



STABLE ECONOMIC GROWTH IS EXPECTED FOR PRINCE EDWARD ISLAND, SAYS RBC ECONOMICS

TORONTO, October 12, 2007 — Prince Edward Island's economic growth rate is expected to be just shy of 2 per cent for 2007 and 2008, according to the latest provincial economic forecast by RBC.

"The tourism industry had a good year and it nicely complements the potentially best potato harvest the region has seen in the past few years," said Craig Wright, vice-president and chief economist, RBC.

According to the report, there was some concern in the potato industry in July over a few cases of late blight. However, the potentially devastating problem does not appear to have materialized into a significant threat as potato growers enter their peak harvest season. While it's still too early to tell exactly how the harvest will play out, there are some early signs that potato growers may have a better yield in 2007 than in the past two years.

Potato processing plants are looking at another reasonably good year and continue to drive strong manufacturing shipments. Food processing shipments have grown at a double-digit annual pace for the last 12 consecutive months.

According to the report, growth prospects for other aspects of the domestic economy are mixed, as construction activity continues to cool while growth in consumer spending remains robust. This is significant since consumer spending in P.E.I. represents a larger share of the economy than in any other province.

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.

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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