



## **PRINCE EDWARD ISLAND ECONOMY TO SLOW AMID UNCERTAIN TOURISM SEASON, SAYS RBC ECONOMICS**

**TORONTO, July 3, 2008** — Prince Edward Island's economic growth is forecast to slow to the low-to-mid one per cent range for 2008 and 1.6 per cent in 2009, as stiff economic headwinds blow on key industrial sectors, including tourism, according to the latest provincial forecast released today by RBC.

"The 100th anniversary celebrations of the publication of 'Anne of Green Gables' are facing some tough challenges from the strong Canadian dollar, record-high gasoline prices and a weak U.S. economy," said Craig Wright, senior vice-president and chief economist, RBC. "These factors threaten to pour cold water on the economic impact of the event and, more generally, the province's all-important tourism sector."

With only Canadian travellers sustaining growth in visits to the Island recently, the sharp rise in gasoline prices since the spring might well keep even domestic visitors closer to home this year. Nevertheless, the province's economy should continue to benefit from work on infrastructure projects, as well as steady growth in employment.

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.

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](http://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	07	08	09
<b>NFLD.</b>	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
<b>P.E.I.</b>	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
<b>N.S.</b>	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
<b>N.B.</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
<b>QUE.</b>	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
<b>ONT.</b>	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
<b>MAN.</b>	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
<b>SASK.</b>	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
<b>ALTA.</b>	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>B.C.</b>	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
<b>CANADA</b>	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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