



## **British Columbia's economy soldiers on: RBC Economics**

### **Solid improvements in resource sector keeping province on track**

**TORONTO, September 10, 2010** — Despite global economic uncertainty, British Columbia's economy is holding its ground with a projected growth rate of 3.3 per cent in 2010, according to a new report released today by RBC Economics.

RBC revised its forecast slightly lower by 0.2 per cent from the previous Outlook, but notes that that the forecasted growth is a welcome about-face from the recession and the estimated decline of 2.4 per cent suffered last year.

"B.C.'s economy continues to demonstrate signs of vigour confirming that last year's recession is indeed a thing of the past," said Craig Wright, senior vice-president and chief economist, RBC. "Although some of the jump coming from sectors experiencing a revival this year is likely to come under pressure later this year, fairly solid forward momentum will be maintained overall."

B.C.'s economy has significantly benefited from stronger commodities markets with softwood lumber, market pulp, coal, natural gas and copper all well above year-ago levels. The resource sector's recovery has been a big boost to the trade performance of the province, with the value of merchandise exports increasing at a double-digit rate so far this year. RBC does caution, however, that renewed weakness in U.S. residential construction is likely to create further headwind for the B.C. forest products sector and provincial exports in the near term.

According to the RBC Economics Provincial Outlook, B.C.'s economy continues to benefit from government stimulus with sharp increases in capital spending fueling non-residential construction. The housing market, however, has yet to find middle ground. After considerable swings since the end of 2007, the market is moving downward, likely reflecting the unwinding of earlier juiced-up demand from buyers advancing purchases to lock in exceptionally low interest rates and to beat the introduction of new mortgage rules in April and the HST in July.

“The wildcard for B.C.’s economy is the housing market,” added Wright. “We expect housing activity to stabilize during the second half of this year, although poor affordability levels in markets such as Vancouver pose some downside risk.”

RBC expects B.C.’s positive outlook to continue through 2011, although some modest slowing of growth is likely to occur, and projects real GDP growth of 3.1 per cent next year.

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. EDT today [www.rbc.com/economics/market/pdf/provfcst.pdf](http://www.rbc.com/economics/market/pdf/provfcst.pdf).

**For more information, please contact:**

Craig Wright, RBC Economics Research, (416) 974-7457  
Robert Hogue, RBC Economics Research, (416) 974-6192  
Elyse Lalonde, RBC Media Relations, (416) 974-8810