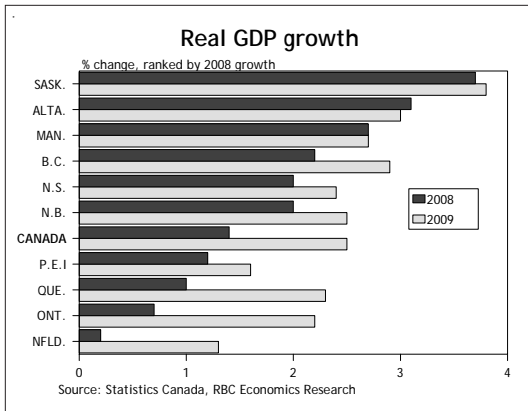


PROVINCIAL OUTLOOK

July 2008



East-west provincial economies take different paths

▲ Developments so far this year continue to confirm the separate paths the resource-rich western provinces and manufacturing-heavy central Canada are taking. Record-high commodity prices and strong global demand for natural resources (with the significant exception of forest products) are sustaining unprecedented prosperity in western Canada, while the strong Canadian dollar, weak U.S. economy, high energy prices and delays in, or cessation of, major capital projects are causing hardship in provinces east of Manitoba.

▲ Saskatchewan is still projected to lead all other provinces in both 2008 and 2009, followed by Alberta. Newfoundland & Labrador and Ontario continue to appear at the bottom of the growth ranking this year, although both provinces should show some improvement next year.

▲ Our ranking of provincial economic growth is little changed from our April forecast; however, the gap between the highest and lowest has widened this year, with growth in Saskatchewan stronger than previously projected and that in Ontario and Newfoundland & Labrador slightly weaker.

▲ The stars so far appear to be perfectly aligned for Saskatchewan, with nearly all of its major export commodities benefiting from booming demand, generating rapid income growth in the province. The economic bonanza is likely to carry on through 2009, if not longer.

▲ Alberta is gearing down to slower, more sustainable growth as its economy faces increasing resource and price constraints.

▲ British Columbia and Manitoba are riding on strong capital investments that will sustain a solid pace of economic activity, albeit slower than in 2007.

▲ At the low end of the scale, Newfoundland & Labrador is taking a rest after a major burst of energy last year. Significant increases in oil production that occurred in 2007 are lacking a ready follow-up act this year.

▲ Ontario is labouring through its softest patch since the early-1990s recession. The provincial economy likely contracted in the first quarter and should recover only gradually through the remainder of the year.

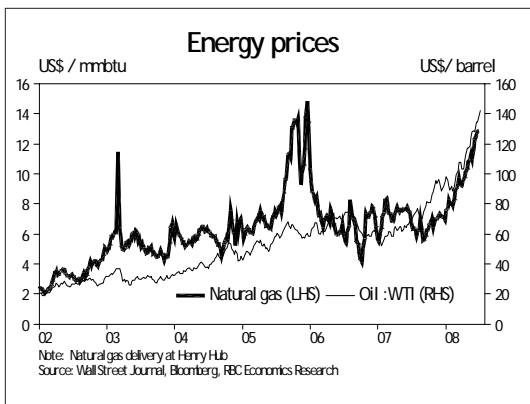
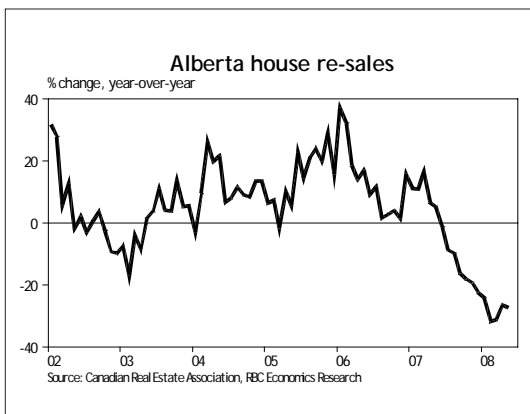
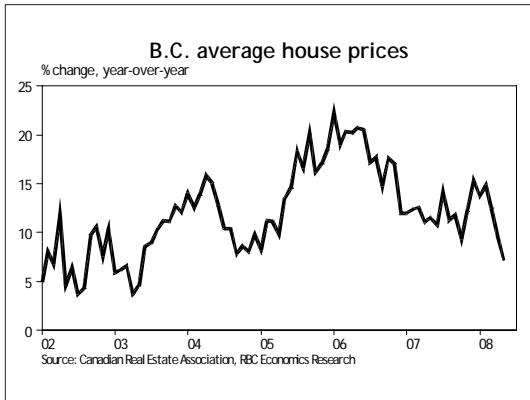
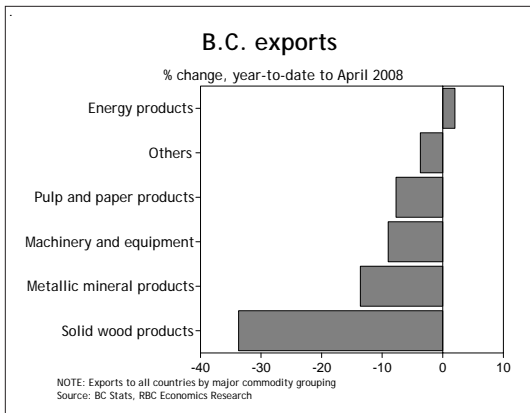
▲ Quebec also is stuck in the slow lane, although the export drag that is restraining its speed is not as severe as it is in Ontario. Good market conditions for mineral/metals and aerospace are providing a powerful offset.

▲ Large capital projects will continue to be key growth engines in New Brunswick, Nova Scotia and Prince Edward Island. However, the probable delay of two major related projects in Nova Scotia has prompted us to notch our forecast for that province's economy down in both 2008 and 2009.

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## British Columbia – A gold medal decade

This decade is proving to be very prosperous for British Columbia — 2007 marked the sixth consecutive year of economic growth in excess of the national average. We expect this trend to continue through the end of the decade, culminating in 2010 with the hosting of the Vancouver Olympic and Paralympic Winter Games. While still better than the national average, overall performance this year and next is, nonetheless, expected to moderate somewhat compared to last year's 3.1% growth rate, slowing to a pace of 2.2% in 2008 and 2.9% in 2009. Much of this deceleration will result from further weakness on the external side of the economy. So far this year, five of the top-six export categories are posting significant declines, led by wood products, that are offsetting gains in energy. The challenges facing British Columbia's exporters are many and, unfortunately, they are not easing as quickly as previously hoped given continued weakness in the U.S. economy, high energy costs and the firm Canadian dollar.

Strength in the domestic economy continues to be more than sufficient to compensate for the trade sector slump, although there have been signs recently of slowing activity on that side as well. House resales have levelled off and housing starts are on their way to lower annual levels in each of the next two years. While ongoing infrastructure spending and increased interest in natural gas plays in the province sustain firm capital investment, it appears that peak growth in non-residential construction might well be behind us. Even consumer spending — a stalwart supporter of growth in the province — looks to increase less rapidly in the period ahead as the thrust generated by the earlier impressive run in employment and steady decline in the unemployment rate fades a little.

## Alberta – Programmed spending

Alberta's economy has cooled from the boiling point of recent years when the province rewrote the record book for a number of economic indicators. Economic growth was halved in 2007 to 3.3% from 6.6% in 2006. A more sustainable pace in the vicinity of 3% is likely to be achieved this year and next as resource and price constraints keep a cap on the economy's cruising speed. Strength in the energy sector and rising incomes remain powerful engines of activity. However, price pressures that developed during the boom are now hurting business. The housing market is a prime example where earlier outsized price increases have led to an erosion in housing affordability and an ensuing drop in house resales and new housing construction. A higher cost of living is also likely a factor contributing to a slowing in consumer spending growth and dramatic swing in interprovincial migration flows, which have posted the first net outflow since 1994.

One area where one would be hard-pressed to use the word "sustainable," however, is provincial government spending. Program spending has grown by an average of 11% during the last five years. While the most recent budget projects a sharp slowing during the next two fiscal years, recent experience suggests significant upside risks. Any spending transgression relative to plan would further press the economy against capacity constraints and fuel inflation. It would be wise to recall one of the key lessons learned from past experience with the so-called "Dutch disease" elsewhere in the world: during a significant commodity boom, governments would do well to contain spending and adopt policies to subdue inflation. Otherwise, the competitiveness in the remainder of

the economy might be compromised.

## Saskatchewan – The stars are aligned

Saskatchewan is clearly one of the major beneficiaries of the positive terms of trade shock currently playing out in the Canadian economy. Saskatchewan is in the fortunate position that nearly all of its major commodity exports, including oil, grain, uranium and potash, are at historically high prices. The attendant upward boost to income is expected to result in Saskatchewan leading provincial growth in the next two years, with its real GDP rising an expected 3.7% this year and 3.8% in 2009.

Recent data have supported this optimism on the trade side, with nominal export growth running at 40% during the first four months of the year, a doubling of the already impressive rate of 20% rate posted in 2007. The support of high commodity prices to household income is evident in the province's retail sales numbers — year-over-year growth is up more than 15% so far this year, the strongest rate since the early 1990s. Retail spending has also been helped by the one percentage-point cut in the GST rate at the start of the year, a surge in immigration into the province and continuing job growth.

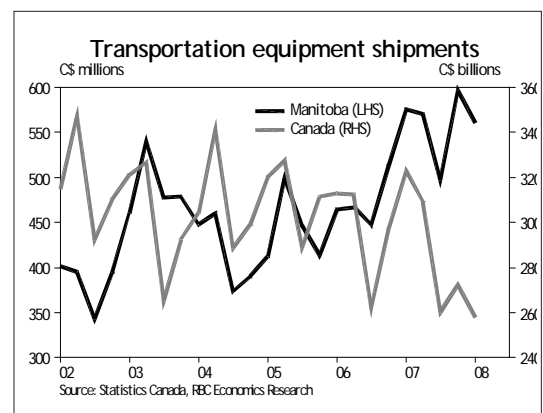
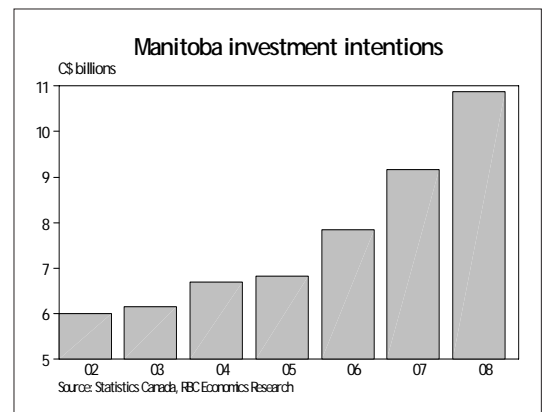
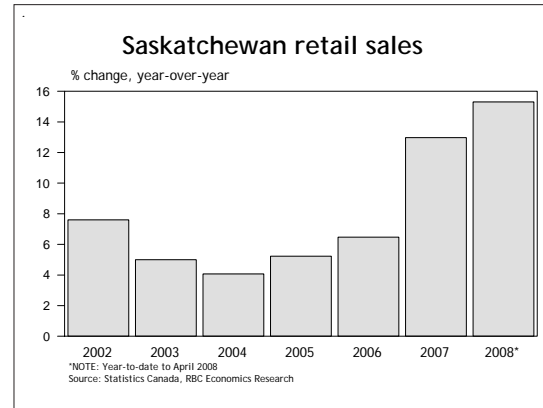
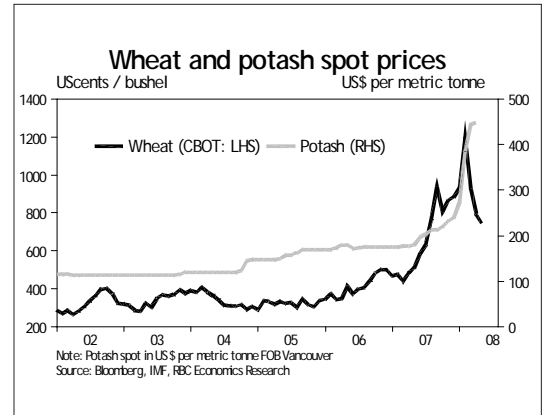
The robust job market and the wave of new residents attracted by the economic bonanza will continue to support residential investment this year, although deteriorating affordability as a result of rising house prices is likely to dampen activity in 2009. A key benefit of the commodities boom will be strong business investment this year and next. Sizeable projects to further develop energy (Federated Co-op refinery in Regina), potash (several projects under way by Potash-Corp) and uranium resources will boost near-term capital expenditures. The medium-term outlook is also promising, with the likely development of various oil reserves such as the Bakken field in the province's southeastern corner.

## Manitoba – Diversification pays off

According to StatsCan's private and public Investment intentions survey released earlier this year, Manitoba was projected to top all provinces in capital spending in 2008 with a planned increase of almost 20%. This robust rise reflects the impact of a number of sizeable projects, including the expansion of the Red River Floodway, enhancements to the Winnipeg International Airport and the development of the Wuskwatim hydroelectric project.

Strength in business investment is expected to result in Manitoba being among the provincial growth leaders in 2008, with real GDP expanding by a solid 2.7%. It will also benefit the job market, where employment growth is on course to surpass last year's 1.6% advance. Job creation will be further bolstered by the commodities boom — for metals and grains in particular.

More generally, the province is enjoying the fruits of a well-diversified economy. Even in manufacturing, which has been generally hurt by the strong dollar and high energy input costs, Manitoba has minimal exposure to the current biggest trouble spots. The province's transportation equipment industry, for instance, is little touched by the downturn in motor vehicle sales because it is primarily focused on aircraft and public transit buses where demand is holding up reasonably well. Despite some expected winding down in capital projects, resilience in



manufacturing and the continued boom in commodities should continue to support employment and overall GDP in 2009.

## Ontario – A two-tiered economy

The first-quarter national accounts for Canada provided quite possibly the first “hard” evidence that a downbeat scenario is, indeed, unfolding in Ontario. The unexpected decline in Canadian real GDP most likely captured a sizeable economic contraction in Ontario with the international trade sector delivering much of the bad news. Early this year, Ontario’s exports were pounded by the high Canadian dollar and the downturn in the U.S. economy, as well as by a strike at a major U.S. motor vehicle parts manufacturer that disrupted Ontario’s auto production. Poor weather conditions also caused some disruptions.

Going forward, the spotlight will remain on the external sector. With the high dollar and sluggish U.S. economy still hindering manufacturing sales abroad, net trade should continue to subtract from growth in the near-term, although the impact is likely to taper off gradually as some of the factors that restrained first-quarter growth prove to be temporary. Little improvement is expected in the all-important auto sector – plummeting motor vehicle sales (particularly of light trucks) in the United States and ongoing restructuring in the “Big 3” North American producers imply continued hard times. Excluding this sector, however, Ontario exporters should feel some relief later this year and in 2009 from a projected easing in the Canadian dollar and reacceleration of growth in the U.S. economy.

As tough as conditions are on the external side, the story on the domestic economy is more encouraging. Construction is holding up better than expected and growth in consumer spending continues to be supported by a still-robust labour market. Despite the carnage in manufacturing jobs, total employment in the province is still growing at a decent clip, enough to keep the unemployment rate near a seven-year low. While the risk of the external weakness spilling over into the domestic side is not trivial, the domestic underpinnings remain relatively solid and should allow the overall economy to navigate through the headwinds, keeping growth in positive territory. Nonetheless, at 0.7% this year, our forecasted growth rate would be the weakest since the last recession in the early 1990s.

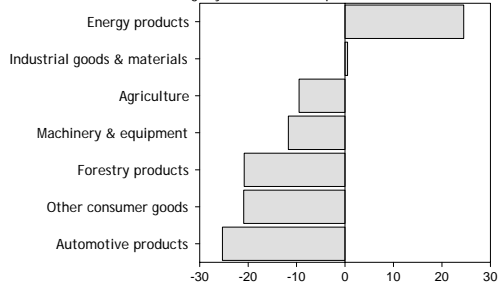
## Quebec – Stuck in the slow lane

Along with Ontario, Quebec is the other main provincial victim of the storm hitting Canada’s manufacturing exports. While Quebec’s economy is less vulnerable to the auto sector’s woes, it is particularly sensitive to the collapse in U.S. housing, which has plunged the province’s forest products sector into a deep crisis, with dire repercussions for many outlying regions. Fortunately, good market conditions in the mining/metals and aerospace industries (both key exporters) are providing some offset.

Domestically, capital investment will continue to be a significant engine of economic activity this year and next. A host of infrastructure projects in the health care, education, transportation, energy and mining/metals areas will prime non-residential construction. These will be supplemented by an expected increase in spending on machinery and equipment as Quebec firms take advantage of new

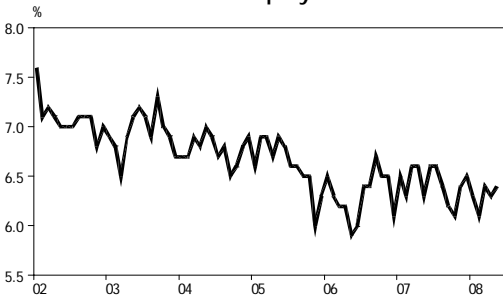
### Ontario exports by major commodity grouping

% change, year-to-date to April 2008



Source: Statistics Canada, RBC Economics Research

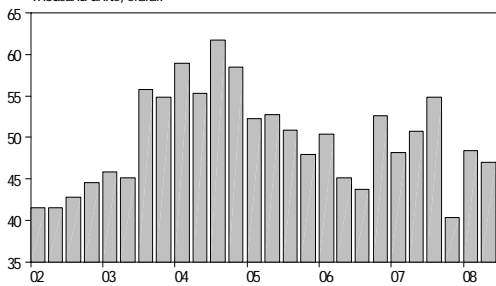
### Ontario unemployment rate



Source: Statistics Canada, RBC Economics Research

### Quebec housing starts

Thousand units, s.a.a.r



NOTE: 2008q2 is the average of April, May  
Source: Canada Mortgage and Housing Corporation, RBC Economics Research

fiscal incentives and strive to boost productivity. Strength in non-residential investment will more than compensate for some modest softening in home building activity consistent with a general cooling in the provincial housing market. Consumer spending will remain firm, well supported by rising household incomes. However, job growth is unlikely to repeat last year's strong performance, yet should still be respectable, thanks to continued vigour in the services sector making up for ongoing losses in the manufacturing sector.

With external trade acting as a drag, Quebec's economy will be stuck in the slow lane this year, growing at a real rate of 1%, ahead of only Ontario and Newfoundland & Labrador. However, our forecast sees the province's economy gathering a little more speed in 2009 as the drag from the trade sector is lessened by improving demand south of the border.

### New Brunswick – All in moderation

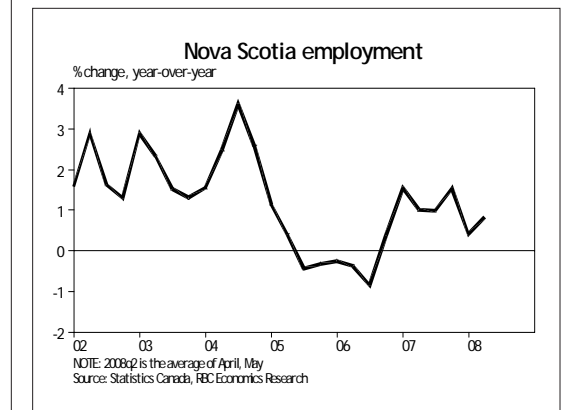
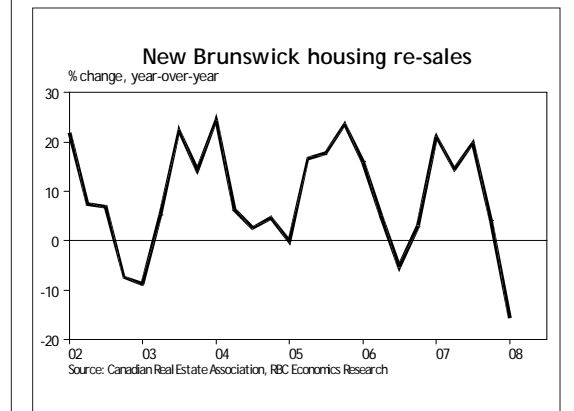
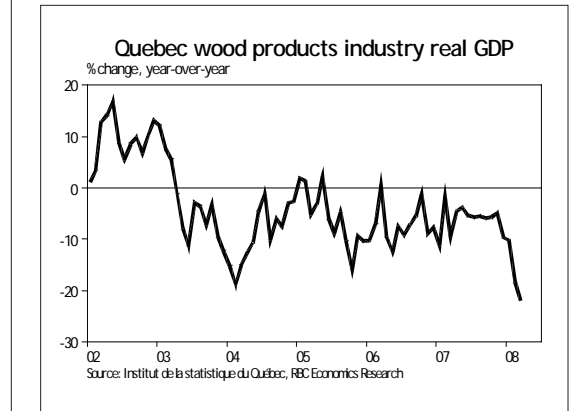
Economic expansion in New Brunswick is expected to remain moderate with real growth for the current year forecast at 2% followed by 2.5% in 2009. In a pattern typical of most provinces, growth is mostly driven by the domestic economy as export-related sectors continue to struggle under the weight of a weak U.S. economy, high input costs and a firm Canadian dollar. Domestic demand will be fuelled in large part by healthy employment gains, although the pace of job creation is likely to moderate from last year's burst.

Construction continues to be a mainstay of activity so far this year both on the residential side – housing starts are up 15% year to date – and the non-residential side, supported by a number of large-scale projects. However, some moderation is likely in 2009. Softer housing resales given the recent deterioration in affordability should cool new housing construction during the second half of this year and into 2009. The winding down of work on key projects and the delay of new major ones will slow non-residential construction activity next year. While strong market conditions for metals, fertilizers and energy will be positive factors for the province's exports, they will continue to be offset by the woes in the all-important forest products sector.

### Nova Scotia – Delaying the next wave

Our last forecast for Nova Scotia in April was based on the expectation that a number of major capital expenditure projects would proceed in 2008. However, recent indications are that the large \$4.5 billion Maple LNG project and related Keltic Petrochemical plant might be delayed largely because of difficulties securing feedstocks. As a result, we now are assuming that construction of this project will not get under way until sometime next year, prompting us to notch down our projected growth rates to 2% and 2.4% in 2008 and 2009, respectively, from 2.5% and 2.8% previously. Despite the downward revision, this still represents an acceleration compared to 2007's real growth rate of 1.6%. Underlying support will be provided by construction work on other large projects such as the Deep Panuke natural gas development and ongoing spending on wind-power generation.

The delay in the start of the LNG facility is expected to restrain growth in employment, already showing signs of moderation in the first five months of this year. However, consumer spending still appears to be on a solid upward track,



likely benefiting from the one percentage-point cut in the federal GST rate in January. Strength in the province is also evident even in the manufacturing sector, which showed impressive gains during the first four months of the year. Although this data can be very volatile, anecdotal reports suggest vigour in aerospace and shipbuilding.

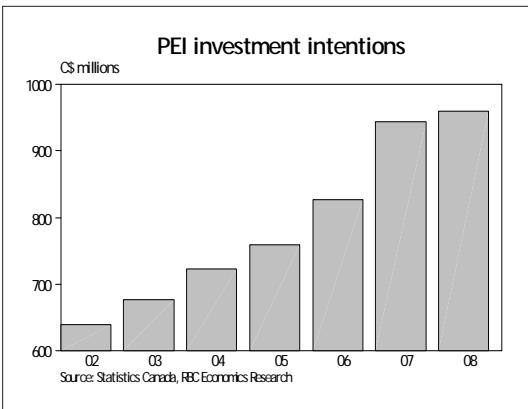
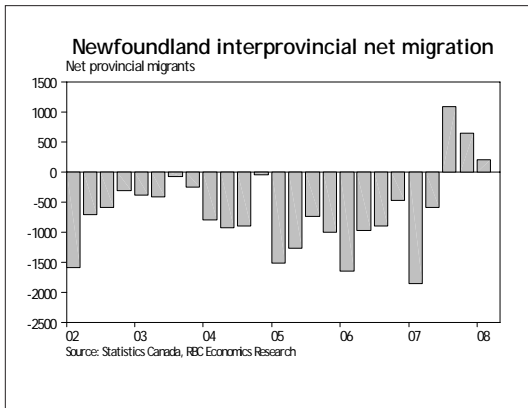
### Newfoundland & Labrador – Taking a rest

Growth in Newfoundland & Labrador’s economy will take a rest this year after displaying a major burst of energy in 2007 when the province led the others by a country mile. The giant increase in oil production last year (up 21%) will not be repeated — the return to full operation of Terra Nova and White Rose’s expansion have no ready follow-up act. In fact, the maturing of the oil fields currently in production will actually modestly depress energy output this year, which will dampen overall growth in the province.

Offsetting the weakness in the volume of oil production are the very high level of energy prices and their attendant beneficial impact on incomes. As well, the provincial economy will be supported by vigour in the metal mining sector — with new mines and the expansion of existing facilities — strong construction activity and solid consumer spending. Housing demand will benefit from the net inflow of people who have been coming from other provinces since mid-2007, the first time this has happened since 1991. The improving job market is attracting job seekers, many of whom are ex-Newfoundlanders who had previously left during tougher economic times.

### Prince Edward Island – Will the guests show up?

PEI’s big attraction — and business generator — this summer is facing stiff headwinds. The 100th anniversary celebrations of the publication of “Anne of Green Gables,” the Island’s cultural icon, are running up against the strong Canadian dollar, record-high gasoline prices and the limping U.S. economy, which threaten to pour cold water on the event and, more generally, the province’s all-important tourism sector. With only Canadians 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, PEI’s economy should continue to benefit from work on infrastructure projects as well as steady growth in employment, keeping overall real growth in the low-to-mid 1% range in 2008 before reaccelerating to 1.6% next year.



## Forecast detail

Average annual % change unless otherwise indicated

	Real GDP			Nominal GDP			Employment			Labour force			Unemployment rate			Personal disposable income			Housing starts			Retail sales			CPI		
	07	08	09	07	08	09	07	08	09	07	08	09	07	08	09	07	08	09	07	08	09	07	08	09	07	08	09
NFLD.	9.1	0.2	1.3	13.4	4.0	3.5	0.6	2.0	0.5	-0.8	0.8	0.6	13.6	12.5	12.6	-3.5	2.5	2.8	2.6	2.6	2.0	8.9	6.0	2.0	1.5	2.5	1.4
P.E.I.	2.0	1.2	1.6	5.4	3.6	2.3	1.0	1.3	0.3	0.3	1.3	0.7	10.3	10.3	10.7	3.9	3.3	2.6	0.8	0.7	0.6	7.7	4.5	3.7	1.8	3.2	1.5
N.S.	1.6	2.0	2.4	4.1	4.8	4.5	1.3	1.0	1.9	1.4	0.7	1.7	8.0	7.8	7.6	4.0	3.9	4.5	4.8	4.7	4.0	4.2	5.5	4.5	1.9	3.0	1.6
N.B.	1.6	2.0	2.5	4.2	4.5	3.8	2.1	1.6	1.0	0.7	2.4	1.0	7.5	8.3	8.3	4.3	3.5	4.0	4.2	4.2	3.4	5.7	4.6	4.0	1.9	1.8	1.5
QUE.	2.4	1.0	2.3	5.4	3.9	3.6	2.3	1.4	1.3	1.4	1.7	1.4	7.2	7.4	7.5	5.5	4.9	5.1	48.6	47.1	40.0	4.6	4.3	4.4	1.6	2.2	1.4
ONT.	2.1	0.7	2.2	4.3	3.4	3.5	1.6	1.5	1.3	1.7	1.8	1.6	6.4	6.6	6.8	4.3	4.9	4.9	68.1	68.7	59.3	3.9	4.4	4.5	1.8	2.0	1.5
MAN.	3.3	2.7	2.7	8.3	4.8	3.5	1.6	2.1	1.7	1.7	1.8	2.0	4.4	4.1	4.4	6.4	8.5	5.9	5.7	5.9	4.5	8.8	8.5	7.0	2.0	2.0	1.5
SASK.	2.8	3.7	3.8	11.4	8.7	5.5	2.1	2.4	2.3	1.6	2.1	2.1	4.2	4.0	3.8	9.0	9.0	6.0	6.0	6.6	4.5	13.0	12.0	11.0	2.8	3.4	2.6
ALTA.	3.3	3.1	3.0	8.3	8.1	5.4	4.7	3.0	2.1	4.8	3.1	2.6	3.5	3.6	4.0	9.2	6.7	5.2	48.3	38.3	35.1	9.3	4.5	7.0	5.0	3.3	2.5
B.C.	3.1	2.2	2.9	5.5	5.6	4.2	3.2	2.6	2.5	2.7	2.8	2.7	4.2	4.4	4.6	6.4	6.1	5.9	39.2	37.2	30.5	6.7	4.5	7.5	1.8	2.0	1.5
CANADA	2.7	1.4	2.5	5.9	4.9	4.0	2.3	1.9	1.6	2.0	2.0	1.6	6.0	6.3	6.5	5.7	5.5	5.1	228	216	184	5.8	5.2	5.6	2.1	2.3	1.6

Source: Statistics Canada, RBC Economics Research

## Key provincial comparisons

2007 unless otherwise indicated

	NFLD	P.E.I.	N.S.	N.B.	QUE	ONT	MAN	SASK	ALTA	B.C.
Population (000s)	507	139	935	751	7,720	12,851	1,190	1,003	3,487	4,403
Gross domestic product (\$ billions, 2007)	29.0	4.5	33.3	26.4	298.2	582.0	48.6	51.2	259.9	190.2
Real GDP (\$2002 billions, 2007)	19.3	4.1	29.0	23.2	266.1	532.8	41.6	39.5	189.5	163.2
Share of Canada real GDP (% , 2007)	1.5	0.3	2.2	1.8	20.2	40.4	3.2	3.0	14.4	12.4
Real GDP growth (CAR, last five years 01-07, %)	3.3	2.2	1.4	1.9	2.0	2.2	2.6	2.8	4.7	3.4
Real GDP per capita (\$, 2007)	38,116	29,799	31,083	30,970	34,581	41,660	35,136	39,673	54,758	37,313
Real GDP growth rate per capita (CAR, last five years 02-07, %)	3.8	2.0	1.4	1.9	1.3	1.0	2.1	2.9	2.5	2.1
Personal disposable income per capita (\$, 2007)	24,345	22,416	24,180	23,698	24,404	27,403	24,890	25,011	34,632	26,646
Employment growth (CAR, last five years 02-07, %)	0.9	1.4	1.1	1.1	1.5	1.8	1.0	1.4	3.2	2.9
Employment rate (May, 2008, %)	53.8	64.9	59.6	59.7	61.3	64.6	67.5	67.6	72.5	64.1
Discomfort index (inflation + unemp. Rates, latest)	15.3	13.7	11.7	11.0	9.8	8.2	5.8	7.3	7.3	6.6
Manufacturing industry output (% of real GDP)	4.6	11.8	9.8	12.7	18.9	18.3	12.9	7.2	9.3	10.6
Personal expenditures goods & services (% of real GDP)	54.0	70.4	70.3	67.5	63.3	58.8	63.3	58.4	50.3	68.6
International exports (% of real GDP)	39.6	31.5	25.3	43.8	36.3	45.8	31.9	40.1	35.9	28.6

Source: Statistics Canada, RBC Economics Research

## British Columbia

		<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Gross domestic product	\$ millions	138,193	145,642	157,365	169,404	180,328	190,214	200,942	209,382
	% change	3.5	5.4	8.0	7.7	6.4	5.5	5.6	4.2
Real GDP	\$2002 millions	138,193	141,435	146,629	153,208	158,335	163,200	166,709	171,543
	% change	3.6	2.3	3.7	4.5	3.3	3.1	2.2	2.9
Employment	thousands	1,965.0	2,014.7	2,062.7	2,130.5	2,195.5	2,266.3	2,325.2	2,383.4
	% change	2.3	2.5	2.4	3.3	3.1	3.2	2.6	2.5
Labour force	thousands	2,147.6	2,190.7	2,221.9	2,263.4	2,305.1	2,366.4	2,431.5	2,497.1
	% change	3.1	2.0	1.4	1.9	1.8	2.7	2.8	2.7
Unemployment rate	%	8.5	8.0	7.2	5.9	4.8	4.2	4.4	4.6
Personal disposable income	\$ millions	88,594	91,505	96,714	101,559	109,579	116,546	123,702	131,000
	% change	3.8	3.3	5.7	5.0	7.9	6.4	6.1	5.9
Retail sales	\$ millions	43,265	44,421	47,217	49,286	52,837	56,361	58,897	63,314
	% change	6.3	2.7	6.3	4.4	7.2	6.7	4.5	7.5
Housing starts	units	21,625	26,174	32,925	34,667	36,443	39,195	37,150	30,460
	% change	25.5	21.0	25.8	5.3	5.1	7.6	-5.2	-18.0
Consumer price index	1992=100	100.0	102.2	104.2	106.3	108.1	110.0	112.2	113.9
	% change	2.4	2.2	2.0	2.0	1.7	1.8	2.0	1.5

Source: Statistics Canada, RBC Economics Research

## Alberta

		<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Gross domestic product	\$ millions	150,594	170,113	189,521	222,159	240,025	259,941	281,100	296,280
	% change	-0.4	13.0	11.4	17.2	8.0	8.3	8.1	5.4
Real GDP	\$2002 millions	150,594	155,359	163,457	172,047	183,372	189,470	195,249	201,106
	% change	2.2	3.2	5.2	5.3	6.6	3.3	3.1	3.0
Employment	thousands	1,670.8	1,716.7	1,757.5	1,784.4	1,870.7	1,959.4	2,018.2	2,060.6
	% change	2.4	2.7	2.4	1.5	4.8	4.7	3.0	2.1
Labour force	thousands	1,764.2	1,808.8	1,842.4	1,857.5	1,937.5	2,030.6	2,092.5	2,146.9
	% change	3.2	2.5	1.9	0.8	4.3	4.8	3.1	2.6
Unemployment rate	%	5.3	5.1	4.6	3.9	3.4	3.5	3.6	4.0
Personal disposable income	\$ millions	78,323	81,942	89,308	97,528	109,732	119,830	127,907	134,558
	% change	3.7	4.6	9.0	9.2	12.5	9.2	6.7	5.2
Retail sales	\$ millions	37,663	39,318	43,372	48,493	55,942	61,156	63,908	68,382
	% change	9.0	4.4	10.3	11.8	15.4	9.3	4.5	7.0
Housing starts	units	38,754	36,171	36,270	40,847	48,962	48,336	38,333	35,060
	% change	32.8	-6.7	0.3	12.6	19.9	-1.3	-20.7	-8.5
Consumer price index	1992=100	100.0	104.4	105.9	108.1	112.3	117.9	121.8	124.8
	% change	3.4	4.4	1.4	2.1	3.9	5.0	3.3	2.5

Source: Statistics Canada, RBC Economics Research



## Saskatchewan

		<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Gross domestic product	\$ millions	34,343	36,653	40,417	43,773	45,922	51,166	55,617	58,676
	% change	3.7	6.7	10.3	8.3	4.9	11.4	8.7	5.5
Real GDP	\$2002 millions	34,343	35,921	37,303	38,598	38,433	39,500	40,962	42,518
	% change	-0.4	4.6	3.8	3.5	-0.4	2.8	3.7	3.8
Employment	thousands	468.3	476.1	479.7	483.5	491.6	501.8	513.7	525.5
	% change	1.7	1.7	0.8	0.8	1.7	2.1	2.4	2.3
Labour force	thousands	496.4	504.3	506.7	509.4	515.6	523.8	534.8	546.0
	% change	1.6	1.6	0.5	0.5	1.2	1.6	2.1	2.1
Unemployment rate	%	5.7	5.6	5.3	5.1	4.7	4.2	4.0	3.8
Personal disposable income	\$ millions	19,049	20,238	21,797	21,998	22,853	24,902	27,153	28,782
	% change	3.0	6.2	7.7	0.9	3.9	9.0	9.0	6.0
Retail sales	\$ millions	9,389	9,858	10,259	10,796	11,495	12,986	14,544	16,144
	% change	7.6	5.0	4.1	5.2	6.5	13.0	12.0	11.0
Housing starts	units	2,963	3,315	3,781	3,437	3,715	6,007	6,567	4,460
	% change	24.4	11.9	14.1	-9.1	8.1	61.7	9.3	-32.1
Consumer price index	1992=100	100.0	102.3	104.6	106.9	109.1	112.2	116.0	119.0
	% change	2.9	2.3	2.2	2.2	2.1	2.8	3.4	2.6

Source: Statistics Canada, RBC Economics Research

## Manitoba

		<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Gross domestic product	\$ millions	36,559	37,451	39,859	41,682	44,851	48,586	50,938	52,720
	% change	4.0	2.4	6.4	4.6	7.6	8.3	4.8	3.5
Real GDP	\$2002 millions	36,559	37,059	38,033	39,061	40,323	41,644	42,768	43,923
	% change	1.6	1.4	2.6	2.7	3.2	3.3	2.7	2.7
Employment	thousands	567.2	570.3	576.6	580.3	587.0	596.5	608.9	619.2
	% change	2.3	0.5	1.1	0.6	1.2	1.6	2.1	1.7
Labour force	thousands	597.8	600.3	608.9	609.4	613.5	623.9	635.1	647.8
	% change	2.4	0.4	1.4	0.1	0.7	1.7	1.8	2.0
Unemployment rate	%	5.1	5.0	5.3	4.8	4.3	4.4	4.1	4.4
Personal disposable income	\$ millions	23,678	24,436	25,670	26,326	27,713	29,500	32,019	33,908
	% change	3.1	3.2	5.0	2.6	5.3	6.4	8.5	5.9
Retail sales	\$ millions	10,570	10,953	11,692	12,381	12,870	14,008	15,199	16,262
	% change	7.0	3.6	6.7	5.9	3.9	8.8	8.5	7.0
Housing starts	units	3,617	4,206	4,440	4,731	5,028	5,738	5,932	4,486
	% change	22.1	16.3	5.6	6.6	6.3	14.1	3.4	-24.4
Consumer price index	1992=100	100.0	101.8	103.8	106.6	108.7	110.9	114.0	114.8
	% change	1.5	1.8	2.0	2.7	2.0	2.0	2.0	1.5

Source: Statistics Canada, RBC Economics Research

## Ontario

		<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Gross domestic product	\$ millions	477,763	493,081	516,792	536,908	557,784	582,019	602,040	623,112
	% change	5.3	3.2	4.8	3.9	3.9	4.3	3.4	3.5
Real GDP	\$2002 millions	477,763	484,341	496,208	510,740	521,648	532,842	536,305	548,104
	% change	3.1	1.4	2.5	2.9	2.1	2.1	0.7	2.2
Employment	thousands	6,031.4	6,213.2	6,316.5	6,397.7	6,492.7	6,593.8	6,694.0	6,781.0
	% change	1.8	3.0	1.7	1.3	1.5	1.6	1.5	1.3
Labour force	thousands	6,493.7	6,676.2	6,775.4	6,849.1	6,927.3	7,043.5	7,166.8	7,278.6
	% change	2.6	2.8	1.5	1.1	1.1	1.7	1.8	1.6
Unemployment rate	%	7.1	6.9	6.8	6.6	6.3	6.4	6.6	6.8
Personal disposable income	\$ millions	284,156	293,943	307,170	319,255	335,990	350,493	367,807	385,830
	% change	3.5	3.4	4.5	3.9	5.2	4.3	4.9	4.9
Retail sales	\$ millions	120,992	125,122	129,086	135,321	140,808	146,236	152,670	159,540
	% change	5.9	3.4	3.2	4.8	4.1	3.9	4.4	4.5
Housing starts	units	83,597	85,180	85,114	78,795	73,417	68,123	68,668	59,329
	% change	14.1	1.9	-0.1	-7.4	-6.8	-7.2	0.8	-13.6
Consumer price index	1992=100	100.0	102.7	104.6	106.9	108.8	110.8	113.0	114.7
	% change	2.0	2.7	1.9	2.2	1.8	1.8	2.0	1.5

Source: Statistics Canada, RBC Economics Research

## Quebec

		<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Gross domestic product	\$ millions	241,448	250,752	262,890	272,672	282,841	298,157	309,904	321,061
	% change	4.2	3.9	4.8	3.7	3.7	5.4	3.9	3.6
Real GDP	\$2002 millions	241,448	244,422	250,673	255,638	259,895	266,104	268,632	274,811
	% change	2.4	1.2	2.6	2.0	1.7	2.4	1.0	2.3
Employment	thousands	3,569.9	3,628.8	3,680.5	3,717.3	3,765.4	3,851.7	3,905.6	3,956.8
	% change	3.8	1.6	1.4	1.0	1.3	2.3	1.4	1.3
Labour force	thousands	3,907.7	3,992.8	4,024.1	4,052.7	4,094.2	4,150.1	4,218.6	4,277.6
	% change	3.6	2.2	0.8	0.7	1.0	1.4	1.7	1.4
Unemployment rate	%	8.6	9.1	8.5	8.3	8.0	7.2	7.4	7.5
Personal disposable income	\$ millions	151,871	158,823	165,727	170,612	178,028	187,793	197,070	207,121
	% change	4.4	4.6	4.3	2.9	4.3	5.5	4.9	5.1
Retail sales	\$ millions	72,099	75,326	78,518	82,533	86,709	90,710	94,611	98,774
	% change	6.1	4.5	4.2	5.1	5.1	4.6	4.3	4.4
Housing starts	units	42,452	50,289	58,448	50,910	47,877	48,553	47,058	39,995
	% change	53.4	18.5	16.2	-12.9	-6.0	1.4	-3.1	-15.0
Consumer price index	1992=100	100.0	102.5	104.5	106.9	108.7	110.4	112.8	114.4
	% change	2.0	2.5	2.0	2.3	1.7	1.6	2.2	1.4

Source: Statistics Canada, RBC Economics Research

## New Brunswick

		<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Gross domestic product	\$ millions	21,169	22,366	23,534	24,190	25,346	26,410	27,609	28,658
	% change	2.3	5.7	5.2	2.8	4.8	4.2	4.5	3.8
Real GDP	\$2002 millions	21,169	21,765	22,069	22,174	22,843	23,213	23,666	24,257
	% change	4.5	2.8	1.4	0.5	3.0	1.6	2.0	2.5
Employment	thousands	343.1	343.1	350.1	350.5	355.4	362.8	368.6	372.3
	% change	3.9	0.0	2.0	0.1	1.4	2.1	1.6	1.0
Labour force	thousands	382.0	382.4	388.0	388.2	389.6	392.4	401.9	406.0
	% change	2.8	0.1	1.5	0.1	0.4	0.7	2.4	1.0
Unemployment rate	%	10.2	10.3	9.8	9.7	8.8	7.5	8.3	8.3
Personal disposable income	\$ millions	14,480	15,027	15,789	16,308	17,024	17,762	18,391	19,126
	% change	2.2	3.8	5.1	3.3	4.4	4.3	3.5	4.0
Retail sales	\$ millions	7,787	7,827	7,963	8,326	8,814	9,319	9,748	10,138
	% change	3.9	0.5	1.7	4.6	5.9	5.7	4.6	4.0
Housing starts	units	3,862	4,489	3,947	3,959	4,085	4,242	4,167	3,360
	% change	11.6	16.2	-12.1	0.3	3.2	3.8	-1.8	-19.4
Consumer price index	1992=100	100.0	103.4	104.9	107.4	109.2	111.3	113.3	115.0
	% change	3.3	3.4	1.5	2.4	1.7	1.9	1.8	1.5

Source: Statistics Canada, RBC Economics Research

## Nova Scotia

		<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Gross domestic product	\$ millions	27,082	28,851	30,014	31,575	31,997	33,296	34,908	36,478
	% change	4.5	6.5	4.0	5.2	1.3	4.1	4.8	4.5
Real GDP	\$2002 millions	27,082	27,464	27,836	28,336	28,597	29,042	29,608	30,319
	% change	4.0	1.4	1.4	1.8	0.9	1.6	2.0	2.4
Employment	thousands	422.9	431.2	442.2	443.1	441.8	447.6	452.1	460.7
	% change	1.9	2.0	2.6	0.2	-0.3	1.3	1.0	1.9
Labour force	thousands	467.7	474.6	485.0	483.9	480.0	486.7	490.2	498.5
	% change	1.7	1.5	2.2	-0.2	-0.8	1.4	0.7	1.7
Unemployment rate	%	9.6	9.1	8.8	8.4	7.9	8.0	7.8	7.6
Personal disposable income	\$ millions	18,674	19,202	20,062	20,872	21,714	22,592	23,482	24,539
	% change	3.0	2.8	4.5	4.0	4.0	4.0	3.9	4.5
Retail sales	\$ millions	9,840	10,015	10,297	10,527	11,163	11,634	12,274	12,827
	% change	6.1	1.8	2.8	2.2	6.0	4.2	5.5	4.5
Housing starts	units	4,970	5,096	4,717	4,775	4,896	4,750	4,692	4,000
	% change	21.5	2.5	-7.4	1.2	2.5	-3.0	-1.2	-14.7
Consumer price index	1992=100	100.0	103.4	105.3	108.2	110.4	112.5	115.9	117.7
	% change	3.0	3.4	1.8	2.8	2.0	1.9	3.0	1.6

Source: Statistics Canada, RBC Economics Research

## Newfoundland & Labrador

		<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Gross domestic product	\$ millions	16,457	18,119	19,302	21,496	25,608	29,034	30,195	31,252
	% change	16.1	10.1	6.5	11.4	19.1	13.4	4.0	3.5
Real GDP	\$2002 millions	16,457	17,419	17,117	17,159	17,719	19,336	19,375	19,627
	% change	15.6	5.8	-1.7	0.2	3.3	9.1	0.2	1.3
Employment	thousands	207.2	212.3	214.3	214.1	215.7	217.1	221.5	222.6
	% change	1.7	2.5	0.9	-0.1	0.7	0.6	2.0	0.5
Labour force	thousands	248.5	254.1	254.3	252.5	253.1	251.2	253.2	254.8
	% change	2.4	2.3	0.1	-0.7	0.2	-0.8	0.8	0.6
Unemployment rate	%	16.7	16.5	15.7	15.2	14.8	13.6	12.5	12.6
Personal disposable income	\$ millions	9,381	9,773	10,041	10,397	12,802	12,350	12,659	13,013
	% change	2.9	4.2	2.7	3.5	23.1	-3.5	2.5	2.8
Retail sales	\$ millions	5,407	5,736	5,755	5,826	6,026	6,565	6,959	7,098
	% change	4.0	6.1	0.3	1.2	3.4	8.9	6.0	2.0
Housing starts	units	2,419	2,692	2,870	2,498	2,234	2,649	2,550	2,000
	% change	35.3	11.3	6.6	-13.0	-10.6	18.6	-3.7	-21.6
Consumer price index	1992=100	100.0	102.9	104.8	107.6	109.5	111.1	113.9	115.5
	% change	2.4	2.9	1.8	2.7	1.8	1.5	2.5	1.4

Source: Statistics Canada, RBC Economics Research

## Prince Edward Island

		<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Gross domestic product	\$ millions	3,701	3,798	3,994	4,118	4,304	4,538	4,701	4,809
	% change	7.9	2.6	5.2	3.1	4.5	5.4	3.6	2.3
Real GDP	\$2002 millions	3,701	3,778	3,893	3,945	4,049	4,129	4,179	4,245
	% change	4.8	2.1	3.0	1.3	2.6	2.0	1.2	1.6
Employment	thousands	64.7	66.1	66.9	68.2	68.6	69.3	70.2	70.4
	% change	1.7	2.2	1.2	1.9	0.6	1.0	1.3	0.3
Labour force	thousands	73.5	74.3	75.4	76.5	77.1	77.3	78.3	78.9
	% change	1.7	1.1	1.5	1.5	0.8	0.3	1.3	0.7
Unemployment rate	%	12.0	11.0	11.3	10.8	11.0	10.3	10.3	10.7
Personal disposable income	\$ millions	2,606	2,635	2,769	2,865	2,989	3,106	3,208	3,292
	% change	5.6	1.1	5.1	3.5	4.3	3.9	3.3	2.6
Retail sales	\$ millions	1,369	1,383	1,385	1,424	1,512	1,629	1,702	1,765
	% change	3.4	1.0	0.1	2.8	6.2	7.7	4.5	3.7
Housing starts	units	775	814	919	862	738	750	700	600
	% change	14.8	5.0	12.9	-6.2	-14.4	1.6	-6.7	-14.3
Consumer price index	1992=100	100.0	103.5	105.8	109.1	111.6	113.6	117.2	119.0
	% change	2.7	3.5	2.2	3.1	2.3	1.8	3.2	1.5

Source: Statistics Canada, RBC Economics Research

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