



QUEBEC'S ECONOMIC GROWTH TO EDGE DOWN IN 2011: RBC ECONOMICS

TORONTO, March 11, 2011 — Quebec's economy is forecast to expand at a slightly slower pace of 2.6 per cent in 2011 from an estimated 2.9 per cent in 2010, with continued support from improvements in the provincial job market, non-residential capital spending and demand for exports, according to the latest RBC Economics Provincial Outlook report.

After experiencing some weakness in the middle of last year, most economic indicators point to a pick up in Quebec's economic activity in the fourth quarter of 2010.

"Quebec's economic performance late last year was somewhat spotty with service-producing industries – led by wholesale trade and education – finishing very strongly, while goods-producing industries saw declines," said Craig Wright, senior vice-president and chief economist, RBC. "This kind of mixed industrial performance and a softening in residential investment will characterize 2011 in Quebec."

The RBC report notes that moderate growth will be sustained by growing industries outweighing those losing ground; and that a 6.6 per cent rise in capital spending intentions will continue to drive economic activity.

"A bright spot in Quebec's outlook will be the continued improvement in the labour market, where employment is forecasted to rise 1.9 per cent in 2011, up from a rate of 1.7 per cent in 2010," said Wright. "This would set the stage for a second straight annual decline in the unemployment rate, and maintain positive conditions for consumer spending."

Looking ahead to 2012, RBC Economics forecasts that Quebec's growth will remain relatively unchanged, accelerating marginally to 2.7 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. ET today at 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

Elyse Lalonde, RBC Media Relations, (416) 974-8810