



NEWS

NEW BRUNSWICK'S ECONOMY TO SHOW MODERATION, SAYS RBC

TORONTO, July 3, 2008 — The economic expansion in New Brunswick is forecast to remain moderate, with growth of two per cent for 2008, followed by 2.5 per cent in 2009, according to the latest provincial economic outlook released today by RBC.

“Like most provinces, growth in New Brunswick is mostly driven by the domestic economy, as export-dependent sectors struggle” said Craig Wright, senior vice-president and chief economist, RBC. “While strong market conditions for metals, fertilizers and energy will be positive factors for the province’s exports, these will continue to be offset by woes in the all-important forest products sector.”

The report stated that the province’s domestic demand is fueled in large part by healthy employment gains, although the pace of job creation will likely taper off somewhat from last year’s huge gains.

Construction continues to be a mainstay of activity both on the residential and non-residential sides for New Brunswick. However, softer housing resale activity coupled with a recent deterioration in affordability should cool new housing construction over the second half of this year and into 2009. In addition, the winding down of work on key projects and delay of new ones will slow non-residential construction next year.

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	07	08	09	07	08	09	07	08	09	07	08	09
	Thousands														
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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