



NEWS

BRITISH COLUMBIA IN THE MIDST OF A PROSPEROUS DECADE, SAYS RBC

TORONTO, July 3, 2008 — British Columbia's economy continues to trend above the national average, although further weakness in its exports is expected to restrain growth to 2.2 per cent in 2008 and 2.9 per cent in 2009, according to a provincial economic outlook released today by RBC.

"The current decade has proven to be very prosperous for British Columbia as 2007 marked the sixth consecutive year of economic growth above of the national average and we expect this trend to continue right through to 2010," said Craig Wright, senior vice-president and chief economist, RBC. "However, the challenges facing the province's exporters are many and do not appear to be letting up, particularly with respect to the rout in the U.S. housing construction sector."

According to the report, wood products are leading five of the top six export categories showing declines so far this year, with only the energy sector garnering a gain. Nevertheless, the province's strong domestic economy continues to adequately compensate for the trade sector slump and should help to keep British Columbia among the provincial growth leaders in Canada. However, signs of cooling are emerging domestically as well. Housing resale activity has levelled off and housing starts are forecast to soften over the course of the next two years. Growth in non-residential construction appears to be peaking. Consumer spending is on course to a slower pace as the momentum generated by the recent run-up in employment and steady decline in the unemployment rate starts to fade.

The main theme of the Provincial Outlook continues to be the different paths the Eastern and Western parts of the country are taking. Record-high commodity prices and strong global demand for resources sustain unprecedented prosperity in the Western provinces, while the strong Canadian dollar, downturn in the U.S. economy and high energy prices continue to cause hardship in key sectors in provinces east of Manitoba. Saskatchewan is projected to lead all of the provinces in economic growth for both 2008 and 2009, followed by Alberta, while Newfoundland and Labrador and Ontario are expected to lag the group this year, but should show some improvement next year.

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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	Thousands						07	08	09	07	08	09
NFLD.	9.1	0.2	1.3	2.6	2.6	2.0	8.9	6.0	2.0	0.6	2.0	0.5	1.5	2.5	1.4
P.E.I.	2.0	1.2	1.6	0.8	0.7	0.6	7.7	4.5	3.7	1.0	1.3	0.3	1.8	3.2	1.5
N.S.	1.6	2.0	2.4	4.8	4.7	4.0	4.2	5.5	4.5	1.3	1.0	1.9	1.9	3.0	1.6
N.B.	1.6	2.0	2.5	4.2	4.2	3.4	5.7	4.6	4.0	2.1	1.6	1.0	1.9	1.8	1.5
QUE.	2.4	1.0	2.3	48.6	47.1	40.0	4.6	4.3	4.4	2.3	1.4	1.3	1.6	2.2	1.4
ONT.	2.1	0.7	2.2	68.1	68.7	59.3	3.9	4.4	4.5	1.6	1.5	1.3	1.8	2.0	1.5
MAN.	3.3	2.7	2.7	5.7	5.9	4.5	8.8	8.5	7.0	1.6	2.1	1.7	2.0	2.0	1.5
SASK.	2.8	3.7	3.8	6.0	6.6	4.5	13.0	12.0	11.0	2.1	2.4	2.3	2.8	3.4	2.6
ALTA.	3.3	3.1	3.0	48.3	38.3	35.1	9.3	4.5	7.0	4.7	3.0	2.1	5.0	3.3	2.5
B.C.	3.1	2.2	2.9	39.2	37.2	30.5	6.7	4.5	7.5	3.2	2.6	2.5	1.8	2.0	1.5
CANADA	2.7	1.4	2.5	228	216	184	5.8	5.2	5.6	2.3	1.9	1.6	2.1	2.3	1.6

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