

NEWFOUNDLAND AND LABRADOR'S ECONOMY IS EXPECTED TO BE THE COUNTRY'S GROWTH LEADER THIS YEAR, SAYS RBC ECONOMICS

TORONTO, June 22, 2007 — While higher oil and mineral exports should be significant contributors to Newfoundland and Labrador's strong economy in 2007, its impact on growth is not expected to go beyond this year, according to the latest provincial economic outlook released by RBC.

“While the oil and gas industry accounts for roughly 15 per cent of the economy, it has limited trickle down effects, as we still see with weak employment growth and retreating construction activity,” said Craig Wright, vice-president and chief economist, RBC. “The province's growth is expected to be 7.5 per cent for 2007, up from 2.8 per cent in 2006. However, beyond 2007, the province will revert back to a nearly stalled economy.”

A surge in oil production will come from Terra Nova, which is expected to nearly triple its output to 40 million barrels in 2007. The RBC report said this is welcome news after a significant retrofitting project that kept Terra Nova out of commission for half of 2006. White Rose completed its first full year of production in 2006, and was granted approval in April to increase production by more than 40 per cent.

According to the report, the value of mineral shipments is expected to rise in Newfoundland and Labrador by 35 per cent in 2007. Mineral production will remain supported by another year of activity at Voisey's Bay and the start-up of the Duck Pond Mine. Iron ore shipments are expected to increase, but a strike at a Labrador City mine has been longer than expected and may impact iron ore production.

Across Canada, Newfoundland and Labrador will be the provincial growth leader in 2007 at 7.5 per cent before experiencing a dramatic pull back next year, shifting the spotlight back onto the more sustainable growth in Western Canada. Prince Edward Island and Ontario will be at the back of the pack, each with growth rates just shy of two per cent this year.

The RBC Economics *Provincial Outlook* assesses the provinces according to economic growth, employment growth, unemployment rates, personal income growth, retail sales, housing starts and the Consumer Price Index.

According to the report (available online as of 8 a.m. E.D.T., at www.rbc.com/economics/market/pdf/provfcst.pdf), provincial forecast details are as follows:

	Real GDP			Housing starts			Retail sales			Employment			CPI		
	Thousands														
	06	07	08	06	07	08	06	07	08	06	07	08	06	07	08
NFLD.	2.8	7.5	0.5	2.2	2.0	1.8	2.9	5.5	2.0	0.7	1.2	0.1	1.8	2.0	1.4
P.E.I.	2.0	1.9	1.7	0.7	0.6	0.6	4.1	4.5	3.7	0.6	0.8	0.4	2.3	1.5	1.7
N.S.	1.1	2.4	2.3	4.9	4.5	4.4	6.3	3.1	3.3	-0.3	1.1	0.3	2.0	1.4	1.3
N.B.	2.6	2.5	2.6	4.1	3.8	3.7	5.5	3.9	4.0	1.4	0.8	0.4	1.7	1.5	1.4
QUE.	1.7	2.1	2.6	47.9	42.1	39.6	4.5	4.7	4.8	1.3	2.0	0.9	1.7	2.3	1.8
ONT.	1.9	1.9	2.7	73.4	63.9	60.0	4.0	3.5	4.9	1.5	1.3	1.0	1.8	2.1	2.1
MAN.	3.3	3.0	3.2	5.0	5.3	4.4	5.8	6.1	6.0	1.2	1.1	0.9	2.0	2.3	2.5
SASK.	0.4	4.0	3.6	3.7	4.6	3.9	5.9	7.4	6.0	1.7	3.0	1.0	2.1	3.5	2.8
ALTA.	6.8	4.6	4.0	49.0	44.8	39.9	16.0	9.3	8.5	4.8	4.2	2.0	3.9	5.2	3.5
B.C.	3.6	3.2	3.3	36.4	35.3	31.1	6.2	6.0	5.8	3.1	3.0	1.9	1.7	2.2	2.3
CANADA	2.8	2.6	2.9	228	208	190	6.2	5.2	5.2	2.0	2.0	1.2	2.0	2.4	2.2

For more information contact:

Craig Wright, RBC Economics, (416) 974-7457

Derek Holt, RBC Economics, (416) 974-6192

Jackie Braden, RBC Media Relations, (416) 974-2124