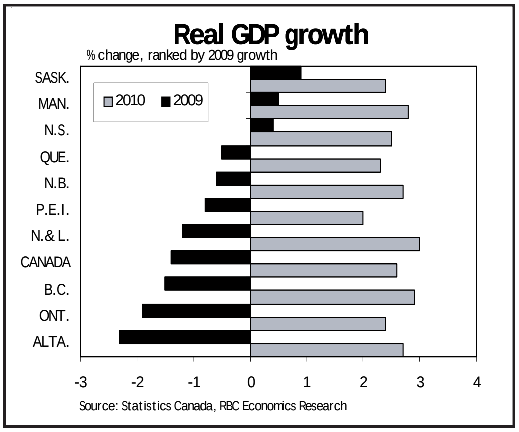
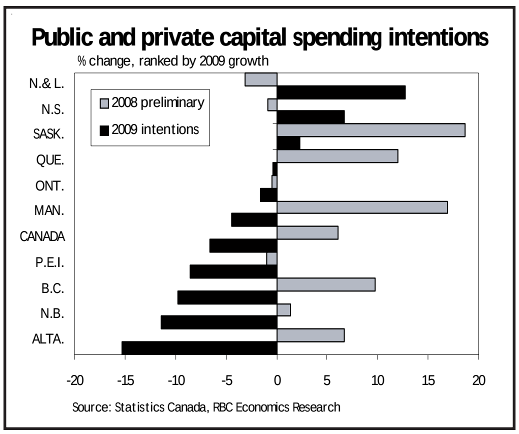
ECONOMICS | RESEARCH

PROVINCIAL OUTLOOK

March 2009





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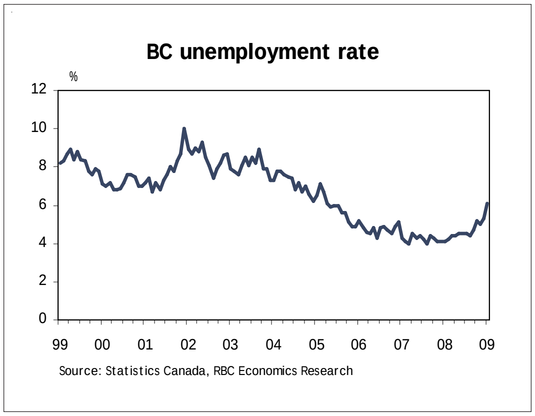
Recession virus spreading quickly

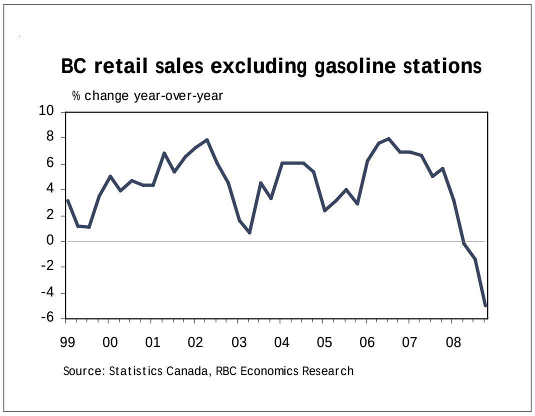
Since early last year, central Canada has been closely scrutinized for signs that the U.S. recession was spreading north of the border. With the strongest trade links to the United States among the provinces (thanks in large part to the tight integration of its key motor vehicle industry), Ontario was viewed as the principal gateway for the downturn to hit Canada with Quebec next in line. Indeed, central Canada — Ontario in particular — exhibited some of the earliest signs of contagion: sharp declines in exports; a battered manufacturing sector; a forest sector in crisis. However, the recession virus also snuck in from the Pacific and traversed the Rockies at a disheartening speed, infecting the economies of British Columbia and Alberta — the latter thought to be almost indestructible until very recently.

This virulent outbreak in the most western part of the country showed up first in housing markets, which were knocked out cold following a period of frenzied activity in recent years. It then hit the natural resource-based sector once commodity prices began to collapse mid-year last year. This sharp turn of events reflected the rapid deterioration in the world economy: not only did the recession leap over the U.S. boundaries to become a global phenomenon, the unrelenting financial crisis deepened that recession beyond most expectations. As a result, world demand for commodities has plummeted and so have their prices (registering some of the sharpest declines on record). Regions of Canada that prospered during the commodities boom as lately as last summer (when commodity prices crested) have seen their good fortune go bust. The income from high commodity prices that flowed into corporate and government coffers has correspondingly slowed dramatically. Major capital projects worth billions have been shelved or cancelled entirely as either their economics came off course, the urgency to build them dissipated or their financing got tangled up by the financial crisis. In short, activity has ceased to be supported by the positive terms of trade "shock" that promoted tremendous growth in so many of Canada's regions in recent years.

A few provinces — including Saskatchewan, Manitoba and Nova Scotia — still enjoy comparatively better fundamentals and should continue to outperform others. Nonetheless, given the worsening of global conditions and weaker near-term prospects for the Canadian economy since the December issue of our *Provincial Outlook*, we have revised our projections for real GDP growth downward in 2009 from coast to coast. All provinces but Saskatchewan, Manitoba and Nova Scotia are now forecast to contract this year, a testament to the generalized nature of the ongoing recession. 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.

With the budget season about to shift into high gear, fiscal stimulus initiatives will become the focus of governments in the quarters ahead to revitalize provincial economies. Spending on public infrastructure will be front and centre in most cases, picking up on the lead provided by the federal budget released in January. However, while plans will favour "shovel-ready" projects, we expect most of the stimulus to have a greater impact in 2010. By then, we anticipate that the U.S. economy will be in recovery mode and conditions in Canada strenghtening thanks to very low interest rates, the competitive Canadian dollar and fiscal support, meaningfully boosting provincial prospects.





British Columbia — From correction to contraction

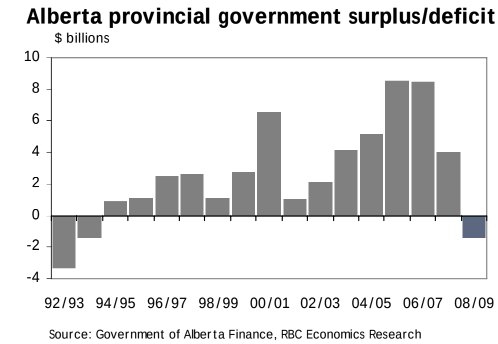
With global recessionary forces weighing more heavily on the export sector and impediments to domestic activity accumulating faster than previously expected, British Columbia's economy is headed towards its first annual contraction in more than a quarter of a century. Provincial real GDP is forecast to decline by 1.5% this year — the weakest performance since 1982.

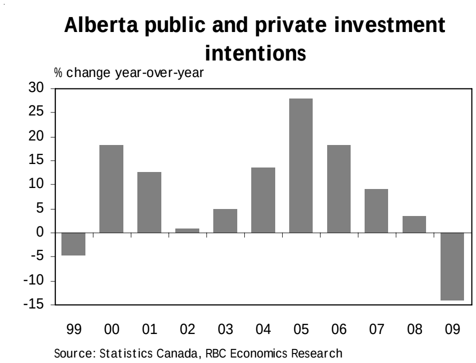
The swiftness with which the housing sector, labour market, consumer spending and capital investment have deteriorated in recent months has thwarted prospects that the onset of a global recovery expected in the second half of this year would more than make up for the near-term slump. We had flagged the worsening of conditions in the domestic economy in recent months, but the situation has deteriorated at an accelerated pace. The housing correction has morphed into a thumping with resale activity reaching the lowest levels on record dating back to the mid-1980s and downward pressure on prices has intensified. Demand for new residential units has been scaled back drastically; housing starts fell in February to their lowest level since early 2002 and there is little in the pipeline based on significant declines in building permits issued by municipalities. The job market has posted its longest losing streak since 1986 — with employment in the province dropping every month since September, including a whopping 35,000 loss in January, the largest ever recorded in the province. With their confidence clearly shaken, B.C. consumers have reined in their spending. Retail sales have been dismal during the past several months, particularly during the peak holiday shopping season.

With the global recession knocking down commodities markets, development of British Columbia's promising natural gas plays is losing momentum. Combined with the winding down of Olympic-related infrastructure building, capital investment — British Columbia's main bright spot last year — will soften considerably in 2009. Statistics Canada's Private and Public Investment (P&PI) survey of investment intentions revealed in February that non-residential capital spending is set to plunge by nearly 10% this year, further contributing to the domestic weakness. Fiscal stimulus — primarily in the form of increased public spending on infrastructure — announced in the most recent federal and B.C. budgets will provide some offset, but the impact will be limited in the very near-term. The boost to the economy will become more visible next year, which should coincide with improving global economic conditions, a gradual recovery in commodity markets and a positive contribution from external trade. An expected run-up in tourism spending associated with the 2010 Olympic and Paralympic Winter Games will further contribute to growth in the province. British Columbia's real GDP is forecast to bounce back to 2.9% next year.

Alberta — Energy funk, economic slump

There is no clearer sign that the state of Alberta's economy has taken a significant turn for the worse than a provincial government deficit, given that the province holds the prize for the longest running stretch of surpluses (14 years) in the country. While the expected deficit (currently pegged at C$1.4 billion) for the fiscal year ending in March will stem primarily from large stock market-related losses in the Alberta Heritage Savings Trust Fund and other endowment funds, the deteriorating fiscal picture is, nonetheless, symptomatic of poorer near-term economic fundamentals. The precipitous slide in oil and gas prices since reaching historical highs last summer has radically changed the outlook for energy revenues as we move further into 2009 and capital investment plans in the province have been scaled back accordingly, including for drilling new wells and developing megaprojects related to the oilsands. Non-residential capital spending is set to plummet by more than 15% this year according to Statistics Canada's P&PI survey, which would be the biggest cutback among provinces and the first in Alberta since 1999.





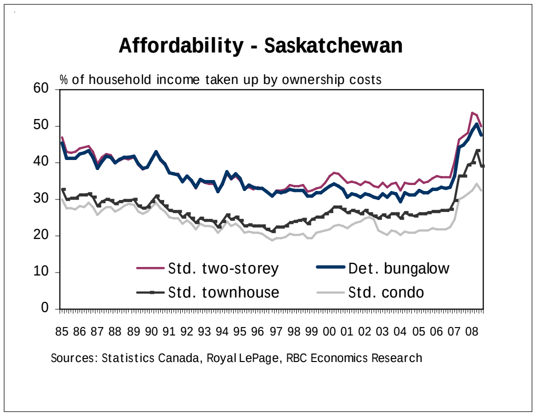
The unsettling effect of the downturn in the oil and gas sector and generally weak economic conditions are expected to weigh on Alberta consumers for many more months to come. Spending at retail stores, which has been trending lower since the start of last year, is expected to decline again in 2009 overall even if signs of improvement appear later in the year. Well past its cyclical peak, demand for housing will continue to soften. Lower housing prices will help restore affordability, although the run-up in recent years has been so dramatic in key markets in the province that new home buyers will remain hesitant until economic uncertainty clearly dissipates. Housing construction is expected to gear down considerably, with housing starts projected to drop to a 13-year low of 22,300 units in 2009.

Losing the thrust that the building sector (both residential and non-residential) and strong resource revenues have applied to the provincial economy in recent years will prove to be a tough blow that even stepped-up government spending will fail to offset. Consequently, Alberta's economy is now facing its first contraction since 1986. Real GDP is forecast to decline by 2.3% this year, the sharpest drop among provinces. However, as the recovery in the global economy begins later this year and re-invigorates demand and prices for energy, conditions in Alberta should improve by next year, helping the economy return to a positive growth track in 2010.

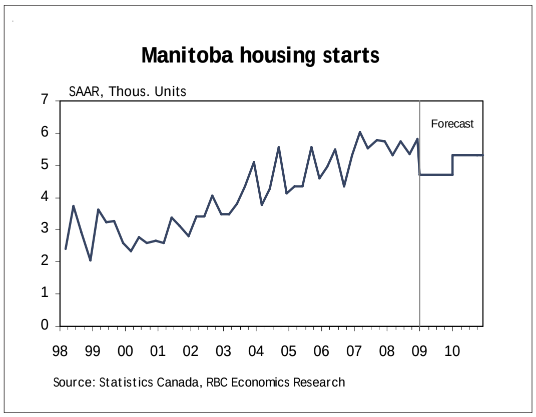
Saskatchewan — Some bruises but still leading the country

Despite maintaining solid momentum to this point, the vibrant Saskatchewan economy will feel the effects of the deepening recession in the United States and other world economies. In particular, greater-than-expected weakness in commodity prices has prompted us to cut our 2009 growth forecast for the province to 0.9% from 2.8% in the December *Provincial Outlook*. Although this represents a significant downward revision, Saskatchewan is still expected to lead the country, one of only three provinces projected to expand this year. With an anticipated rebound in U.S. growth in 2010 and attendant improvement in commodity market conditions, growth in the province is expected to re-accelerate to 2.4%, unchanged from our previous forecast.

Earlier in 2008, record-high prices for Saskatchewan's key exports commodities (including potash, oil and grains) helped propel Saskatchewan to the top of the provincial growth rankings. However, the rapid deterioration in global economic prospects since mid-year has unsettled commodity markets and caused prices to plummet. Even if some degree of economic over-pessimism were to be factored into current pricing, it will likely be the case that future price expectations will remain well below recent peaks. As a result, capital spending is being scaled back in the province. Statistics Canada's recent P&PI survey showed that non-residential capital spending growth is expected to slow significantly to only 2.3% this year after a close to 19% surge in 2008. Nonetheless, this more measured pace would still easily exceed the 6.6% decline for the Canadian economy as a whole.



The income boost from the earlier strength in commodity prices also contributed to fuelling residential investment activity. Rapidly rising housing demand in early 2008 heated up home prices beyond the boiling point with annual increases exceeding 40% (for new housing). This, in turn, boosted construction activity, with housing starts jumping to a recent peak of an annualized 10,400 units this past June. However, the surge in price was clearly in excess of income gains and caused a sharp deterioration in housing affordability in the province. This contributed to a subsequent moderation in housing activity, with price gains softening to 10% by December and housing starts slowing to 5,300 by the fourth quarter. In fact, this earlier erosion in affordability is expected to continue to apply downward pressure on provincial housing markets through the forecast period, leading to further drops in starts to 4,400 units in 2009 and 3,700 in 2010.



Manitoba — Weathering the storm

In light of the intensification of the global economic storm in recent months, we are revising our growth forecast lower for Manitoba this year to 0.5% from the previous 1.9% projected in December. The adjustment also reflects weaker-than-expected capital spending plans in the province as revealed in Statistics Canada's most recent P&PI survey of investment intentions. The survey indicated that non-residential capital expenditures are set to drop 4.4% this year, following a strong 17% burst in 2008. Residential investment is also expected to weigh on growth as mounting economic uncertainty takes a toll on consumer confidence and slows demand for new housing in the province. Housing starts, which have generally held up through 2008, averaging 5,600 units, are forecast to decrease to 4,600 in 2009. With the U.S. economy in recovery mode next year, growth in Manitoba is projected to rebound to 2.8% (unchanged from our previous forecast). Stronger demand south of the border will boost Manitoba exports and contribute to an improvement in the outlook for commodities.

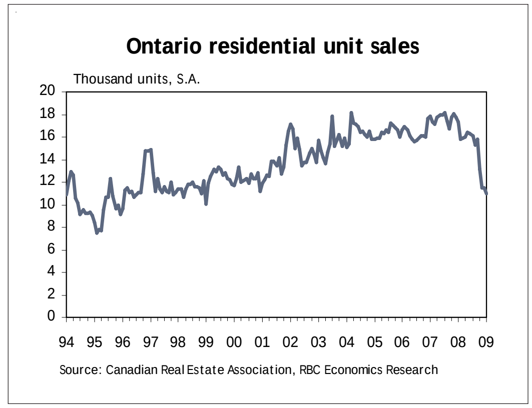
Despite the downward revision for 2009, the rate of growth in the provincial economy will remain well above the national average and second only to Saskatchewan's among all of the provinces. The relatively robust performance is, in part, owed to Manitoba's strong industrial diversification, which serves to soften the blow from the major trouble spots. Although it is affected by the weaker prices for grains and base metals, the earlier run-up in these prices had not resulted in a surge in capital investment spending in the resource sector. Therefore, the province is not experiencing a marked pullback in activity like the falloff taking place in Alberta and, to a lesser degree, British Columbia. Similarly, while the export-oriented manufacturing sector represents a relatively sizeable component of the Manitoba economy, the hit from the U.S. recession is smaller than that felt in Ontario where the motor vehicle sector is in shambles as a result of the collapse in sales to the U.S. market and painful restructuring triggered by the serious difficulties of the major North American auto producers. The manufacturing base in Manitoba is more dependent on food products, aerospace and bus production, the latter of which should receive strong support from various fiscal policy initiatives that will boost infrastructure spending on public transit.

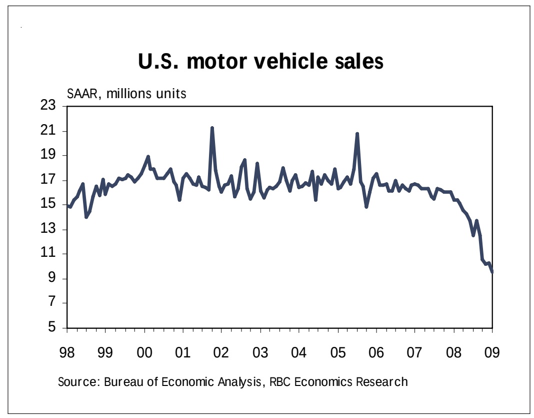
Ontario — Battling the recession

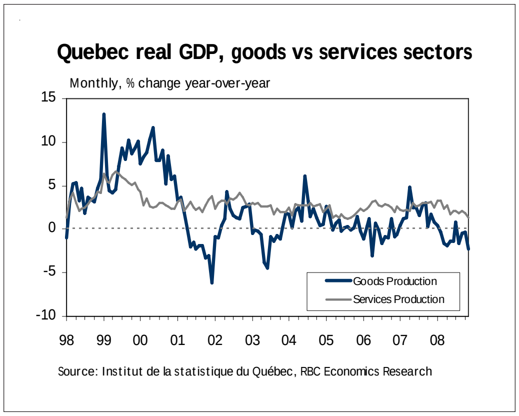
First bitten by the severe slump in the U.S. market, Ontario's economy has been battling recessionary conditions since last year. Losses by the province's exporters — including manufacturers of motor vehicles and parts — have accumulated and weighed significantly on overall performance. Since the end of last summer, the recession virus has spread inwards to strike at the core of domestic activity — consumer spending and housing. Clearly worried about the deterioration in the economy and mounting job losses in the province, Ontario consumers exited shopping malls and shelved plans to buy homes. Retail sales fell in each of the last five months of 2008. Although on a downward trend since the end of 2007, sales of existing homes have plummeted since the fall, reaching a 10-year low in February. The decline in housing construction has been more subdued, but activity has principally been sustained by work on multiple-unit structures, which reflected the strength in sales one or two years ago when demand for housing was still brisk. Consequently, new home building might just be lagging sales and a significant softening is likely in the cards. We expect housing starts to dip in 2009 to 58,000 units, their lowest level in 11 years.

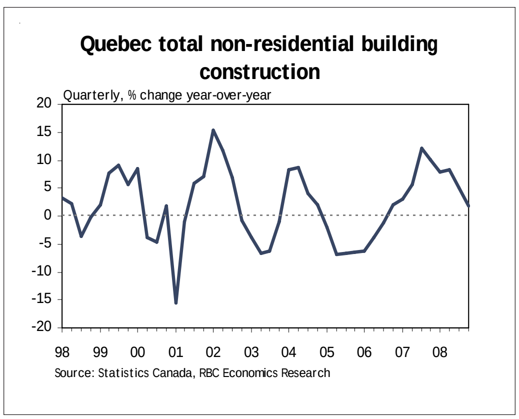
The haemorrhaging also continues unabated in the manufacturing sector where plant closures and job losses mount at a frightening speed. The fate of the motor vehicles industry remains very much in question, at least in its current form. The plight of the "Detroit Three" is being addressed by the U.S., Canadian and Ontario governments, which have so far collectively committed nearly US$29 billion in financial assistance (and possibly much more coming). However, even if such help is ultimately successful in keeping these companies as going concerns, profound changes are likely in the North American industry that would have significant repercussions for the large base of parts suppliers operating in Ontario. Any derailment of the proposed recovery plans put forward by the Detroit Three would pose a downside risk to Ontario's economy.

As further declines in manufacturing jobs will no longer be compensated by gains in services this year, total employment is expected to shrink (by 1.9%) for the first time in 17 years. The unemployment rate, already surging in the past six months, is anticipated to reach a 13-year high (8.6%) on an annual average basis.









In its fall economic update, the Ontario government announced a deficit for the fiscal year ending this March — a relatively small C$500 million shortfall. In more recent comments, Ontario Finance Minister Dwight Duncan indicated that a cumulative shortfall of around C$18 billion is likely during the next two fiscal years. This would, in part, reflect hefty measures to stimulate the economy to be announced in the upcoming provincial budget, including funds for infrastructure building to match the federal infrastructure program detailed in its January budget. Fiscal stimulus — added to the large dose of monetary stimulus already in the system — should work to contain the recession in the province and contribute to setting the stage for a recovery in 2010. Real GDP is forecast to decline by 1.5% in Ontario in 2009 — the second largest drop among provinces behind Alberta — but rebound to a growth rate of 2.4% next year. Of even greater significance to the 2010 outlook will be the anticipated recovery in the United States, supported by that country's own unprecedented fiscal and monetary stimulus.

Quebec – Infrastructures soften the recession blow

Quebec's economy has stick-handled the global recession quite deftly through this stage of the recession, but the intense negative forces the province is up against will unfortunately prevail in 2009. Sustained vigour on the domestic side of the provincial economy until very recently more than offset the slumping external trade sector — hit by the downturn in U.S. demand and the earlier rise in the Canadian dollar. Consumer spending and non-residential construction showed steady increases. Home building and employment held up well. Even manufacturing activity picked up at some point. Then, late last year, signs of weakening momentum emerged. Sales at retail stores and by wholesalers started to dip. Both residential and non-residential construction slowed. Manufacturing activity plummeted. So did housing resales. It became clear that Quebec's resistance to the global downturn had reached its limits and that it, too, was heading onto a recessionary path.

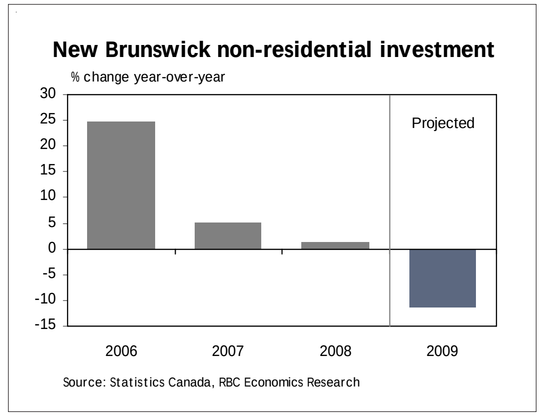
We project that economic activity in the province will contract this year for the first time since 1991, with real GDP declining by 0.5%. The weakness will be generalized. Exports will continue to suffer from anemic demand from the United States and Ontario, at least through the first half of the year. Eroding business and consumer confidence, as well as persisting tensions in credit markets, will restrain private capital investment and personal spending. This will also weigh on housing construction, where the gradual softening tone is expected to come under more intense downward pressure. Housing starts are forecast to recede from nearly 48,000 units last year to 36,000 in 2009, the lowest level in eight years. With few positive, offsetting forces in the province, job market conditions are seen to deteriorate noticeably. Employment is forecast to drop for the first time since 1996 (down 1%), pushing up the jobless rate to an average of 8.4% from 7.2% last year.

While the weakness will permeate most sectors of Quebec's economy, the recession is not expected to hit as severely as in provinces such as Alberta or Ontario. One key reason will be a rise in capital investment expenditures from the Quebec public sector. In its January economic update, the provincial government announced that it will step up its five-year infrastructure renewal plan — now estimated to total $42 billion by 2013. Spending on roads, public transportation systems, health and education institutions, and municipal and other infrastructures is set to climb by more than 8% in the coming fiscal year. Similarly, Hydro-Québec is slated to boost its capital investment spending by 11%. This burst of activity from the public sector will nearly perfectly compensate for cutbacks in private sector investment. According to Statistics Canada's latest survey of investment intentions, non-residential capital spending is headed for a slight decline of 0.4% in Quebec in 2009, much more subdued than the drop of 6.6% nationally.

The general economic performance of the province is expected to improve in 2010 alongside anticipated recoveries in the United States and Ontario. The gradual lifting of economic uncertainty will bolster confidence and support increased consumer and business spending. Real GDP is projected to rebound to a growth rate of 2.3%, but still slightly below the national average.

New Brunswick — Falling capital spending weighs on performance

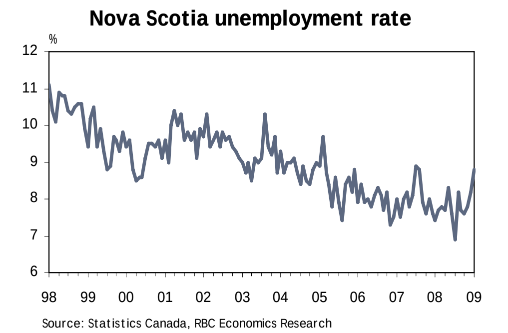
The colder blast of recession that is sweeping the globe has prompted us to revise our outlook for New Brunswick's economy down farther. Real GDP is now forecast to decline by 0.6% in 2009 compared to an increase of 1.2% projected in the December P*rovincial Outlook*, primarily reflecting greater expected weakening in demand for provincial exports and lower commodity prices. Domestically, conditions also appear to be deteriorating, with recent data showing increasing softness in the housing sector and the job market. After hitting a recent peak of 5,300 units (annualized) last May, provincial housing starts fell to 4,100 and 3,900 in the third and fourth quarters, respectively. While employment has remained relatively steady, New Brunswick's unemployment rate has continued to trend higher from a recent low of 7.6% in 2007 to 8.7% this past January.

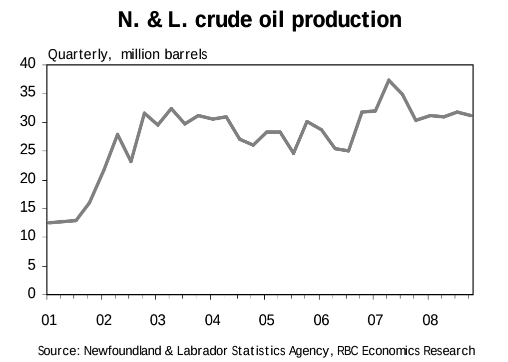


In 2008, economic activity in the province was supported by significant capital spending on various projects such as the Canaport LNG facility. However, spending on this project is expected to fall off significantly in 2009 and was likely a key factor behind the 11.4% drop in planned non-residential capital spending in the province this year reported in Statistics Canada's P&PI survey. The extent of the drop was tempered by an anticipated increase in spending this year on the Sussex potash mine expansion and ongoing work on the Lepreau nuclear plant. The P&PI survey was undertaken prior to the latest federal budget and the upcoming provincial budget. Thus, the survey numbers are likely understating actual capital spending in the province once the various infrastructure projects at the heart of fiscal stimulus plans get under way. Nonetheless, capital spending by the public sector might well be more of a factor in 2010 and contribute to our expected 2.7% rebound in provincial growth that year, supplementing the impetus coming from the expected recovery in U.S. growth.

Nova Scotia — Business investment not yet letting up

Domestic economic conditions in Nova Scotia have been showing signs of softening lately. Evidence of this is found in the job market where employment gains have been negligible through both the fourth quarter last year and the start of 2009. The unemployment rate has jumped in recent months, rising to





8.8% at the start of this year from a third-quarter 2008 average of 7.6%. The attendant slowing in income growth has also likely contributed to a noticeable cooling in housing activity. Housing starts dropped to 3,400 units (annualized) through the last quarter of 2008 compared to a robust 5,800 during the same period a year ealier, though they have picked up a little in the first two months of 2009 to an average of 3,700. This deterioration in Nova Scotia's economic conditions is a reflection of the global recession that is starting to have a greater downward impact on growth in the province, with the weakness not likely to be quickly reversed. As a result, we have revised down Nova Scotia's growth outlook to 0.4% this year from the 0.8% projected last quarter. Growth for 2010 is still expected to rebound by 2.5% as the U.S. economy pulls out of recession.

Despite the downward revision to growth in 2009, the province is still expected to outperform the national average and be only one of three provinces showing an increase in activity as it will continue to strongly benefit from capital expenditures. For example, spending is slated to increase on the C$760-million Deep Panuke natural gas project. Work on this project was likely a key factor behind a 6.6% increase in planned non-residential capital spending in the province this year as reported in Statistics Canada's P&PI survey. This growth in capital spending is the second highest among the provinces (lagging only Newfoundland & Labrador) and far outpaces the 6.6% decline nationwide. Natural gas production from Deep Panuke is expected to commence late next year. The promoters of the project recently announced that all of its natural gas output has been fully committed. The rebound in growth in Nova Scotia in 2010 is consistent with the start of this production , although the expected rebound is more the result of the anticipated recovery in the U.S. economy.

Newfoundland & Labrador — One billion barrels and counting

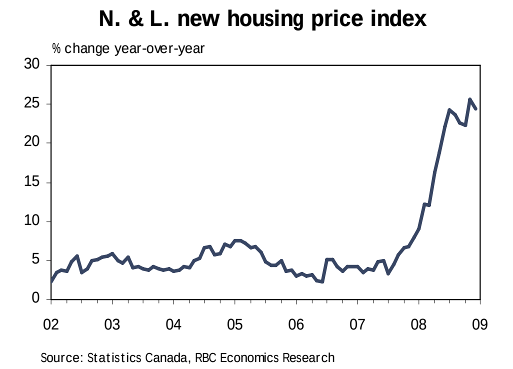
The Newfoundland & Labrador offshore oil industry celebrated a milestone in January with the production of its one billionth barrel of oil. This was yet another reminder of the long road travelled by energy developments off the province's coast and their tremendous contribution to the transformation of Newfoundland & Labrador into a dynamic economy. Nonetheless, the nose-dive in energy prices since last summer and declining production at the province's maturing production wells have cut any festivities short. The real cheers might have to wait until late this year or early next when the White Rose project expansion enters into operation, giving the industry — and the provincial economy — a shot in the arm. In the meantime, decreasing oil output and lower-than-expected crude prices will be a substantial drag on economic activity in the province, and the main reason for our projected decline in real GDP in 2009 (down 1.2% following estimated growth of 1.3% last year). Further contributing to the weakness will be an expected drop in mineral production (partly the result of market-related downtime), as well as the recent closure of the AbitibiBowater newsprint mill in Grand Falls.

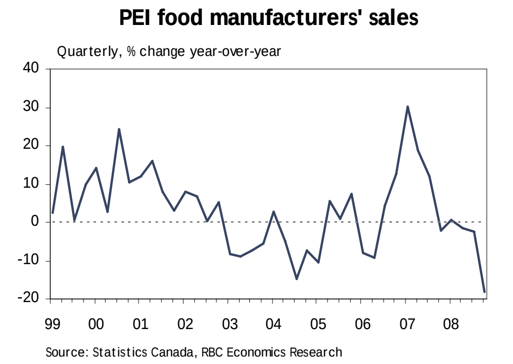
Despite the challenges, the mood in the province remains relatively upbeat. Huge investment projects — including the C$2-billion hydromet nickel processing facility in Long Harbour — are still going ahead and the provincial government recently announced a significant increase in spending on infrastructures.

According to Statistics Canada's P&PI survey, non-residential capital expenditures in Newfoundland & Labrador are set to increase the fastest among all provinces in 2009 (up by almost 13%). Residents who had departed the province earlier are flocking back . This stimulates demand for housing and consumer goods and services. Housing markets have been very tight until recently, and prices continue to show among the strongest year-over-year increases in the country. Home building is expected to remain relatively steady this year, with housing starts forecast to move a touch above last year's 19-year high of 3,200 units. Such relatively robust domestic activity is expected to persist next year and be the dominant factor returning the provincial economy back into positive growth once oil production is stabilized by White Rose's expansion.

Prince Edward Island — Not quite recession-proof

The old adage that food production is recession-proof should bring some comfort to residents and businesses of Prince Edward Island given the province's strong dependence on food manufacturing. Indeed, exports of processed food (primarily potato products) have so far been quite robust during this global recession. However, it appears that sales to the Canadian market have not held up as well judging by the sharp drop in the value of shipments of manufactured food products in the latter part of 2008. Where the recession is clearly hitting is the pockets of lobster fishermen as landed prices for lobster have dropped to depressed levels. The recession is also affecting tourism in the province, significantly curtailing travel by U.S. tourists despite the weaker loonie, a trend that is likely to spread to travel by Canadians as the Canadian economy feels the weight of the recession in the first half of 2009. To fend off the economic downturn, the provincial government has launched a major, five-year capital spending program that will lead to a significant boost in public expenditures on the health, education and transportation infrastructures during the 2009-10 fiscal year. Nonetheless, the completion of large projects will drive down non-residential capital spending in the province, set to decline by 8.5% this year according to Statistics Canada's P&PI survey. All things considered, we project PEI's real GDP to decline by 0.8% in 2009, as the recessionary forces seep through the province. Improving global conditions should help set the stage for a 2% growth rate next year.





Forecast detail

Average annual % change unless otherwise indicated

	Real GDP				Employment				Unemployment rate %				Housing starts Thousands				Retail sales			
	07	08	09	10	07	08	09	10	07	08	09	10	07	08	09	10	07	08	09	10
N.& L.	9.1	1.3	-1.2	3.0	0.7	1.5	-1.5	1.2	13.6	13.2	14.0	14.2	2.6	3.2	3.3	3.0	9.0	7.7	-1.1	4.5
P.E.I	2.4	1.5	-0.8	2.0	1.1	1.3	-2.3	0.9	10.3	10.7	12.2	12.2	0.8	0.7	0.6	0.7	7.7	4.8	-1.4	4.1
N.S.	1.7	1.2	0.4	2.5	1.3	1.2	0.0	1.0	8.0	7.7	8.9	9.1	4.8	4.3	3.2	3.5	4.2	4.5	-1.1	4.9
N.B.	1.7	1.6	-0.6	2.7	2.1	0.9	-0.3	0.6	7.5	8.6	9.8	10.0	4.2	4.2	3.3	3.5	5.7	4.9	-1.5	4.0
QUE.	2.6	0.8	-0.5	2.3	2.3	0.8	-1.0	1.2	7.2	7.2	8.4	8.5	48.6	47.9	36.0	37.0	4.6	4.9	-1.3	5.1
ONT.	2.3	-0.2	-1.9	2.4	1.6	1.4	-1.9	1.3	6.4	6.5	8.6	8.7	68.1	75.6	58.0	65.0	3.9	3.3	-2.7	4.8
MAN.	3.3	2.7	0.5	2.8	1.6	1.7	0.2	1.5	4.4	4.1	5.0	5.3	5.7	5.6	4.6	5.3	8.8	7.1	0.4	5.6
SASK.	2.5	3.4	0.9	2.4	2.1	2.2	1.4	1.2	4.2	4.1	4.5	4.8	6.0	6.8	4.4	3.7	13.0	10.4	0.8	6.1
ALTA.	3.1	1.2	-2.3	2.7	4.7	2.7	-0.6	1.4	3.5	3.6	5.7	5.9	48.3	29.0	22.3	28.0	9.3	-0.2	-2.9	5.4
B.C.	3.0	0.6	-1.5	2.9	3.2	2.1	-1.9	2.2	4.2	4.6	6.8	6.8	39.2	34.3	19.4	23.0	6.7	0.2	-3.9	6.0
CANADA	2.7	0.5	-1.4	2.6	2.3	1.5	-1.3	1.4	6.0	6.1	7.8	8.0	228	211	155	173	5.8	3.2	-2.2	5.2

Key provincial comparisons

2007 unless otherwise indicated

	N. & L.	P.E.I.	N.S.	N.B.	QUE	ONT	MAN	SASK	ALTA	B.C.
Population (2008, 000s)	508	140	938	747	7,742	12,910	1,206	1,014	3,574	4,374
Gross domestic product ($ billions)	29.5	4.5	33.0	26.9	296.7	585.0	48.5	51.6	258.9	192.5
Real GDP ($2002 billions)	19.7	4.1	28.8	23.7	265.9	536.3	41.7	39.8	187.5	164.6
Share of Canada real GDP (%)	1.5	0.3	2.2	1.8	20.1	40.6	3.2	3.0	14.2	12.5
Real GDP growth (CAR, last five years 02-07, %)	3.7	2.3	1.2	2.3	1.9	2.3	2.6	3.0	4.5	3.6
Real GDP per capita ($)	38,825	29,943	30,827	31,579	34,553	41,934	35,151	40,008	54,187	37,629
Real GDP growth rate per capita (CAR, last five years 02-07, %)	4.2	2.1	1.2	2.3	1.3	1.2	2.1	3.0	2.3	2.3
Personal disposable income per capita ($)	24,924	22,466	24,365	23,690	24,473	27,743	25,157	25,378	35,349	26,833
Employment growth (CAR, last five years 03-08, %)	0.7	1.2	1.0	1.3	1.4	1.5	1.2	1.5	3.2	2.8
Employment rate (January 2009, %)	50.5	59.2	58.9	59.4	60.2	62.3	66.3	67.4	71.6	61.7
Discomfort index (inflation + unemp. Rates, latest)	17.3	14.3	11.4	10.2	10.0	8.8	6.9	8.0	6.0	6.9
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

British Columbia

		2003	2004	2005	2006	2007	2008	2009	2010
Real GDP	$2002 millions	141,435	146,541	152,998	159,733	164,583	165,488	163,006	167,798
	% change	2.3	3.6	4.4	4.4	3.0	0.6	-1.5	2.9
Employment	thousands	2,014.7	2,062.7	2,130.6	2,195.5	2,266.3	2,314.3	2,271.1	2,321.1
	% change	2.5	2.4	3.3	3.0	3.2	2.1	-1.9	2.2
Unemployment rate	%	8.0	7.2	5.9	4.8	4.2	4.6	6.8	6.8
Retail sales	$ millions	44,421	47,217	49,286	52,837	56,365	56,484	54,284	57,542
	% change	2.7	6.3	4.4	7.2	6.7	0.2	-3.9	6.0
Housing starts	units	26,174	32,925	34,667	36,443	39,195	34,250	19,367	23,000
	% change	21.0	25.8	5.3	5.1	7.6	-12.6	-43.5	18.8

Source: Statistics Canada, RBC Economics Research

Alberta

		2003	2004	2005	2006	2007	2008	2009	2010
Real GDP	$2002 millions	155,359	163,564	171,416	181,791	187,493	189,649	185,287	190,364
	% change	3.2	5.3	4.8	6.1	3.1	1.2	-2.3	2.7
Employment	thousands	1,716.7	1,757.5	1,784.4	1,870.7	1,959.4	2,013.3	2,001.1	2,029.1
	% change	2.7	2.4	1.5	4.8	4.7	2.7	-0.6	1.4
Unemployment rate	%	5.1	4.6	3.9	3.4	3.5	3.6	5.7	5.9
Retail sales	$ millions	39,318	43,372	48,493	55,942	61,160	61,035	59,287	62,511
	% change	4.4	10.3	11.8	15.4	9.3	-0.2	-2.9	5.4
Housing starts	units	36,171	36,270	40,847	48,962	48,336	28,967	22,275	28,000
	% change	-6.7	0.3	12.6	19.9	-1.3	-40.1	-23.1	25.7

Saskatchewan

		2003	2004	2005	2006	2007	2008	2009	2010
Real GDP	$2002 millions	35,921	37,741	38,970	38,860	39,834	41,168	41,539	42,553
	% change	4.6	5.1	3.3	-0.3	2.5	3.4	0.9	2.4
Employment	thousands	476.1	479.7	483.5	491.6	501.7	512.7	520.0	526.3
	% change	1.7	0.8	0.8	1.7	2.1	2.2	1.4	1.2
Unemployment rate	%	5.6	5.3	5.1	4.7	4.2	4.1	4.5	4.8
Retail sales	$ millions	9,858	10,259	10,796	11,495	12,984	14,337	14,456	15,339
	% change	5.0	4.1	5.2	6.5	13.0	10.4	0.8	6.1
Housing starts	units	3,315	3,781	3,437	3,715	6,007	6,792	4,367	3,700
	% change	11.9	14.1	-9.1	8.1	61.7	13.1	-35.7	-15.3

Manitoba

		2003	2004	2005	2006	2007	2008	2009	2010
Real GDP	$2002 millions	37,059	37,861	38,783	40,344	41,662	42,766	42,980	44,201
	% change	1.4	2.2	2.4	4.0	3.3	2.7	0.5	2.8
Employment	thousands	570.3	576.6	580.3	587.0	596.5	606.7	607.9	617.1
	% change	0.5	1.1	0.6	1.1	1.6	1.7	0.2	1.5
Unemployment rate	%	5.0	5.3	4.8	4.3	4.4	4.1	5.0	5.3
Retail sales	$ millions	10,953	11,692	12,381	12,870	14,008	14,997	15,054	15,894
	% change	3.6	6.7	5.9	3.9	8.8	7.1	0.4	5.6
Housing starts	units	4,206	4,440	4,731	5,028	5,738	5,550	4,625	5,250
	% change	16.3	5.6	6.6	6.3	14.1	-3.3	-16.7	13.5

Source: Statistics Canada, RBC Economics Research

Ontario

		2003	2004	2005	2006	2007	2008	2009	2010
Real GDP	$2002 millions	484,341	496,780	510,626	524,105	536,340	535,053	524,887	537,694
	% change	1.4	2.6	2.8	2.6	2.3	-0.2	-1.9	2.4
Employment	thousands	6,213.2	6,316.5	6,397.8	6,492.7	6,593.8	6,687.3	6,562.1	6,645.2
	% change	3.0	1.7	1.3	1.5	1.6	1.4	-1.9	1.3
Unemployment rate	%	6.9	6.8	6.6	6.3	6.4	6.5	8.6	8.7
Retail sales	$ millions	125,122	129,086	135,321	140,808	146,252	151,113	147,043	154,032
	% change	3.4	3.2	4.8	4.1	3.9	3.3	-2.7	4.8
Housing starts	units	85,180	85,114	78,795	73,417	68,123	75,567	58,000	65,000
	% change	1.9	-0.1	-7.4	-6.8	-7.2	10.9	-23.2	12.1

Quebec

		2003	2004	2005	2006	2007	2008	2009	2010
Real GDP	$2002 millions	244,422	251,028	254,708	259,032	265,888	267,882	266,543	272,780
	% change	1.2	2.7	1.5	1.7	2.6	0.8	-0.5	2.3
Employment	thousands	3,628.8	3,680.5	3,717.3	3,765.5	3,851.7	3,881.7	3,844.5	3,889.2
	% change	1.7	1.4	1.0	1.3	2.3	0.8	-1.0	1.2
Unemployment rate	%	9.1	8.5	8.3	8.0	7.2	7.2	8.4	8.5
Retail sales	$ millions	75,326	78,518	82,533	86,709	90,663	95,123	93,907	98,693
	% change	4.5	4.2	5.1	5.1	4.6	4.9	-1.3	5.1
Housing starts	units	50,289	58,448	50,910	47,877	48,553	47,925	36,000	37,000
	% change	18.5	16.2	-12.9	-6.0	1.4	-1.3	-24.9	2.8

New Brunswick

		2003	2004	2005	2006	2007	2008	2009	2010
Real GDP	$2002 millions	21,765	22,366	22,727	23,280	23,669	24,038	23,894	24,539
	% change	2.8	2.8	1.6	2.4	1.7	1.6	-0.6	2.7
Employment	thousands	343.1	350.1	350.5	355.4	362.8	366.2	365.2	367.4
	% change	0.0	2.0	0.1	1.4	2.1	0.9	-0.3	0.6
Unemployment rate	%	10.3	9.8	9.7	8.8	7.5	8.6	9.8	10.0
Retail sales	$ millions	7,827	7,963	8,326	8,814	9,318	9,776	9,630	10,020
	% change	0.5	1.7	4.6	5.9	5.7	4.9	-1.5	4.0
Housing starts	units	4,489	3,947	3,959	4,085	4,242	4,175	3,333	3,450
	% change	16.2	-12.1	0.3	3.2	3.8	-1.6	-20.2	3.5

Source: Statistics Canada, RBC Economics Research

Nova Scotia

		2003	2004	2005	2006	2007	2008	2009	2010
Real GDP	$2002 millions	27,464	27,710	28,069	28,328	28,803	29,134	29,251	29,982
	% change	1.4	0.9	1.3	0.9	1.7	1.2	0.4	2.5
Employment	thousands	431.2	442.2	443.0	441.8	447.6	453.2	453.2	457.8
	% change	2.0	2.6	0.2	-0.3	1.3	1.2	0.0	1.0
Unemployment rate	%	9.1	8.8	8.4	7.9	8.0	7.7	8.9	9.1
Retail sales	$ millions	10,015	10,297	10,527	11,163	11,636	12,154	12,024	12,614
	% change	1.8	2.8	2.2	6.0	4.2	4.5	-1.1	4.9
Housing starts	units	5,096	4,717	4,775	4,896	4,750	4,267	3,200	3,500
	% change	2.5	-7.4	1.2	2.5	-3.0	-10.2	-25.0	9.4

Prince Edward Island

		2003	2004	2005	2006	2007	2008	2009	2010
Real GDP	$2002 millions	3,778	3,877	3,955	4,051	4,149	4,209	4,175	4,259
	% change	2.1	2.6	2.0	2.4	2.4	1.5	-0.8	2.0
Employment	thousands	66.1	66.9	68.2	68.6	69.3	70.3	68.7	69.3
	% change	2.2	1.3	1.9	0.6	1.1	1.3	-2.3	0.9
Unemployment rate	%	11.0	11.2	10.8	11.1	10.3	10.7	12.2	12.2
Retail sales	$ millions	1,383	1,385	1,424	1,512	1,629	1,708	1,684	1,752
	% change	1.0	0.1	2.8	6.2	7.7	4.8	-1.4	4.1
Housing starts	units	814	919	862	738	750	700	625	700
	% change	5.0	12.9	-6.2	-14.4	1.6	-6.7	-10.7	12.0

Newfoundland & Labrador

		2003	2004	2005	2006	2007	2008	2009	2010
Real GDP	$2002 millions	17,419	17,209	17,531	18,058	19,696	19,942	19,703	20,294
	% change	5.8	-1.2	1.9	3.0	9.1	1.3	-1.2	3.0
Employment	thousands	212.3	214.3	214.1	215.7	217.1	220.3	217.1	219.7
	% change	2.4	1.0	-0.1	0.7	0.7	1.5	-1.5	1.2
Unemployment rate	%	16.5	15.7	15.2	14.8	13.6	13.2	14.0	14.2
Retail sales	$ millions	5,736	5,755	5,826	6,026	6,567	7,073	6,998	7,317
	% change	6.1	0.3	1.2	3.4	9.0	7.7	-1.1	4.5
Housing starts	units	2,692	2,870	2,498	2,234	2,649	3,233	3,325	3,000
	% change	11.3	6.6	-13.0	-10.6	18.6	22.1	2.8	-9.8

Source: Statistics Canada, RBC Economics Research