



NEWS

Quebec's economic recovery expands: RBC Economics

Increased activity in services and manufacturing sectors fuels growth

TORONTO, June 10, 2010 — Quebec's economy is poised for growth with provincial real GDP projected to increase by 3.5 per cent in 2010 (up from 2.8 per cent in the previous Outlook) and 3.3 per cent in 2011 (down from 3.5 per cent), according to the latest RBC Economic Outlook report.

"After ending 2009 on a strong note, Quebec's economy continued to bounce back as the recovery spread more broadly across sectors," said Craig Wright, senior vice-president and chief economist, RBC. "Growth was driven by gains in many sectors including wholesale and retail trade, transportation and professional services in the service industry. On the manufacturing side, business improved for producers of machinery, furniture and wood products."

The report indicated that exceptionally low interest rates and a peak in infrastructure spending this year should continue to boost activity in the province in 2010. The housing sector has benefited from the economic recovery, as home prices have set all-time highs in the province with housing starts back to traditional levels.

"It's a positive development that Quebec's economic recovery is shared amongst a variety of industrial sectors, particularly this year and next when policy stimulus is gradually reduced," added Wright.

Stronger employment prospects are also expected, as Quebec's job market has fully recovered from the losses experienced during the recession. Employment is expected to grow by 1.8 per cent in 2010 and 2.1 per cent in 2011. Quebec's unemployment rate has dropped faster than the rest of Canada, which has helped restore consumer confidence and spending in the province. 2010 retail sales are on pace to post their fastest growth since 1999, with a projected increase of 7.1 per cent.

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. EDT today www.rbc.com/economics/market/pdf/provfcst.pdf.

- 30 -

For more information, please contact:

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

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

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