



NOVA SCOTIA'S LARGE-SCALE CAPITAL PROJECTS BOOST ECONOMY, SAYS RBC ECONOMICS

TORONTO, January 11, 2008 — With two major capital projects set to start construction in the next two years, Nova Scotia's economy will post around three per cent growth on average in 2008 and 2009 respectively, according to the latest provincial economic forecast by RBC.

"Both The Deep Panuke and Keltic projects will complement a domestic economy that is holding up well, despite housing markets showing signs of softening," said Craig Wright, senior vice-president and chief economist, RBC.

According to the report, The Deep Panuke natural gas project (\$700 million) will continue construction until 2011 when it will shift into production and a 13-year lifecycle. The Keltic petrochemical plant (\$4.5 billion), a project that will create about 3,000 construction jobs and about 500 full-time jobs, will start construction in the next year and has a planned start-up for 2011. By contrast, construction activity is down eight per cent and the increase in resale home prices is modest. Due to stressed affordability, a further cool down in housing starts and resales is expected. Therefore, an upturn in non-residential construction activity provides opportunities for firms and trades to diversify away from softening housing markets.

Across Canada, Alberta leads all provinces with above-average economic growth, followed by Saskatchewan and Nova Scotia. On the opposite end of the scale, and showing a complete turnabout with its mega-projects now in maturation, Newfoundland and Labrador is posting the slowest economic growth rate of 0.5 per cent, and on its heels is P.E.I., as well as Quebec and Ontario with its manufacturing woes. However, a more bullish outlook is in store by the end of this decade for Newfoundland and Labrador, New Brunswick, Nova Scotia and, in particular, Saskatchewan, where there is a possibility for a triple play of diamond mining, rich uranium deposits and a massive oil strike in the southeastern part of the province.

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.S.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														
	<u>07</u>	<u>08</u>	<u>09</u>	<u>07</u>	<u>08</u>	<u>09</u>	<u>07</u>	<u>08</u>	<u>09</u>	<u>07</u>	<u>08</u>	<u>09</u>	<u>07</u>	<u>08</u>	<u>09</u>
NFLD.	9.0	0.5	1.0	2.5	2.2	1.9	10.0	6.0	2.0	0.7	0.1	0.3	1.5	1.0	1.2
P.E.I.	1.9	1.2	1.4	0.7	0.6	0.5	9.1	4.5	3.7	1.3	0.4	0.2	1.8	1.3	1.6
N.S.	2.4	3.0	3.5	4.8	4.5	4.1	4.4	4.9	6.5	1.3	1.8	2.0	1.9	1.1	2.0
N.B.	2.5	2.5	2.6	4.1	3.8	3.4	6.7	4.5	4.0	1.9	1.7	0.9	2.0	1.2	1.6
QUE.	1.9	1.7	2.5	49.4	46.9	40.4	4.4	4.0	4.1	2.2	1.2	0.9	1.6	1.1	1.6
ONT.	1.7	1.4	2.6	68.1	66.2	60.2	3.9	3.5	4.7	1.6	1.0	1.1	1.9	1.0	1.7
MAN.	3.4	3.1	2.5	5.7	5.7	5.0	9.0	5.3	3.4	1.5	1.2	1.5	2.2	1.7	1.6
SASK.	4.6	3.8	3.3	5.9	6.1	4.5	12.2	8.5	6.5	2.3	1.6	0.8	3.0	2.4	2.4
ALTA.	4.3	3.9	3.2	48.3	38.6	35.2	9.7	9.0	8.2	4.8	2.0	1.8	5.1	2.9	2.6
B.C.	3.0	2.5	3.0	38.6	35.2	28.5	7.1	6.0	7.5	3.2	1.9	2.6	1.8	1.4	2.2
CANADA	2.6	2.1	2.7	228	210	184	5.9	5.1	5.5	2.3	1.3	1.4	2.1	1.4	1.9

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