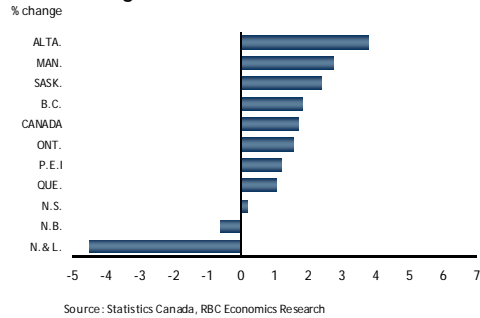


## PROVINCIAL OUTLOOK

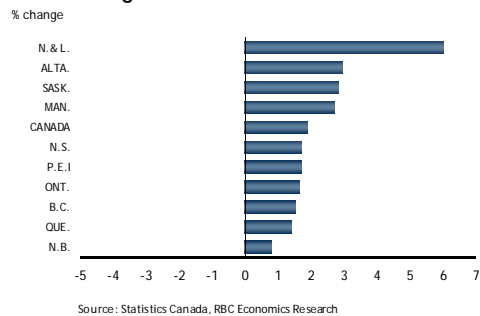
June 2013

### Most provinces on pace to surpass 2012 growth

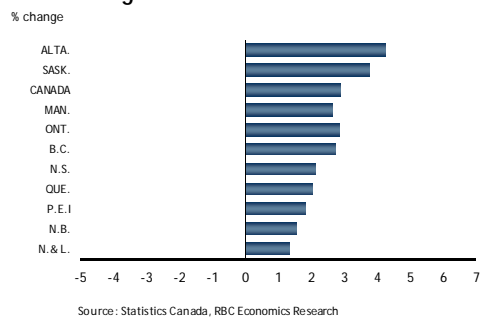
#### Real GDP growth 2012



#### Real GDP growth 2013



#### Real GDP growth 2014



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- The performance of most provincial economies improved largely as we expected early in 2013 after a generally disappointing finish to 2012.
- We forecast all but two provinces (Alberta and British Columbia) to do better in 2013 than they did in 2012 in terms of economic growth.
- Supporting factors vary by province; however, stronger exports feature prominently for many of them.
- We made a few mostly minor alterations to our forecasts for real GDP in 2013 and 2014. None of these changes reflects a fundamental shift in our views.
- Natural resource-intensive provinces still lead our growth rankings for 2013, as they have for the past three years.
- We forecast Newfoundland and Labrador, Alberta, Saskatchewan, and Manitoba to be the only four provincial economies to grow at a faster rate than the national average in 2013.
- We expect Ontario, Prince Edward Island, Nova Scotia, British Columbia, and Quebec to expand at a slightly slower rate than the national average, with New Brunswick trailing overall Canadian growth, and its peers, more significantly.

#### Provincial economies tracking our earlier expectations

Economic indicators published since the March edition of *Provincial Outlook*, by and large, corroborated our expectations that the slowing in provincial activity in the latter part of 2012 would be short lived. Among other things, there were signs—albeit still tentative—that the long-awaited export recovery is beginning to take shape in several provinces. Our recent monitoring of provincial economies, therefore, gives us few reasons to alter our forecasts for real GDP in any material way at this stage. Accordingly, the few changes we made in this edition of *Provincial Outlook* were relatively minor.

#### Resource-intensive provinces to lead the way...again

We continue to expect that all but two provinces (Alberta and British Columbia) this year will outdo or match their growth performance of 2012, and that all but two again (Manitoba and Newfoundland and Labrador) will show further acceleration in 2014. Natural resource-intensive provinces still top our growth rankings in 2013 (as they have generally for the past three years). We forecast growth in Newfoundland and Labrador (6.0%) this year to outpace all other provinces by a long shot—although this will come on the heels of a substantial contraction (-4.5%) in 2012 when maintenance work at the province's offshore oil operations caused a sharp temporary drop in oil production. We expect Alberta to come in second with a respectable 3.0% advance, closely followed by Saskatchewan at 2.9% and Manitoba at 2.7%. As was the case in our March update, we expect growth in all other provinces to be below the national average.

Export sector leading the way

British Columbia’s economy ended 2012 on a soft note, and the latest indications suggest that the start of 2013 was only slightly stronger. Developments to date confirm that the province’s resource sector is now firmly in recovery mode; however, they also show that other parts of the economy have yet to start rolling this year and continue to temper the overall pace of growth. Nonetheless, we expect renewed external demand for British Columbia’s natural resource products to stimulate domestic activity as we go forward. We forecast real GDP in the province to grow by 1.6% in 2013, which would constitute a modest slowing from the estimated 1.8% rate in 2012. Our forecast for 2014 anticipates a ramp-up in capital spending that will boost BC economic growth to a rate of 2.7%.

Export demand rising

We are quite encouraged by British Columbia’s recent external trade performance. Merchandise exports to other countries were up 4.2% year-over-over in the first five months of 2013, outpacing the rise imports (3.3%). Wood product exports surged impressively by 35%—with significant gains (51%) registered in the United States. Exports of minerals and metals, and machinery and equipment also increased strongly. The turnaround in the US housing construction sector constituted a key source of foreign demand for BC products; however, further inroads in the Chinese market also contributed. Thanks to rising sales abroad, the BC natural resource sector continued on its recovery path. So far this year, production of softwood lumber, coal, copper, gold, and silver posted noticeable year-over-year gains. The improving trade picture also benefited the province’s manufacturers that saw their sales rise by 2.6% in the first quarter of 2013.

Soft domestic conditions persist

On the domestic front, however, conditions have yet to improve more broadly. While there is evidence that non-residential construction spending is up so far this year, the most recent *Public and Private Investment Intentions* survey published earlier this year by Statistics Canada indicated that little boost should be expected from capital projects in 2013. On the residential side, homes under construction declined slightly in each of the past three quarters, thereby reflecting the substantial cooling in British Columbia’s resale market and slowing in housing starts. Residential investment fell 4% year over year in the first quarter of this year.

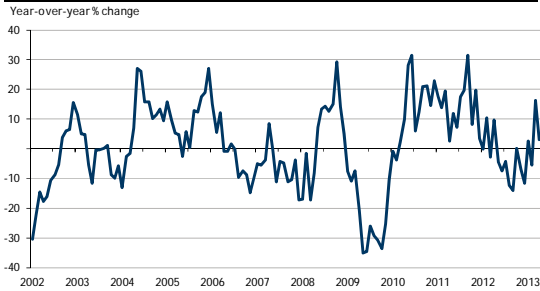
Consumer spending weighed down by temporarily stalled job creation

The trend in retail sales has been flat since the end of 2011, thereby suggesting that BC consumers remain hesitant to loosen their purse strings. Recent employment statistics have done little to boost confidence. Job creation in the province essentially stalled since the fall of last year, with losses in the private sector (including in the construction industry) offsetting gains in the public sector and among the self-employed. Still, we believe that export-driven activity will eventually re-ignite private-sector job creation in the province and support a revival of consumer spending growth.

Slower population growth

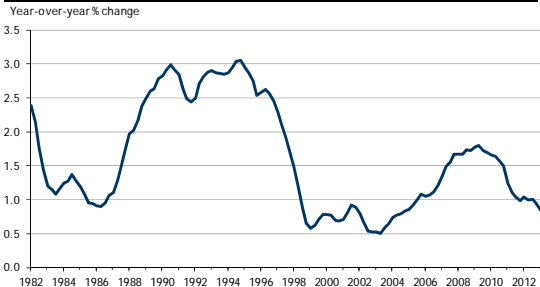
Any recovery in the consumer sector, however, could be quite limited if recent population trends fail to stabilize or improve. British Columbia’s population growth slowed noticeably since 2010 and reached its lowest rate (0.9%) in more than eight years in the first quarter of this year. The province is no longer the magnet for new migrants from other provinces and countries that it was just a few short years ago.

British Columbia merchandise exports



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

	2011	2012	2013F	2014F
Real GDP	2.8	1.8	1.6	2.7
Employment	0.8	1.7	0.4	1.5
Unemployment rate (%)	7.5	6.7	6.4	6.3
Retail sales	3.2	1.9	2.1	4.0
Housing starts (units)	26,400	27,465	24,500	23,500
Consumer price index	2.3	1.1	0.5	1.6

Robert Hogue  
Senior Economist



### Less uncertainty, same bright prospects

The clouds of uncertainty that gathered over Alberta’s economic outlook late in 2012 and early 2013 have cleared to a fair extent in more recent months and no longer dim the province’s very bright prospects. We expect the economic boom in the province to continue largely unabated this year with real GDP growing at a rate of 3.0%, down only modestly from an estimated 3.8% last year. While the most powerful engine of growth will remain activity from or related to the oil and gas sector, the economic expansion clearly is spreading to a wide range of industries. We project this broad-based expansion to accelerate in 2014 to a rate of 4.2%, thereby enabling Alberta to reclaim the title of fastest-growing provincial economy—which was ceded to Newfoundland and Labrador this year.

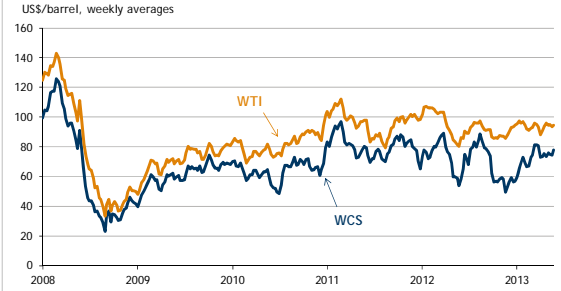
### Strong fundamentals brought back into sharper focus

In the two previous editions of our *Provincial Outlook*, we noted that recent oil production and delivery issues had created some uncertainty about the sustainability of Alberta’s energy boom. These issues—which included rapidly rising energy production in the United States, the emergence of pipeline bottlenecks, and the so called ‘bitumen bubble’—manifested themselves most saliently in the heavily discounted prices received by oil producers in the province during the fall of 2012 and the beginning of 2013. The good news in more recent months is that many of the issues have been at least temporarily alleviated. Among other things, increased use of rail cars to transport Alberta’s unconventional crude to refineries in the US Gulf Coast went some way to relieve pipeline bottlenecks. Importantly, recent developments resulted in a narrowing in the price differential between Alberta oil and the WTI benchmark. So far in the second quarter of this year, the Western Canada Select benchmark rebounded by 24% from its level in the fourth quarter of 2012, thereby proving that the earlier low prices were far from permanent in Alberta. This rebound in prices, therefore, succeeded at clearing some of the uncertainty—at least for the time being—and brought Alberta’s impressive economic fundamentals into sharper focus.

### Solid start to 2013

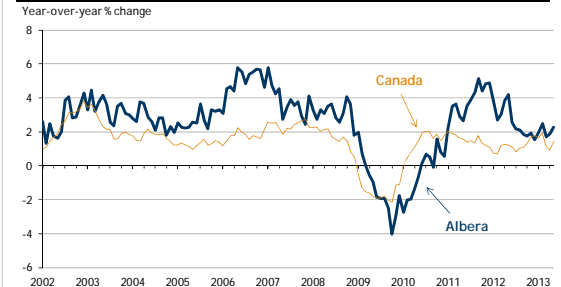
The economic performance of Alberta continues to be quite solid in the early stages of 2013. Despite it all, crude oil production remains on an upswing, increasing by more than 4% year over year in the first two months of 2013. Construction activity is still expanding rapidly, with notable gains registered on the residential side. So far in the second quarter, housing starts averaged around 40,000 units (annualized), which would constitute the highest level since the first quarter of 2008. Job creation is among the strongest in Canada with employment up 2.3% year over year in the first five months of 2013. Attractive job prospects in Alberta continue to draw in workers from outside the province, and this inflow of people pushed population growth above the 3% mark for the first time since late 2006. Alberta retailers continue to see their sales increase at a good pace, in contrast to the softness prevailing in many other parts of Canada. In short, the majority of economic indicators still point to rapid growth in Alberta this year. A main exception has been the manufacturing sector where sales have stagnated, perhaps the result of the earlier bout of nervousness.

Western Canadian Select (WCS) and WTI crude oil prices



Source: Bloomberg, Financial Times, RBC Economics Research

Alberta employment



Source: Statistics Canada, RBC Economics Research

### Alberta forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F
Real GDP	5.1	3.8	3.0	4.2
Employment	3.8	2.6	2.3	2.2
Unemployment rate (%)	5.5	4.6	4.4	4.2
Retail sales	6.8	6.9	5.3	5.1
Housing starts (units)	25,704	33,396	34,900	32,000
Consumer price index	2.4	1.1	1.1	1.7

Robert Hogue  
Senior Economist



### Recovery in mining to re-fuel growth

The Saskatchewan economy has traditionally been buffeted by swings in agricultural production although in recent years the mining sector has provided an additional source of volatility. This was the case in 2012 as increasing signs of weakness in potash production resulted in the provincial growth rate forecasts being steadily lowered to our current estimate of 2.4%. Part of this weakness reflected curtailed buying activity as multi-year potash purchase agreements were being negotiated with major sovereign buyers in 2012. With these agreements settled late last year and early this year, overseas demand has started to come back. As well, our expectation is that the US agricultural sector will significantly increase fertilizer use, and thus demand for potash, to help boost output from the depressed, drought-related harvest last year. Potash production numbers for the first quarter are pointing to a 26% increase over year-ago levels. This recovery is expected to send mining output up 4.5% this year and 5.0% next year after growth of only 1.0% in 2012.

### Steady growth in agriculture

There had been concern that agriculture production would be hampered by potential spring flooding because of the sizeable snowfall during the winter; however, favourable spring weather resulted in a gradual melt. By the end of May, the Saskatchewan government reported that 67% of the 2013 crop was planted, which was only slightly below the five-year average for that time of year of 70%. Assuming normal growing conditions prevail in the fall, we project relatively stable 3% growth in the agricultural sector for both this and next year.

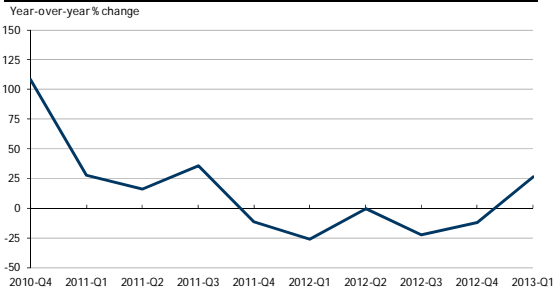
### Construction to strengthen through the forecast

The preliminary 2012 construction industry real GDP estimate in Saskatchewan was surprisingly weak with the pace of activity dropping by almost a full percentage point. Although both residential and non-residential building construction activity were strong, these were offset by weakness in engineering construction particularly in the oil and gas sector. Statistics Canada's survey of capital spending plans for 2013 was not encouraging going forward as it indicated spending dropping 2%. It will likely be the case that residential construction activity will weaken from the overstated level of starts in 2012 of 10,000 units dropping to 7,900 this year and 6,900 next year. Our forecast, however, assumes greater offsetting strength in non-residential construction as producers respond to still high prices for various natural resources. For example, growth in construction will be supported by ongoing spending on the Legacy potash mine with some upside potential if the larger Jansen potash project gets the go ahead. On net, we assume some growth in construction spending this year at a relatively modest 1.5% pace. For 2014, less weakness in residential construction and greater strength in non-residential construction activity are expected to send growth in construction up a stronger 5.5%.

### Growth to pick up some more in 2014

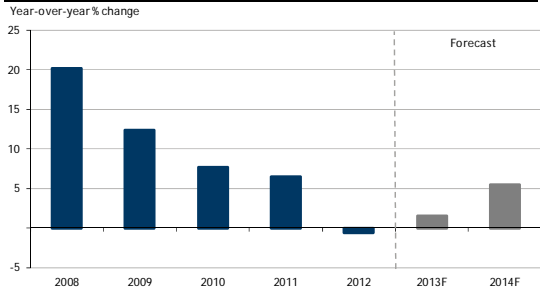
The strengthening mining output is a key factor contributing to overall GDP growth rising to 2.9% this year. We believe that further strengthening in this sector and resumption in construction activity next year will contribute to real GDP growth accelerating to 3.7% in 2014.

**Saskatchewan potash production**



Source: Saskatchewan Industry and Resources, RBC Economics Research

**Saskatchewan construction real GDP**



Source: Statistics Canada, RBC Economics Research

### Saskatchewan forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F
Real GDP	4.9	2.4	2.9	3.7
Employment	0.3	2.1	3.2	1.6
Unemployment rate (%)	5.0	4.7	4.2	4.1
Retail sales	7.5	7.6	2.2	5.4
Housing starts (units)	7,031	9,968	7,900	6,900
Consumer price index	2.8	1.6	1.6	2.5

**Paul Ferley**  
Assistant Chief Economist

## Maintaining its cruising speed

Growth in the Manitoba economy this year is expected to match the 2012 increase of 2.7% albeit with a differing mix of output. The advance last year was in large part the result of a recovery in agricultural production and another year of double-digit gains in the mining sector. Looking at this year, we expect these two areas to slow their pace but that stronger anticipated growth in utilities and manufacturing will provide a perfect offset. We further expect that the pick up in utilities and manufacturing will continue into 2014, which along with ongoing gains in construction, will result in growth next year of 2.6%.

### Support from agriculture and mining to ease...

Some initial concerns about flooding dissipated in the face of favourable spring weather, with 94% of the fields seeded in the province by the beginning of June. Assuming a continuation of favourable weather, the agricultural sector is expected to record another year of growth although with the pace slowing to 4% from almost 15% in 2012. With respect to the mining sector, we expect it to benefit from strengthening production in both base and precious metals this year; however, these gains are expected to be tempered by a slowing in oil and gas production. Thus, our overall 2013 mining growth projection, while strong at 6%, will be about one-half the rate achieved last year. The projected slowing in both of agriculture and mining is expected to continue into 2014.

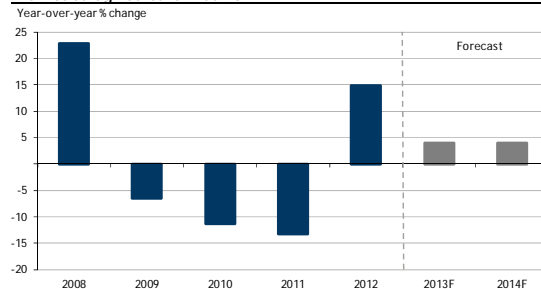
### ...with manufacturing and utilities taking up the slack

We expect the main drivers of growth this year in Manitoba to be the utilities and manufacturing sectors. The pace of manufacturing activity disappointed in the last two years, averaging only around 1%; however, we expect that a strengthening US economy will boost demand for goods manufactured in Manitoba over the forecast horizon, thereby leading to manufacturing output gains of 3% this year and 3.5% in 2014. For example, the improved financial health of US state and local governments is expected to result in rising purchase orders for Manitoba-made buses to improve public-transit systems. With respect to utilities output, it was very weak in 2012 declining 5%. Very preliminary numbers for 2013, however, indicate an improving trend that we assume will continue thereby generating increases this year of 2% and next year of 4%.

### Construction to provide support to growth through 2014

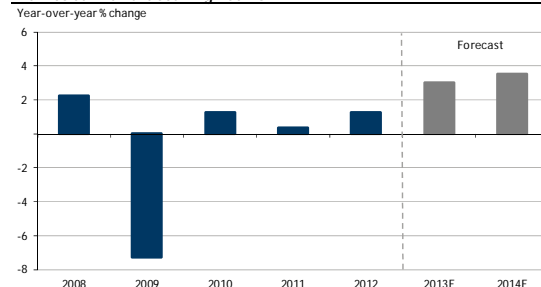
Construction spending is expected to be a mainstay of growth during the forecast. This is expected to be the case despite some slowing in residential construction. In 2012, housing starts jumped 18% to 7,200 units that were consistent with indications of solid population growth in the province. Activity may also have been advanced with households concerned about an eventual rise in mortgage rates and tightening mortgage lending standards. With indications of some moderation in population growth, housing starts are expected to slow to 6,700 units this year and 5,700 next year. Offsetting this slowing trend is a number of non-residential construction projects underway particularly in the Winnipeg area. These include an office and hotel complex on Portage Avenue, condo and apartment developments on Assiniboine Avenue, and the expansion of the Winnipeg Convention Centre. Increases in non-residential building activity are expected to support solid construction output growth of 5.5% this year and 6.0% in 2014.

Manitoba agricultural real GDP



Source: Statistics Canada, RBC Economics Research

Manitoba manufacturing real GDP



Source: Statistics Canada, RBC Economics Research

### Manitoba forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F
Real GDP	2.0	2.7	2.7	2.6
Employment	0.8	0.9	1.1	1.4
Unemployment rate (%)	5.4	5.3	5.0	4.6
Retail sales	4.5	1.6	2.6	4.3
Housing starts (units)	6,083	7,242	6,700	5,700
Consumer price index	2.9	1.6	1.9	2.0

Paul Ferley  
Assistant Chief Economist

**Growth engine restarting**

After stalling in the second half of 2012, Ontario’s economic growth engine restarted in the early stages of 2013, and we expect it to ‘rev up’ some more during the remainder of this year. Forward momentum is being restored partly by an improvement in the province’s trade performance. Early 2013 momentum also is being fuelled by continued strength in housing construction although we expect this source of growth to fade later this year. Consumer spending is poised to pick up any slack, however, as impressive job gains in recent months augur well for Ontario households opening their wallets wider this year. We forecast real GDP to grow by 1.7% in 2013 and 2.8% in 2014, which are up from 1.5% in 2012.

**Recent job gains should lift the cloud of uncertainty**

Given how slow activity became in the latter half of last year—the Ontario Ministry of Finance estimates that real GDP estimates grew by only 0.2% (annualized) during that period—the cloud of uncertainty over the province’s prospects may take some time to lift. The recent months’ strong employment gains—especially the jaw-dropping 51,000 surge in May—however, should go some way to convince the sceptics that Ontario’s economic engine has restarted early in 2013. Year to date, the annual job growth in the province (2.0%) is more than double the 0.8% increase posted in 2012 and double the 1.0% rate in 2011.

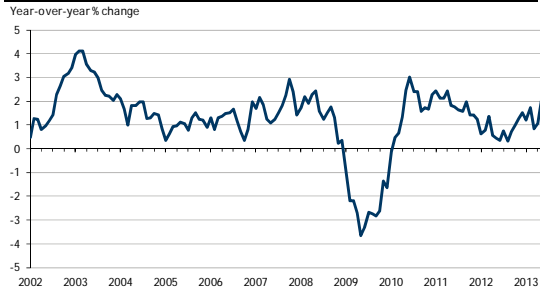
**External trade showing encouraging signs**

While job creation so far this year predominantly took place in domestically oriented industries (including construction, retail trade, health care, and accommodation and food services), we note that indicators for the external trade sector showed some encouraging signs as well. In the first four months of this year, merchandise exports grew by 0.5% from a year ago, while imports fell marginally by 0.1%. Ontario’s trade deficit, therefore, shrunk a little, thereby bucking the decade-long deteriorating trend and reducing its drag on economic growth. The export advance occurred despite some momentary fatigue in Ontario’s top export category—motor vehicles and parts—which last year recorded a significant 17% increase. With US auto sales in the midst of a solid recovery, we believe that there is scope for further gains in auto sector exports. More generally, with evidence mounting that the US economy is strengthening, we expect US demand for Ontario goods and services to improve in the period ahead, although more clearly so in the latter half of 2013 and into 2014.

**Housing construction still hot but not for much longer**

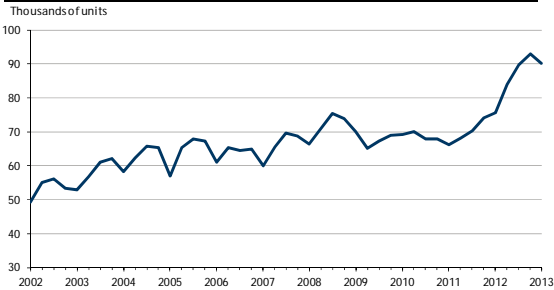
Ontario’s housing market may have cooled noticeably in the past year; however, housing construction continued to be quite strong in the early part of 2013. Homes (or, more specifically, condos) under construction were near 30-year highs in the province, and residential investment remained a factor adding to growth in the first quarter of this year. Nonetheless, we expect lower home sales, sharp declines in housing starts, and the completion of units under construction to dampen residential construction activity later this year. While this anticipated slowing will leave a hole in the province’s economic accounts, we believe that still strong investment in non-residential structures (and infrastructure) will more than fill it up. We also see some scope for Ontario consumers to boost their spending on goods and services in light of the recent job gains.

**Ontario employment**



Source: Statistics Canada, RBC Economics Research

**Ontario homes under construction**



Source: Statistics Canada, RBC Economics Research

**Ontario forecast at a glance**

% change unless otherwise indicated

	2011	2012	2013F	2014F
Real GDP	1.8	1.5	1.7	2.8
Employment	1.8	0.8	1.3	1.4
Unemployment rate (%)	7.8	7.8	7.5	7.1
Retail sales	3.6	1.6	2.4	4.0
Housing starts (units)	67,821	76,742	56,900	57,000
Consumer price index	3.1	1.4	1.5	1.9

**Robert Hogue**  
Senior Economist



## On track for a modest improvement

Economic conditions remained mixed in Quebec in the early stages of 2013; however, we see evidence that the encouraging signs that emerged late last year are gaining traction, thereby setting the stage for a pickup in economic growth overall this year. Still, the expected improvement will be modest. We forecast Quebec’s real GDP to accelerate to only 1.4% in 2013 from 1.0% in 2012—hardly a sea change. Driving this improvement will be a stronger performance by the external trade sector and an increase in consumer spending—two areas of weakness last year. Limiting the extent of this pickup in growth, among other factors, will be a decline in residential investment. We expect momentum in the provincial economy to continue to build in 2014 with real GDP growth reaching 2.0%.

### Activity strengthens in the first quarter of 2013

The past year brought its share of disappointments in Quebec’s economic performance. In April of 2013, Statistics Canada confirmed the weakness in 2012 when it released its first estimate of 2012 real GDP, which showed growth of only 1.0% in the province—the tiniest rate of growth in the province in a non-recessionary period since 1989. Nonetheless, as we noted in the March issue of *Provincial Outlook*, there were signs that some sectors of the provincial economy were beginning to turn a corner by the end of 2012. Indeed, our monitoring of monthly industry GDP estimates from the *Institut de la statistique du Québec* (ISQ) suggests to us that activity strengthened in the first quarter of 2013 to a quarterly growth rate of 2.5% (annualized), which would constitute the fastest pace in two years.

### Positive developments on the external trade front

We are heartened by notable advances made by several manufacturing industries since the fourth quarter of 2012, including primary metals, transportation equipment, paper, chemicals, machinery and equipment, plastic products, and furniture. For the most part, growth occurred in export markets. Exports statistics for the first quarter of 2013 showed substantial gains in several of Quebec’s top export commodities, including aluminium, aircrafts, iron ore, chemicals, wood pulp, newsprint, and softwood lumber. While there were some declines registered for products such as electricity, recent developments on the external trade front generally support our view that Quebec net exports will be a growth driver in 2013.

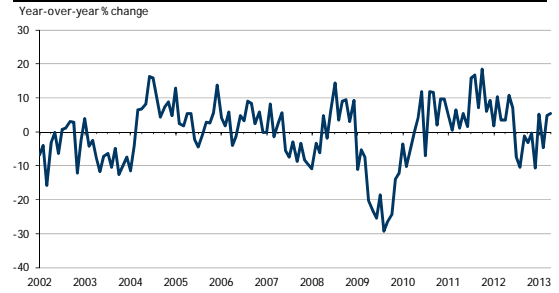
### Retailing expanding again

ISQ’s monthly GDP estimates also showed that the provincial retail trade industry continued to expand for the third consecutive quarter in the first quarter of 2013 following a substantial decline in the first half of 2012. We take this latest gain as further evidence that consumer spending is tracking higher in the province and will contribute to growth in 2013.

### Slower construction activity will restrain growth

Other sectors of the Quebec economy are facing continued challenges. This is the case of the residential construction industry, which now contends with the effect of slower housing market activity since the spring of 2012. Housing starts declined by more than 15% since last fall in the province. We expect starts to stabilize at recent low levels and total only 38,800 units in 2013, which is down from 47,400 units in 2012. Accordingly, we expect residential investment to fall this year.

Quebec merchandise exports



Source: Statistics Canada, RBC Economics Research

Quebec home resales



Source: Canadian Real Estate Association, RBC Economics Research

### Quebec forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F
Real GDP	1.9	1.0	1.4	2.0
Employment	1.0	0.8	1.5	1.1
Unemployment rate (%)	7.8	7.8	7.6	7.4
Retail sales	3.0	1.1	2.7	3.4
Housing starts (units)	48,387	47,367	38,800	38,000
Consumer price index	3.0	2.1	1.5	1.9

Robert Hogue  
Senior Economist

Recovery in sight?

The New Brunswick economy continues to struggle under anaemic growth conditions after preliminary estimates indicated an outright decline in economic activity in 2012 (-0.6%). The slump in goods-producing industries last year accompanied a stagnant job market while households hesitated to open their wallets with annual (nominal) retail sales declining for the first time in nearly two decades. Encouraging signs for a much-anticipated improvement, albeit modest, have emerged so far this year, led in part by the US housing recovery breathing new life into the province's lumber exports. That being said, the overall economic gains will likely be subdued because headwinds for the domestic economy are expected to persist with our forecast for real GDP growth a mild 0.8% in 2013.

Employment prospects to improve...slightly

After a three-year slump, we believe that New Brunswick's labour market is now stabilizing and poised to show some modest gains in the period ahead. We are encouraged by the fact that the six-month average level of employment—which smoothes the significant month-to-month volatility—has risen fairly steadily (albeit quite timidly) so far this year. We expect job prospects to be bolstered by a pickup in activity in the province's export-oriented sectors. An improving employment situation normally would have positive implications for consumer spending by boosting overall household income and helping to restore consumer confidence. The breadth of any recovery in households' spending, however, is likely to be attenuated by the hikes in personal income tax rates announced in the 2013 provincial budget to be implemented July 1, 2013.

Exports take centre stage

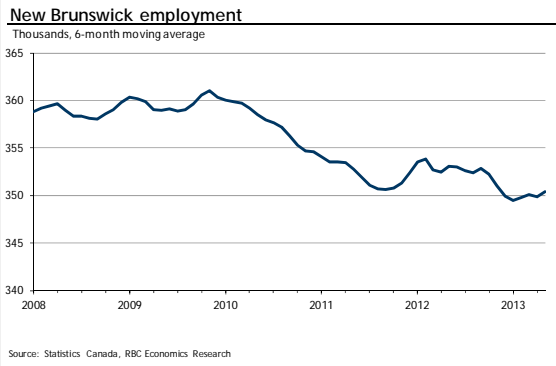
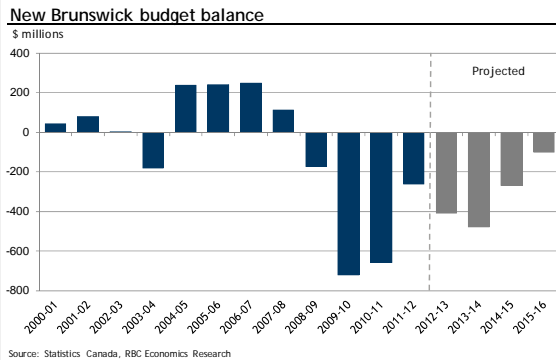
Firmer markets for key commodities and strengthening US demand are laying the foundation for an improvement on the external side of the economy this year after exports eased slightly in 2012. With US housing construction firmly entrenched in an upward trend, the province's lumber exports were given a boost in the first quarter of the year, rising by 25%. Meanwhile, robust demand from Brazil is supporting a surge in potash exports. On the other hand, a brief pause is anticipated in the mining sector for the remainder of this year, although this was preceded by industrial goods exports rising markedly prior to the shutdown of the Xstrata Brunswick mine in April.

Headwinds persist

Despite the improving economic tone, there will remain plenty of headwinds with which to contend in the province. New Brunswick continues to be held back by a slowdown in capital investment, with non-residential construction plunging nearly 20% last year and a further pullback to start 2013. In the near term, the domestic economy will also need to absorb tax increases announced in the 2013 provincial budget (both at the personal and corporate levels). The New Brunswick government revealed in the budget that a weaker than expected economy hampered its efforts to balance its books by 2014-2015 as was planned earlier. Nonetheless, the provincial government remains committed to eliminate its deficit over the medium term and, therefore, announced some revenue-boosting measures in the form of tax hikes.

East-West oil pipeline to bring medium-term opportunities?

With the list of major investment projects quite bare, the results of TransCanada's solicitations for shipper commitments for the East-West oil pipeline holds great potential for New Brunswick economy, as it could represent a much-needed spring board for growth.



New Brunswick forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F
Real GDP	0.0	-0.6	0.8	1.5
Employment	-1.1	-0.2	0.2	1.0
Unemployment rate (%)	9.5	10.2	10.4	10.0
Retail sales	4.8	-0.7	1.2	3.1
Housing starts (units)	3,452	3,299	2,900	3,000
Consumer price index	3.5	1.7	1.5	2.0

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Economist





### The start of things to come...

Economic activity in Nova Scotia failed to show a meaningful pickup in 2012, with provincial industry output growth estimates essentially flat at 0.2%, which was the slowest pace since 2009. A pullback in the energy sector and declining forest product output combined with weak domestic performance acted to curb economic growth with the latter weakening trend persisting into 2013. The lull in overall economic activity is expected to be temporary, however, as improved performance in export-oriented sectors, led by a much anticipated startup at Deep Panuke, is expected to set the province on track for a stronger advance in the pace of growth in 2013 and help to offset what is likely to be a fairly quiet domestic economy.

#### Export boost from Deep Panuke

After lagging the rest of the country in 2012, export growth in the province rebounded smartly in the first three months of the year. The resumption of production at the Port Hawkesbury paper mill supported a surge in the paper products export group while a strengthening housing market south of the border helped to spur demand for the province's lumber exports. The positive year-to-date export gains should help to alleviate concerns of a protracted slowdown in the province as pressures weighing on export-led sectors further dissipate, particularly as the long awaited startup at the Deep Panuke natural gas project is expected to provide a notable export boost when it commences production mid-2013. With output at Deep Panuke projected to ramp up to full capacity within its first month of production, the project is expected to help offset maturation-related declines at the Sable Island natural gas operations that have contributed in part to natural gas exports tracking well below year-ago levels in the early months of this year.

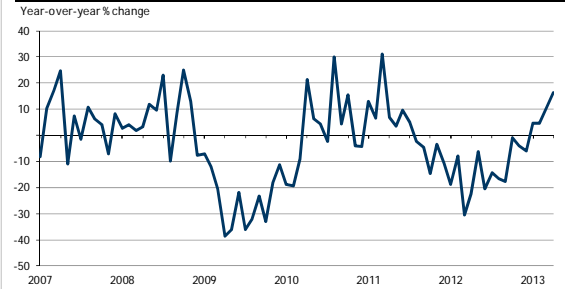
#### Domestic softness persists

Indicators of domestic economic performance, on the other hand, so far this year suggest that the bout of softness in the latter part of 2012 carried into 2013. A modest rebound in overall employment this spring appears tentative with solid advances in self-employment and public-sector employment masking a declining trend in private-sector employment. Despite an expected lift to employment as headwinds ease in the province's trade sector, employment growth will likely remain subdued thereby keeping the overall unemployment rate relatively steady at 9.1%. The muted labour market prospects likely weighed on consumer spending early this year, with retail sales struggling to gain positive ground led by sharp year-over-year declines in motor vehicles sales.

#### Energy, links, and ships...oh my...

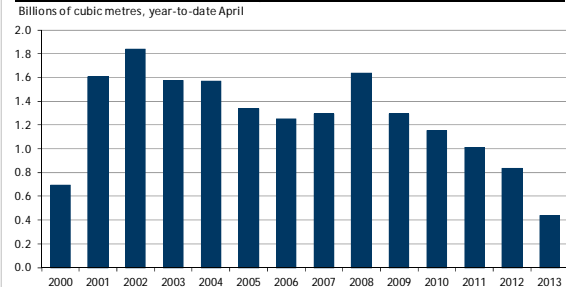
Despite a sluggish start to 2013, economic momentum is expected to build during the year with a significant lift to economic activity expected from the startup at Deep Panuke in the latter half of the year. Seismic surveying of deepwater sites for Shell's offshore exploration bid, the largest such program in the province's history, and along with British Petroleum gearing up for its own seismic testing to begin early 2014 brighten the prospects for the province's energy sector even more. Medium-term prospects for economic performance in the province are also bolstered by the possibility for the Maritime Transmission Link to proceed and recent indications of advances in the shipbuilding procurement contract with the signing of the \$288 million, 30-month, planning and engineering definition contract.

**Nova Scotia merchandise exports**



Source: Statistics Canada, RBC Economics Research

**Nova Scotia offshore natural gas production**



Source: Canada-Nova Scotia Offshore Petroleum Board, RBC Economics Research

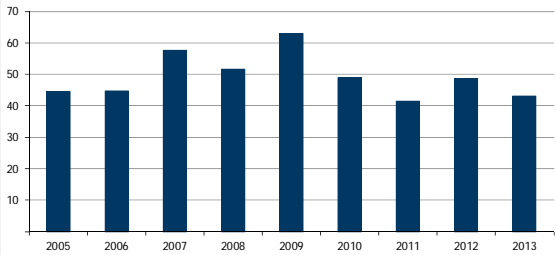
#### Nova Scotia forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F
Real GDP	0.5	0.2	1.7	2.1
Employment	0.1	0.6	0.3	1.1
Unemployment rate (%)	8.8	9.0	9.1	8.7
Retail sales	3.6	1.0	0.8	3.5
Housing starts (units)	4,644	4,522	4,000	3,800
Consumer price index	3.8	1.9	1.9	2.1

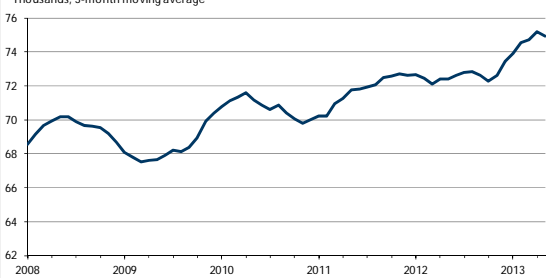
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**Prince Edward Island nominal exports of potato products\***  
\$ millions, first quarter of the year



\*Includes frozen and prepared without vinegar  
Source: Statistics Canada, RBC Economics Research

**Prince Edward Island employment**  
Thousands, 3-month moving average



Source: Statistics Canada, RBC Economics Research

**Prince Edward Island forecast at a glance**

% change unless otherwise indicated

	2011	2012	2013F	2014F
Real GDP	1.6	1.2	1.7	1.8
Employment	1.9	1.1	2.4	1.0
Unemployment rate (%)	11.4	11.3	11.6	11.0
Retail sales	5.4	3.2	0.2	3.5
Housing starts (units)	940	941	700	700
Consumer price index	2.9	2.0	1.7	2.1

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**Still has wind in its sail**

After emerging from 2012 with the strongest export gains in the country, momentum in Prince Edward Island’s external performance eased in the early months of this year. Early indications suggest that the pause in activity did not spread throughout the economy, however, with the province’s labour markets continuing to sustain solid year-over-year advances. That being said, with demographic challenges intensifying and government spending to slow markedly, softer domestic growth in the province is expected to be supplemented by trade winds gathering speed for the remainder of the year, with real GDP growth closing much of the earlier gap with the national average in 2013.

**Exports cool for now but should sizzle once again**

As the province’s emerging export-oriented sectors gained momentum, a slowdown in the traditional potato industry brought about a cooling in overall exports to start the year. Sales abroad of aerospace products continued to defy gravity, after surging to new heights in 2012 while PEI’s lobsters appeared to please the palates of foreigners, with year-to-date exports rising noticeably. Potato price pressures have constrained nominal exports for this key commodity, reflecting the lingering effect of a bumper crop south of the border last year. This external sluggishness will likely be short lived however, as we expect the US potato market to tighten later this year in part due to stronger US exports to Europe.

**Impressive employment gains**

Employment ended 2012 on a strong note in PEI with the impressive gains carrying into the early months of the year, reaching a record high this spring, although easing thereafter. The solid overall performance can largely be attributed to a significant jump in hiring in the province’s wholesale and retail trade sectors after two consecutive years of annual declines. The improving job prospects attracted Islanders back to the labour force, although at a faster pace than overall employment growth, so that the year-to-date unemployment rate inched upward. Other indicators of economic activity (for example, retail sales and new housing construction) began to soften in the early months of the year, however, as the resilience of the domestic economy is likely to come under increased pressure particularly as the province addresses its fiscal challenges.

**Some turbulence ahead**

Economic performance in PEI will see some turbulence this year, especially on the public-sector side. The provincial government’s capital plan released in November 2012 showed a nearly 30% drop in projected capital spending in the current fiscal year while the 2013 provincial budget proposed greater program expenditure restraint than was planned earlier despite the province pushing back its return to balance by one year. While the recent move to a more economically efficient value-added sales tax structure should provide a boost to business investment in the province in the medium term, we expect the data to confirm downward pressure on consumer spending with the introduction of the HST on April 1, 2013, particularly for items previously exempt from the provincial portion of the tax (electricity, adult clothing, and new homes). Population growth slowed to a halt in the first quarter of 2013 after posting the slowest annual growth rate last year since 2007. The trend of fewer international migrants to the province coupled with an aging population could put pressure on what has been a relatively resilient domestic economy going forward.



### From the bottom...to the top

Economic growth in Newfoundland and Labrador is set to bounce back strongly this year after steep declines in the energy sector dug a deep hole in 2012. Relatively robust capital spending had been a key factor behind our earlier expectation for the province to edge out a small gain last year; however, the extent of the slowdown was deeper than we anticipated with preliminary real GDP estimates signalling a significant contraction of -4.9%. A rebound in the province's largest driver of growth—oil and gas—and firmer market conditions for the mining sector are expected to propel the province to the top of the provincial growth rankings in 2013, despite recent indications that the domestic side of the economy hit a soft patch this spring.

### Back in the swing of things

Although crude oil production in the early months of the year remained below levels of the same period in 2012, the return to full capacity at the province's offshore oil fields will yield a sizeable one-time boost to growth this year. The massive turnaround in production is expected to retrace the notable losses in the latter part of 2012 that saw annual oil production plunge to its lowest level since 2001. The significant upswing in activity should be bolstered by the sustained capital spending binge of oil and gas producers, with plans to boost their capital outlays by nearly 83% relative to a 77% surge in 2012. Construction on the Hebron offshore oil platform is expected to ramp up in 2013, with the project contributing largely to the record level of capital investment in the province.

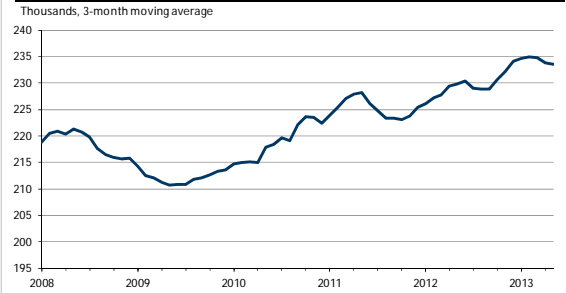
### Employment slows to start the year

On the domestic front, the start to a new calendar year brought with it a payback in employment after robust hiring gains in the latter half of 2012. Despite the recent softness, an anticipated bounce back in private sector hiring through the remainder of the year is expected to provide an offset to losses in public sector employment, expected to drift lower in light of the provincial government's workforce adjustments. The renewed momentum in employment in the province should be sufficient to exert continued downward pressure on the unemployment rate and encourage households to boost their spending on goods and services. A cooling in demand for housing is expected to persist however, as housing starts remain on a decidedly downward trend established since housing starts reached a recent peak last spring.

### A tentative improvement in mining

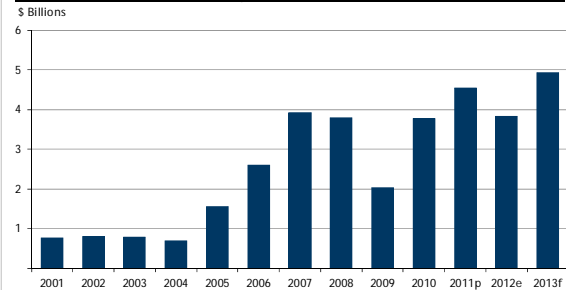
Adding support to the robust economic turnaround in 2013 is expected to be an acceleration of mining activity, although a tentative improvement relying in part on rebounding prices for the province's mineral shipments. After an estimated 16% decline last year, the gross value of mineral shipments is forecasted to rise 28% in 2013 and led by renewed strength in iron ore and nickel shipments. The rebound has yet to materialize on the export side, however, with iron ore and copper prices drifting lower and contributing to a steep pullback in nominal exports so far this year. Nonetheless, improving commodity demand growth should help to reverse some of the early year setbacks, and higher capacity at the province's iron ore projects is expected to contribute to the considerable pickup in production activity for the remainder of the year.

Newfoundland & Labrador employment



Source: Statistics Canada, RBC Economics Research

Newfoundland & Labrador gross value of mineral shipments



\* p: preliminary, e: estimate, f: forecast by the Newfoundland and Labrador Department of Natural Resources  
Source: Newfoundland and Labrador Department of Natural Resources, RBC Economics Research

### Newfoundland forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F
Real GDP	3.0	-4.5	6.0	1.3
Employment	2.7	2.3	1.9	1.5
Unemployment rate (%)	12.7	12.5	11.8	11.5
Retail sales	5.3	4.6	3.8	4.3
Housing starts (units)	3,488	3,885	3,000	3,200
Consumer price index	3.4	2.1	1.9	2.1

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Economist



## Forecast detail

Average annual % change unless otherwise indicated

	Real GDP				Employment				Unemployment rate %				Housing starts Thousands				Retail sales			
	11	12E	13F	14F	11	12	13F	14F	11	12	13F	14F	11	12	13F	14F	11	12	13F	14F
N. & L.	3.0	-4.5	6.0	1.3	2.7	2.3	1.9	1.5	12.7	12.5	11.8	11.5	3.5	3.9	3.0	3.2	5.3	4.6	3.8	4.3
P.E.I.	1.6	1.2	1.7	1.8	1.9	1.1	2.4	1.0	11.4	11.3	11.6	11.0	0.9	0.9	0.7	0.7	5.4	3.2	0.2	3.5
N.S.	0.5	0.2	1.7	2.1	0.1	0.6	0.3	1.1	8.8	9.0	9.1	8.7	4.6	4.5	4.0	3.8	3.6	1.0	0.8	3.5
N.B.	0.0	-0.6	0.8	1.5	-1.1	-0.2	0.2	1.0	9.5	10.2	10.4	10.0	3.5	3.3	2.9	3.0	4.8	-0.7	1.2	3.1
QUE.	1.9	1.0	1.4	2.0	1.0	0.8	1.5	1.1	7.8	7.8	7.6	7.4	48.4	47.4	38.8	38.0	3.0	1.1	2.7	3.4
ONT.	1.8	1.5	1.7	2.8	1.8	0.8	1.3	1.4	7.8	7.8	7.5	7.1	67.8	76.7	56.9	57.0	3.6	1.6	2.4	4.0
MAN.	2.0	2.7	2.7	2.6	0.8	0.9	1.1	1.4	5.4	5.3	5.0	4.6	6.1	7.2	6.7	5.7	4.5	1.6	2.6	4.3
SASK.	4.9	2.4	2.9	3.7	0.3	2.1	3.2	1.6	5.0	4.7	4.2	4.1	7.0	10.0	7.9	6.9	7.5	7.6	2.2	5.4
ALTA.	5.1	3.8	3.0	4.2	3.8	2.6	2.3	2.2	5.5	4.6	4.4	4.2	25.7	33.4	34.9	32.0	6.8	6.9	5.3	5.1
B.C.	2.8	1.8	1.6	2.7	0.8	1.7	0.4	1.5	7.5	6.7	6.4	6.3	26.4	27.5	24.5	23.5	3.2	1.9	2.1	4.0
<b>CANADA</b>	<b>2.5</b>	<b>1.7</b>	<b>1.9</b>	<b>2.9</b>	<b>1.6</b>	<b>1.2</b>	<b>1.3</b>	<b>1.4</b>	<b>7.4</b>	<b>7.2</b>	<b>7.0</b>	<b>6.7</b>	<b>194</b>	<b>215</b>	<b>180</b>	<b>174</b>	<b>4.1</b>	<b>2.5</b>	<b>2.8</b>	<b>4.0</b>

## Key provincial comparisons

2012 unless otherwise indicated

	N. & L.	P.E.I.	N.S.	N.B.	QUE	ONT	MAN	SASK	ALTA	B.C.
Population (000s)	513	146	949	756	8,055	13,506	1,267	1,080	3,874	4,623
Gross domestic product (\$ billions) (2011)	33.6	5.4	37.0	32.2	345.8	654.6	55.9	74.7	295.3	217.7
Real GDP (\$2007 billions)	27.6	4.9	35.5	28.7	326.0	614.5	54.8	58.9	285.2	210.0
Share of provincial GDP of Canadian GDP (%) (2011)	1.9	0.3	2.1	1.8	19.6	37.2	3.2	4.2	16.8	12.4
Real GDP growth (CAR, 2007-12, %)	-1.5	1.3	1.0	0.6	1.3	0.5	2.2	2.5	2.0	1.3
Real GDP per capita (\$ 2007)	53,858	33,774	37,414	38,030	40,479	45,499	43,277	54,555	73,613	45,424
Real GDP growth rate per capita (CAR, 2007-12, %)	-1.7	0.2	0.7	0.3	0.3	-0.5	1.0	1.0	0.0	-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, 2007-12, %)	1.3	1.2	0.3	-0.3	0.8	0.7	1.0	1.3	1.5	0.8
Employment rate (May 2013, %)	54.4	61.7	58.4	56.7	60.5	61.7	64.9	67.1	69.7	60.1
Discomfort index (inflation + unemp. rate, Apr. 2013)	13.0	13.4	9.6	10.7	8.2	8.1	7.6	5.0	5.7	5.6
Manufacturing industry output (% of GDP)	4.7	8.9	7.8	11.0	13.7	12.9	10.0	7.0	7.5	6.8
Personal expenditures on goods & services (% of GDP) (2011)	41.0	69.8	69.7	60.9	58.2	56.6	58.2	40.5	40.5	62.2
International exports (% of GDP) (2011)	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	2012	2013F	2014F
Real GDP	Chained \$2007 millions	196,997	199,228	194,334	200,550	206,180	209,974	213,228	219,071
	% 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	2,322	2,358
	% change	3.5	2.0	-2.1	1.7	0.8	1.7	0.4	1.5
Unemployment rate	%	4.3	4.6	7.7	7.6	7.5	6.7	6.4	6.3
Retail sales	\$ millions	57,110	58,010	55,585	58,549	60,405	61,565	62,861	65,376
	% change	7.2	1.6	-4.2	5.3	3.2	1.9	2.1	4.0
Housing starts	units	39,195	34,321	16,077	26,479	26,400	27,465	24,500	23,500
	% change	7.6	-12.4	-53.2	64.7	-0.3	4.0	-10.8	-4.1
Consumer price index	2002=100	110.0	112.3	112.3	113.8	116.5	117.8	118.4	120.3
	% change	1.7	2.1	0.0	1.4	2.3	1.1	0.5	1.6

## Alberta

		2007	2008	2009	2010	2011	2012	2013F	2014F
Real GDP	Chained \$2007 millions	258,850	262,864	251,286	261,457	274,717	285,156	293,568	306,016
	% change		1.6	-4.4	4.0	5.1	3.8	3.0	4.2
Employment	thousands	1,991	2,054	2,025	2,017	2,094	2,150	2,199	2,248
	% change	3.9	3.1	-1.4	-0.4	3.8	2.6	2.3	2.2
Unemployment rate	%	3.5	3.6	6.6	6.5	5.5	4.6	4.4	4.2
Retail sales	\$ millions	61,528	61,668	56,546	59,910	64,005	68,452	72,071	75,712
	% change	9.9	0.2	-8.3	5.9	6.8	6.9	5.3	5.1
Housing starts	units	48,336	29,164	20,298	27,088	25,704	33,396	34,900	32,000
	% change	-1.3	-39.7	-30.4	33.5	-5.1	29.9	4.5	-8.3
Consumer price index	2002=100	117.9	121.6	121.5	122.7	125.7	127.1	128.5	130.7
	% change	4.9	3.2	-0.1	1.0	2.4	1.1	1.1	1.7

## Saskatchewan

		2007	2008	2009	2010	2011	2012	2013F	2014F
Real GDP	Chained \$2007 millions	51,964	54,776	52,567	54,854	57,536	58,917	60,596	62,862
	% change		5.4	-4.0	4.4	4.9	2.4	2.9	3.7
Employment	thousands	504	513	519	524	526	537	554	563
	% change	2.4	1.7	1.3	0.9	0.3	2.1	3.2	1.6
Unemployment rate	%	4.2	4.1	4.8	5.2	5.0	4.7	4.2	4.1
Retail sales	\$ millions	13,248	14,848	14,804	15,336	16,489	17,749	18,144	19,122
	% change	13.9	12.1	-0.3	3.6	7.5	7.6	2.2	5.4
Housing starts	units	6,007	6,828	3,866	5,907	7,031	9,968	7,900	6,900
	% change	61.7	13.7	-43.4	52.8	19.0	41.8	-20.7	-12.7
Consumer price index	2002=100	112.2	115.9	117.1	118.7	122.0	123.9	126.0	129.1
	% change	2.9	3.2	1.1	1.3	2.8	1.6	1.6	2.5

## Manitoba

		2007	2008	2009	2010	2011	2012	2013F	2014F
Real GDP	Chained \$2007 millions	49,264	51,241	51,056	52,319	53,370	54,832	56,313	57,799
	% change		4.0	-0.4	2.5	2.0	2.7	2.7	2.6
Employment	thousands	599	608	608	620	624	630	637	645
	% change	1.7	1.7	0.0	1.9	0.8	0.9	1.1	1.4
Unemployment rate	%	4.4	4.2	5.2	5.4	5.4	5.3	5.0	4.6
Retail sales	\$ millions	14,130	15,143	15,127	16,029	16,758	17,018	17,452	18,195
	% change	9.1	7.2	-0.1	6.0	4.5	1.6	2.6	4.3
Housing starts	units	5,738	5,537	4,174	5,888	6,083	7,242	6,700	5,700
	% change	14.1	-3.5	-24.6	41.1	3.3	19.1	-7.5	-14.9
Consumer price index	2002=100	110.9	113.4	114.1	115.0	118.4	120.3	122.5	125.0
	% change	2.1	2.2	0.6	0.8	2.9	1.6	1.9	2.0

## Ontario

		2007	2008	2009	2010	2011	2012	2013F	2014F
Real GDP	Chained \$2007 millions	597,907	596,722	575,726	594,319	605,180	614,500	624,639	642,379
	% change		-0.2	-3.5	3.2	1.8	1.5	1.7	2.8
Employment	thousands	6,564	6,666	6,502	6,610	6,731	6,784	6,869	6,963
	% 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	7.5	7.1
Retail sales	\$ millions	146,324	152,160	148,797	156,904	162,530	165,177	169,077	175,836
	% change	3.9	4.0	-2.2	5.4	3.6	1.6	2.4	4.0
Housing starts	units	68,123	75,076	50,370	60,433	67,821	76,742	56,900	57,000
	% change	-7.2	10.2	-32.9	20.0	12.2	13.2	-25.9	0.2
Consumer price index	2002=100	110.8	113.3	113.7	116.5	120.1	121.8	123.5	125.8
	% change	1.8	2.3	0.4	2.4	3.1	1.4	1.5	1.9

## Quebec

		2007	2008	2009	2010	2011	2012	2013F	2014F
Real GDP	Chained \$2007 millions	306,316	310,687	309,043	316,724	322,690	326,046	330,611	337,355
	% change		1.4	-0.5	2.5	1.9	1.0	1.4	2.0
Employment	thousands	3,834	3,880	3,848	3,915	3,954	3,984	4,042	4,086
	% change	2.4	1.2	-0.8	1.7	1.0	0.8	1.5	1.1
Unemployment rate	%	7.2	7.2	8.5	8.0	7.8	7.8	7.6	7.4
Retail sales	\$ millions	90,403	94,809	93,736	99,551	102,505	103,648	106,418	110,001
	% change	4.5	4.9	-1.1	6.2	3.0	1.1	2.7	3.4
Housing starts	units	48,553	47,901	43,403	51,363	48,387	47,367	38,800	38,000
	% change	1.4	-1.3	-9.4	18.3	-5.8	-2.1	-18.1	-2.1
Consumer price index	2002=100	110.4	112.7	113.4	114.8	118.3	120.8	122.6	124.9
	% change	1.6	2.1	0.6	1.3	3.0	2.1	1.5	1.9

## Tables

## New Brunswick

		2007	2008	2009	2010	2011	2012	2013F	2014F
Real GDP	Chained \$2007 millions	27,966	28,226	28,065	28,928	28,922	28,748	28,978	29,425
	% change		0.9	-0.6	3.1	0.0	-0.6	0.8	1.5
Employment	thousands	357	359	360	356	352	351	352	356
	% change	1.9	0.6	0.1	-1.0	-1.1	-0.2	0.2	1.0
Unemployment rate	%	7.5	8.5	8.8	9.3	9.5	10.2	10.4	10.0
Retail sales	\$ millions	9,415	10,028	10,105	10,608	11,118	11,041	11,176	11,522
	% change	6.2	6.5	0.8	5.0	4.8	-0.7	1.2	3.1
Housing starts	units	4,242	4,274	3,521	4,101	3,452	3,299	2,900	3,000
	% change	3.8	0.8	-17.6	16.5	-15.8	-4.4	-12.1	3.4
Consumer price index	2002=100	111.3	113.2	113.5	115.9	120.0	122.0	123.8	126.3
	% change	1.9	1.7	0.3	2.1	3.5	1.7	1.5	2.0

## Nova Scotia

		2007	2008	2009	2010	2011	2012	2013F	2014F
Real GDP	Chained \$2007 millions	33,853	34,685	34,581	35,243	35,424	35,495	36,098	36,871
	% change		2.5	-0.3	1.9	0.5	0.2	1.7	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	9.1	8.7
Retail sales	\$ millions	11,639	12,121	12,141	12,692	13,146	13,274	13,382	13,853
	% change	4.3	4.1	0.2	4.5	3.6	1.0	0.8	3.5
Housing starts	units	4,750	3,982	3,438	4,309	4,644	4,522	4,000	3,800
	% change	-3.0	-16.2	-13.7	25.3	7.8	-2.6	-11.5	-5.0
Consumer price index	2002=100	112.5	115.9	115.7	118.2	122.7	125.1	127.5	130.2
	% 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	2012	2013F	2014F
Real GDP	Chained \$2007 millions	4,622	4,665	4,677	4,800	4,876	4,935	5,018	5,109
	% change		0.9	0.3	2.6	1.6	1.2	1.7	1.8
Employment	thousands	69	70	69	71	72	73	75	75
	% change	0.7	1.2	-1.4	3.0	1.9	1.1	2.4	1.0
Unemployment rate	%	10.3	10.7	12.0	11.1	11.4	11.3	11.6	11.0
Retail sales	\$ millions	1,624	1,707	1,687	1,777	1,873	1,934	1,938	2,006
	% change	7.4	5.1	-1.2	5.3	5.4	3.2	0.2	3.5
Housing starts	units	750	712	877	756	940	941	700	700
	% change	1.6	-5.1	23.2	-13.8	24.3	0.1	-25.6	0.0
Consumer price index	2002=100	113.6	117.5	117.3	119.5	123.0	125.5	127.6	130.2
	% change	1.8	3.4	-0.1	1.8	2.9	2.0	1.7	2.1

## Newfoundland &amp; Labrador

		2007	2008	2009	2010	2011	2012	2013F	2014F
Real GDP	Chained \$2007 millions	29,736	29,425	26,388	28,058	28,912	27,611	29,268	29,660
	% change		-1.0	-10.3	6.3	3.0	-4.5	6.0	1.3
Employment	thousands	216	219	212	219	225	231	235	238
	% change	0.8	1.1	-3.0	3.4	2.7	2.3	1.9	1.5
Unemployment rate	%	13.5	13.2	15.5	14.4	12.7	12.5	11.8	11.5
Retail sales	\$ millions	6,535	7,019	7,124	7,446	7,841	8,200	8,511	8,878
	% change	8.6	7.4	1.5	4.5	5.3	4.6	3.8	4.3
Housing starts	units	2,649	3,261	3,057	3,606	3,488	3,885	3,000	3,200
	% change	18.6	23.1	-6.3	18.0	-3.3	11.4	-22.8	6.7
Consumer price index	2002=100	111.1	114.3	114.6	117.4	121.4	123.9	126.3	128.9
	% change	1.4	2.9	0.3	2.4	3.4	2.1	1.9	2.1

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