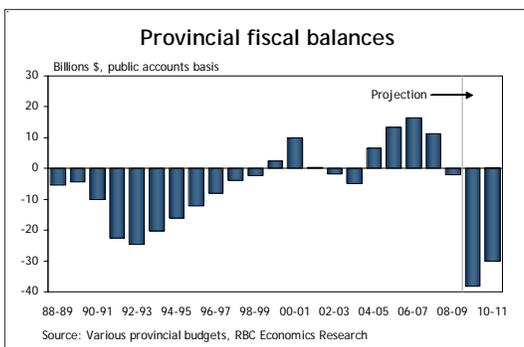
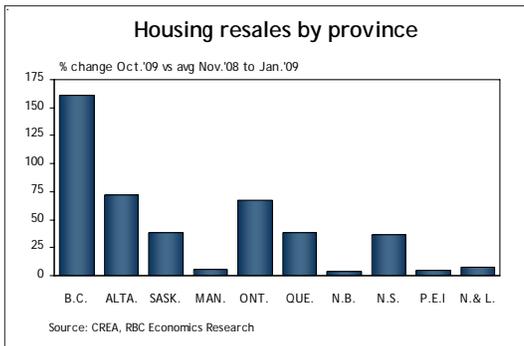
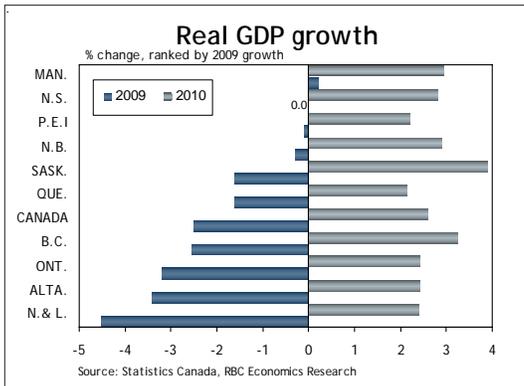


PROVINCIAL OUTLOOK

December 2009



Paul Ferley
 Assistant Chief Economist
 416-974-7231
 paul.ferley@rbc.com

Robert Hogue
 Senior Economist
 416-974-6192
 robert.hogue@rbc.com

David Onyett-Jeffries
 Economist
 416-974-6525
 david.onyett-jeffries@rbc.com

New beginnings

Turning the page on 2009 will be done with great relief almost everywhere in Canada. The past year has been, by far, the toughest since the early 1990s recession and, in some cases, the early 1980s recession. Hardship was evident from coast to coast, even in parts of the country, such as Alberta, that were previously considered almost bullet-proof. The precipitous decline in activity that started late in 2008 plunged a number of provinces – including Ontario, Alberta and British Columbia – into a deep slump through the better part of the year, which reverberated loudly in regional job markets. The ranks of the unemployed swelled and unemployment rates surged broadly, reaching the highest levels since the 1990s in Ontario and Alberta.

While many challenges will remain, 2010 promises a widespread turnaround in economic performance, albeit a modest one at first. A more sanguine global context will sharply contrast with the meltdown on the world stage that took place in 2008 and early 2009. With the financial crisis behind us and the U.S. economy on the mend, factors “external” to the provincial economies are expected to contribute positively to growth again. Perhaps more importantly, however, will be the full force of fiscal and monetary stimulus kicking in. Nearly all governments at the federal, provincial and municipal levels have initiated substantial infrastructure spending programs and these will be in high gear during the year ahead. In most cases, although not all, 2010 will be the peak of stimulus spending.

The easing of monetary policy is already having a visible impact – most notably in housing resale markets across the country – and should continue to do so despite our expectation that the Bank of Canada will gradually take its feet off the gas pedal starting mid-year. Extremely low mortgage rates have been key to the spectacular rebound in housing resale activity in every province since early 2009. In turn, this housing resurgence should be seen as evidence that consumers are feeling more upbeat even in areas of the country such as British Columbia, Ontario and Alberta where the recession caused substantial damage.

The price tag for the fiscal stimulus is enormous – huge budget deficits. Collectively, the provinces are projecting shortfalls totalling \$38.2 billion in the 2009-10 fiscal year and at least \$30.2 billion in 2010-11 (with two provinces not providing estimates), both records in terms of value. However, relative to GDP, the deficits will be modestly milder than the peaks recorded in the early 1990s. While running up huge budget shortfalls might cause some discomfort, the alternative was even less attractive given the severity of the economic downturn. Nonetheless, returning to balance during the medium-term will be a challenge involving difficult choices.

Retail sales in B.C.



Source: Statistics Canada, RBC Economics Research

Housing starts in B.C.



Source: CMHC, RBC Economics Research

In this update, there is little change to the big picture from our September *Provincial Outlook*: the contraction in activity is still seen to be widely spread in 2009 among provinces (with Manitoba and Nova Scotia the only exceptions) and the expected recovery to be equally generalized in 2010. However, we have made minor revisions to some provincial forecasts. The most significant change has been for Newfoundland & Labrador, where longer-than-expected production shutdowns in the mining sector have prompted us to deepen the real GDP decline in 2009 by one percentage point to 4.5% and to bump up growth slightly in 2010 to 2.4% from 2%. Smaller downward revisions have also been made to Alberta (to reflect weaker-than-expected momentum at this stage) in both 2009 and 2010, Saskatchewan in 2009 (in light of the dramatic drop in potash production) and Ontario in 2009 and 2010 (a larger-than-expected decline in the second quarter of 2009 and slightly more subdued recovery in 2010). On the upside, there have been some upward revisions to New Brunswick and Nova Scotia in both 2009 and 2010 (Nova Scotia is now projected to be flat in 2009), and Quebec and Manitoba in 2009.

In this report, we are also introducing forecasts for 2011, which generally depict provincial economies strengthening further. The western part of the country – led by Saskatchewan – is generally expected to grow faster than the national average of 3.9% with the exception of British Columbia, which will be feeling some post-Olympics moderation.

British Columbia – Let the games begin

As Vancouver gets ready to host the world's biggest winter sporting event in February and March, British Columbia's economy is set to enjoy a burst of economic activity that will help it move onto a recovery path in 2010. Welcoming tens of thousands of guests – athletes, coaches, officials, dignitaries, foreign media, fans and spectators – will give a big boost to tourism, retail trade and a wide variety of other services early in the year. This will translate into higher employment and spending during the many weeks that will precede and follow the 2010 Winter Olympic and Paralympic Games. This economic tonic could not come soon enough for a province that has been hit hard by the recession. In 2009, the B.C. economy is projected to contract by 2.6%, the worst performance since 1982. Most sectors shared in the downturn, with particularly steep declines in manufacturing, natural resources, construction, services, capital spending, government revenues and the labour market.

However, signs of recovery have emerged in recent months. The most striking development has no doubt been the stunning rally in sales of existing homes since reaching a multi-decade low early in 2009. In fact, the B.C. resale market had fully recovered by October – thanks in large part to extremely low mortgage rates – which would have been unthinkable just a few months earlier. Also, retail sales and housing starts have trended higher since spring, albeit from low levels. After rapid job losses earlier in the year, employment picked up in the fall, although the unemployment rate remained elevated. Still, with an economy already in transition to an expansionary mode, the Olympic stimulus should abet this trend in 2010.

The brighter outlook for British Columbia is not limited to the domestic economy. Some improvement is expected on the external side as well. The key forest

products sector should finally begin to emerge from its deep slump as the U.S. housing sector is on a healing course. This will spur demand for building products south of the border – although increases in B.C. wood exports will be achieved from depressed levels. Stronger global demand for other commodities, such as metals and coal, and further development of natural gas fields in the province should also contribute to a boost in merchandise exports. Overall, the B.C. economy is forecast to grow by a solid 3.2% in 2010, the second fastest rate among provinces after Saskatchewan, and by 3.4% in 2011.

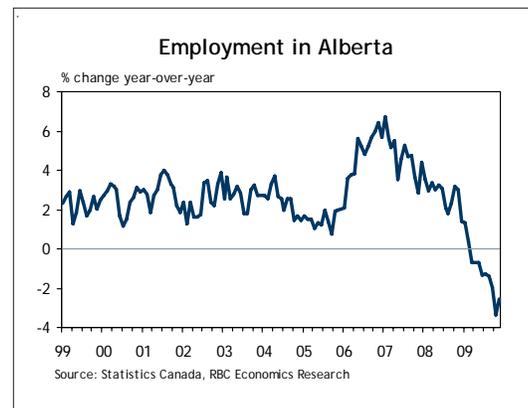
Alberta – Some patience required

The good news is that the recovery is expected to reach Alberta in 2010. The bad news is that it appears to be taking longer to arrive than in many other areas of the country and will, therefore, be relatively modest at first. Alberta's recession in 2009 has been much deeper and more pervasive than earlier anticipated. The precipitous drop in business capital spending in the energy sector that ensued from the sharp downturn in the oil and gas market after the mid-2008 peak has not only had a significant direct impact, but it also had a depressing influence on other parts of the economy. The labour market in the province substantially deteriorated during 2009, which sent the jobless rate to a 13-year high in the fall. This negatively affected consumer spending and, especially earlier in the year, demand for new housing. While some signs of a turnaround have emerged recently in the oilsands – thanks to stronger oil prices – and the housing market – thanks to extremely low interest rates – there is still little evidence of a meaningful recovery taking place in the job market and in retail spending as of late 2009.

Since a more vigorous bounce-back in the economy was previously expected to be visible at this stage in Alberta, we have revised our real GDP forecast down for 2009 to -3.4% from -2.8% in the September *Provincial Outlook*. This would rank as the second sharpest contraction among provinces after Newfoundland & Labrador. The other implication of this slower-than-anticipated momentum is that the Alberta economy will start the new year in relatively low gear, which will also restrain the overall growth performance in 2010. Accordingly, we have reduced our growth forecast for 2010 to 2.4% from 3% in September, or just slightly below the national average.

Nonetheless, a recovery is slowly but surely taking shape in the province. Major players in the oilsands have announced plans to boost spending on new projects in the coming year. Drilling activity likely reached rock bottom in 2009 and has scope to go up modestly, with natural gas prices projected to rise to US\$6/mmbtu (NYMEX) in 2010 from a seven-year low of US\$4/mmbtu in 2009. Residential construction investment is expected to ramp up now that the resale market has greatly recovered and the earlier glut of homes available for sale has largely dissipated. Housing starts are forecast to jump to 28,500 units in 2010 from 18,900 units in 2009 (a 13-year low). As the recovery gains traction, the job situation should gradually turn around, with employment growing by 1.2% following a similar-sized decline in 2009.

While Alberta is not exactly bursting out of the gate in this recovery, momentum is expected to build in the course of 2010 so that the provincial economy should be firing on all cylinders by 2011, when growth is forecast to accelerate to a strong 4.4%.



Saskatchewan – To reclaim growth leadership in 2010

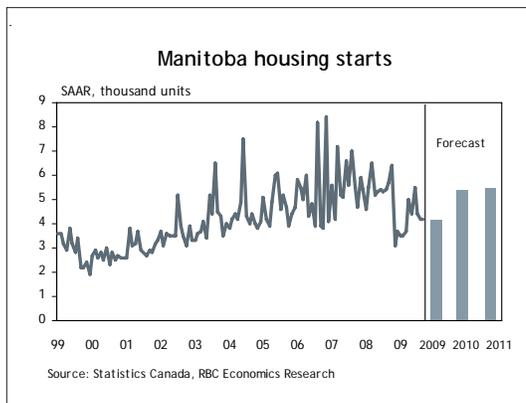
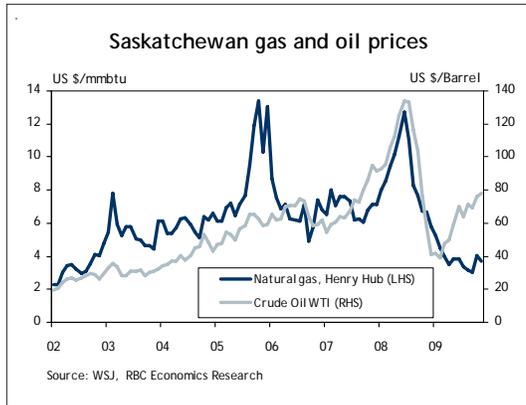
In light of persisting weakness in a number of key natural resource sectors, we have once again lowered our 2009 growth outlook for Saskatchewan to a decline of 1.6% compared to our September projection of -1.3%. There has been no let-up in the slackening of potash production, which was down a sizeable 61% through August compared to year-ago levels. The earlier run-up in prices resulted in a marked reduction in global fertilizer use which, in turn, has severely crimped demand for potash. Also disappointing has been a similar 61% fall-off in oil and gas drilling activity in the province through September, depressed by poor market conditions for natural gas – weak demand, strong supply in the United States, bloated inventories and, until very recently, very low prices. Earlier this year, we had anticipated that business investment would help keep growth in positive territory in the province in 2009. However, the sharper-than-expected deterioration in the prices of key commodities has undermined this anticipated boost. A partial offset to these negative factors has been a slight upgrade in the 2009 grain harvest with weather conditions turning more favourable in the province at a critical time this fall. Although the total volume of the six main field crops was still down by more than 1% relative to the 2008 harvest, this is a stark improvement as the undershoot looked closer to 15% at the time of our September publication.

The good news is that the main sources of weakness are expected to reverse in 2010, thanks in large part to a steady acceleration in global growth. Although the global recovery is expected to be modest by historical standards, it will be sufficient to boost both demand and prices for key commodities such as potash and natural gas. This should also contribute to some strengthening in capital investment activity in Saskatchewan, including in projects such as Potash Corporation's expansion of its Rocanville mining operation. Rebounding activity globally will also likely support grain prices. However, it is a return to more normal weather conditions at the start of the growing season that will likely be the more important factor contributing to an expected rise in the volume of agricultural production in 2010. Fiscal stimulus in the form of infrastructure spending will continue to support growth in 2010, although it will start to be unwound in 2011.

For 2010, we are expecting Saskatchewan's economy to grow by 3.9%, followed by a strong 4.6% rise in 2011. This will return the province to the top of the growth ranking among provinces after likely losing this honour to Manitoba in 2009.

Manitoba – Hanging tough

Since our September update, the province of Manitoba has been hit with both good news and bad news. On the positive side, Statistics Canada's November estimates for the 2009 crop harvest showed notable upward revisions compared to the projections calculated in July. Although production of wheat is still estimated to have fallen by close to 7% from 2008, canola has been upgraded to a nearly 10% increase, representing much better outcomes than the 16% drop for both crops as estimated in July. The upward revisions reflect more favourable weather conditions late in the growing season and suggest some upside to the growth in farm cash receipts of 0.8% in 2009 projected by Statistics Canada in June. On the



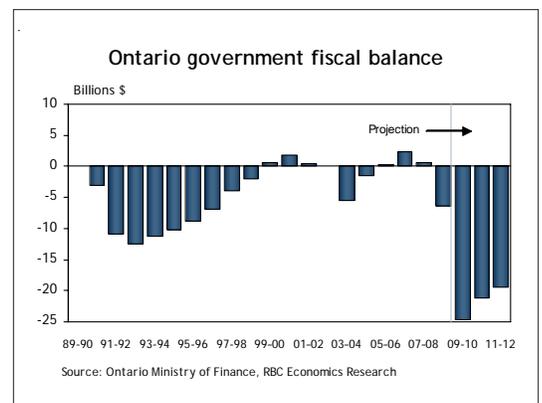
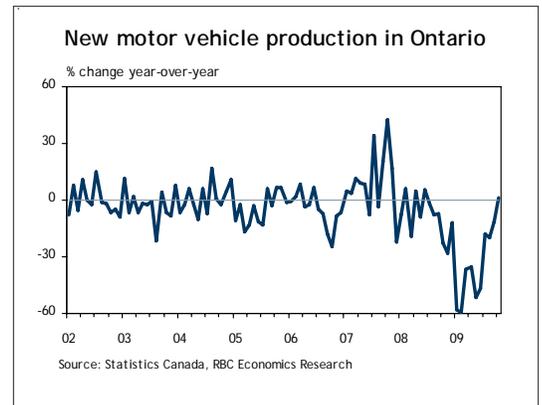
downside, manufacturing activity has weakened markedly in the third quarter, dropping 17% based on manufacturing sales compared to year-earlier levels. This departed from a more moderate -6% pace in the first half of this year but still represented a slightly better performance than manufacturing activity nationally, which continued to plummet by 19% in the third quarter after slumping by 20% during the first half of the year. The recent deterioration in Manitoba's manufacturing has been led by weakness in the machinery component.

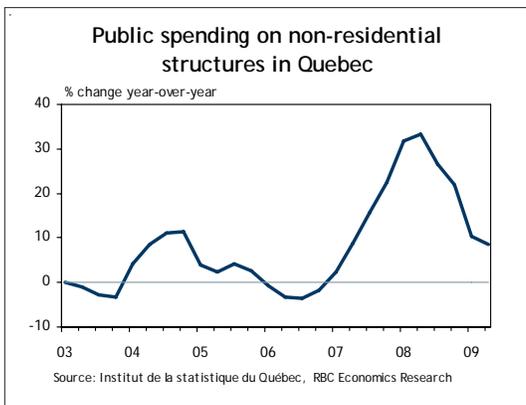
Nonetheless, most other indicators are suggesting that the worst of the economic storm has passed. For example, housing starts troughed in the province in the first quarter and have since trended higher. Similarly, year-over-year growth in retail sales excluding the volatile gasoline stations component returned to positive territory in the third quarter, after falling -2.8% in the first quarter. This revival was backed by a relatively good performance in Manitoba's labour market throughout the year. Employment in the province has maintained a fairly steady – albeit modest – upward trend through 2009, rising by 0.2% on average during the first three quarters. In fact, the province is one of only three projected to show an overall job gain in 2009.

Overall, the positive forces in the economy are expected to dominate the recent weakness in manufacturing and produce a positive growth rate of 0.2% in Manitoba in 2009, the only province to achieve such a feat. In 2010, the improving patterns already in motion will be supplemented by the further recovery in the Canadian and, perhaps more importantly, U.S. economies. This will result in both increased demand for provincially produced products such as electricity, aerospace equipment and urban transit buses and higher prices for natural resource commodities. Better prospects for the natural resources sector is already evident with the announcement in October that HudBay planned to immediately restart its idled Chisel North zinc mine, with full production expected to be reached by the second quarter of 2010. This followed an earlier announcement by the company of the exploration and development of its Lalor deposit. Capital spending in the province will also continue to be fuelled by ongoing work on Manitoba Hydro's \$1.3 billion Wuskwatim generation project, which is expected to be completed by 2011. With the domestic and external sectors contributing positively, provincial growth is forecast to strengthen to 3% in 2010 and 4% in 2011.

Ontario – Looking forward to sunnier days

The upside of having been knocked down by a very tough recession is that things can only get better! On that score, Ontario's economy can indeed look forward to 2010 after the *annus horribilis* it has endured in 2009. Growth is expected to make a return to the province with the help of recovering U.S. demand and still highly stimulative fiscal and monetary policy in 2010. Yet, the pace of recovery is most likely to be restrained, at least in the early going, given the amount of restructuring that will continue to take place, especially in the hard-hit manufacturing sector. Overall employment gains are also likely to be on the moderate side as firms will want to use their current workforce more fully before expanding payrolls. Real GDP and employment in the province are forecast to grow by 2.4% and 1.1% in 2010, respectively, which would be slightly below the national average. In the case of employment, the expected gains would not make up for the substantial losses (245,000) during the recession until sometime in 2011.





There is evidence that Ontario's economy has already begun to turn the corner. After a near-death experience during the first half of 2009, the all-important automotive sector has sprung back to life since summer – thanks in part to the U.S. “cash for clunkers” program that temporarily propped up car sales south of the border. Although still facing many obstacles, this sector is expected to continue to heal in the year ahead. The housing sector has shown signs of vigour for the past several months, most clearly in the resale market – where activity is back in record territory – but also to a lesser degree in home building. Driven by some improvement in motor vehicle sales, retail sales have trended higher since about spring after plunging late in 2008. The earlier deterioration in the labour market appears to have stabilized, with the jobless rate no longer surging and even easing a little since mid-summer (although remaining historically high). Finally, a significant boost to non-residential construction is being felt with public infrastructure spending kicking into high gear. This spending is expected to reach its cruising speed in 2010.

The price for fiscal stimulus, however, is the return of government deficits. In Ontario's case, the deficit for the 2009-10 fiscal year is now pegged at \$24.7 billion, an all-time record for the province. With shortfalls in the following two years also revised higher to \$21 billion and \$19 billion, respectively, the task of balancing the provincial books within the next five to six years will be challenging and will require some element of fiscal restraint once the economy is back on track. Partly offsetting any negative impact in the medium-term will be the benefits of implementing the Harmonized Sales Tax (HST) on July 1, 2010. Although the HST will result in certain currently exempt products and services being taxed, moving to a value-added tax structure will make the tax system more economically efficient and will improve the competitiveness of Ontario businesses by lowering the cost of doing business in the province.

Quebec – All about timing

Compared to other parts of the country, the recession hit the Quebec economy with a bit of a delay and its effects have been somewhat less damaging thanks in part to offsetting factors such as an early start to the run-up in public infrastructure spending. Unfortunately, this delayed response is also expected to apply to the recovery in 2010 in the province. Whereas hard-hit sectors in other provinces (e.g., oilsands investment in Alberta and auto production in Ontario) are already showing signs of snapping back or, at least, coming off cyclical lows, the downturn is still exerting a depressing effect on key industrial sectors in Quebec. The aerospace industry is a case in point. Having navigated quite deftly, under the circumstances, through the better part of 2009, the industry has seen a significant drop in aircraft orders recently, which will cause a reduction in production rates and the layoffs of many workers, as well as weigh on exports in the period ahead. Housing construction is another sector that avoided critical injuries earlier in 2009 but which has yet to set itself on a sustained recovery path, in contrast to the “V”-shape patterns emerging in the housing starts of other provinces such as British Columbia and Alberta.

Thus, while Quebec's economy should share in the benefits from a generalized recovery and enter 2010 in expansionary mode, the momentum it will carry into the new year is likely to be relatively weak. As 2010 unfolds, new headwinds will

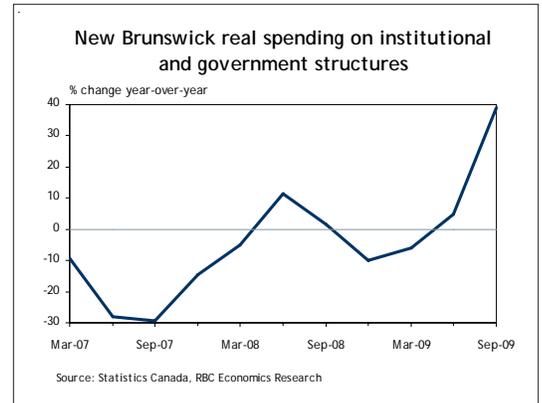
also arise in the form of retrenchment in public infrastructure spending. The levels of capital expenditures on roads, public transit, schools, hospitals, municipal infrastructure and other public works will remain historically elevated in early 2010. However, the five-year Quebec Infrastructures Plan laid out last January budgeted a decline of more than 5% in capital outlays in 2010-11, following a surge of more than 8% in 2009-10. Therefore, the cushion this plan provided against the recession in 2009 will start to reverse next year. Business capital spending – which plummeted in 2009 – is likely to pick up the slack as firms return to better health, financing is more easily available and major projects in the energy, mining and metal processing industries proceed.

In this context, real GDP growth in 2010 in Quebec is forecast to be 2.2%, unchanged from our September *Provincial Outlook*, one of the slowest rates among provinces. However, this would follow a better-than-average performance in 2009, when a decline of 1.6% (revised from -1.9%) is projected compared to a contraction of 2.5% for Canada as a whole. As the recovery gathers strength in the coming year, this should lead to a much faster growth rate in the province in 2011, pegged at 3.7%. This would represent the best performance since 2000.

New Brunswick – Bold stimulus providing needed help

With the global economic downturn ravaging the external side of its economy, New Brunswick's government stepped in with a massive infrastructure program (just boosted to \$1.6 billion over two years) and income tax reform (providing \$400 million in tax relief) in an effort to support the domestic economy. This powerful response has offered a substantial offset to the economic weakness in 2009, propelling growth in non-residential investment and contributing to New Brunswick being one of only three provinces expected to experience employment growth. However, these relative strengths will not be enough to completely counteract the overwhelming impact of weak North American demand and soft commodity prices on New Brunswick's manufacturing and export sectors (manufacturing shipments and nominal exports were both down 27% year-to-date through September). Consequently, real GDP is forecast to fall by 0.3% for 2009, representing a small improvement from the decline of 0.8% projected in our September report.

Government action will factor strongly into the economy again in 2010, although, this time, it will contribute to achieving overall growth in the province. The recently released 2010 budget allocates \$896 million to capital projects for 2010-11, or a 34% increase, which should go a long way to filling the hole in business capital spending left by the completion of major capital projects such as the Canaport LNG plant. A provincial income tax cut worth \$258 million will start in January which, combined with further improvement in the job market, should both stimulate consumer spending and support demand for housing. With the economic recovery gaining traction in the United States and commodity prices staying on a firming trend through 2010 – boosting the prospects for the province's exports – the elements should be in place for New Brunswick's economy to start expanding again. Real GDP is forecast to grow by 2.9% in 2010 (revised up from 2.7%), which is slightly stronger than the national average of 2.6%. The pace of growth is expected to accelerate to 3.7% in 2011.



Nova Scotia – Steady as she goes

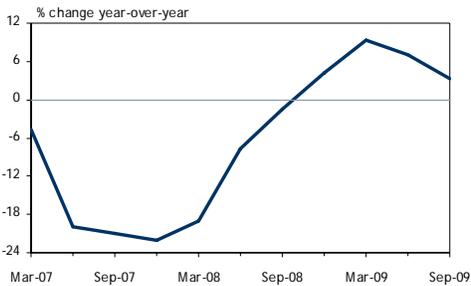
The effects of the downturn in the global economy have had a significant impact on the external side of Nova Scotia's economy, but the province's better-than-expected domestic sector has managed to keep the province afloat through a tumultuous 2009. Accordingly, we have revised up our forecast for growth in the most populous Atlantic province in 2009 and 2010 to 0.0% and 2.8%, respectively, from -0.4% and 2.6% in our September report. Resilience in the overall economy has been reflected in the labour market's performance. Employment in Nova Scotia has been little changed since 2008 as job losses in manufacturing have been fully offset by gains in the services sector and public administration. Such relative buoyancy has contributed to limiting declines in consumer spending and residential investment in the province, both of which deteriorated significantly less than at the national level in 2009. Non-residential construction investment has seen substantial growth in 2009 thanks to the provincial government's \$800 million infrastructure investment and the continued work on Encana's Deep Panuke offshore platform. However, economic conditions outside of Nova Scotia's borders have not been kind, and weak demand for the province's natural resources and manufactured goods, combined with falling commodity prices, have taken a significant toll on exports.

The overall outlook for Nova Scotia in 2010 is encouraging. On the external side, continued strengthening in the U.S. economy should provide a much-needed boost to Nova Scotia's key exports. In turn, this should lead to increased production in the energy sector and even a revival of the province's hard-hit forestry sector. Domestically, the resilience demonstrated by the job market in 2009 should give way to actual job gains in 2010, which is expected to spur growth in consumer spending and housing market activity. However, even with continued government infrastructure spending, non-residential construction investment will likely see a significant pullback with the winding down of the Deep Panuke project later in the year. The lull in major capital projects will be evident until other proposed projects, such as the Keltic petrochemical plant and Maple liquefied natural gas project, move forward. In 2011, real GDP growth in the province is forecast to gather more speed, reaching 3.8%.

Prince Edward Island – More than lobsters and Green Gables

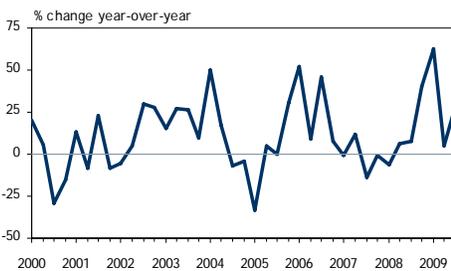
Prince Edward Island has managed to weather the economic downturn better than most of the rest of the country; yet, we still expect the province to experience a slight contraction in 2009, with real GDP growth forecast at -0.1% (unchanged from our September report). The global economic downturn has resulted in weak demand for the Island economy's traditional sectors of tourism and seafood. The former sector has seen room nights sold fall 4.4% year-to-date through October, while the latter has seen prices so depressed that the total value of the 2009 catch is 25% below 2008 despite record lobster landings and increased catches in all fishing areas. Fortunately, this weakness is almost entirely offset by significant growth in the province's emergent technology industries, particularly aerospace manufacturing and bioscience. Strong demand for potato products, as evidenced by a 25% increase in farm cash receipts for the crop in the first half of the 2009, also provided support to the economy. Export gains in these two areas have more than offset the precipitous decline in seafood exports on a nominal basis, allowing Prince Edward Island to be the

Nova Scotia total real non-residential building construction



Source: Statistics Canada, RBC Economics Research

Prince Edward Island transportation equipment manufacturing sales



Source: Statistics Canada, RBC Economics Research

only province to show an increase (0.4%) in merchandise exports in the first nine months of 2009.

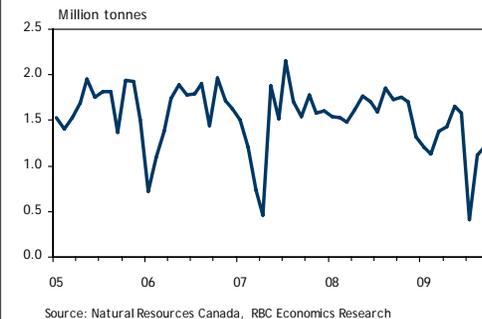
Non-residential investment will maintain its strong pace in 2010 thanks to substantial support from the provincial government, which has allocated \$133 million for capital projects, and continued investment in the technology sectors. Also, further growth in the province's aerospace and bioscience industries should contribute to nation-leading employment growth of 2.1% (tied with British Columbia). In turn, this is expected to support growth in consumer spending and residential investment. On the external side, improving global economic conditions should improve demand for shellfish exports and tourism and support modest growth in PEI's economy of 2.2% in 2010 (revised up slightly from 2.0% in September) and 3.4% in 2011.

Newfoundland & Labrador – Mining its way back to growth

After suffering a significant setback in its resource sector in 2009, Newfoundland & Labrador's economy is set to jump back into growth mode in 2010. Major declines in mining and crude oil production during the past year are expected to be largely reversed. Stronger global demand for iron ore and the eventual settlement of a labour dispute at the Voisey's Bay nickel operations are forecast to boost metal mining output and the imminent entry into service of the North Amethyst satellite field — an expansion to White Rose — will provide a temporary lift to offshore oil production. This positive swing in a sector that represents approximately 30% of real GDP in the province will once more be the dominant factor in overall growth in 2010, contributing more than one percentage point to output. We forecast real GDP growth at 2.4%, revised up from 2% in September, and a 1.5% increase in 2011. In 2009, the slump in mining and oil and gas extraction is likely to lop off more than six percentage points from real GDP growth, which has been revised lower to -4.5% to reflect longer-than-anticipated mining operation shutdowns.

The remaining 70% of the provincial economy is expected to fare relatively well in 2010. Capital investment, which ramped up considerably in 2009, will continue to be a key driver of activity, although the completion of the North Amethyst expansion of White Rose early in the year will have a dampening effect. Work on Vale's Long Harbour nickel processing facility will advance further as will several infrastructure projects that are part of the provincial government's aggressive infrastructure plan — \$800 million in 2009-10 and \$800 million in 2010-11. As the general economic recovery sets in, employment should start rising again in the province, following significant losses during 2009 that resulted in part from plant closures in the manufacturing sector. The improving outlook for jobs and continued low interest rates should sustain growth in consumer spending — retail sales are forecast to grow by 4.2% in 2010, up from a respectable 2% in 2009, which was the only increase among provinces. With other megaprojects in the pipeline, including offshore oil project Hebron, which is still promising attractive economic opportunities through the medium term, the recent upturn in net in-migration is likely to persist and should continue to fuel demand for housing in the province. Housing starts are forecast to remain historically elevated at 3,000 units in 2010, although this would be flat from 2009. Starts reached a three-decade high in 2008 and fell only modestly in 2009 in sharp contrast to dramatic declines in most other provinces.

Iron ore production in Newfoundland & Labrador



Forecast detail

Average annual % change unless otherwise indicated

	Real GDP				Employment				Unemployment rate				Housing starts				Retail sales				CPI			
									%				Thousands											
	08	09	10	11	08	09	10	11	08	09	10	11	08	09	10	11	08	09	10	11	08	09	10	11
N. & L.	0.5	-4.5	2.4	1.5	1.5	-2.5	0.6	1.8	13.2	15.5	15.7	14.9	3.2	3.0	3.0	3.1	7.6	2.0	4.2	5.4	2.9	0.4	1.8	2.3
P.E.I.	0.5	-0.1	2.2	3.4	1.3	-1.3	2.1	1.2	10.7	12.2	12.0	11.7	0.7	0.7	0.8	0.8	5.6	-0.7	3.7	4.4	3.4	0.0	2.2	2.4
N.S.	2.2	0.0	2.8	3.8	1.2	0.0	1.3	2.0	7.7	9.2	9.4	8.8	4.3	3.6	4.1	4.1	4.2	-0.3	4.4	4.9	3.0	0.0	2.1	2.4
N.B.	0.0	-0.3	2.9	3.7	0.9	0.1	1.3	1.5	8.6	8.9	8.9	8.5	4.2	3.6	3.7	3.5	5.9	-0.4	3.7	4.1	1.7	0.3	2.0	2.3
QUE.	1.0	-1.6	2.2	3.7	0.8	-1.0	1.1	2.2	7.2	8.5	8.8	8.1	47.9	41.5	42.0	44.0	5.1	-0.9	4.3	5.1	2.1	0.6	1.6	2.2
ONT.	-0.5	-3.2	2.4	4.0	1.4	-2.4	1.1	2.5	6.5	9.1	9.7	8.5	75.6	50.0	65.0	68.0	3.5	-2.7	3.8	5.6	2.3	0.3	1.3	2.1
MAN.	2.0	0.2	3.0	4.0	1.7	0.2	1.4	2.2	4.1	5.2	5.5	4.9	5.6	4.2	5.4	5.5	7.2	-1.3	5.1	5.8	2.2	0.7	1.8	2.3
SASK.	4.2	-1.6	3.9	4.6	2.2	1.5	1.2	2.7	4.1	4.8	5.1	4.5	6.8	3.5	4.1	4.4	10.6	-2.3	5.5	6.1	3.2	1.3	2.3	2.9
ALTA.	0.0	-3.4	2.4	4.4	2.7	-1.2	1.2	3.1	3.6	6.6	6.9	5.9	29.0	18.9	28.5	30.5	-0.1	-8.5	4.9	7.0	3.2	-0.2	1.3	2.0
B.C.	0.0	-2.6	3.2	3.4	2.1	-2.4	2.1	1.7	4.6	7.6	7.5	6.9	34.3	15.6	24.5	27.5	0.3	-5.8	5.7	4.6	2.1	0.1	1.2	2.0
CANADA	0.4	-2.5	2.6	3.9	1.5	-1.5	1.3	2.3	6.2	8.3	8.7	7.8	211	144	181	191	3.4	-3.3	4.4	5.5	2.4	0.3	1.5	2.2

Key provincial comparisons

2008 unless otherwise indicated

	<u>N. & L.</u>	<u>P.E.I.</u>	<u>N.S.</u>	<u>N.B.</u>	<u>QUE</u>	<u>ONT</u>	<u>MAN</u>	<u>SASK</u>	<u>ALTA</u>	<u>B.C.</u>
Population (000s)	506	139	937	747	7,753	12,936	1,206	1,014	3,596	4,384
Gross domestic product (\$ billions)	31.3	4.6	34.2	27.4	302.2	587.8	50.8	63.5	291.3	197.9
Real GDP (\$2002 billions)	20.0	4.1	29.2	23.4	269.7	532.2	42.4	41.6	185.8	164.5
Share of Canada real GDP (%)	1.5	0.3	2.2	1.8	20.4	40.3	3.2	3.1	14.1	12.5
Real GDP growth (CAR, last five years 03-08, %)	2.8	1.9	1.2	1.4	2.0	1.9	2.7	3.0	3.6	3.1
Real GDP per capita (\$)	39,398	29,745	31,193	31,254	34,780	41,141	35,160	41,024	51,665	37,529
Real GDP growth rate per capita (CAR, last five years 03-08, %)	3.2	1.6	1.3	1.5	1.3	0.8	2.0	2.6	1.1	1.8
Personal disposable income per capita (\$)	24,804	23,169	25,510	25,087	25,504	28,774	26,360	28,782	36,896	28,368
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 (November 2009, %)	50.0	61.0	58.8	59.1	59.5	61.0	65.6	66.3	68.5	60.7
Discomfort index (inflation + unemp. rates, October 2009)	16.6	11.2	8.9	9.0	9.0	9.5	5.9	5.6	7.6	7.7
Manufacturing industry output (% of real GDP)	4.6	9.5	9.6	11.2	17.6	17.0	12.2	7.8	8.9	9.4
Personal expenditures goods & services (% of real GDP)	54.7	71.4	71.8	69.0	64.1	60.1	64.5	58.6	53.2	69.5
International exports (% of real GDP)	37.8	29.7	23.4	41.5	33.6	42.5	32.3	37.6	36.9	26.8

Source: Statistics Canada, RBC Economics Research

British Columbia

		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Real GDP	\$2002 millions	146,541	153,489	159,916	164,519	164,520	160,325	165,519	171,147
	% change	3.6	4.7	4.2	2.9	0.0	-2.6	3.2	3.4
Employment	thousands	2,063	2,131	2,195	2,266	2,314	2,259	2,307	2,347
	% change	2.4	3.3	3.0	3.2	2.1	-2.4	2.1	1.7
Unemployment rate	%	7.2	5.9	4.8	4.2	4.6	7.6	7.5	6.9
Retail sales	\$ millions	47,217	49,286	52,837	56,365	56,562	53,304	56,342	58,916
	% change	6.3	4.4	7.2	6.7	0.3	-5.8	5.7	4.6
Housing starts	units	32,925	34,667	36,443	39,195	34,250	15,600	24,500	27,500
	% change	25.8	5.3	5.1	7.6	-12.6	-54.5	57.1	12.2
Consumer price index	2002=100	104.2	106.3	108.1	110.0	112.3	112.4	113.8	116.1
	% change	2.0	2.0	1.7	1.7	2.1	0.1	1.2	2.0

Alberta

		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Real GDP	\$2002 millions	163,564	170,872	181,418	185,870	185,780	179,463	183,842	191,931
	% change	5.3	4.5	6.2	2.5	0.0	-3.4	2.4	4.4
Employment	thousands	1,757	1,784	1,871	1,959	2,013	1,989	2,013	2,076
	% change	2.4	1.5	4.8	4.7	2.7	-1.2	1.2	3.1
Unemployment rate	%	4.6	3.9	3.4	3.5	3.6	6.6	6.9	5.9
Retail sales	\$ millions	43,372	48,493	55,942	61,160	61,069	55,860	58,610	62,684
	% change	10.3	11.8	15.4	9.3	-0.1	-8.5	4.9	7.0
Housing starts	units	36,270	40,847	48,962	48,336	28,967	18,900	28,500	30,500
	% change	0.3	12.6	19.9	-1.3	-40.1	-34.8	50.8	7.0
Consumer price index	2002=100	105.9	108.1	112.3	117.9	121.6	121.4	122.9	125.4
	% change	1.4	2.1	3.9	4.9	3.2	-0.2	1.3	2.0

Saskatchewan

		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Real GDP	\$2002 millions	37,741	38,904	38,520	39,896	41,583	40,918	42,513	44,448
	% change	5.1	3.1	-1.0	3.6	4.2	-1.6	3.9	4.6
Employment	thousands	480	483	492	502	513	521	527	541
	% change	0.8	0.8	1.7	2.1	2.2	1.5	1.2	2.7
Unemployment rate	%	5.3	5.1	4.7	4.2	4.1	4.8	5.1	4.5
Retail sales	\$ millions	10,259	10,796	11,495	12,984	14,360	14,031	14,802	15,700
	% change	4.1	5.2	6.5	13.0	10.6	-2.3	5.5	6.1
Housing starts	units	3,781	3,437	3,715	6,007	6,792	3,500	4,100	4,400
	% change	14.1	-9.1	8.1	61.7	13.1	-48.5	17.1	7.3
Consumer price index	2002=100	104.6	106.9	109.1	112.2	115.9	117.3	120.0	123.5
	% change	2.2	2.2	2.0	2.9	3.2	1.3	2.3	2.9

Manitoba

		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Real GDP	\$2002 millions	37,861	38,860	40,158	41,593	42,407	42,492	43,745	45,473
	% change	2.2	2.6	3.3	3.6	2.0	0.2	3.0	4.0
Employment	thousands	577	580	587	596	607	608	616	630
	% change	1.1	0.6	1.1	1.6	1.7	0.2	1.4	2.2
Unemployment rate	%	5.3	4.8	4.3	4.4	4.1	5.2	5.5	4.9
Retail sales	\$ millions	11,692	12,381	12,870	14,008	15,017	14,824	15,583	16,494
	% change	6.7	5.9	3.9	8.8	7.2	-1.3	5.1	5.8
Housing starts	units	4,440	4,731	5,028	5,738	5,550	4,200	5,400	5,500
	% change	5.6	6.6	6.3	14.1	-3.3	-24.3	28.6	1.9
Consumer price index	2002=100	103.8	106.6	108.7	110.9	113.4	114.2	116.3	118.9
	% change	1.9	2.7	1.9	2.1	2.2	0.7	1.8	2.3

Ontario

		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Real GDP	\$2002 millions	496,780	510,509	522,845	534,880	532,209	515,178	527,749	548,859
	% change	2.6	2.8	2.4	2.3	-0.5	-3.2	2.4	4.0
Employment	thousands	6,317	6,398	6,493	6,594	6,687	6,529	6,602	6,767
	% change	1.7	1.3	1.5	1.6	1.4	-2.4	1.1	2.5
Unemployment rate	%	6.8	6.6	6.3	6.4	6.5	9.1	9.7	8.5
Retail sales	\$ millions	129,086	135,321	140,808	146,252	151,375	147,267	152,835	161,410
	% change	3.2	4.8	4.1	3.9	3.5	-2.7	3.8	5.6
Housing starts	units	85,114	78,795	73,417	68,123	75,567	50,000	65,000	68,000
	% change	-0.1	-7.4	-6.8	-7.2	10.9	-33.8	30.0	4.6
Consumer price index	2002=100	104.6	106.9	108.8	110.8	113.3	113.6	115.1	117.6
	% change	1.9	2.2	1.8	1.8	2.3	0.3	1.3	2.1

Quebec

		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Real GDP	\$2002 millions	251,028	255,559	259,853	267,033	269,665	265,350	271,055	281,084
	% change	2.7	1.8	1.7	2.8	1.0	-1.6	2.2	3.7
Employment	thousands	3,680	3,717	3,765	3,852	3,882	3,844	3,886	3,973
	% change	1.4	1.0	1.3	2.3	0.8	-1.0	1.1	2.2
Unemployment rate	%	8.5	8.3	8.0	7.2	7.2	8.5	8.8	8.1
Retail sales	\$ millions	78,518	82,533	86,709	90,663	95,321	94,446	98,488	103,548
	% change	4.2	5.1	5.1	4.6	5.1	-0.9	4.3	5.1
Housing starts	units	58,448	50,910	47,877	48,553	47,925	41,500	42,000	44,000
	% change	16.2	-12.9	-6.0	1.4	-1.3	-13.4	1.2	4.8
Consumer price index	2002=100	104.5	106.9	108.7	110.4	112.7	113.4	115.2	117.8
	% change	1.9	2.3	1.7	1.6	2.1	0.6	1.6	2.2

New Brunswick

		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Real GDP	\$2002 millions	22,366	22,638	23,254	23,356	23,351	23,281	23,956	24,842
	% change	2.8	1.2	2.7	0.4	0.0	-0.3	2.9	3.7
Employment	thousands	350	351	355	363	366	367	371	377
	% change	2.0	0.1	1.4	2.1	0.9	0.1	1.3	1.5
Unemployment rate	%	9.8	9.7	8.8	7.5	8.6	8.9	8.9	8.5
Retail sales	\$ millions	7,963	8,326	8,814	9,318	9,872	9,833	10,201	10,618
	% change	1.7	4.6	5.9	5.7	5.9	-0.4	3.7	4.1
Housing starts	units	3,947	3,959	4,085	4,242	4,175	3,600	3,700	3,500
	% change	-12.1	0.3	3.2	3.8	-1.6	-13.8	2.8	-5.4
Consumer price index	2002=100	104.9	107.4	109.2	111.3	113.2	113.5	115.7	118.4
	% change	1.4	2.4	1.7	1.9	1.7	0.3	2.0	2.3

Nova Scotia

		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Real GDP	\$2002 millions	27,710	28,016	28,254	28,598	29,215	29,215	30,033	31,174
	% change	0.9	1.1	0.8	1.2	2.2	0.0	2.8	3.8
Employment	thousands	442	443	442	448	453	453	459	468
	% change	2.6	0.2	-0.3	1.3	1.2	0.0	1.3	2.0
Unemployment rate	%	8.8	8.4	7.9	8.0	7.7	9.2	9.4	8.8
Retail sales	\$ millions	10,297	10,527	11,163	11,636	12,129	12,096	12,633	13,253
	% change	2.8	2.2	6.0	4.2	4.2	-0.3	4.4	4.9
Housing starts	units	4,717	4,775	4,896	4,750	4,267	3,600	4,100	4,100
	% change	-7.4	1.2	2.5	-3.0	-10.2	-15.6	13.9	0.0
Consumer price index	2002=100	105.3	108.2	110.4	112.5	115.9	115.8	118.3	121.1
	% change	1.8	2.8	2.1	1.9	3.0	0.0	2.1	2.4

Prince Edward Island

		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Real GDP	\$2002 millions	3,877	3,921	4,026	4,126	4,148	4,144	4,235	4,379
	% change	2.6	1.1	2.7	2.5	0.5	-0.1	2.2	3.4
Employment	thousands	67	68	69	69	70	69	71	72
	% change	1.3	1.9	0.6	1.1	1.3	-1.3	2.1	1.2
Unemployment rate	%	11.2	10.8	11.1	10.3	10.7	12.2	12.0	11.7
Retail sales	\$ millions	1,385	1,424	1,512	1,629	1,721	1,709	1,772	1,850
	% change	0.1	2.8	6.2	7.7	5.6	-0.7	3.7	4.4
Housing starts	units	919	862	738	750	700	740	750	780
	% change	12.9	-6.2	-14.4	1.6	-6.7	5.7	1.4	4.0
Consumer price index	2002=100	105.8	109.1	111.6	113.6	117.5	117.4	120.0	122.9
	% change	2.2	3.2	2.2	1.8	3.4	0.0	2.2	2.4

Newfoundland & Labrador

		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Real GDP	\$2002 millions	17,209	17,593	18,201	19,856	19,953	19,055	19,512	19,805
	% change	-1.2	2.2	3.5	9.1	0.5	-4.5	2.4	1.5
Employment	thousands	214	214	216	217	220	215	216	220
	% change	1.0	-0.1	0.7	0.7	1.5	-2.5	0.6	1.8
Unemployment rate	%	15.7	15.2	14.8	13.6	13.2	15.5	15.7	14.9
Retail sales	\$ millions	5,755	5,826	6,026	6,567	7,063	7,207	7,512	7,915
	% change	0.3	1.2	3.4	9.0	7.6	2.0	4.2	5.4
Housing starts	units	2,870	2,498	2,234	2,649	3,233	3,000	3,000	3,100
	% change	6.6	-13.0	-10.6	18.6	22.1	-7.2	0.0	3.3
Consumer price index	2002=100	104.8	107.6	109.5	111.1	114.3	114.7	116.7	119.5
	% change	1.8	2.6	1.8	1.4	2.9	0.4	1.8	2.3

Source: Statistics Canada, RBC Economics Research

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