9	58.9	58.0	3.6	1.6	3.1	3.8
MAN.	2.0	2.7	2.7	2.8	0.8	0.9	1.7	1.2	5.4	5.3	5.0	4.8	6.1	7.4	6.2	5.5	4.3	1.3	3.6	4.4
SASK.	4.9	2.6	2.9	3.7	0.3	2.1	2.7	1.6	5.0	4.7	4.3	4.3	7.0	10.0	7.9	6.9	7.5	6.7	5.4	4.9
ALTA.	5.1	3.5	3.0	4.2	3.8	2.6	2.6	1.9	5.5	4.6	4.4	4.5	25.7	33.3	33.0	32.0	6.9	7.6	5.3	5.2
B.C.	2.8	1.8	1.6	2.7	0.8	1.7	1.0	1.4	7.5	6.7	6.3	6.3	26.4	27.5	23.9	23.5	3.1	2.2	2.9	3.9
CANADA	2.6	1.8	1.8	2.9	1.6	1.2	1.5	1.3	7.4	7.2	7.0	6.7	194	215	182	175	4.1	2.5	3.5	4.0

Key provincial comparisons

2011 unless otherwise indicated

	N. & L.	P.E.I.	N.S.	N.B.	QUE	ONT	MAN	SASK	ALTA	B.C.
Population (000s) (2011)	513	146	949	756	8,055	13,506	1,267	1,080	3,874	4,623
Gross domestic product (\$ billions)	33.6	5.4	37.0	32.2	345.8	654.6	55.9	74.7	295.3	217.7
Real GDP (\$2007 billions)	28.9	4.9	35.4	28.9	322.7	605.2	53.4	57.5	274.7	206.2
Share of provincial GDP of Canadian GDP (%)	1.9	0.3	2.1	1.8	19.6	37.1	3.2	4.2	16.8	12.4
Real GDP growth (CAR, 2007-11, %)	-0.6	1.1	0.9	0.7	1.0	0.2	1.6	2.1	1.2	0.9
Real GDP per capita (\$ 2007)	56,370	33,467	37,349	38,290	40,448	45,277	42,638	54,392	72,714	45,051
Real GDP growth rate per capita (CAR, 2007-11, %)	-0.7	0.2	0.8	0.5	0.3	-0.5	0.9	1.0	-0.1	-0.1
Personal disposable income per capita (\$)	28,181	23,879	26,256	26,277	25,646	28,660	26,201	31,223	37,894	28,375
Employment growth (CAR, 2006-11, %)	1.0	1.1	0.5	0.1	1.1	0.9	1.2	1.3	1.8	1.2
Employment rate (Nov. 2012, %)	54.5	60.6	58.3	56.3	60.6	61.3	65.5	66.2	69.9	60.4
Discomfort index (inflation + unemp. rate, Oct. 2012)	14.1	13.8	10.6	13.0	9.6	9.3	7.3	6.2	5.1	7.2
Manufacturing industry output (% of GDP, 2011)	3.2	8.7	7.5	11.3	14.2	12.4	11.5	6.3	6.4	7.2
Personal expenditures on goods & services (% of GDP)	41.0	69.8	69.7	60.9	58.2	56.6	58.2	40.5	40.5	62.2
International exports (% of GDP)	39.9	18.5	20.9	47.4	25.7	32.8	28.0	44.0	33.1	22.7

Tables

British Columbia

		2007	2008	2009	2010	2011	2012F	2013F	2014F
Real GDP	Chained \$2007 millions	196,997	199,228	194,334	200,550	206,180	209,788	213,040	218,877
	% change		1.1	-2.5	3.2	2.8	1.8	1.6	2.7
Employment	thousands	2,223	2,266	2,218	2,257	2,275	2,313	2,335	2,367
	% change	3.5	2.0	-2.1	1.7	0.8	1.7	1.0	1.4
Unemployment rate	%	4.3	4.6	7.7	7.6	7.5	6.7	6.3	6.3
Retail sales	\$ millions	56,930	57,783	55,222	58,220	60,005	61,323	63,126	65,610
	% change	7.1	1.5	-4.4	5.4	3.1	2.2	2.9	3.9
Housing starts	units	39,195	34,321	16,077	26,479	26,400	27,500	23,900	23,500
	% change	7.6	-12.4	-53.2	64.7	-0.3	4.2	-13.1	-1.7
Consumer price index	2002=100	110.0	112.3	112.3	113.8	116.5	117.8	118.6	120.5
	% change	1.7	2.1	0.0	1.4	2.3	1.1	0.7	1.6

Alberta

		2007	2008	2009	2010	2011	2012F	2013F	2014F
Real GDP	Chained \$2007 millions	258,850	262,864	251,286	261,457	274,717	284,195	292,578	304,984
	% change		1.6	-4.4	4.0	5.1	3.5	3.0	4.2
Employment	thousands	1,991	2,054	2,025	2,017	2,094	2,150	2,205	2,248
	% change	3.9	3.1	-1.4	-0.4	3.8	2.6	2.6	1.9
Unemployment rate	%	3.5	3.6	6.6	6.5	5.5	4.6	4.4	4.5
Retail sales	\$ millions	61,487	61,614	56,478	59,849	64,004	68,839	72,488	76,283
	% change	9.9	0.2	-8.3	6.0	6.9	7.6	5.3	5.2
Housing starts	units	48,336	29,164	20,298	27,088	25,704	33,300	33,000	32,000
	% change	-1.3	-39.7	-30.4	33.5	-5.1	29.6	-0.9	-3.0
Consumer price index	2002=100	117.9	121.6	121.5	122.7	125.7	127.1	129.1	131.2
	% change	4.9	3.2	-0.1	1.0	2.4	1.1	1.6	1.7

Saskatchewan

		2007	2008	2009	2010	2011	2012F	2013F	2014F
Real GDP	Chained \$2007 millions	51,964	54,776	52,567	54,854	57,536	59,003	60,685	62,954
	% change		5.4	-4.0	4.4	4.9	2.6	2.9	3.7
Employment	thousands	504	513	519	524	526	537	552	561
	% change	2.4	1.7	1.3	0.9	0.3	2.1	2.7	1.6
Unemployment rate	%	4.2	4.1	4.8	5.2	5.0	4.7	4.3	4.3
Retail sales	\$ millions	13,129	14,673	14,598	15,101	16,234	17,317	18,246	19,141
	% change	13.6	11.8	-0.5	3.4	7.5	6.7	5.4	4.9
Housing starts	units	6,007	6,828	3,866	5,907	7,031	10,000	7,900	6,900
	% change	61.7	13.7	-43.4	52.8	19.0	42.2	-21.0	-12.7
Consumer price index	2002=100	112.2	115.9	117.1	118.7	122.0	123.9	126.6	129.8
	% change	2.9	3.2	1.1	1.3	2.8	1.6	2.1	2.5

Manitoba

		2007	2008	2009	2010	2011	2012F	2013F	2014F
Real GDP	Chained \$2007 millions	49,264	51,241	51,056	52,319	53,370	54,784	56,263	57,861
	% change		4.0	-0.4	2.5	2.0	2.7	2.7	2.8
Employment	thousands	599	608	608	620	624	630	641	648
	% change	1.7	1.7	0.0	1.9	0.8	0.9	1.7	1.2
Unemployment rate	%	4.4	4.2	5.2	5.4	5.4	5.3	5.0	4.8
Retail sales	\$ millions	14,016	14,980	14,915	15,766	16,448	16,667	17,271	18,031
	% change	8.9	6.9	-0.4	5.7	4.3	1.3	3.6	4.4
Housing starts	units	5,738	5,537	4,174	5,888	6,083	7,400	6,200	5,500
	% change	14.1	-3.5	-24.6	41.1	3.3	21.7	-16.2	-11.3
Consumer price index	2002=100	110.9	113.4	114.1	115.0	118.4	120.3	122.8	125.2
	% change	2.1	2.2	0.6	0.8	2.9	1.6	2.1	2.0

Ontario

		2007	2008	2009	2010	2011	2012F	2013F	2014F
Real GDP	Chained \$2007 millions	597,907	596,722	575,726	594,319	605,180	616,376	625,930	643,706
	% change		-0.2	-3.5	3.2	1.8	1.9	1.6	2.8
Employment	thousands	6,564	6,666	6,502	6,610	6,731	6,784	6,871	6,966
	% change	1.8	1.6	-2.5	1.7	1.8	0.8	1.3	1.4
Unemployment rate	%	6.4	6.5	9.0	8.7	7.8	7.8	7.6	7.3
Retail sales	\$ millions	145,965	151,672	147,920	155,964	161,608	164,119	169,143	175,644
	% change	3.8	3.9	-2.5	5.4	3.6	1.6	3.1	3.8
Housing starts	units	68,123	75,076	50,370	60,433	67,821	76,900	58,900	58,000
	% change	-7.2	10.2	-32.9	20.0	12.2	13.4	-23.4	-1.5
Consumer price index	2002=100	110.8	113.3	113.7	116.5	120.1	121.8	123.6	125.9
	% change	1.8	2.3	0.4	2.4	3.1	1.4	1.5	1.9

Quebec

		2007	2008	2009	2010	2011	2012F	2013F	2014F
Real GDP	Chained \$2007 millions	306,316	310,687	309,043	316,724	322,690	325,110	328,849	335,557
	% change		1.4	-0.5	2.5	1.9	0.8	1.2	2.0
Employment	thousands	3,834	3,880	3,848	3,915	3,954	3,984	4,046	4,085
	% change	2.4	1.2	-0.8	1.7	1.0	0.8	1.5	1.0
Unemployment rate	%	7.2	7.2	8.5	8.0	7.8	7.8	7.6	7.5
Retail sales	\$ millions	90,406	94,806	93,740	99,509	102,444	103,139	106,225	109,966
	% change	4.5	4.9	-1.1	6.2	2.9	0.7	3.0	3.5
Housing starts	units	48,553	47,901	43,403	51,363	48,387	47,100	40,300	38,000
	% change	1.4	-1.3	-9.4	18.3	-5.8	-2.7	-14.4	-5.7
Consumer price index	2002=100	110.4	112.7	113.4	114.8	118.3	120.8	122.8	125.2
	% change	1.6	2.1	0.6	1.3	3.0	2.1	1.7	1.9

Tables

New Brunswick

		2007	2008	2009	2010	2011	2012F	2013F	2014F
Real GDP	Chained \$2007 millions	27,966	28,226	28,065	28,928	28,922	29,081	29,386	29,915
	% change		0.9	-0.6	3.1	0.0	0.6	1.1	1.8
Employment	thousands	357	359	360	356	352	351	354	357
	% change	1.9	0.6	0.1	-1.0	-1.1	-0.2	0.6	1.0
Unemployment rate	%	7.5	8.5	8.8	9.3	9.5	10.2	10.5	9.9
Retail sales	\$ millions	9,407	10,018	10,093	10,593	11,102	11,041	11,278	11,612
	% change	6.2	6.5	0.7	5.0	4.8	-0.5	2.1	3.0
Housing starts	units	4,242	4,274	3,521	4,101	3,452	3,300	3,000	3,000
	% change	3.8	0.8	-17.6	16.5	-15.8	-4.4	-9.1	0.0
Consumer price index	2002=100	111.3	113.2	113.5	115.9	120.0	122.0	123.9	126.4
	% change	1.9	1.7	0.3	2.1	3.5	1.7	1.6	2.0

Nova Scotia

		2007	2008	2009	2010	2011	2012F	2013F	2014F
Real GDP	Chained \$2007 millions	33,853	34,685	34,581	35,243	35,424	35,796	36,476	37,242
	% change		2.5	-0.3	1.9	0.5	1.1	1.9	2.1
Employment	thousands	448	452	451	452	453	456	457	462
	% change	1.6	0.9	-0.1	0.2	0.1	0.6	0.3	1.1
Unemployment rate	%	7.9	7.7	9.2	9.3	8.8	9.0	9.0	8.6
Retail sales	\$ millions	11,616	12,089	12,102	12,652	13,097	13,228	13,674	14,100
	% change	4.3	4.1	0.1	4.5	3.5	1.0	3.4	3.1
Housing starts	units	4,750	3,982	3,438	4,309	4,644	4,500	4,000	3,800
	% change	-3.0	-16.2	-13.7	25.3	7.8	-3.1	-11.1	-5.0
Consumer price index	2002=100	112.5	115.9	115.7	118.2	122.7	125.1	127.4	130.1
	% change	1.9	3.0	-0.1	2.2	3.8	1.9	1.9	2.1

Prince Edward Island

		2007	2008	2009	2010	2011	2012F	2013F	2014F
Real GDP	Chained \$2007 millions	4,622	4,665	4,677	4,800	4,876	4,944	5,028	5,119
	% change		0.9	0.3	2.6	1.6	1.4	1.7	1.8
Employment	thousands	69	70	69	71	72	73	74	75
	% change	0.7	1.2	-1.4	3.0	1.9	1.1	1.6	1.3
Unemployment rate	%	10.3	10.7	12.0	11.1	11.4	11.3	11.0	10.4
Retail sales	\$ millions	1,621	1,703	1,681	1,770	1,869	1,932	1,983	2,048
	% change	7.4	5.1	-1.3	5.3	5.6	3.4	2.6	3.3
Housing starts	units	750	712	877	756	940	900	900	700
	% change	1.6	-5.1	23.2	-13.8	24.3	-4.3	0.0	-22.2
Consumer price index	2002=100	113.6	117.5	117.3	119.5	123.0	125.5	127.9	130.5
	% change	1.8	3.4	-0.1	1.8	2.9	2.0	1.9	2.1

Newfoundland & Labrador

		2007	2008	2009	2010	2011	2012F	2013F	2014F
Real GDP	Chained \$2007 millions	29,736	29,425	26,388	28,058	28,912	29,013	30,493	30,889
	% change		-1.0	-10.3	6.3	3.0	0.4	5.1	1.3
Employment	thousands	216	219	212	219	225	231	235	239
	% change	0.8	1.1	-3.0	3.4	2.7	2.3	2.0	1.5
Unemployment rate	%	13.5	13.2	15.5	14.4	12.7	12.5	11.8	11.3
Retail sales	\$ millions	6,528	7,009	7,120	7,451	7,830	8,202	8,546	8,915
	% change	8.6	7.4	1.6	4.6	5.1	4.8	4.2	4.3
Housing starts	units	2,649	3,261	3,057	3,606	3,488	4,000	3,400	3,200
	% change	18.6	23.1	-6.3	18.0	-3.3	14.7	-15.0	-5.9
Consumer price index	2002=100	111.1	114.3	114.6	117.4	121.4	123.9	126.2	128.8
	% change	1.4	2.9	0.3	2.4	3.4	2.1	1.8	2.1

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