



## **ATLANTIC CANADA'S ECONOMY POISED FOR GROWTH IN 2010: RBC ECONOMICS**

### **Economic recovery supported by capital spending and stronger global demand for key exports**

**TORONTO, March 11, 2010** — All Atlantic Canadian provinces are set for growth in 2010 after a challenging year that impacted key regional sectors, according to a new report by RBC Economics.

“After weathering a difficult economic climate last year, Atlantic Canada can look forward to positive economic momentum in 2010,” said Craig Wright, senior vice-president and chief economist, RBC.

In Nova Scotia, RBC is projecting a 2.2 per cent rate of growth for 2010. This is revised slightly downward from the 2.8 per cent rise projected in the December Outlook.

Expected job growth of 0.9 per cent should support a rise in consumer spending, with retail sales forecast to increase by 4.5 per cent this year. Increased U.S. demand and rising commodity prices are expected to boost provincial exports, including forest products and energy.

“The manufacturing sector in Nova Scotia has been particularly hard hit over the past year, but job losses have been limited due to growth in the services sector and public administration as well as the effect of significant stimulus investment,” Wright added. “Looking ahead, increased natural resource production and stronger international demand for these commodities should offset weaker growth in capital spending. We expect Nova Scotia’s economy to grow by 2.9 per cent in 2011.”

New Brunswick’s economy suffered through a challenging economic landscape over the past year, as weak commodity prices and downbeat external economic conditions hampered the manufacturing and natural resource sectors. However, the provincial government’s large stimulus program (\$1.6 billion over two years) helped limit the overall negative impact of the recession, as New Brunswick was able to avoid the large employment losses that occurred in other provinces.

According to the RBC report, New Brunswick's economy is expected to grow in 2010 thanks in part to \$896 million in infrastructure spending and personal tax cuts totalling \$258 million taking effect.

"Investment in the mining, energy production and transportation equipment sectors should contribute to a notable improvement in the manufacturing industry, which is key for a sustained provincial economic recovery," explained Wright. "We're forecasting real GDP growth of 2.4 per cent in 2010 and 3.3 per cent in 2011."

Newfoundland and Labrador posted the sharpest economic decline among provinces in 2009 at 4.5 per cent. With large declines in energy and mining production, employment in the province fell by 5,200 in the past year.

On the bright side, RBC anticipates that Newfoundland and Labrador will lead the country in economic growth in 2010, with a projected GDP rate of 4.1 per cent. Increased production of crude oil and mineral products, along with a surge in capital spending, should fuel this growth. Retail sales are expected to rise by 4.3 per cent in 2010, with housing starts remaining steady at 3,200 units.

"Aggressive infrastructure spending, along with strong private capital investment and improvement in the mining, oil and gas extraction and utilities sectors should lead to a sharp rebound in growth in the provincial economy this year," Wright said.

According to the RBC report, Prince Edward Island has come through the recession in better shape than many of Canada's other provinces, as real GDP fell by a moderate 0.1 per cent in 2009. The province benefitted from efforts to diversify its economy away from the tourism and seafood sectors, which were weakened by the recession and the strong Canadian dollar.

An increased focus on the technology sector, including aerospace manufacturing, appears to have paid off for the province, as machinery and equipment now accounts for one-quarter of total exports in the province. Strength in this sector has limited the negative economic impact from other key provincial industries. The technology sector, along with the provincial government's five year \$510 million capital spending plan, moved non-residential building construction up by 33 per cent.

“PEI is well position to return to growth in 2010 as Real GDP is expected to rise by 2.1 per cent this year before moving ahead to 3.2 per cent in 2011,” Wright added. “The provincial government has allocated \$133 million for capital projects this year which should boost economic activity and non-residential investment.”

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

The full report and provincial details are available online as of 8 a.m. EST today [www.rbc.com/economics/market/pdf/provfcst.pdf](http://www.rbc.com/economics/market/pdf/provfcst.pdf).

**For more information, please contact:**

Robert Hogue, RBC Economics Research, (416) 974-6192

Craig Wright, RBC Economics Research, (416) 974-7457

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