



MANITOBA SHINES AS THE LONE BRIGHT LIGHT AMONG PROVINCIAL ECONOMIES IN 2009: RBC ECONOMICS

TORONTO, September 16, 2009 — Manitoba now stands as the only province that will see its economy grow in 2009, according to a new report by RBC Economics.

“Manitoba’s well-diversified economy has allowed it to withstand the impact of the major downturn in the global and U.S. economies,” noted Craig Wright, senior vice-president and chief economist, RBC. “While the province’s real GDP is only expected to eke out a small gain, it still makes Manitoba the only province in Canada we forecast will see positive growth in 2009.”

RBC projects that Manitoba’s real GDP will grow by 0.1 per cent in 2009, a downward revision from the 0.5 per cent projected in June. This softer growth forecast indicates that the grain harvest will be lower-than-expected this year relative to 2008. According to the most recent estimates from Statistics Canada, production declines of approximately 16 per cent are being anticipated for both wheat and canola, as wet planting conditions in the spring are taking a greater toll than expected.

Strained finances in states within the U.S. are impacting bus orders, which affect the transportation equipment manufacturing sector in the province. Overall manufacturing activity to date is down by more than 6 per cent from levels a year ago, although this decline is much smaller than the 20 per cent drop recorded nationally. Manitoba also topped national results for residential investment and employment during the first half of 2009. Residential investment grew by 0.3 per cent, compared to a national decline of 12.6 per cent, while employment levels moved upward by 0.1 per cent, compared to a national decline of 1.4 per cent.

RBC expects growth in Manitoba to rebound by 3.0 per cent in 2010, as improving global and U.S. conditions strengthen demand for the province's exports. The report also anticipates that the recovering global economy will bode well for base metal price increases, which will further increase export revenues and capital expenditure on various mining projects.

The main theme of the RBC Provincial Outlook is that, while the collective performance in Canada has largely unfolded as anticipated, recent developments on the provincial side indicate that the contraction in activity is more widespread than previously thought. In response, RBC has adjusted its forecast and is projecting that nine provinces will post negative growth in 2009, leaving Manitoba as the sole province expected to show positive, if modest, growth this year. RBC is forecasting that the economies of all ten provinces will expand in 2010, with western Canada leading the way. Saskatchewan and Nova Scotia are now expected to contract (due primarily to poor summer crop conditions and weakened capital spending, respectively). On the other hand, Ontario has shown encouraging signs that a rebound will emerge during the second half of this year, prompting a reduced rate of decline overall in 2009.

The RBC Economics Provincial Outlook assesses the provinces according to economic growth, employment growth, unemployment rates, retail sales and housing starts.

According to the report, available online as of 8 a.m. EDT today 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			%		
	<u>08</u>	<u>09</u>	<u>10</u>	<u>08</u>	<u>09</u>	<u>10</u>	<u>08</u>	<u>09</u>	<u>10</u>	<u>08</u>	<u>09</u>	<u>10</u>	<u>08</u>	<u>09</u>	<u>10</u>
N.& L.	-0.1	-3.5	2.0	3.2	3.1	3.0	7.6	0.9	4.3	1.5	-2.4	1.1	13.2	15.4	15.5
P.E.I.	0.9	-0.1	2.0	0.7	0.6	0.7	5.6	-1.0	4.0	1.3	-2.0	1.2	10.7	12.7	12.9
N.S.	2.0	-0.4	2.6	4.3	3.3	3.5	4.2	-1.7	4.4	1.2	-0.1	1.0	7.7	9.3	9.6
N.B.	0.0	-0.8	2.7	4.2	3.6	3.5	5.9	-1.6	4.1	0.9	-0.2	0.7	8.6	9.3	9.8
QUE.	1.0	-1.9	2.2	47.9	40.5	39.0	5.1	-1.4	4.6	0.8	-1.0	1.1	7.2	8.8	9.4
ONT.	-0.4	-3.1	2.6	75.6	51.9	65.0	3.5	-3.1	4.1	1.4	-2.4	1.0	6.5	9.3	9.9
MAN.	2.4	0.1	3.0	5.6	4.2	5.3	7.2	-1.7	5.1	1.7	0.2	1.3	4.1	5.2	5.6
SASK.	4.4	-1.3	3.6	6.8	3.2	3.7	10.6	-1.3	5.8	2.2	1.5	1.0	4.1	4.9	5.3
ALTA.	-0.2	-2.8	3.0	29.0	17.1	28.0	-0.1	-7.3	5.6	2.7	-1.1	1.1	3.6	6.6	7.1
B.C.	-0.3	-2.6	3.2	34.3	14.8	24.0	0.3	-6.4	6.0	2.1	-2.5	2.1	4.6	7.7	7.6
CANADA	0.4	-2.4	2.6	211	142	176	3.4	-3.5	4.8	1.5	-1.6	1.2	6.1	8.5	9.0

For more information, please contact:

Paul Ferley, RBC Economics, (416) 974-7231

Matt Gierasimczuk, RBC Media Relations, (416) 974-2124