



NEWS

REBOUNDED RESOURCES DRIVE B.C. GROWTH: RBC ECONOMICS

TORONTO, March 11, 2011 —Despite setbacks in a number of economic sectors in the closing months of 2010, British Columbia's economy is forecast to grow at a rate of 2.9 per cent this year largely driven by a resurging resources industry, according to the latest Provincial Economic Outlook report by RBC Economics.

"We believe that the recent hesitation in B.C.'s economic performance will prove to be temporary," said Craig Wright, senior vice-president and chief economist, RBC. "Improved market conditions and the growing demand from China for provincially produced goods will be key factors to British Columbia's growth in 2011."

Aside from the success of the Winter Olympic Games, the highlight of 2010 has been the impressive rebound in British Columbia's resource sector. Most notably, the forest products sector has shown encouraging growth, despite the persisting slump in U.S. housing construction. The restoring factor here is lumber exports to the Chinese market, which more than doubled last year alone. "As global demand for commodities remains strong, the performance in the provincial resource sector will be equally impressive in 2011," explained Wright.

The British Columbian job market is projected to bounce back from its stumble in December and January when employment experienced back-to-back declines and the jobless rate recorded a one-year high. However, the RBC report projects the labour market will regain traction slowly with employment growing at a pace of 1.5 per cent in 2011.

On the fiscal side, British Columbia will be shifting to a more restrictive stance in order to achieve its deficit reduction targets – overall expenditure increases will be controlled and capital spending cut. RBC maintains that this shift, along with flat investment in non-residential structures, will be the key restraints on growth in the province this year.

Looking ahead to 2012, British Columbia's economy will set a slightly faster pace of growth at 3.2 per cent, supported by a strengthening U.S. economy and further trade advances with China.

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. ET today at www.rbc.com/economics/market/pdf/provfcst.pdf.

- 2 -

- 30 -

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