



RECESSIONARY FORCES SEEP THROUGH ATLANTIC CANADA: RBC ECONOMICS

TORONTO, March 12, 2009 —The gigantic wave of recession sweeping across the U.S. and other parts of the globe is washing upon the shores of Canada's Atlantic region, according to the latest provincial forecast released today by RBC. The report indicates the economic outlook for the Atlantic region in Canada is deteriorating, with little hope of a speedy recovery despite stimulus initiatives by various governments.

"Weak export demand, decreasing oil output and deteriorating job markets will weigh on growth in the Atlantic region," said Craig Wright, senior vice-president and chief economist, RBC. "All but one province – Nova Scotia – will see a contraction in their economies this year."

RBC noted that although Nova Scotia is one of only three provincial economies nationwide to see growth, rising unemployment and a slower pace in housing activity are starting to have a greater negative impact on growth in the province. As a result, growth projections for 2009 have been downgraded to only 0.4 per cent from an estimated 1.2 per cent last year.

In other parts of Atlantic Canada, RBC projects Newfoundland and Labrador will see a drop in real GDP of 1.2 per cent, following an estimated growth of 1.3 per cent in 2008. Decreasing oil output will be a substantial drag on economic activity in the province and the main reason for the economic downswing. Further contributing to the weakness in the outlook will be a drop in mineral production, as well as the recent closure of the AbitibiBowater newsprint mill.

Despite the announcement of a major capital spending program by the provincial government, Prince Edward Island's real GDP is forecast to decline by 0.8 per cent in 2009. The report noted that a sharp drop in the value of shipments of manufactured food products to the Canadian market, depressed lobster prices, and a downturn in travel by U.S. tourists are weighing on PEI's economy. The recent completion of large construction projects will drive down non-residential construction spending and further weaken conditions this year.

According to RBC's latest forecast, real GDP growth in New Brunswick is forecasted to decline by 0.6 per cent in 2009 compared to an estimated increase of 1.6 per cent in 2008. The deterioration will reflect flagging demand for provincial exports, lower commodity prices, and a softening in the housing sector and job market.

The worsening of global conditions and weaker near-term prospects for the Canadian economy will dampen activity from coast to coast in 2009. All provinces but Saskatchewan, Manitoba and Nova Scotia are forecast to contract this year, a

testament to the generalized nature of the ongoing recession. The three exceptions will show much slower rates of expansion than in 2008. Alberta, British Columbia, Ontario and Newfoundland & Labrador are expected to experience the largest declines, while the downturn in Quebec, New Brunswick and Prince Edward Island will be relatively mild.

The RBC Economics Provincial Outlook assesses the provinces according to their projected growth in real GDP, employment, and retail sales, as well as their unemployment rates and housing starts.

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			Unemployment rate		
	Y/Y % Change			Thousands			Y/Y % Change			Y/Y % Change			%		
	08	09	10	08	09	10	08	09	10	08	09	10	08	09	10
N. & L.	1.3	-1.2	3.0	3.2	3.3	3.0	7.7	-1.1	4.5	1.5	-1.5	1.2	13.2	14.0	14.2
P.E.I.	1.5	-0.8	2.0	0.7	0.6	0.7	4.8	-1.4	4.1	1.3	-2.3	0.9	10.7	12.2	12.2
N.S.	1.2	0.4	2.5	4.3	3.2	3.5	4.5	-1.1	4.9	1.2	0.0	1.0	7.7	8.9	9.1
N.B.	1.6	-0.6	2.7	4.2	3.3	3.5	4.9	-1.5	4.0	0.9	-0.3	0.6	8.6	9.8	10.0
QUE.	0.8	-0.5	2.3	47.9	36.0	37.0	4.9	-1.3	5.1	0.8	-1.0	1.2	7.2	8.4	8.5
ONT.	-0.2	-1.9	2.4	75.6	58.0	65.0	3.3	-2.7	4.8	1.4	-1.9	1.3	6.5	8.6	8.7
MAN.	2.7	0.5	2.8	5.6	4.6	5.3	7.1	0.4	5.6	1.7	0.2	1.5	4.1	5.0	5.3
SASK.	3.4	0.9	2.4	6.8	4.4	3.7	10.4	0.8	6.1	2.2	1.4	1.2	4.1	4.5	4.8
ALTA.	1.2	-2.3	2.7	29.0	22.3	28.0	-0.2	-2.9	5.4	2.7	-0.6	1.4	3.6	5.7	5.9
B.C.	0.6	-1.5	2.9	34.3	19.4	23.0	0.2	-3.9	6.0	2.1	-1.9	2.2	4.6	6.8	6.8
CANADA	0.5	-1.4	2.6	211	155	173	3.2	-2.2	5.2	1.5	-1.3	1.4	6.1	7.8	8.0

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