



BRITISH COLUMBIA'S ECONOMY EXPECTED TO TURN THE CORNER IN 2010: RBC ECONOMICS

Stronger momentum expected to continue in 2011

TORONTO, March 11, 2010 — British Columbia is expected to be among Canada's economic growth leaders this year, with real GDP forecast to rise by 3.4 per cent, according to a new RBC Economics report. This growth rate represents a significant improvement compared to the contraction of 2.5 per cent estimated in 2009, which marked B.C.'s worst performance since 1982.

The report notes that B.C.'s renewed economic momentum will carry into 2011, with the province's growth forecast set to remain steady at 3.4 per cent. This would be modestly slower than the national average of 3.9 per cent, reflecting mostly the removal of the "stimulus" that the 2010 Olympics and Paralympic Winter Games provided.

"While it will take several months to fully assess the economic impact of the Olympics, it has undoubtedly provided a boost to tourism, retail trade and a wide variety of other services," said Craig Wright, senior vice-president and chief economist, RBC. "This will help speed up an emerging economic recovery in the province and has positioned B.C. as a top destination for travelling, emigrating and doing business."

B.C.'s economy should continue to benefit from exceptionally low interest rates, which ignited existing home sales in 2009. Housing starts are expected to rise to 25,600 units in 2010, after plummeting to 16,000 units in 2009. The introduction of the HST, however, is expected to temper new home building in the second half of the year.

The outlook is encouraging for B.C.'s labour market, with an expected return to pre-recession levels by the end of the year. RBC Economics is forecasting an annual rise of 2.1 per cent this year, much improved from a 2.4 per cent decline in 2009. The unemployment rate is projected to average 7.7 per cent, or slightly higher than the 7.6 per cent last year, due to the entry of more people into the labour force.

“Capital investment is set to pick up meaningfully in the province, thanks in large part to strength in the energy and mining sectors,” Wright added. “A recent survey of investment intentions by Statistics Canada revealed that these sectors plan to significantly ramp up capital spending by nearly \$1.4 billion (or 21 per cent) in 2010.”

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

The full report and provincial details are available online as of 8 a.m. EST today www.rbc.com/economics/market/pdf/provcst.pdf.

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