



NEWS

NEWFOUNDLAND AND LABRADOR'S ECONOMY REMAINS ON TRACK AS THE COUNTRY'S GROWTH LEADER THIS YEAR, SAYS RBC ECONOMICS

TORONTO, October 12, 2007 — With an anticipated 7.5 per cent growth rate due to soaring energy production, Newfoundland and Labrador is expected to be Canada's economic leader in 2007 before sharply cooling off in 2008, according to the latest provincial economic forecast released by RBC.

"This year's spike in growth is the result of all four recent megaprojects firing on all cylinders after Terra Nova's technical problems last year kept it out of commission," said Craig Wright, vice-president and chief economist, RBC. "Beyond 2007, growth will drop sharply once the White Rose gas project and Voisey's Bay nickel project have fully worked their way into the economy. However, the province deserves strong marks for putting itself back on track for long-term growth."

A more upbeat forecast will commence at the start of the next decade as three projects - the south White Rose extension, South Hibernia, and Hebron – begin construction. By the middle of the next decade, these projects are all likely to shift into production. As a result, while economic growth will soften after this year and until the decade's end, the long-term impact of these projects will lead to renewed optimism for the next decade.

Across the provinces, Newfoundland and Labrador is expected to be the growth leader this year, with Alberta moving into the lead in 2008, rivaled only by Saskatchewan. Manitoba's steady growth and inflation rates will keep it in the middle of the western provincial pack, and B.C.'s growth rate will move slightly downward. RBC's forecast for Ontario's economy has been revised downward to the bottom of the pack among all the provinces. Quebec should fare somewhat better than Ontario next year, until currency depreciation, lower energy prices, improvements in the U.S. economy, and capital spending lift central Canada's manufacturers and exporters. While P.E.I.'s growth prospects are modest, Nova Scotia and New Brunswick are well-positioned for better long-run growth as a result of renewed prospects for several large-scale capital projects.

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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		
	07	08	09	07	08	09	07	08	09	07	08	09	07	08	09
	Thousands														
NFLD.	7.5	0.5	1.0	2.4	2.1	1.8	9.5	6.0	2.0	0.8	0.1	0.3	1.3	1.4	1.2
P.E.I.	1.9	1.8	1.4	0.6	0.6	0.5	9.0	4.5	3.7	1.3	0.4	0.2	1.5	1.7	1.6
N.S.	2.4	3.1	3.5	4.7	4.4	4.0	3.8	4.9	6.5	1.3	1.2	2.0	1.7	1.3	2.0
N.B.	2.5	2.8	2.6	4.1	3.8	3.4	5.6	4.5	4.0	2.0	0.8	0.9	1.8	1.4	1.6
QUE.	2.1	2.3	2.4	51.5	47.9	42.6	5.0	4.5	4.0	1.9	0.9	0.8	1.9	1.6	1.5
ONT.	1.9	1.8	2.5	68.6	66.5	60.5	3.6	4.0	4.5	1.4	0.9	1.0	2.0	1.8	1.7
MAN.	3.4	3.0	2.5	5.8	5.4	4.7	8.7	5.7	3.0	1.4	1.0	0.4	2.4	2.1	1.8
SASK.	4.8	4.3	3.2	5.8	4.8	3.5	12.5	9.5	6.0	2.4	1.0	0.8	3.0	3.0	2.3
ALTA.	5.0	4.5	3.0	48.5	41.2	35.0	10.5	9.8	8.5	4.9	2.0	1.8	5.4	3.3	2.8
B.C.	3.1	2.9	2.8	37.2	32.3	26.8	7.2	6.3	8.0	3.2	1.9	2.6	2.1	2.1	2.5
CANADA	2.7	2.5	2.6	230	210	184	6.0	5.6	5.5	2.2	1.2	1.2	2.3	2.0	1.9

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