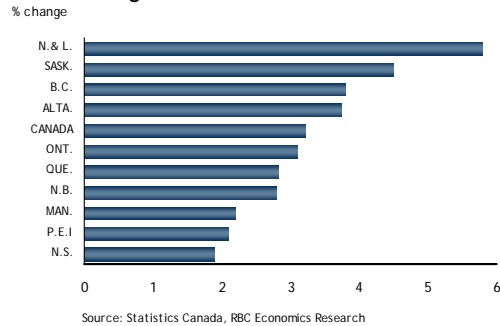


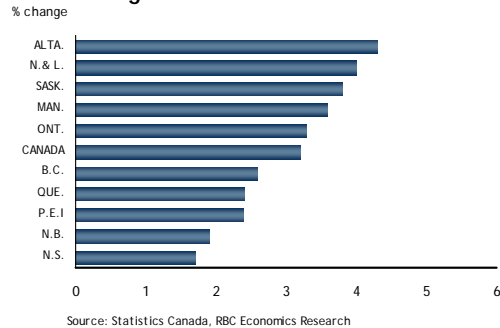
PROVINCIAL OUTLOOK

June 2011

Real GDP growth 2010



Real GDP growth 2011



Prairie Provinces taking charge

Not even unfavourable weather and natural disasters this spring will hold the Prairie Provinces back from taking the lead in terms of economic growth in Canada in 2011. Carried by a wave of capital investment and solid demand for the products and services produced in their province, Alberta, Saskatchewan, and Manitoba are set to achieve above-average growth this year. Newfoundland and Labrador, the leader in 2010, will join the group again, as it will benefit from most of the same factors.

2011 to look much like 2010

With a few exceptions, provincial economic performance in 2011 will look quite similar to the way things unfolded in 2010. For one, the economies of all provinces are projected to grow again. Statistics Canada's preliminary estimates for real GDP in 2010 showed that the entire country enjoyed a bounce back in activity last year, following widespread contraction in 2009. As we expected, the rebound was more pronounced in highly commodity-dependent provinces: namely Newfoundland and Labrador, Saskatchewan, British Columbia, and Alberta. This primarily western 'tilt' to growth with a counterweight from Canada's easternmost province will again be repeated in 2011, although the strength in Western Canada will shift slightly eastward, with B.C. growth projected to slow a little and Manitoba's to accelerate. Some softening of activity in British Columbia has been evident since late last year.

Strong start to 2011 in Central Canada

Central Canada economies this year will largely maintain the momentum they gathered in 2010. Early indications have pointed to a strong pace of activity in both Ontario and Quebec; however, we suspect that the high point for growth was reached in the first quarter of 2011 in La Belle Province and will be followed by a weakening pace in the remainder of this year. Consequently, we expect overall growth in 2011 in Quebec to ease somewhat relative to 2010. Meanwhile, we think that the Ontario economy has scope to better last year's performance, driven in part by stronger U.S. demand. While we have been disappointed with U.S. economic data lately, we remain of the view that the U.S. economy is on the verge of more solid growth, which will be particularly positive for Ontario.

Mixed results in the Atlantic Provinces

For the most part, the Atlantic Provinces will continue to show mixed results this year. No doubt, Newfoundland and Labrador will continue to be a stalwart economy, but performances among the rest of the Atlantic Provinces will vary greatly by sectors, with the net result likely to be modest growth once again. We expect Nova Scotia, New Brunswick, and Prince Edward Island to rank at the lower end of the growth spectrum in 2011.

Minor tweaks to our forecasts

We made some minor adjustments to our real GDP forecasts in this *Provincial Outlook*. The most sizeable changes have been cuts to the growth rates for Saskatchewan—with agricultural conditions not improving as hoped—and Newfoundland and Labrador—as payback from a stronger than expected 2010. British Columbia's growth rate was also reduced in light of the sluggish start to 2011.

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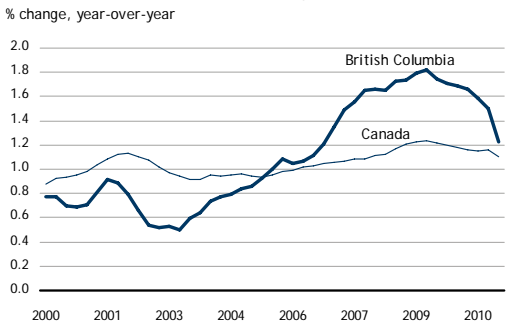
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British Columbia unemployment rate



Source: Statistics Canada, RBC Economics Research

British Columbia population growth



Source: Statistics Canada, RBC Economics Research

British Columbia forecast at a glance

% change unless otherwise indicated

	2009	2010	2011	2012
Real GDP	-1.8	3.8	2.6	3.0
Employment	-2.1	1.7	1.3	2.5
Unemployment rate (%)	7.7	7.6	7.9	7.2
Retail sales	-4.4	5.3	3.2	4.8
Housing starts (units)	16,077	26,479	24,500	26,000
Consumer price index	0.0	1.4	2.2	1.8

shaded area is forecast

The soft patch is dragging on

The British Columbia economy hit a soft patch in the late stages of 2010, which continued to drag on into the opening months of this year. While the province’s exporters are succeeding in making inroads into the Chinese and other markets outside the United States, domestically-oriented sectors are stuck in low gear. We continue to believe that the lull in overall economic activity in British Columbia will be temporary and that growth will pick up in the remainder of this year; however, the slower than anticipated start to 2011 has prompted us to lower our forecast for real GDP modestly this year to 2.6% from 2.9% previously.

Chinese market increasingly important to the province

The silver lining emerging from the 2008-2009 recession has been the impressive gains made by B.C. exporters at diversifying their markets. In particular, exports to China more than doubled in the past two years and will soon surpass those to Japan, the current number two export destination in the province behind the United States. Continued advances in China, and, to a lesser extent, Europe and other Asian countries in recent months have contributed to maintaining B.C. exports on an upward track. Among other things, these inroads into foreign markets have brought life back to the province’s forest products sector.

Domestic activity threading water at best

At home, economic activity has lost much of its forward momentum since the fall of last year. Retail sales have been essentially flat in the past several months, and construction has shown mild weakening trends on both the residential and non-residential sides. After increasing substantially in 2010, B.C. mining production has tracked well below year-ago levels in the early months of this year, with coal, copper, lead, zinc, gold, and silver all showing significant year-over-year declines. Small gains in employment so far this year were not enough to make up for losses during the closing months of last year, thereby leaving the provincial employment level still below its high point in November 2010. While easing this spring to 7.9% in April (following a spike to 8.8% in February), British Columbia’s unemployment rate remained above its average of 7.6% in 2010, a clear indication that job prospects have not become any brighter this year.

Population growing more slowly

This lack of improvement in job prospects and very high housing costs in areas such as Vancouver likely contributed to curbing net in-migration to the province in recent quarters and further slowed the population growth, a process that started two years ago. The rate of growth in British Columbia’s population weakened from the second fastest in Canada in early 2009 to the slowest among the provinces west of Ontario.

Momentum will pick up

Despite the sluggish start to 2011, we expect the B.C. economy to regain momentum in the period ahead, as strong global demand for commodities helps to reverse some of the early year setbacks in its mining sector and as job creation shifts to a higher gear in the province. We believe that this will re-energize domestic demand and set a slightly faster pace of growth of 3.0% in 2012.

The wheels of growth are in motion

Robert Hogue
Senior Economist



Doubts that the Albertan economy could reclaim its position as one of Canada's faster growing provincial economies are dissipating quickly because the wheels of growth are starting to spin faster in the province. To be sure, not all economic sectors have yet displayed the same pace of recovery—or any recovery at all in some cases—but we believe that the expansion is spreading and will bring wider benefits as 2011 progresses. The forest fires that tragically destroyed communities and disrupted crude oil production in May will, fortunately, have only a temporary effect on overall economic performance. We expect growth to accelerate to a nation-leading 4.3% in 2011 from 3.7% in 2010, which would be the province's best showing since 2006.

Oil sands projects taking centre stage

Strong demand for Alberta's bitumen continues to spur tremendous activity in the province's various oil sands projects. This activity more than makes up for weakness in natural gas and declining conventional oil output. Alberta's oil and gas extraction producers are in midst of a \$24.2-billion spending binge this year, boosting their outlays by nearly 18% relative to 2010, according to intentions expressed in Statistics Canada's *Private and Public Investment* survey released in February. RBC Equity Research estimates that capital budgets of companies developing oil sands projects, alone, run in the \$19-billion range, an increase of 48% from 2010. With more and more of these sizeable projects coming online or reaching higher operating rates, non-conventional crude production is also booming in the province—expanding at a 22% rate year-over-year in the early part of 2011. The National Energy Board projects non-conventional crude output to jump by 17% in 2011 overall, and constitutes almost triple the output of conventional crude in the province.

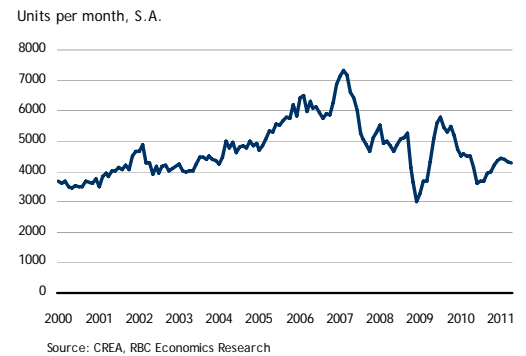
Other parts of the economy benefiting

In addition to their tremendous direct contribution to the economy, the oil sands also act as a catalyst for activity benefiting other parts of the provincial economy. One visible sign that the strength is spreading within Alberta has been the impressive job gains in the past year, which included strong advances in the early months of 2011. In turn, the strengthening job market has supported growth in consumer spending. Retail sales have risen by 4.4% on a year-to-date basis in the province, second only to the rate in Saskatchewan.

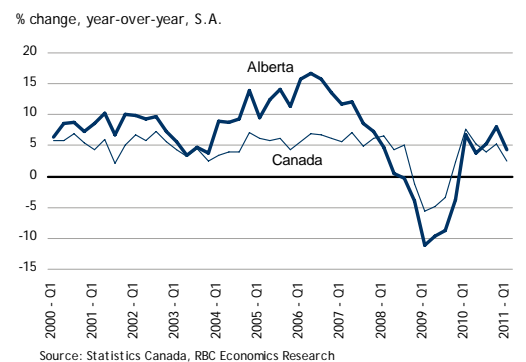
Out-of-province migrants not yet coming back

While Alberta's economy is gathering speed, it has yet to attract anywhere close to the levels of out-of-province migrants that it did during the boom in the mid-2000s. Consequently, the population growth rate remains less than half the average during 2005 to 2007, which, among other things, has kept demand for housing fairly quiescent so far. In fact, residential construction is one of the few sectors that is still lethargic. Nonetheless, we believe that the growing economic opportunities in Alberta will be once again a magnet for immigrants and migrants from other provinces, which will heat housing demand in the coming year. This will be one of the factors supporting continued strong overall growth in Alberta, which we forecast at 3.8% in 2012.

Alberta home resales



Alberta retail sales



Alberta forecast at a glance

% change unless otherwise indicated

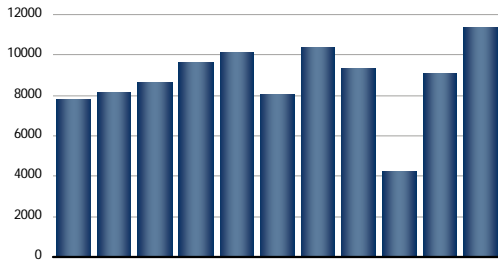
	2009	2010	2011	2012
Real GDP	-4.5	3.7	4.3	3.8
Employment	-1.4	-0.4	2.6	2.6
Unemployment rate (%)	6.6	6.5	5.9	5.5
Retail sales	-8.3	6.0	6.0	5.8
Housing starts (units)	20,298	27,088	24,600	32,500
Consumer price index	-0.1	1.0	1.8	1.8

shaded area is forecast

Robert Hogue
Senior Economist

Saskatchewan potash production

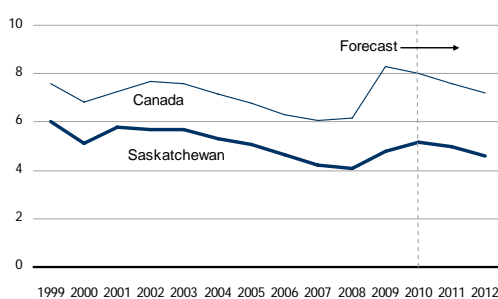
Thousands of metric tonnes per month



Source: Saskatchewan Industry and Resources, RBC Economics Research
*Estimate based on data through March 2011.

Saskatchewan unemployment rate

%, annual averages



1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012
Source: Statistics Canada, RBC Economics Research

Saskatchewan forecast at a glance

% change unless otherwise indicated

	2009	2010	2011	2012
Real GDP	-3.9	4.5	3.8	4.7
Employment	1.3	0.9	1.3	2.7
Unemployment rate (%)	4.8	5.2	5.0	4.6
Retail sales	-0.5	3.1	6.0	4.8
Housing starts (units)	3,866	5,907	5,500	5,300
Consumer price index	1.1	1.3	2.6	2.7

shaded area is forecast

Moderating the pace just a notch

The recently released provincial industry output numbers suggested that the Saskatchewan economy grew strongly in 2010 and was consistent with the 4.5% that we had projected for the province last quarter. This strength largely reflected a sharp rebound in potash production, which caused the mining and oil and gas extraction sector to surge by 19% and which handily offset an 18% drop in the comparatively smaller agriculture sector that was knocked down by adverse growing conditions last year.

The mining sector is expanding from a higher base

The potash industry is expected to continue to expand rapidly this year, with output rising around 25% and would be consistent with gains recorded during the first quarter of this year. This rate, however, would be down sharply from increases of more than 100% that occurred last year when the industry recovered from particularly depressed conditions in 2009. We, therefore, expect growth in the mining sector to moderate to around 4.5%. The other benefit of strong global demand for natural resource commodities is that it is contributing to driving business investment up in the province. An earlier released Statistics Canada survey suggested a 7.0% increase in capital expenditure in Saskatchewan in 2011.

The province benefits from favourable in-migration trends

The Saskatchewan economy's quick snapback last year from the 2009 recession, a low unemployment rate, and expectations that the good times will keep on rolling are attracting more people to move to the province. We expect such attractive prospects will continue to keep Saskatchewan a net beneficiary of in-migration to the province from other areas of the country. In turn, this will sustain solid demand for housing in the province and support growth in housing construction. The ongoing strength in housing and increased capital expenditure is expected to send construction activity up 6% this year following a 1.2% rise in 2010.

Poor weather still hampering growing conditions this year

In the previous *Provincial Outlook*, we assumed that the agriculture sector would benefit from a return to more normal weather conditions in 2011, fully reversing the 2010 decline; nonetheless, excessively wet conditions have persisted early in the current year, and this has materially delayed seeding this spring. A possible return of drier conditions could limit any impairment to the eventual harvest in the fall; however, at this juncture, we assume only a partial 6.0% retracement of last year's decline in agricultural output. Growth at this pace will still contribute to an increase in real GDP in the province of a solid 3.8% in 2011 although growth at this rate will be down modestly relative to 2010, therein reflecting the effect of slower growth in the mining sector.

Full agricultural recovery delayed until 2012

Assuming that more normal weather conditions will indeed return in 2012, we believe that full recovery in the province's agricultural sector will be achieved next year, contributing to growth re-accelerating to a rate of 4.7% in 2012. Economic strength this year and next will result in the province continuing to have the lowest provincial unemployment rate in the country.

Paul Ferley
Assistant Chief Economist

Manufacturing powering ahead

The recently released provincial industry output growth numbers by Statistics Canada were broadly consistent with our estimated 2010 growth in Manitoba of 2.2%. Although activity last year was held back by a 12.5% drop in agricultural production, it was offset by a 9.5% gain in the mining and oil and gas production component. The latter reflected continued strong demand globally for natural resources that triggered the re-opening of a base metal mine, and increased oil and gas exploration in the province. Manufacturing output in the province was unchanged in 2010, yet this represented a marked improvement from the almost 8% drop that occurred in 2009.

Positive signs in the early part of 2011

Manufacturing data for early this year augur well for some strengthening in this sector and a return to positive growth. This is consistent with activity in North America continuing to strengthen and now entering the expansion phase of the business cycle. This is expected to send output in this sector up 5% in 2011. Output in mining and oil and gas is expected to continue to rise although the pace is projected to moderate to 6%. Recent monthly numbers for wholesale and retail sales are pointing to some modest strengthening as well. Construction had been a mainstay for activity last year and during the recession with activity rising 6.7% and 7.1% for 2010 and 2009, respectively. With a number of large capital expenditure projects, such as for the Keystone pipeline and the Winnipeg International Airport expansion, completed or winding down, growth in construction activity is likely to moderate. Expenditures on the \$310 million Canadian Museum of Human Rights and \$212 million in road construction related to the CentrePort transportation hub are expected to allow construction spending to continue to grow in 2011 albeit by a more modest 4%.

Agricultural sector still facing adversity

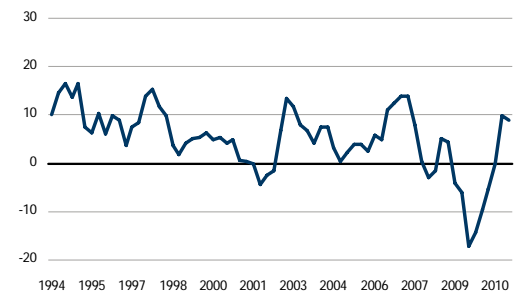
Last quarter, we assumed that a return to more normal weather conditions would contribute to the agricultural sector retracing all of the lost production in 2010; however, soil conditions early in 2011 remain extremely wet, hampered by flooding not only along the Red River but also the Assiniboine River. These conditions have delayed seeding and potentially the crop maturation, thereby increasing the risk of frost damage in the fall even if drier conditions develop over the summer months. Reflecting this risk, our forecast now assumes an increase of just 2% in agricultural output this year, representing a recovery of only a fraction of last year's 12.5% drop. Still, with the agricultural sector no longer contracting, the manufacturing sector gearing up, and other sectors continuing to expand at healthy clips, we expect real GDP growth to accelerate to 3.6% in 2011.

Growth sustained in 2012

Next year, manufacturing output is expected to continue to rebound although by a more moderate pace, while a return to normal weather conditions is assumed, which would boost Manitoba's agricultural output. All things considered, growth is projected to remain robust in 2012 but ease slightly to 3.4%.

Manitoba manufacturing shipments

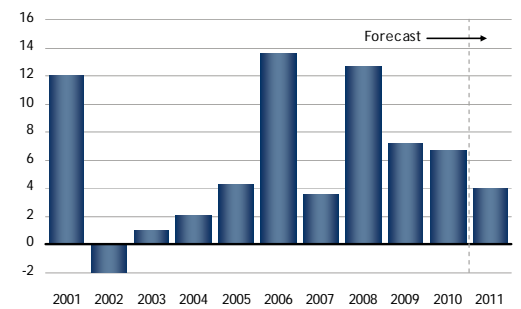
% change, year-over-year, S. A.



Source: Statistics Canada, RBC Economics Research

Manitoba construction spending

% change, year-over-year



Source: Statistics Canada, RBC Economics Research

Manitoba forecast at a glance

% change unless otherwise indicated

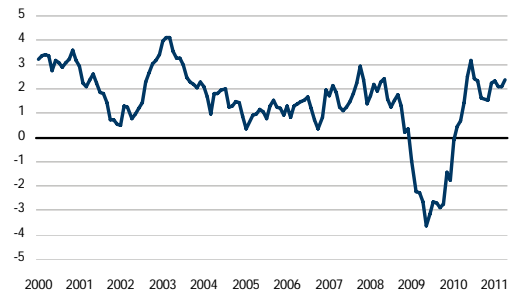
	2009	2010	2011	2012
Real GDP	0.0	2.2	3.6	3.4
Employment	0.0	1.9	1.7	1.9
Unemployment rate (%)	5.2	5.4	5.1	5.0
Retail sales	-0.4	5.6	5.1	5.0
Housing starts (units)	4,174	5,888	5,100	5,400
Consumer price index	0.6	0.8	2.6	2.1

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Paul Ferley
Assistant Chief Economist

Ontario employment

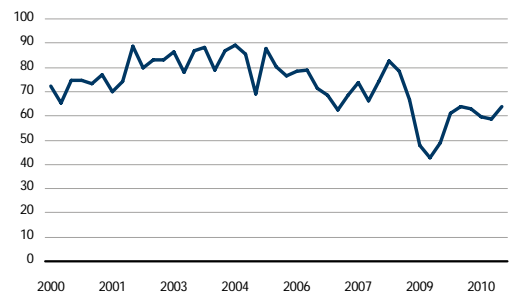
% change, year-over-year, S.A.



Source: Statistics Canada, RBC Economics Research

Ontario housing starts

Thousand units, S.A.A.R., quarterly average



Source: CMHC, RBC Economics Research

Ontario forecast at a glance

% change unless otherwise indicated

	2009	2010	2011	2012
Real GDP	-3.6	3.1	3.3	3.1
Employment	-2.5	1.7	2.2	2.1
Unemployment rate (%)	9.0	8.7	8.0	7.5
Retail sales	-2.5	5.4	4.2	4.2
Housing starts (units)	50,370	60,433	64,200	57,000
Consumer price index	0.4	2.4	3.0	2.0

shaded area is forecast

Best result since 2000 in sight

The Ontario economy continued its march toward full recovery at a fairly brisk pace in the early part of this year. Most indicators showed steady advances, which we believe are consistent with our view that the significant recession losses will be entirely recouped by the middle of this year in the province, therein opening the gate to the long-sought expansion phase thereafter. We expect a slight acceleration in growth to 3.3% overall in 2011 from an estimated rate of 3.1% in 2010. This would represent the best result since 2000 for Canada’s largest provincial economy.

Job creation is on a roll

Economic activity ended 2010 on a strong note in Ontario with growth coming in at 3.8% (annualized) in the fourth quarter, the second-fastest rate that the province has produced in almost four years according to the Ontario Ministry of Finance figures. The latest indicators point to an even faster pace in the first quarter of 2011. Ontario’s labour market has put on an impressive showing lately, accounting for 60% of all jobs created in the country so far this year. After lagging the rest of the country in the early stages of the recovery, employment in the province has now been fully restored to the levels that preceded the recession. The jobless rate, while still historically high, has continued to decline this year and, in April, reached its lowest point since the end of 2008.

New housing construction holds up surprisingly well

The improving job prospects provided support to consumer spending and, perhaps more importantly, to Ontario’s housing market where home resales rose further this winter and new home construction picked up modestly. Housing starts, in fact, have held up much better than we anticipated—we previously assumed that they would slow markedly—which has prompted us to upgrade our call for the entire year. While we still expect housing starts to moderate in the second half of this year, we bumped up the forecasted units by 10,500 to 64,200 overall in 2011.

Auto sector facing near-term disruptions

Ontario’s manufacturing sector continued to heal thanks to steady increases in motor vehicle production. Car and truck output was up by more than 20% in the first quarter of 2011 relative to a year ago and rebounded smartly from a bout of softness in the fall. The supply-chain disruptions caused by the earthquake and tsunami in Japan in March, however, have since adversely affected operations at a number of assembly plants in the province and led to a sharp production drop in April. We believe that these disruptions will be temporary but will, nonetheless, dampen activity in the industry in the second quarter of the year.

Growth to remain solid in 2012

We project the U.S. economy to hit its stride next year with a growth of 3.4%, and this will further spur U.S. demand for Ontario products (particularly for motor vehicles). This rise in export demand will provide significant offset to any weakness in capital spending following exceptionally strong growth in the past two years in the province. We forecast real GDP growth in Ontario to remain solid at 3.1% in 2012.

Robert Hogue
Senior Economist

High point reached early this year?

A very respectable start to the year will pave the way to sustained growth for the Quebec economy in 2011. Real GDP is forecasted to advance by 2.4% or just slightly off the estimated 2.8% pace for last year, which was the fastest the provincial economy achieved since 2000. Further recovery in some of the province's key manufacturing and service industries, strong business investment, and an improving job market will continue to drive economic activity forward this year. With the province's homebuyers showing signs of fatigue, however, residential construction will ease later this year, thereby muffling an engine of growth that provided significant thrust to the provincial economy last year.

Good start to 2011

Economic momentum picked up smartly in Quebec since growth paused in the third quarter of 2010 (based on quarterly figures from the *Institut de la statistique du Québec*). Although the rebound appeared to be tentative initially in the final quarter of last year—with real GDP growing at a 1.3% annualized rate—it gained considerable heft in the opening months of 2011, enough possibly to triple that rate in the first quarter. The growth in the monthly real GDP in January was, in fact, the strongest since March 2004 (although part of it was reversed in February). The even better news was the breadth of industries and economic sectors that contributed to the expansion: the vast majority of them showed solid advances relative to the fourth quarter of 2010, including manufacturing, utilities, wholesale trade, and information and communications.

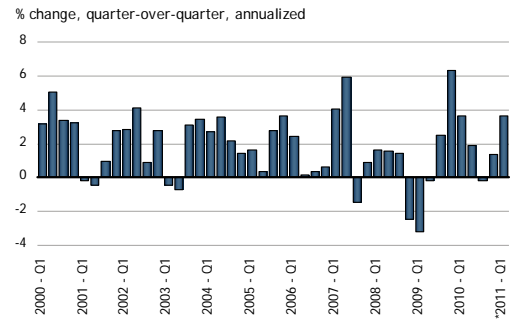
Growth likely to moderate

While alleviating earlier concerns that the Quebec recovery was on the verge of unravelling, the solid overall performance at the start of this year may prove to be the high point for growth in 2011 in the province. We believe that the pace of expansion will slow for the remainder of this year as Quebec households push the spending restraint button after letting loose somewhat in the past year. There are emerging indications that Quebecers started to shy away from the housing market and from opening their wallets as wide at retailers. Home resales in the province have weakened this winter and are expected to continue to drift lower in the face of eroding housing affordability. In our opinion, this will exert downward pressure on new home construction in the province later this year—although this could be preceded by a short-lived springtime run-up if the recent increase in permits issued to Quebec builders fully materializes into housing starts. Meanwhile, sales by provincial retailers have been on the soft side year-to-date and are unlikely to pick up substantially going forward amid a keen household focus on keeping debt under control.

Steady labour market improvement to pay dividends in 2012

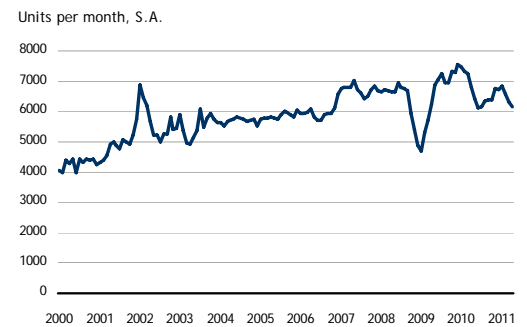
All things considered, we expect growth in the Quebec economy to lose some of its early year breadth but still be sustained at a modest growth overall in 2011. Continued improvement in the labour market will set the stage for strengthening consumer spending next year, which we believe will support a mild acceleration of growth to 2.7% in 2012.

Quebec real GDP



Source: Institut de la statistique du Québec, RBC Economics Research
*RBC estimate.

Quebec home resales



Source: CREA, RBC Economics Research

Quebec forecast at a glance

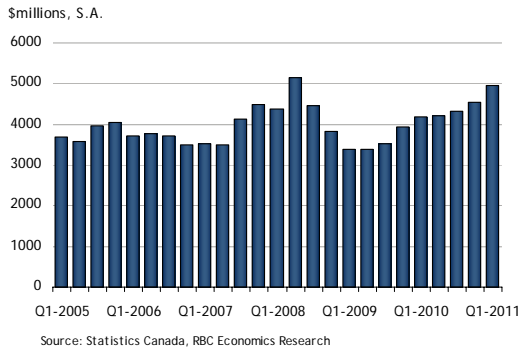
% change unless otherwise indicated

	2009	2010	2011	2012
Real GDP	-0.3	2.8	2.4	2.7
Employment	-0.8	1.7	1.8	1.7
Unemployment rate (%)	8.5	8.0	7.6	7.6
Retail sales	-1.1	6.3	4.0	4.4
Housing starts (units)	43,403	51,363	47,700	44,300
Consumer price index	0.6	1.3	2.7	2.1

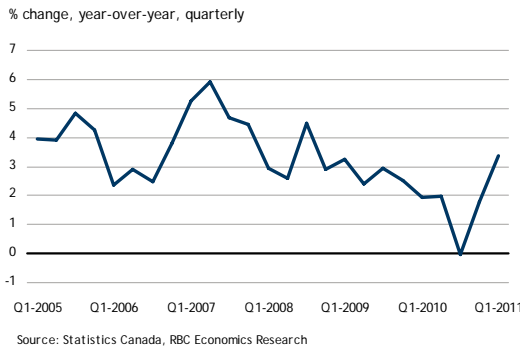
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Robert Hogue
Senior Economist

New Brunswick manufacturing shipments



New Brunswick average weekly earnings



New Brunswick forecast at a glance

% change unless otherwise indicated

	2009	2010	2011	2012
Real GDP	-0.3	2.8	1.9	2.3
Employment	0.1	-1.0	0.2	1.5
Unemployment rate (%)	8.8	9.3	9.5	9.0
Retail sales	0.7	4.9	4.3	3.6
Housing starts (units)	3,521	4,101	2,700	3,200
Consumer price index	0.3	2.1	2.8	2.2

shaded area is forecast

Domestic economy turning the corner

Last year, growth in New Brunswick’s domestic economy lagged behind that in the province’s export-oriented manufacturing and natural resource sectors. While the latter two sectors will continue to drive economic growth in 2011, the domestic economy is now beginning to pick up: employment has stopped declining, retail sales are doing moderately well, and average weekly earnings are growing at a good pace. Although we are projecting just 1.9% real GDP growth for 2011, we think that strength in the export sector will begin to feed through to the domestic economy more meaningfully next year, thereby boosting employment and leading to higher growth of 2.3% in 2012.

Continued strength in manufacturing and natural resources

New Brunswick’s manufacturing sector has seen something of a renaissance during the past two years; after contracting more than one-fifth from 2004-2008, manufacturing output has grown by more than 10% in real terms since 2009, with most of this growth taking place last year. The sector saw sustained strength in the first quarter of 2011, with manufacturing shipments jumping 9.1% in nominal terms relative to the fourth quarter of 2010, partly reflecting resumption of production at the Irving Oil refinery, following a temporary maintenance shutdown in the fall. We expect the manufacturing sector to continue to recover amid increasing demand from the United States and the rest of Canada. On the natural resource side, potash production is benefiting from strong global demand for the commodity, and a further boost will come when the expansion at the Sussex Potash mine begins to operate in 2012.

Signs of life in the domestic economy

Although still considerably weaker than the export sector, the domestic economy is showing signs of modest improvement. Retail sales are up nearly 4% year-over-year in the first quarter of 2011, although the gain is only 1% when excluding sales at gasoline stations. While this rate is low, it is slightly above the national rate of 0.7% ex-gasoline retail sales growth. Employment appears to have stopped declining, remaining flat in the first quarter. We expect job growth to remain tepid in 2011, with our forecast calling for a 0.2% gain. Average weekly earnings are showing strong growth, with a 1.8% increase in the first quarter, following a 1.4% gain in the fourth quarter of 2010. On a more negative note, housing starts were down substantially on a seasonally adjusted basis, going to just 1,300 units in the first quarter of 2011 from 4,100 units in the fourth quarter. We expect some improvement from this extremely low level for the remainder of this year, with our forecast at 2,700 units for 2011 as a whole.

Broad-based growth on the way

Although we expect only moderate economic growth for New Brunswick in 2011, the province is lined up for a more rapid expansion in 2012 with growth rising to 2.3%. Growth will also become more evenly shared as rising incomes generated by the province’s external sector trickle through to other parts of the economy and boost employment, earnings, and consumer spending.

Kirsten Cornelson
Economist



Plodding along

Nova Scotia's manufacturing sector, which was a key source of growth for the province last year, has continued to perform well so far in 2011. The rest of the early data points to another year of slow growth for the province, however. Retail sales, housing starts, and non-energy exports all remained almost flat in the first quarter, while energy production continued to decline. We expect real GDP growth to slow slightly to a pace of 1.7% in 2011 (from 1.9% last year.) With increased energy production from the Deep Panuke natural gas field and the start of several new major construction projects next year, we expect growth to pick up to 2.0% in 2012.

Manufacturing and FIRE lead growth

Manufacturing and the 'FIRE' industries (Finance, Insurance, and Real Estate) were major drivers of economic growth in Nova Scotia last year, comprising nearly two-thirds of total real GDP growth in the province. This year, manufacturing is seeing continued strength, with manufacturing shipments increasing by 5.5% in the first quarter. While growth in the FIRE industries will continue due to the expansion of operations by several financial companies in Halifax, some cooling in the housing market will provide headwinds throughout 2011 and 2012.

Exports ailing, but improvement to come

The mining, oil and gas industry was a point of weakness for Nova Scotia in 2010, with production contracting by 9.6% due to maturation at the Sable natural gas field. As a result, energy exports fell by more than 36% in 2010. A spike in January means that energy exports saw a rebound in the early part of 2011; however, export levels dropped again in the last two months of the quarter. We expect energy production and exports to continue to decline until the Deep Panuke offshore natural gas field begins production in late 2011. Other exports were essentially flat in the first quarter, with a 0.1% increase relative to the previous quarter on a seasonally adjusted basis. We expect non-energy exports to pick up for the rest of the year due to increasing U.S. demand.

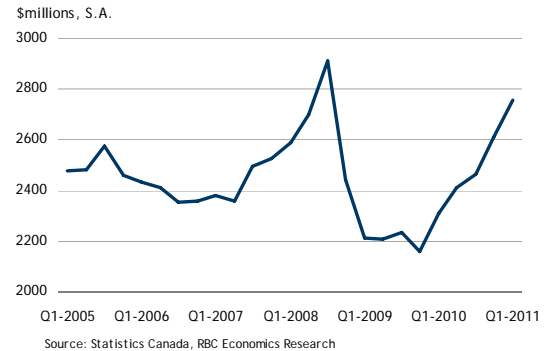
Domestic data disappoints

The province's domestic economy had an underwhelming start to the year. Non-residential construction fell by 0.4%, while housing starts increased slightly to 4,200 units (on an annualized basis). Retail sales also fell by 0.5%. While we expect some slowdown from 2010's 4.6% pace of growth in retail sales, we think the data will improve from here on for the year, with our call at 3.1% growth in 2011. One reason for this improvement is stronger employment, which has been a bright spot in the recent data. The number of jobs grew by 1.1% in the first quarter after remaining essentially flat in 2010. The new jobs were concentrated in the services sector, with growth in trade, education, and accommodation and food services posting gains.

Moderate growth through 2012

With ongoing recovery in the United States and the rest of Canada, Nova Scotia's manufacturing industry should see continuing strength for the next two years. Once energy production begins to grow again, the provincial economy is poised to see moderate but consistent growth for the medium term.

Nova Scotia manufacturing shipments



Nova Scotia non-energy exports



Nova Scotia forecast at a glance

% change unless otherwise indicated

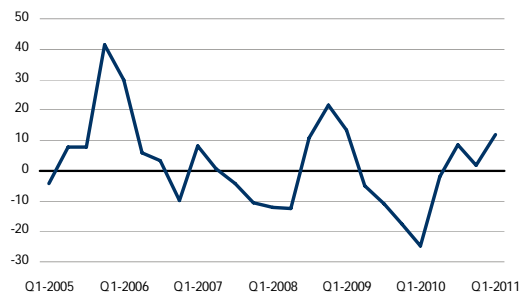
	2009	2010	2011	2012
Real GDP	-0.1	1.9	1.7	2.0
Employment	-0.1	0.2	0.8	1.5
Unemployment rate (%)	9.2	9.3	9.1	8.9
Retail sales	0.1	4.6	3.1	3.7
Housing starts (units)	3,438	4,309	4,100	3,600
Consumer price index	-0.1	2.2	3.3	2.2

shaded area is forecast

Kirsten Cornelson
Economist

PEI agricultural and fishing exports

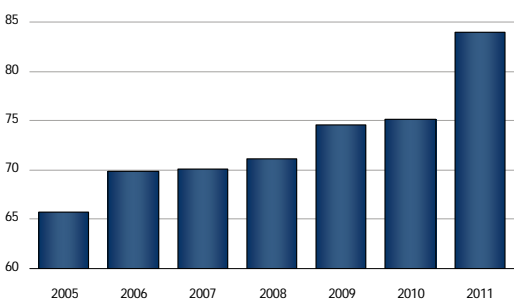
% change, year-over-year, quarterly



Source: Statistics Canada, RBC Economics Research

PEI accomodation room-nights sold

Thousands, year-to-date April



Source: The Government of Prince Edward Island, RBC Economics Research

Prince Edward Island forecast at a glance

% change unless otherwise indicated

	2009	2010	2011	2012
Real GDP	-0.1	2.1	2.4	2.2
Employment	-1.4	3.0	1.2	1.6
Unemployment rate (%)	12.0	11.1	11.1	10.5
Retail sales	-1.3	5.2	4.2	3.9
Housing starts (units)	877	756	800	700
Consumer price index	-0.1	1.8	2.1	2.2

shaded area is forecast

Reaping the benefits of diversification

Last year, PEI saw modest but broad-based growth, with most industries posting moderate gains. We expect a slight pickup in real GDP growth this year, to 2.4%, due to continued government investment and increased demand for the province’s agricultural and seafood products. The withdrawal of government stimulus in 2012, however, will slow growth slightly to 2.2% next year.

Investment paying off

Building investment has played a key role in PEI’s growth during the past two years, spurred on by record levels of government capital spending. We expect this trend to continue in 2011, with data from the first quarter showing a 30% increase in non-residential investment relative to the previous quarter. Investment is expected to slow down in 2012, however, with the end of both federal and provincial stimulus programs. The economy is also enjoying the fruits of past investment activity, with a new wind farm boosting utilities output in 2010 and a bioscience facility set to open in 2011. While these new industries are still too small to make a noticeable contribution to growth during the next two years, they should provide a foundation for growth in the longer term.

Mixed growth in traditional industries

The agriculture and fishing sector should see generally strong nominal growth in 2011 due to higher prices, although agricultural output may suffer because of poor spring weather conditions. The province’s manufacturing sector continues to struggle, particularly the food processing component. Although food products manufacturing shipments were up 3.7% on a seasonally adjusted basis in the first quarter, they are still nearly 25% below their peak levels during the first quarter of 2007. Nonetheless, we expect further improvement going forward because we believe that incomes will increase in the United States and support growth in demand for PEI’s agricultural products this year and next. The tourism industry is on track for a good year in 2011, with room-nights sold up 11.5% year-over-year in the first four months.

Steady growth ahead

Increasing demand combined with strong investment and rapid population growth (the strongest in Canada in the first quarter of the year) will support economic growth in PEI for the next two years. The Island’s fledgling bioscience and clean energy industries are helping to diversify the economy and should allow PEI to balance the volatility of its traditional sectors in the longer term.

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Economist



Blazing investment heats up economy

By all appearances, the Newfoundland and Labrador economy is continuing to move full steam ahead, with the first quarter 2011 data showing strong growth in construction, exports, and employment. Ongoing major projects are fuelling non-residential investment, while oil revenues keep flowing thanks to high prices offsetting declines in production. These trends should continue throughout 2011, leading to a 4.0% real GDP growth rate; however, we expect growth to slow down to just 1.5% in 2012, once the recent outsized mining production increases subside.

High oil prices keep revenues flowing

The natural resource industry, which has been the central factor in Newfoundland and Labrador's economic performance in recent years, will continue to be a source of strength in 2011. The first quarter data show a surge in energy exports, which are up 16% in the first quarter after growing 44% in the last quarter of 2010. While this surge has all to do with rapid rises in crude prices—offshore oil production has been declining due to maturation at several of the major oil fields—this has sustained a strong revenue inflow into the province, which has brought wide-ranging economic benefits—including the achievement of a surplus in the most recent provincial budget. For their part, industrial goods exports (which include minerals such as nickel and iron ore) were down by 12% in the first quarter on a seasonally adjusted basis; however, we anticipate that they will pick up for the remainder of this year as the recovery in both the U.S. and global economies intensifies, and that they post an overall increase in 2011. The provincial Department of Natural Resources is forecasting a 27% jump in the value of mineral shipments in 2011 to \$4.8 billion.

Investment leads to employment gains

The ongoing high level of major project spending in the province is reflected in the first quarter data, which saw the third consecutive greater than 20% quarterly increase in non-residential building construction. The boom in construction also shows up in the employment figures. Although goods-producing jobs make up only about one-fifth of employment in the province, new jobs in the first quarter were concentrated in this sector, with the biggest gains in construction and manufacturing. Provincial employment grew by an impressive 2.8% in the first quarter alone, the largest quarterly gain in more than 12 years in the province.

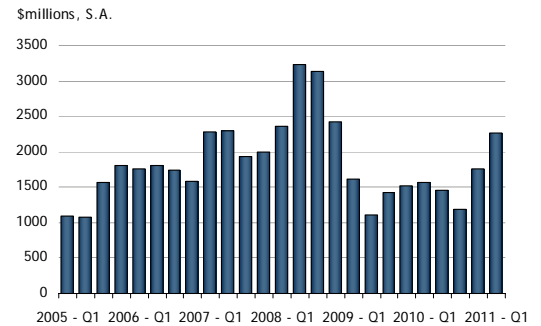
Strong domestic data

Strength in investment and natural resources appears to be benefitting the rest of the Newfoundland and Labrador economy as well. Housing starts picked up in the first quarter, to 4,000 units from 3,200 units (annualized), while retail sales were up 3.9% year-over-year, although a large part of the growth in retail sales can be attributed to increases in gasoline prices; excluding gasoline stations, retail sales grew at a more modest 1.3% rate.

Lull next year, but long-term prospects are good

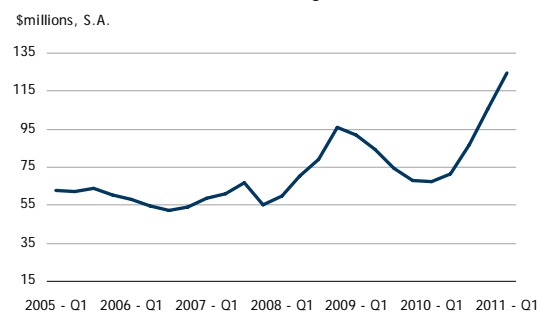
High resource prices and strong non-residential investment mean that Newfoundland and Labrador will see another year of strong economic growth in 2011. With growth in mining production to moderate and crude oil production volumes continuing to the decline, the pace of expansion will slow in 2012. There are, however, currently a number of major natural resource projects in the pipeline that will go ahead in the coming years and enable the province to maintain robust growth for the longer term.

Newfoundland and Labrador energy exports



Source: Statistics Canada, RBC Economics Research

N. & L. non-residential building investment



Source: Statistics Canada, RBC Economics Research

Newfoundland forecast at a glance

% change unless otherwise indicated

	2009	2010	2011	2012
Real GDP	-10.2	5.8	4.0	1.5
Employment	-3.0	3.4	4.4	2.0
Unemployment rate (%)	15.5	14.4	12.4	11.7
Retail sales	1.6	4.6	5.5	3.6
Housing starts (units)	3,057	3,606	3,200	3,200
Consumer price index	0.3	2.4	2.9	2.2

shaded area is forecast

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Economist



Forecast detail

Average annual % change unless otherwise indicated

	Real GDP				Employment				Unemployment rate				Housing starts				Retail sales				CPI			
	09	10	11	12	09	10	11	12	%				Thousands				09	10	11	12	09	10	11	12
N. & L.	-10.2	5.8	4.0	1.5	-3.0	3.4	4.4	2.0	15.5	14.4	12.4	11.7	3.1	3.6	3.2	3.2	1.6	4.6	5.5	3.6	0.3	2.4	2.9	2.2
P.E.I.	-0.1	2.1	2.4	2.2	-1.4	3.0	1.2	1.6	12.0	11.1	11.1	10.5	0.9	0.8	0.8	0.7	-1.3	5.2	4.2	3.9	-0.1	1.8	2.1	2.2
N.S.	-0.1	1.9	1.7	2.0	-0.1	0.2	0.8	1.5	9.2	9.3	9.1	8.9	3.4	4.3	4.1	3.6	0.1	4.6	3.1	3.7	-0.1	2.2	3.3	2.2
N.B.	-0.3	2.8	1.9	2.3	0.1	-1.0	0.2	1.5	8.8	9.3	9.5	9.0	3.5	4.1	2.7	3.2	0.7	4.9	4.3	3.6	0.3	2.1	2.8	2.2
QUE.	-0.3	2.8	2.4	2.7	-0.8	1.7	1.8	1.7	8.5	8.0	7.6	7.6	43.4	51.4	47.7	44.3	-1.1	6.3	4.0	4.4	0.6	1.3	2.7	2.1
ONT.	-3.6	3.1	3.3	3.1	-2.5	1.7	2.2	2.1	9.0	8.7	8.0	7.5	50.4	60.4	64.2	57.0	-2.5	5.4	4.2	4.2	0.4	2.4	3.0	2.0
MAN.	0.0	2.2	3.6	3.4	0.0	1.9	1.7	1.9	5.2	5.4	5.1	5.0	4.2	5.9	5.1	5.4	-0.4	5.6	5.1	5.0	0.6	0.8	2.6	2.1
SASK.	-3.9	4.5	3.8	4.7	1.3	0.9	1.3	2.7	4.8	5.2	5.0	4.6	3.9	5.9	5.5	5.3	-0.5	3.1	6.0	4.8	1.1	1.3	2.6	2.7
ALTA.	-4.5	3.7	4.3	3.8	-1.4	-0.4	2.6	2.6	6.6	6.5	5.9	5.5	20.3	27.1	24.6	32.5	-8.3	6.0	6.0	5.8	-0.1	1.0	1.8	1.8
B.C.	-1.8	3.8	2.6	3.0	-2.1	1.7	1.3	2.5	7.7	7.6	7.9	7.2	16.1	26.5	24.5	26.0	-4.4	5.3	3.2	4.8	0.0	1.4	2.2	1.8
CANADA	-2.8	3.2	3.2	3.1	-1.6	1.4	1.8	2.1	8.3	8.0	7.6	7.2	149	190	182	181	-2.9	5.5	4.4	4.6	0.3	1.8	2.6	2.1

Key provincial comparisons

2009 unless otherwise indicated

	<u>N. & L.</u>	<u>P.E.I.</u>	<u>N.S.</u>	<u>N.B.</u>	<u>QUE</u>	<u>ONT</u>	<u>MAN</u>	<u>SASK</u>	<u>ALTA</u>	<u>B.C.</u>
Population (000s) (2010)	510	142	943	752	7,907	13,211	1,235	1,046	3,721	4,531
Gross domestic product (\$ billions)	25.0	4.8	34.3	27.5	303.7	578.2	51.0	56.6	247.2	191.0
Real GDP (\$2002 billions)	18.1	4.2	28.9	23.3	267.5	509.4	42.1	39.8	178.2	161.9
Share of Canada real GDP (%)	1.4	0.3	2.3	1.8	20.8	39.7	3.3	3.1	13.9	12.6
Real GDP growth (CAR, 2004-09, %)	1.0	1.4	0.9	0.8	1.3	0.5	2.1	1.1	1.7	2.0
Real GDP per capita (\$ 2002)	35,657	29,512	30,806	31,113	34,168	38,992	34,502	38,683	48,553	36,287
Real GDP growth rate per capita (CAR, 2004-09, %)	1.4	0.9	0.9	0.8	0.5	-0.6	1.4	0.4	-0.8	0.6
Personal disposable income per capita (\$)	25,957	24,054	26,183	26,105	26,031	28,565	26,915	29,426	36,818	28,038
Employment growth (CAR, 2005-10, %)	0.6	0.8	0.5	0.5	1.1	0.7	1.3	1.6	2.0	1.5
Employment rate (Mar. 2011, %)	53.3	60.4	58.2	57.2	60.3	61.5	66.0	65.8	69.0	60.1
Discomfort index (inflation + unemp. rate, Mar. 2011)	15.6	13.6	12.9	12.7	11.0	11.7	8.3	8.2	7.7	11.2
Manufacturing industry output (% of real GDP)	4.7	9.4	9.1	11.6	16.3	15.2	11.2	6.9	8.0	8.4
Personal expenditures on goods & services (% of real GDP)	62.0	72.6	74.4	70.4	65.0	63.0	65.9	62.1	55.1	70.9
International exports (% of real GDP)	36.8	28.9	22.9	41.2	30.2	36.0	30.9	33.5	33.7	23.9

Tables

British Columbia

		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Real GDP	\$2002 millions	153,489	159,729	164,496	164,869	161,851	168,001	172,369	177,540
	% change	4.7	4.1	3.0	0.2	-1.8	3.8	2.6	3.0
Employment	thousands	2,092	2,147	2,223	2,266	2,218	2,257	2,285	2,342
	% change	2.9	2.6	3.5	2.0	-2.1	1.7	1.3	2.5
Unemployment rate	%	5.8	4.8	4.3	4.6	7.7	7.6	7.9	7.2
Retail sales	\$ millions	49,379	53,133	56,930	57,783	55,222	58,145	60,010	62,886
	% change	4.6	7.6	7.1	1.5	-4.4	5.3	3.2	4.8
Housing starts	units	34,667	36,443	39,195	34,321	16,077	26,479	24,500	26,000
	% change	5.3	5.1	7.6	-12.4	-53.2	64.7	-7.5	6.1
Consumer price index	2002=100	106.3	108.1	110.0	112.3	112.3	113.8	116.4	118.5
	% change	2.0	1.7	1.7	2.1	0.0	1.4	2.2	1.8

Alberta

		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Real GDP	\$2002 millions	170,872	180,852	184,008	186,528	178,225	184,891	192,841	200,169
	% change	4.5	5.8	1.7	1.4	-4.5	3.7	4.3	3.8
Employment	thousands	1,826	1,916	1,991	2,054	2,025	2,017	2,069	2,123
	% change	2.7	5.0	3.9	3.1	-1.4	-0.4	2.6	2.6
Unemployment rate	%	4.0	3.4	3.5	3.6	6.6	6.5	5.9	5.5
Retail sales	\$ millions	48,486	55,972	61,487	61,614	56,478	59,856	63,474	67,179
	% change	11.9	15.4	9.9	0.2	-8.3	6.0	6.0	5.8
Housing starts	units	40,847	48,962	48,336	29,164	20,298	27,088	24,600	32,500
	% change	12.6	19.9	-1.3	-39.7	-30.4	33.5	-9.2	32.1
Consumer price index	2002=100	108.1	112.3	117.9	121.6	121.5	122.7	124.8	127.1
	% change	2.1	3.9	4.9	3.2	-0.1	1.0	1.8	1.8

Saskatchewan

		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Real GDP	\$2002 millions	38,904	38,266	39,626	41,434	39,810	41,601	43,182	45,212
	% change	3.1	-1.6	3.6	4.6	-3.9	4.5	3.8	4.7
Employment	thousands	484	492	504	513	519	524	531	545
	% change	0.3	1.8	2.4	1.7	1.3	0.9	1.3	2.7
Unemployment rate	%	5.1	4.7	4.2	4.1	4.8	5.2	5.0	4.6
Retail sales	\$ millions	10,795	11,554	13,129	14,673	14,598	15,050	15,958	16,729
	% change	5.4	7.0	13.6	11.8	-0.5	3.1	6.0	4.8
Housing starts	units	3,437	3,715	6,007	6,828	3,866	5,907	5,500	5,300
	% change	-9.1	8.1	61.7	13.7	-43.4	52.8	-6.9	-3.6
Consumer price index	2002=100	106.9	109.1	112.2	115.9	117.1	118.7	121.8	125.1
	% change	2.2	2.0	2.9	3.2	1.1	1.3	2.6	2.7

Tables

Manitoba

		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Real GDP	\$2002 millions	38,860	40,181	41,263	42,057	42,077	43,003	44,551	46,066
	% change	2.6	3.4	2.7	1.9	0.0	2.2	3.6	3.4
Employment	thousands	582	589	599	608	608	620	630	642
	% change	0.5	1.2	1.7	1.7	0.0	1.9	1.7	1.9
Unemployment rate	%	4.7	4.3	4.4	4.2	5.2	5.4	5.1	5.0
Retail sales	\$ millions	12,372	12,874	14,016	14,980	14,915	15,752	16,562	17,396
	% change	5.9	4.1	8.9	6.9	-0.4	5.6	5.1	5.0
Housing starts	units	4,731	5,028	5,738	5,537	4,174	5,888	5,100	5,400
	% change	6.6	6.3	14.1	-3.5	-24.6	41.1	-13.4	5.9
Consumer price index	2002=100	106.6	108.7	110.9	113.4	114.1	115.0	118.0	120.5
	% change	2.7	1.9	2.1	2.2	0.6	0.8	2.6	2.1

Ontario

		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Real GDP	\$2002 millions	510,509	522,998	533,233	528,635	509,421	525,213	542,545	559,364
	% change	2.8	2.4	2.0	-0.9	-3.6	3.1	3.3	3.1
Employment	thousands	6,371	6,449	6,564	6,666	6,502	6,610	6,757	6,899
	% change	1.0	1.2	1.8	1.6	-2.5	1.7	2.2	2.1
Unemployment rate	%	6.6	6.3	6.4	6.5	9.0	8.7	8.0	7.5
Retail sales	\$ millions	135,128	140,591	145,965	151,672	147,920	155,889	162,493	169,357
	% change	4.8	4.0	3.8	3.9	-2.5	5.4	4.2	4.2
Housing starts	units	78,795	73,417	68,123	75,076	50,370	60,433	64,200	57,000
	% change	-7.4	-6.8	-7.2	10.2	-32.9	20.0	6.2	-11.2
Consumer price index	2002=100	106.9	108.8	110.8	113.3	113.7	116.5	119.9	122.4
	% change	2.2	1.8	1.8	2.3	0.4	2.4	3.0	2.0

Quebec

		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Real GDP	\$2002 millions	255,559	260,033	265,585	268,406	267,477	275,073	281,675	289,280
	% change	1.8	1.8	2.1	1.1	-0.3	2.8	2.4	2.7
Employment	thousands	3,701	3,743	3,834	3,880	3,848	3,915	3,984	4,054
	% change	0.8	1.1	2.4	1.2	-0.8	1.7	1.8	1.7
Unemployment rate	%	8.3	8.1	7.2	7.2	8.5	8.0	7.6	7.6
Retail sales	\$ millions	82,456	86,505	90,406	94,806	93,740	99,631	103,621	108,165
	% change	5.1	4.9	4.5	4.9	-1.1	6.3	4.0	4.4
Housing starts	units	50,910	47,877	48,553	47,901	43,403	51,363	47,700	44,300
	% change	-12.9	-6.0	1.4	-1.3	-9.4	18.3	-7.1	-7.1
Consumer price index	2002=100	106.9	108.7	110.4	112.7	113.4	114.8	117.9	120.4
	% change	2.3	1.7	1.6	2.1	0.6	1.3	2.7	2.1

Tables

New Brunswick

		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Real GDP	\$2002 millions	22,638	23,174	23,439	23,392	23,314	23,967	24,422	24,984
	% change	1.2	2.4	1.1	-0.2	-0.3	2.8	1.9	2.3
Employment	thousands	347	350	357	359	360	356	357	362
	% change	-0.5	1.0	1.9	0.6	0.1	-1.0	0.2	1.5
Unemployment rate	%	9.6	8.7	7.5	8.5	8.8	9.3	9.5	9.0
Retail sales	\$ millions	8,344	8,858	9,407	10,018	10,093	10,592	11,052	11,449
	% change	4.7	6.2	6.2	6.5	0.7	4.9	4.3	3.6
Housing starts	units	3,959	4,085	4,242	4,274	3,521	4,101	2,700	3,200
	% change	0.3	3.2	3.8	0.8	-17.6	16.5	-34.2	18.5
Consumer price index	2002=100	107.4	109.2	111.3	113.2	113.5	115.9	119.1	121.8
	% change	2.4	1.7	1.9	1.7	0.3	2.1	2.8	2.2

Nova Scotia

		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Real GDP	\$2002 millions	28,016	28,174	28,611	28,969	28,931	29,481	29,982	30,581
	% change	1.1	0.6	1.6	1.3	-0.1	1.9	1.7	2.0
Employment	thousands	442	441	448	452	451	452	456	463
	% change	0.1	-0.1	1.6	0.9	-0.1	0.2	0.8	1.5
Unemployment rate	%	8.4	7.9	7.9	7.7	9.2	9.3	9.1	8.9
Retail sales	\$ millions	10,527	11,141	11,616	12,089	12,102	12,656	13,050	13,539
	% change	2.2	5.8	4.3	4.1	0.1	4.6	3.1	3.7
Housing starts	units	4,775	4,896	4,750	3,982	3,438	4,309	4,100	3,600
	% change	1.2	2.5	-3.0	-16.2	-13.7	25.3	-4.9	-12.2
Consumer price index	2002=100	108.2	110.4	112.5	115.9	115.7	118.2	122.1	124.9
	% change	2.8	2.1	1.9	3.0	-0.1	2.2	3.3	2.2

Prince Edward Island

		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Real GDP	\$2002 millions	3,921	4,077	4,149	4,167	4,164	4,251	4,353	4,449
	% change	1.1	4.0	1.8	0.4	-0.1	2.1	2.4	2.2
Employment	thousands	68	68	69	70	69	71	71	73
	% change	2.0	0.6	0.7	1.2	-1.4	3.0	1.2	1.6
Unemployment rate	%	10.9	11.0	10.3	10.7	12.0	11.1	11.1	10.5
Retail sales	\$ millions	1,424	1,509	1,621	1,703	1,681	1,769	1,845	1,917
	% change	2.7	6.0	7.4	5.1	-1.3	5.2	4.2	3.9
Housing starts	units	862	738	750	712	877	756	800	700
	% change	-6.2	-14.4	1.6	-5.1	23.2	-13.8	5.8	-12.5
Consumer price index	2002=100	109.1	111.6	113.6	117.5	117.3	119.5	122.1	124.8
	% change	3.2	2.2	1.8	3.4	-0.1	1.8	2.1	2.2

Newfoundland & Labrador

		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Real GDP	\$2002 millions	17,593	18,129	19,791	20,186	18,119	19,170	19,937	20,236
	% change	2.2	3.0	9.2	2.0	-10.2	5.8	4.0	1.5
Employment	thousands	213	215	216	219	212	219	229	234
	% change	-0.3	0.8	0.8	1.1	-3.0	3.4	4.4	2.0
Unemployment rate	%	15.1	14.7	13.5	13.2	15.5	14.4	12.4	11.7
Retail sales	\$ millions	5,824	6,012	6,528	7,009	7,120	7,449	7,857	8,138
	% change	1.1	3.2	8.6	7.4	1.6	4.6	5.5	3.6
Housing starts	units	2,498	2,234	2,649	3,261	3,057	3,606	3,200	3,200
	% change	-13.0	-10.6	18.6	23.1	-6.3	18.0	-11.3	0.0
Consumer price index	2002=100	107.6	109.5	111.1	114.3	114.6	117.4	120.8	123.5
	% change	2.6	1.8	1.4	2.9	0.3	2.4	2.9	2.2

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