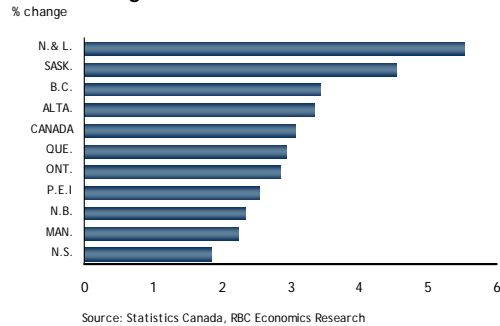


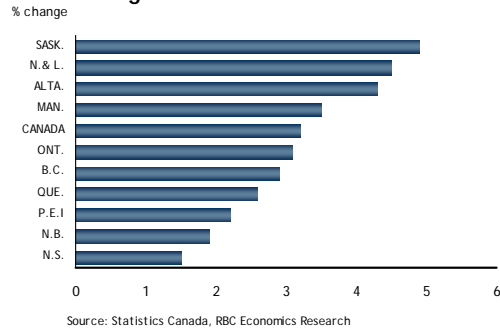
PROVINCIAL OUTLOOK

March 2011

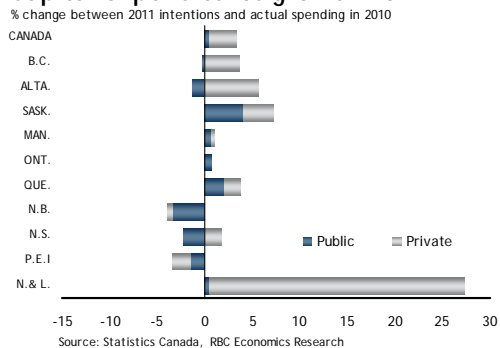
Real GDP growth 2010



Real GDP growth 2011



Capital expenditures growth 2011



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Broad-based provincial growth on track

With the soft patch encountered by the North American economy in the middle of last year now cleared, provincial economies are facing a period of sustained growth, albeit still modest for the most part. The global economic context, while still fraught with higher than usual uncertainty and developing risks, has continued to deliver increasing growth opportunities for Canadian industries from coast to coast in the past few months. South of our border, the U.S. economy has regained some heft recently and this is boosting demand for export products—including energy, aircrafts and food products—from across the country. Strong global commodity markets, however, will have particular implications for resource-producing provinces such as Saskatchewan, Newfoundland and Labrador, Alberta and British Columbia. These provinces face bright prospects not only for the production of natural resource-based products but also—and perhaps even more importantly—for the development of productive capacity for those products via increased investment.

Strong investments in resource-producing provinces

The latest piece of information that became available to help us fine tune our views on the provincial growth outlook was the Private and Public Investment (P&PI) intentions survey report released at the end of February by Statistics Canada. Generally speaking, the report confirmed that large capital investment increases, indeed, are being planned in the resource sectors (more specifically, in mining and oil and gas extraction) this year and key producing provinces—led by Newfoundland and Labrador, Saskatchewan and Alberta—will benefit the most. This report supports our view that these three provinces will rank at the top of the provincial growth standings this year. Another interesting result from the report was the resilience of capital spending in the public sector despite the anticipated winding down of a myriad of infrastructure projects receiving financial support from the federal Action Plan. Half of the provinces (Saskatchewan, Quebec, Newfoundland and Labrador, Manitoba and Ontario) still show higher spending intentions from public sources this year following what amounted to a generalized boom last year (with expenditures surging by almost 18% across all provinces).

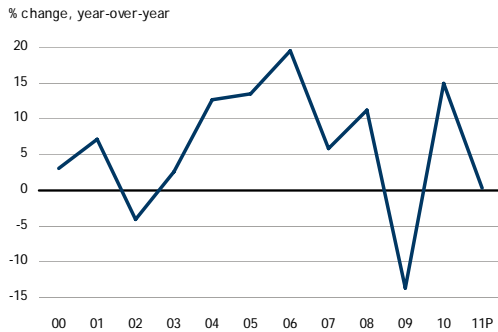
Provincial recoveries sustained, transitioning to the private sector

Nevertheless, the P&PI report reinforced two of our earlier central themes: that 2011 will see provincial recoveries being sustained, receiving support from continued growth in capital investment spending and that it will be a transition year to the ‘private’ from the ‘public’ in terms of the main source of this spending. Private investment is slated to grow faster than public investment in all provinces except Saskatchewan, Quebec, Ontario and Manitoba, although public sector increases in some of these provinces reflect higher planned spending by crown-owned utilities.

Staying the course

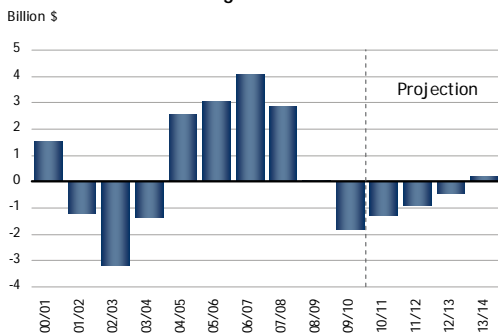
With recent data coming in roughly as expected, we made few changes to our forecasts in this *Provincial Outlook*. In terms of real GDP, the bulk of our modifications focused on 2010, although we boosted growth for Newfoundland and Labrador to 4.5% in 2011 from 3.8% previously to reflect stronger than expected capital spending intentions in the province (taking down the 2012 rate as payback) and somewhat downgraded Saskatchewan to a still vigorous rate of 4.9% amid added caution surrounding the anticipated rebound in agricultural production.

British Columbia non-res. capital expenditures



Source: Statistics Canada, RBC Economics Research

British Columbia budget balance



Source: British Columbia Ministry of Finance, RBC Economics Research

British Columbia forecast at a glance

% change unless otherwise indicated

	2009	2010	2011	2012
Real GDP	-1.8	3.4	2.9	3.2
Employment	-2.1	1.7	1.5	2.4
Unemployment rate (%)	7.7	7.6	7.4	6.8
Retail sales	-4.4	4.8	4.2	4.9
Housing starts (units)	16,077	26,479	27,900	25,300
Consumer price index	0.0	1.4	2.5	2.0

shaded area is forecast

Temporary hesitation, nothing more

The hand-off to 2011 has been somewhat shaky in British Columbia with a number of economic sectors experiencing setbacks in the closing months of 2010, following very respectable performance overall up until that point. We believe that this hesitation in the economic performance will be temporary, however, and that growth will be sustained at a rate of 2.9% this year, just shy of the estimated 3.4% pace in 2010. The B.C. economy will continue to benefit from improved market conditions for most of the commodities produced in the province and from growing demand from China. Growth will be restrained by the gradual removal of policy stimulus and flat capital investment in the province.

Resource sector on the comeback trail

The good news last year (aside from the success of the Winter Olympic Games) was the impressive rebound in British Columbia’s resource sector. In particular, strong demand and rising prices for minerals led to substantial production increases of commodities such as coal. Also, continued development of natural gas plays translated into higher natural gas output in the province, which contrasted with declines elsewhere in the country. Perhaps most encouraging was the return to life of the B.C. forest products sector despite the persistent slump in U.S. housing construction. The revival of this sector owes in large part to new opportunities being tapped in China where British Columbia’s softwood lumber exports more than doubled last year. With global demand for commodities expected to remain strong, we believe that the news for the B.C. resource sector will be equally good this year.

Job market will spring back from its stumble at the year’s turn

After improving quite steadily for the better part of last year, the B.C. labour market stumbled in December 2010 and January 2011, with employment experiencing back-to-back declines and the jobless rate surging to a one-year high. The job market weakness was, however, concentrated among part-time workers and, in our opinion, will be temporary in the context of a growing economy. Nonetheless, we expect job growth to slow to 1.5% this year from last year’s 1.7% pace.

Fiscal policy shifting to a more restrictive stance

In its 2011 Budget tabled in February, the B.C. government projected lower deficits for both 2010–11 and 2011–12, and a return to a small surplus by 2013–14, although substantial allowances for contingencies and forecast misses open the door for a balanced budget ahead of schedule. To achieve its fiscal targets, the B.C. government will restrain expenditure growth significantly. It will also cut capital spending, signalling that provincial fiscal policy is shifting to a more restrictive stance. This shift, along with flat investment in non-residential structures in the province (according to the Statistics Canada’s P&PI survey) following last year’s sharp rebound, will represent the main elements restraining growth in British Columbia in 2011.

Pace re-accelerating in 2012

We believe that the further strengthening in the U.S. economy and expanding trade ties with fast-growing China will help the B.C. economy set a slightly faster pace of growth of 3.2% in 2012.

Robert Hogue
Senior Economist



The tone is set for the best year since 2006

The new year started with a bang on the employment front in Alberta, with a strong 21,600 net new jobs created in January, the biggest monthly gain since May 2006. One month, obviously, does not make a year, but, in our opinion, it will set the tone for a notable improvement in the province's economic performance in 2011. An improved labour market will be one of the many benefits spreading from renewed strength in Alberta's oil sands, where the ramping up of capital investment will be a catalyst for stronger activity in many parts of the provincial economy. This will support an acceleration in real GDP growth to 4.3% in 2011—the best since 2006 and elevating Alberta to a Top-Three status among provinces—from 3.3% in 2010.

Job creation gaining traction

While the burst of new jobs in January is unlikely to be repeated, at least with such magnitude, in the period ahead, we view it as a signal that the labour market is finally gaining some decent traction in the province. Various sectors of the economy—including consumer spending, housing construction, business investment, oil and gas drilling, crude oil production and exports—strengthened last year; yet employment lagged the type of recovery seen elsewhere in the country. In fact, Alberta was one of only two provinces (with New Brunswick) where employment fell, overall, in 2010. The expected pick up in job creation this year—we forecast nearly 50,000 net new jobs in 2011, the highest total since 2007—will, therefore, be an important piece of the Alberta growth puzzle that was missing last year. Among other things, improved job prospects will set the stage for attracting more people to move to Alberta, for higher consumer spending and for stronger housing demand.

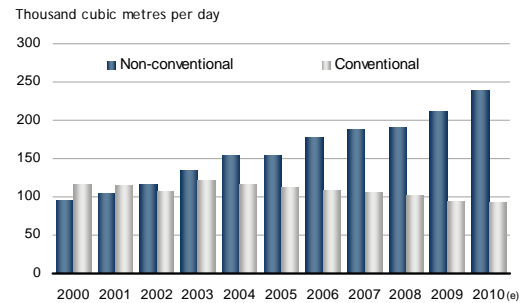
Oil sand investments ramping up

Continued recovery in the global economy will lay solid foundations for growth to accelerate in Alberta this year; however, it will be the renewed vigour in the energy sector that will have the greatest effect. With fast-growing China and other emerging economies driving global energy demand higher and crude oil supply facing disruptions in the Middle East, there will continue to be a strong focus on developing Alberta's oil sands capacity. This development will lead to further rises in non-conventional crude oil production—more than making up for the province's declining conventional crude output—and, more importantly, keep the green light switched 'on' for moving ahead with the many investment megaprojects currently in the pipeline. Statistics Canada's P&PI survey revealed in February that Alberta's oil and gas producers plan to increase their capital spending by nearly 18% this year. RBC Equity Research's most recent tally of capital budgets of companies developing oil sands projects shows a 48% surge relative to 2010 spending, thereby suggesting some upside to the Statistics Canada figures.

Solid momentum to carry into 2012

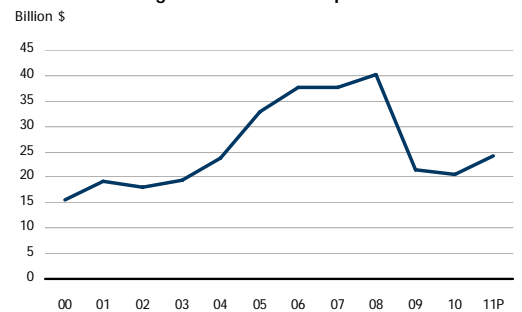
Looking farther afield to 2012, the economic picture is expected to be quite similar to this year in Alberta, with energy-related spending and rising non-conventional oil production continuing to drive growth, which we forecast at 3.8%.

Alberta crude oil production



Source: National Energy Board, RBC Economics Research

Alberta oil & gas extraction capital investment



Source: Statistics Canada, RBC Economics Research

Alberta forecast at a glance

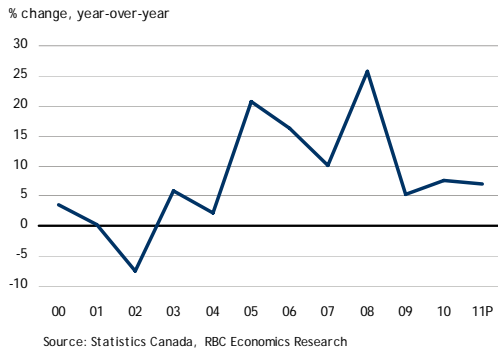
% change unless otherwise indicated

	2009	2010	2011	2012
Real GDP	-4.5	3.3	4.3	3.8
Employment	-1.4	-0.4	2.3	2.5
Unemployment rate (%)	6.6	6.5	5.8	5.5
Retail sales	-8.3	5.7	5.7	5.8
Housing starts (units)	20,298	27,088	28,100	33,300
Consumer price index	-0.1	1.0	1.6	2.0

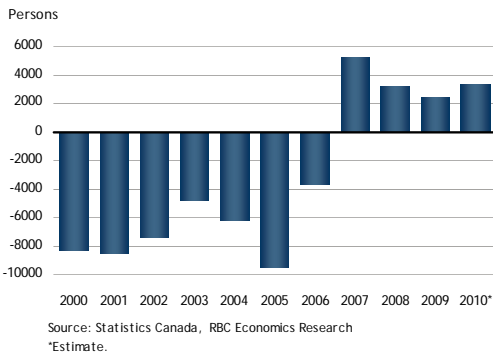
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Robert Hogue
Senior Economist

Saskatchewan non-res. capital expenditures



Saskatchewan net inter-provincial migration



Saskatchewan forecast at a glance

	2009	2010	2011	2012
Real GDP	-3.9	4.5	4.9	4.3
Employment	1.3	0.9	1.9	2.5
Unemployment rate (%)	4.8	5.2	5.0	4.6
Retail sales	-0.5	2.7	5.2	4.7
Housing starts (units)	3,866	5,907	5,100	5,300
Consumer price index	1.1	1.3	2.8	2.8

shaded area is forecast

Capital spending to support growth

Strong investment intentions and mineral production augur well for Saskatchewan leading all provinces in terms of growth in 2011. The recently released Statistics Canada P&PI survey showed a 7.0% increase in spending plans this year on non-residential construction and machinery and equipment in the province. While this represented some slowing from the 7.7% rise in actual expenditures in 2010, we believe there is scope for an even better performance. In recovery periods, survey respondents often tend to under-estimate their true spending, which was the case last year when initial intentions for 2010 indicated a lower 5.9% increase. Such a dynamic provides some upside to the eventual results in 2011, in which the rise could well return to the double digits that prevailed from 2005 to 2008. Based on current plans, two-thirds of the increase in investments will take place in the utilities sector (showing a 62.0% surge). The other third will come from the mining and oil and gas extraction sector, although entirely on the strength of oil and gas operations (whose spending will jump by 12.8%). Surprisingly, the non-energy mining component, which includes potash extraction, will decline by 7.6% following a 49.1% surge in 2010. Given recent strengthening in both the demand for and price of potash, we anticipate actual 2011 spending in this sector will register an increase.

Potash production surging

Growing global demand for potash has been clearly evident in the production numbers for this commodity with activity rising 130% nationally in 2010 (until the end of November). This increase helped more than reverse the almost 60% decline recorded in 2009, which was a key factor that sent overall GDP growth down 3.9% in 2009. The sharp reversal last year lies behind our estimated 2010 growth rebound to 4.5%.

Better growing conditions this year?

Tempering the expected rebound in 2010 was a sharp drop in agricultural output with production expected to be down around 17%. This setback largely reflected particularly wet conditions for most of the growing season. We are assuming that a return to more normal weather conditions will allow agricultural activity to rebound 8% in 2011; however, we have become more cautious about the projected production rebound on the basis of indications of continuing high moisture levels in most of the producing areas of the province.

Saskatchewan to lead all provinces in growth

The projected rebound in agricultural production will support economic growth this year in accelerating to 4.9%, although the bigger growth contributor will be the strong investment spending. We believe that the wave of new capital investments in Saskatchewan will carry into 2012, reflecting our expectation of continued, robust, global demand for most natural resource products. In turn, this global demand is expected to keep real GDP growth at an impressive 4.3% in 2012, once again placing Saskatchewan at the top of the provincial rankings.

Favourable demographic fundamentals

Optimism about growth in the province during the forecast period is also a reflection of on going support from favourable population growth in the province in recent years. Since 2007, Saskatchewan has enjoyed net inflows from other provinces after seeing net outflows since 1984.

Paul Ferley
Assistant Chief Economist



Gathering Speed

Recent data for Manitoba have shown a marked strengthening in its economy at the tail end of 2010. This strength has been evident in employment where the rate of increase picked up to 2.5% in the final quarter of 2010 from 2.0% in both the second and third quarters. The improving trend has been even clearer in the manufacturing sector where activity is on track to grow by approximately 7% in the fourth quarter of 2010 after a gain of 1% in the third quarter and declines in the first half of the year. The strengthening in manufacturing owed much to the transportation equipment and fabricated metal products components, which benefitted from both rebounding activity in the United States and higher capital spending in Western Canada. Although manufacturing activity looks like it was flat overall in 2010, this represents a marked improvement from a 9% drop in 2009. We expect the improving trend in manufacturing to continue in 2011 as the economic strength in the United States and Western Canada continues.

Upside to capital spending this year

Optimism about overall GDP growth this year in Manitoba was tempered by the recently released Statistics Canada's P&PI survey. This report indicated that business investment spending in Manitoba will remain flat this year after a much stronger than expected 11.2% rise in 2010. However, we believe that current intentions could well be on the low side, because this survey can underestimate actual investments during a recovery period, as evidenced by the survey results last year that initially pointed to a 1.5% drop in capital spending in 2010. The apparent stagnation in 2011 reflects unchanged expenditure in the three main areas that drove spending growth higher in 2010, namely utilities, mining and the provincial government. Although fiscal restraint may limit spending in the latter, we expect that solid demand for natural resources will contribute to an eventual boost in spending in mining in 2011.

Agriculture rebound likely

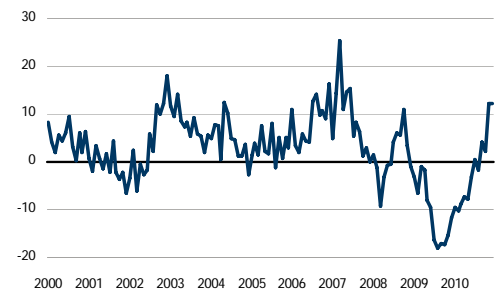
Lifting growth prospects for Manitoba this year is an expected rebound in agriculture after poor growing conditions sent agricultural output plunging last year. We have, however, scaled down our rebound expectations for the sector in light of concerns about continuing high moisture levels in most producing areas that will need to subside to enable more normal crop levels. All things considered, the strengthening in manufacturing, business investment and agricultural production is expected to generate a 3.5% rise in provincial real GDP in 2011 up from an estimated 2.2% increase in 2010. Growth is expected to continue in 2012 at a rate of 3.2%, supported by sustained economic recoveries in both the United States and elsewhere in Canada, which will fuel further gains in manufacturing and construction activity in the province.

Strong net migration lending a helping hand

Providing additional support to the Manitoba economy in both the near and long terms will be further strong expected net gains in international migration (reflecting in part the success of the Provincial Nominee Program). The recent years' wave of international immigration into Manitoba has contributed to faster provincial population growth, which reached 1.3% in 2010, thereby surpassing the national average of 1.2%. Since 1952, there has been only one other period, 1983 to 1985, when Manitoba's population growth outpaced the national average.

Manitoba manufacturing

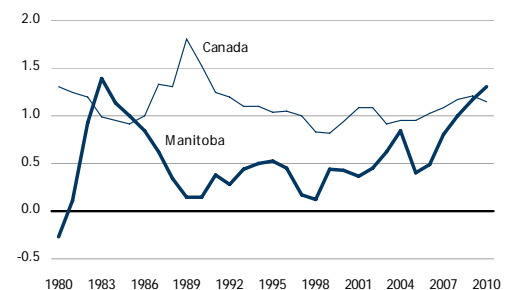
% change, year-over-year, S.A.



Source: Statistics Canada, RBC Economics Research

Manitoba population growth

% change, year-over-year



Source: Statistics Canada, RBC Economics Research

Manitoba forecast at a glance

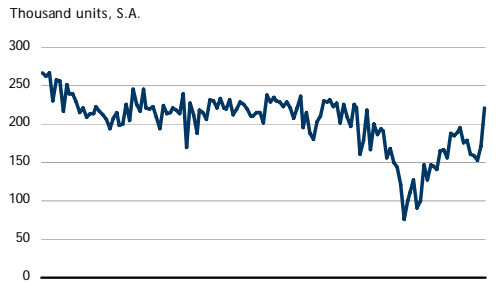
% change unless otherwise indicated

	2009	2010	2011	2012
Real GDP	0.0	2.2	3.5	3.2
Employment	0.0	1.9	1.9	1.7
Unemployment rate (%)	5.2	5.4	4.9	4.8
Retail sales	-0.4	5.5	4.9	5.2
Housing starts (units)	4,174	5,888	5,400	5,400
Consumer price index	0.6	0.8	2.2	2.2

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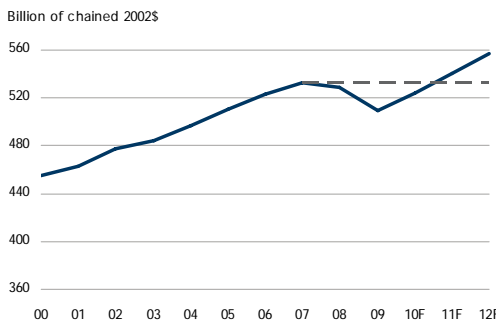
Paul Ferley
Assistant Chief Economist

Canadian* motor vehicle production



Source: AUTONEWS, RBC Economics Research
*Virtually all motor vehicle production in Canada takes place in Ontario.

Ontario Real GDP



Source: Statistics Canada, RBC Economics Research

Ontario forecast at a glance

% change unless otherwise indicated

	2009	2010	2011	2012
Real GDP	-3.6	2.8	3.1	3.1
Employment	-2.5	1.7	2.1	2.1
Unemployment rate (%)	9.0	8.7	8.0	7.5
Retail sales	-2.5	5.0	4.2	4.3
Housing starts (units)	50,370	60,433	53,700	53,500
Consumer price index	0.4	2.4	3.0	2.1

shaded area is forecast

Entering expansion phase

The mid-year 2010 slowing in Ontario’s economy, thankfully, proved to be just a brief pause in its march toward full recovery. Evidence abounds that the pace of activity has strengthened since then and, with general conditions expected to improve further both domestically and south of the border, this leads us to expect a slight acceleration in overall growth this year. We forecast Ontario’s real GDP to rise modestly to 3.1% in 2011 from 2.8% in 2010, thereby marking the province’s best performance since 2002. The even better news is that the losses during the tough recession of 2008–2009 will be fully recovered in the course of 2011, allowing Ontario’s economy to enter the expansion phase of the cycle.

The Ontario economy picked up its game lately

While official confirmation that real GDP re-accelerated in the late stages of 2010 is not yet available, there are a number of other economic indications that the Ontario economy picked up its game lately. After struggling somewhat in the late-summer to early-fall stretch, the provincial labour market has since showed impressive gains. Consumer spending ended 2010 on a strong note, with retail sales growing at their fastest rate in years in the fourth quarter and home resales rebounding smartly from their summer lows. A surge in renovation supported faster growth in residential investment in the fourth quarter, while non-residential investment maintained its second-fastest rate of increase since early 2006. Merchandise exports recently recovered more ground despite minimal gains in manufacturing sales; however, a surge in motor vehicle production in January augurs well for a stronger advance early in 2011. The majority of economic indicators, therefore, point to a solid handoff to 2011.

Stronger U.S. economy bodes well for Ontario

Ontario’s domestic economy has performed quite strongly, overall, so far in the recovery. In fact, final domestic demand surpassed pre-recession peaks at the start of last year and has moved further above that ever since. The next stage of the recovery will rest increasingly on demand from the United States, Ontario’s biggest external market. On that front, we believe that the outlook is reasonably bright because we forecast the U.S. economy to grow faster in 2011 (3.4%) than it did in 2010 (2.8%). Of particular importance for the province is our expectation of continued increases in U.S. motor vehicle sales, which are projected to rise by nearly 15% to 13.2 million units this year.

Capital investment levelling off

A main restraining factor to provincial growth in 2011 will be the levelling off of capital investment after being a powerful contributor in 2010. Various public infrastructure projects in the health and education sectors will wind down, although further strong increases in transportation-related outlays (including for public transit) will keep public capital spending from falling outright this year. On the private-business side, capital spending will surge in the mining sector but there will be little change elsewhere.

Expansion at last

With Ontario’s external trade performance expected to switch to a higher gear, we believe that the overall provincial economy will complete its recovery from the recession and graduate to expansion mode this year. This expansion will continue into 2012 when a 3.1% growth rate is forecasted.

Robert Hogue
Senior Economist



A mixed picture yet growth will prevail

Overall, we expect the Quebec economy to grow at a slightly slower rate this year compared to last year, which was the fastest since 2004. Our real GDP growth projection of 2.6% in 2011 will be supported by most of the same drivers—including an improving job market, rising capital spending and growing demand for the province’s exports—that were behind our estimated rate of 2.9% in 2010. A key element missing this year, however, will be residential investment, which we expect to edge lower following a very strong run since the middle of 2009.

Momentum already slowed

Slower momentum in the provincial economy has been evident since earlier last year, when sectors such as housing, manufacturing, and wholesale and retail trade experienced bouts of weakness. Real GDP in the province even declined marginally in the third quarter according to figures from the *Institut de la statistique du Québec*. While most indicators suggest to us that growth resumed in the fourth quarter (quarterly estimates of real GDP are not yet available for that period), the performance in the closing months of 2010 has been rather spotty. Service-producing industries—led by wholesale trade and education—ended the year on a very strong note, while goods-producing industries, for the most part, saw declines. In our opinion, this kind of mixed performance with growing industries slightly outweighing those losing ground will characterize 2011.

Job market to improve further

Nonetheless, economic activity will be vigorous enough to support further improvement in the labour market. We project employment in the province to rise by 1.9% in 2011, up from a rate of 1.7% in 2010. This result would allow the jobless rate to ease for a second consecutive year, edging down to 7.8% in 2011 from 8.0% in 2010. Steady employment gains in the province (our projected employment growth would translate into nearly 70,000 net new jobs this year) will have widely felt benefits across the economy, including industries dependent on consumer spending and by various levels of government.

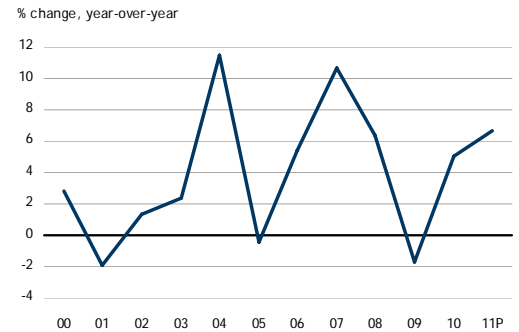
Capital spending still riding high

One key engine of growth that provided significant thrust last year was capital spending. In 2011, a part of this engine—non-residential investment—will continue to fire-up economic activity. Statistics Canada’s P&PI survey released last month revealed that businesses and governments are planning to boost their expenditures on non-residential construction and machinery and equipment by 6.6% in the province this year, up from 5.0% last year. The business sector (including crown corporations) will be behind substantial increases in the mining, utilities and primary metal industries. In contrast to many other provinces, the public sector in Quebec will ramp up its capital spending by 6.6% with strong rises in sectors such as education, health and transportation (public transit). On the other hand, investment in housing is slated to decline modestly, and this is reflected in our forecast for housing starts, which shows a decline to 46,200 units in 2011 from 51,363 units in 2010.

Moderate growth maintained in 2012

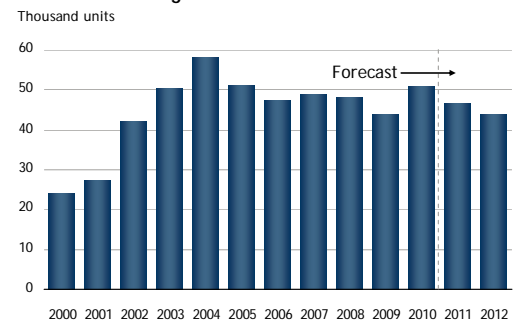
Looking beyond this year, we expect growth to remain little changed in 2012, accelerating marginally to 2.7%.

Quebec non-residential capital expenditures



Source: Statistics Canada, RBC Economics Research

Quebec housing starts



Source: CMHC, RBC Economics Research

Quebec forecast at a glance

% change unless otherwise indicated

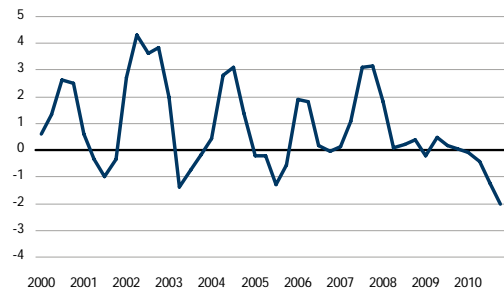
	2009	2010	2011	2012
Real GDP	-0.3	2.9	2.6	2.7
Employment	-0.8	1.7	1.9	1.8
Unemployment rate (%)	8.5	8.0	7.8	7.6
Retail sales	-1.1	5.6	3.9	3.8
Housing starts (units)	43,403	51,363	46,200	44,300
Consumer price index	0.6	1.3	2.2	2.2

shaded area is forecast

Robert Hogue
Senior Economist

New Brunswick employment

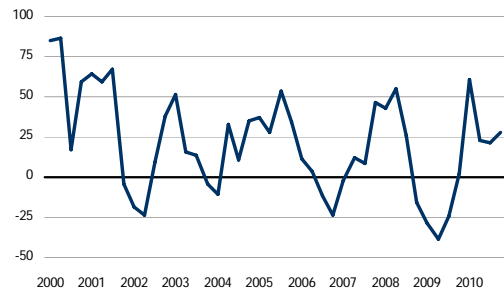
% change, year-over-year, quarterly



Source: Statistics Canada, RBC Economics Research

New Brunswick nominal energy exports

% change, year-over-year, quarterly



Source: Statistics Canada, RBC Economics Research

New Brunswick forecast at a glance

% change unless otherwise indicated

	2009	2010	2011	2012
Real GDP	-0.3	2.3	1.9	2.3
Employment	0.1	-1.0	0.4	1.3
Unemployment rate (%)	8.8	9.3	8.9	8.4
Retail sales	0.7	4.1	3.2	3.8
Housing starts (units)	3,521	4,101	3,300	3,200
Consumer price index	0.3	2.1	2.1	2.3

shaded area is forecast

Two-tiered performance

Rapid commodity sector expansion will contrast with a lacklustre domestic economy in New Brunswick this year. We believe that this two-tiered performance will moderate provincial real GDP growth to 1.9% in 2011, down from an estimated 2.3% in 2010. We further expect that this pattern of modest commodity-driven expansion will continue next year, resulting in the growth rate re-accelerating to 2.3% in 2012.

First, the good news

Strong demand and firmer prices for commodities led to significant strength in New Brunswick’s manufacturing and natural resource sectors in 2010. Energy exports were up 32% in nominal terms for the course of the year, thanks largely to the first full year of operations at the Canaport liquefied natural gas terminal. Forestry and industrial goods exports both rose by more than 20%, while agricultural exports grew by 5.4%. Renewed vigour in these areas provided a boost to manufacturing activity, with food and wood shipments increasing substantially in 2010. A sustained global recovery should keep the province’s commodity sector firm for the next two years, although the current pace of expansion is unlikely to continue.

Domestic economy struggles

While the external side of the New Brunswick economy surged in 2010, the domestic economy was considerably weaker. Employment fell, with the economy losing 3,400 jobs during the course of the year, despite a jump in construction and trade jobs. Average weekly earnings grew at a lethargic 1.6% pace, although personal income tax cuts provided some extra cash for consumers. Not all of the domestic news was bad, however. There was definite strength in the construction sector, with housing starts rising 30%. Non-residential investment also grew in 2010, although this was entirely due to government stimulus spending—private investment fell by 10.4%. With stimulus spending starting to wind down in 2011 and several private-sector projects ending, we expect weaker non-residential investment this year. The recently released Statistics Canada’s P&PI survey suggests that investment will fall by 4% in the province in 2011.

Deficit reduction

After increasing its deficit projection for 2010–11 to \$820 million in its latest fiscal update, the provincial government recently announced efforts to save \$42.9 million this fiscal year through a 1% cut in expenditures. However, many of the planned reductions appear to be, in fact, just postponements that will push expenditures into the next fiscal year. We expect the upcoming provincial budget to provide greater clarity on the expenditure front that would help assuage fears of runaway structural deficits, which were brought to the fore last year when Standard and Poor’s downgraded New Brunswick’s credit rating outlook.

Growth picking up in 2012

Looking further afield, we expect growing contributions from the commodities sector with the opening of the Sussex potash mine to provide a new avenue of growth for the provincial economy in 2012. We believe such developments will be central for real GDP to advance a little faster by a rate of 2.3% for 2012.

Kirsten Cornelson
Economist



Treading water

Weak energy exports and a lagging labour market in Nova Scotia will continue to weigh on Nova Scotia’s economic performance this year. We are forecasting real GDP growth of just 1.5% in 2011, down slightly from an estimated 1.8% in 2010. The economy, however, looks a bit more robust in the medium term due to an expected rise in energy production and new construction activity that we believe will lift Nova Scotia’s economic growth rate to 2.0% in 2012.

Energy woes

The energy sector in Nova Scotia has struggled in the past two years because maturation at the province’s largest offshore natural gas field has caused steep declines in production. Combined with weak natural gas prices, this pulled the value of energy exports down by nearly 38% in 2010. We expect this trend to continue until production at the Deep Panuke natural gas field begins in late 2011. Other export categories fared better in 2010, with machinery and equipment, and forestry exports both growing by more than 20%. Continued growth in the United States should help sustain export growth going forward.

Construction sector strong, moderation ahead

Nova Scotia saw brisk construction activity in 2010. Housing starts were up 28%, while non-residential investment grew 4.4%. Anticipated higher borrowing costs and restrained economic growth in the province will, however, likely put a damper on residential construction this year and next. Non-residential construction is also expected to slow in 2011, with the recently released Statistics Canada’s P&PI survey indicating a slight decline in planned investment in the province from 2010 levels. We expect construction activity to pick up again in 2012 and beyond, however, with work beginning on several new projects.

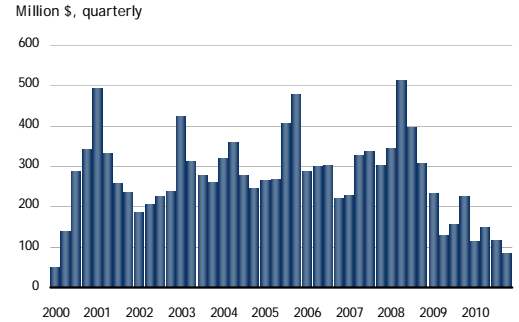
Government austerity taking effect

The last budget update indicated that the Nova Scotia government will finish 2010–11 with a small surplus, a significant improvement compared to the \$222 million deficit projected in the budget; however, the government was careful to point out that the province’s fiscal worries are far from finished. Large structural challenges and a growing debt-to-GDP ratio led the government to announce several fiscal austerity measures in the 2010–11 budget. Expenditures are to be reduced by 0.4% in each of the next four years, and new tax measures were introduced. A commitment to reduce the civil service by 10% by 2013–14 has already begun to take effect, with employment in public administration down 4.2% in 2010. The overall effect of government cutbacks was fairly muted in 2010 because of continued stimulus funding; however, these effects should become more pronounced in 2011, as those stimulus measures are withdrawn.

A tough year ahead, but better things to come thereafter

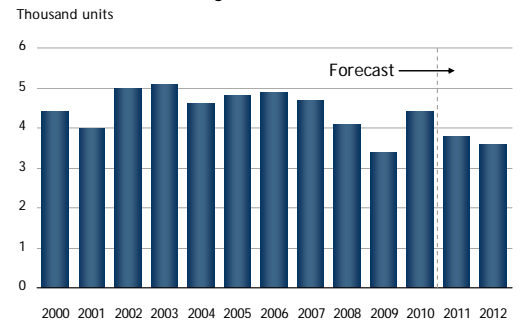
Nova Scotia is facing a fairly challenging year in 2011. While export growth will continue to provide support for the manufacturing and forestry sectors, weakened construction activity and reduced government spending will keep overall output growth subdued. The future, however, looks brighter further down the road. New energy production from the Deep Panuke natural gas field, continued global growth and stronger construction activity will put the province on a better path in 2012 with a projected growth rate of 2.0%.

Nova Scotia nominal energy exports



Source: Statistics Canada, RBC Economics Research

Nova Scotia housing starts



Source: CMHC, RBC Economics Research

Nova Scotia forecast at a glance

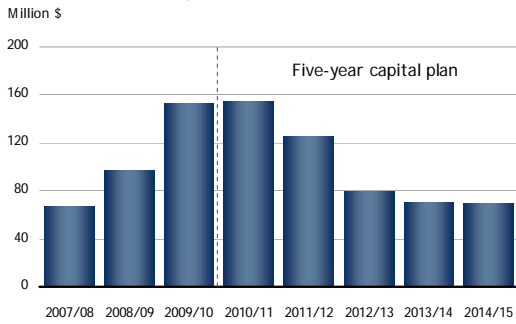
	% change unless otherwise indicated			
	2009	2010	2011	2012
Real GDP	-0.1	1.8	1.5	2.0
Employment	-0.1	0.2	1.1	1.3
Unemployment rate (%)	9.2	9.3	9.3	9.0
Retail sales	0.1	5.0	3.3	3.9
Housing starts (units)	3,438	4,309	3,800	3,600
Consumer price index	-0.1	2.2	2.7	2.3

shaded area is forecast

Kirsten Cornelson
Economist



P.E.I. provincial government capital expenditure



Source: Province of Prince Edward Island, RBC Economics Research

P.E.I. food manufacturing shipments



Source: Statistics Canada, RBC Economics Research

Prince Edward Island forecast at a glance

% change unless otherwise indicated

	2009	2010	2011	2012
Real GDP	-0.1	2.5	2.2	2.2
Employment	-1.4	3.0	1.2	1.6
Unemployment rate (%)	12.0	11.1	11.1	10.4
Retail sales	-1.3	4.9	3.5	4.3
Housing starts (units)	877	756	800	700
Consumer price index	-0.1	1.8	2.3	2.3

shaded area is forecast

Smooth sailing

Government capital spending kept the P.E.I. economy growing last year while its formerly struggling manufacturing and tourism industries began to regain their footing. With the U.S. economic recovery becoming more firmly entrenched and government capital spending expected to remain high in the province, we believe that a moderate growth rate will be sustained in the next two years. Our forecast calls for real GDP in Prince Edward Island to grow by 2.2% in both 2011 and 2012, just shy of the estimated 2.5% in 2010.

Public investment remains high

Record levels of public capital spending combined with moderate growth in private investment provided significant support for the P.E.I. economy in 2010. Total capital investment rose by nearly 5%, with equal contributions coming from the public and private sectors. We expect the government to maintain high spending levels this year, having recently announced an additional \$22 million in transportation investment for 2011 on top of the \$137 million in spending allocated in the five-year capital plan. However, the recently released Statistics Canada’s P&PI survey indicates that private-sector investment will fall by nearly 3% in 2011. The entire decline is attributable to lower housing investment plans—private non-residential spending will rise modestly. Housing starts fell in 2010 by about 10%, and we expect continued weakness in residential construction in the period ahead.

Tourism helps offset weakness in manufacturing

A significant downturn at the beginning of 2010 pushed manufacturing shipments down by 8.1% last year. Food manufacturing in particular continues to struggle as a result of weak U.S. demand: agricultural exports were down 4.0% in 2010, after a 6.5% decline in 2009. With improved conditions in the United States and higher prices expected for seafood and potatoes, this sector should see some recovery in 2011. For its part, the tourism industry saw moderate growth in 2010 following a sharp contraction in 2009. We expect tourism to remain healthy in the medium term as a result of increasing incomes on both sides of the Canada-U.S. border. However, the continuing high value of the Canadian dollar, as well as the recent surge in gasoline prices, will have a tempering effect.

Private sector to chip in more meaningfully

Despite challenges in the agricultural and manufacturing sectors in 2010, the P.E.I. economy expanded at a moderate pace thanks to strong government capital investment that provided support for employment, retail sales and wages. We believe that the private sector will chip in more meaningfully this year with improved prospects in export markets, thereby maintaining a slow and steady growth in the coming year.

Kirsten Cornelson
Economist



Resource sector running at full tilt

Global demand for Newfoundland and Labrador’s natural resources has sent the Rock’s commodity sector soaring in recent months, taking the rest of the provincial economy along with it. We expect continued strength overall in 2011, with a real GDP growth rate of 4.5%; however, declining oil production will act as a drag on growth in 2012, restraining it to just 1.5%.

Natural resources boom

After a middling start to the year, Newfoundland and Labrador’s natural resource sector grew rapidly in the last half of 2010. Offshore oil production was up slightly from 2009, thanks to contributions from the recently operational North Amethyst satellite oil field. However, the real star was metals, with the Ministry of Natural Resources monitoring a 73% increase in the value of metal shipments for 2010. Most of this increase was in iron ore, the shipments of which more than doubled amid strong global demand. The start of production at the new Labrador Iron Mines operations slated for this spring and the end of the labour dispute at Voisey’s Bay, in our view, will provide a further boost to metals output in 2011. Be that as it may, maturation at the three-largest offshore oil fields will push mineral fuel production further down in 2011 and 2012, which will restrain the pace of economic growth.

Investment takes off

The favourable commodities outlook has led to a surge in private investment, which grew by 33% in 2010. Furthermore, the recently released Statistics Canada’s P&PI survey suggests that total investment will grow by another 27% in 2011 (up 57% in mining, oil and gas.) This growth is due in part to heightened spending at the Long Harbour processing facility and to the recently approved \$300 million Millennium direct shipping ore project in Labrador. With several major projects in the pipeline (including the \$10 billion Lower Churchill project), we expect further growth in 2012 and beyond.

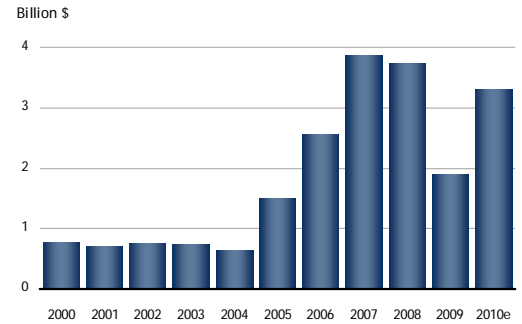
Domestic economy follows suit

Growth in the natural resource sector has provided significant benefits for the rest of the Newfoundland and Labrador economy. Strong gains in trade and other service sector occupations pushed up employment in 2010, while average weekly earnings grew by 4.7%. We expect employment and earnings growth to continue for the next two years, albeit at a slightly more moderate pace. The boom in the resource sector also contributed to an improvement in government finances: in its fall update, the provincial government announced that higher than expected resource royalties and corporate tax receipts would put it in a surplus position in 2010–11.

Continued growth on the horizon

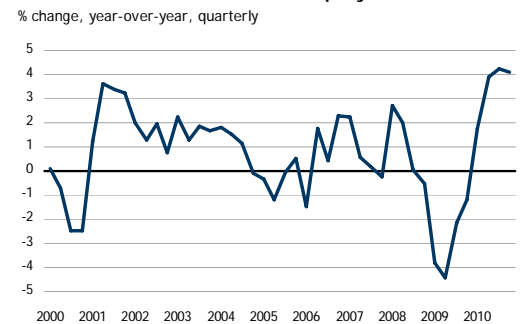
Growth in the natural resource sector helped Newfoundland and Labrador attain the highest growth rate in Canada in 2010, according to our estimates. Major project investment and growth in metals production will keep the economy going strong during 2011. While declining oil production will restrain economic growth in 2012, continued investment and a strong commodities outlook mean the long-term prospects for the province remain bright.

Newfoundland & Labrador metal shipments



Source: N&L Department of Natural Resources, RBC Economics Research

Newfoundland & Labrador employment



Source: Statistics Canada, RBC Economics Research

Newfoundland forecast at a glance

% change unless otherwise indicated

	2009	2010	2011	2012
Real GDP	-10.2	5.5	4.5	1.5
Employment	-3.0	3.4	2.9	2.2
Unemployment rate (%)	15.5	14.4	13.4	12.5
Retail sales	1.6	3.7	3.4	3.8
Housing starts (units)	3,057	3,606	3,100	3,200
Consumer price index	0.3	2.4	2.2	2.3

shaded area is forecast

Kirsten Cornelson
Economist

Forecast detail

Average annual % change unless otherwise indicated

	Real GDP				Employment				Unemployment rate				Housing starts				Retail sales				CPI			
	09	10	11	12	09	10	11	12	%				Thousands				09	10	11	12	09	10	11	12
N. & L.	-10.2	5.5	4.5	1.5	-3.0	3.4	2.9	2.2	15.5	14.4	13.4	12.5	3.1	3.6	3.1	3.2	1.6	3.7	3.4	3.8	0.3	2.4	2.2	2.3
P.E.I.	-0.1	2.5	2.2	2.2	-1.4	3.0	1.2	1.6	12.0	11.1	11.1	10.4	0.9	0.8	0.8	0.7	-1.3	4.9	3.5	4.3	-0.1	1.8	2.3	2.3
N.S.	-0.1	1.8	1.5	2.0	-0.1	0.2	1.1	1.3	9.2	9.3	9.3	9.0	3.4	4.3	3.8	3.6	0.1	5.0	3.3	3.9	-0.1	2.2	2.7	2.3
N.B.	-0.3	2.3	1.9	2.3	0.1	-1.0	0.4	1.3	8.8	9.3	8.9	8.4	3.5	4.1	3.3	3.2	0.7	4.1	3.2	3.8	0.3	2.1	2.1	2.3
QUE.	-0.3	2.9	2.6	2.7	-0.8	1.7	1.9	1.8	8.5	8.0	7.8	7.6	43.4	51.4	46.2	44.3	-1.1	5.6	3.9	3.8	0.6	1.3	2.2	2.2
ONT.	-3.6	2.8	3.1	3.1	-2.5	1.7	2.1	2.1	9.0	8.7	8.0	7.5	50.4	60.4	53.7	53.5	-2.5	5.0	4.2	4.3	0.4	2.4	3.0	2.1
MAN.	0.0	2.2	3.5	3.2	0.0	1.9	1.9	1.7	5.2	5.4	4.9	4.8	4.2	5.9	5.4	5.4	-0.4	5.5	4.9	5.2	0.6	0.8	2.2	2.2
SASK.	-3.9	4.5	4.9	4.3	1.3	0.9	1.9	2.5	4.8	5.2	5.0	4.6	3.9	5.9	5.1	5.3	-0.5	2.7	5.2	4.7	1.1	1.3	2.8	2.8
ALTA.	-4.5	3.3	4.3	3.8	-1.4	-0.4	2.3	2.5	6.6	6.5	5.8	5.5	20.3	27.1	28.1	33.3	-8.3	5.7	5.7	5.8	-0.1	1.0	1.6	2.0
B.C.	-1.8	3.4	2.9	3.2	-2.1	1.7	1.5	2.4	7.7	7.6	7.4	6.8	16.1	26.5	27.9	25.3	-4.4	4.8	4.2	4.9	0.0	1.4	2.5	2.0
CANADA	-2.5	3.1	3.2	3.1	-1.6	1.4	1.9	2.2	8.3	8.0	7.6	7.2	149	190	177	178	-2.9	5.1	4.4	4.5	0.3	1.8	2.5	2.2

Key provincial comparisons

2009 unless otherwise indicated

	<u>N. & L.</u>	<u>P.E.I.</u>	<u>N.S.</u>	<u>N.B.</u>	<u>QUE</u>	<u>ONT</u>	<u>MAN</u>	<u>SASK</u>	<u>ALTA</u>	<u>B.C.</u>
Population (000s) (2010)	510	142	943	752	7,907	13,211	1,235	1,046	3,721	4,531
Gross domestic product (\$ billions)	25.0	4.8	34.3	27.5	303.7	578.2	51.0	56.6	247.2	191.0
Real GDP (\$2002 billions)	18.1	4.2	28.9	23.3	267.5	509.4	42.1	39.8	178.2	161.9
Share of Canada real GDP (%)	1.4	0.3	2.3	1.8	20.8	39.6	3.3	3.1	13.9	12.6
Real GDP growth (CAR, 2004-09, %)	1.0	1.4	0.9	0.8	1.3	0.5	2.1	1.1	1.7	2.0
Real GDP per capita (\$ 2002)	35,657	29,512	30,806	31,113	34,168	38,992	34,502	38,683	48,553	36,287
Real GDP growth rate per capita (CAR, 2004-09, %)	1.4	0.9	0.9	0.8	0.5	-0.6	1.4	0.4	-0.8	0.6
Personal disposable income per capita (\$)	25,957	24,054	26,183	26,105	26,031	28,565	26,915	29,426	36,818	28,038
Employment growth (CAR, 2005-10, %)	0.6	0.8	0.5	0.5	1.1	0.7	1.3	1.6	2.0	1.5
Employment rate (Jan. 2011, %)	53.1	59.7	58.3	57.1	60.5	61.6	65.9	66.1	68.8	59.9
Discomfort index (inflation + unemp. rate, Jan. 2011)	14.5	12.5	12.5	10.7	10.0	11.0	7.0	7.6	6.9	10.5
Manufacturing industry output (% of real GDP)	4.9	10.5	8.7	11.0	16.4	14.6	11.4	7.3	7.6	8.3
Personal expenditures on goods & services (% of real GDP)	62.0	72.6	74.4	70.4	65.0	63.0	65.9	62.1	55.1	70.9
International exports (% of real GDP)	36.8	28.9	22.9	41.2	30.2	36.0	30.9	33.5	33.7	23.9

Tables

British Columbia

		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Real GDP	\$2002 millions	153,489	159,729	164,496	164,869	161,851	167,425	172,280	177,793
	% change	4.7	4.1	3.0	0.2	-1.8	3.4	2.9	3.2
Employment	thousands	2,092	2,147	2,223	2,266	2,218	2,257	2,290	2,344
	% change	2.9	2.6	3.5	2.0	-2.1	1.7	1.5	2.4
Unemployment rate	%	5.8	4.8	4.3	4.6	7.7	7.6	7.4	6.8
Retail sales	\$ millions	49,379	53,133	56,930	57,783	55,222	57,878	60,322	63,303
	% change	4.6	7.6	7.1	1.5	-4.4	4.8	4.2	4.9
Housing starts	units	34,667	36,443	39,195	34,321	16,077	26,479	27,900	25,300
	% change	5.3	5.1	7.6	-12.4	-53.2	64.7	5.4	-9.3
Consumer price index	2002=100	106.3	108.1	110.0	112.3	112.3	113.8	116.7	119.0
	% change	2.0	1.7	1.7	2.1	0.0	1.4	2.5	2.0

Alberta

		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Real GDP	\$2002 millions	170,872	180,852	184,008	186,528	178,225	184,178	192,097	199,397
	% change	4.5	5.8	1.7	1.4	-4.5	3.3	4.3	3.8
Employment	thousands	1,826	1,916	1,991	2,054	2,025	2,017	2,063	2,116
	% change	2.7	5.0	3.9	3.1	-1.4	-0.4	2.3	2.5
Unemployment rate	%	4.0	3.4	3.5	3.6	6.6	6.5	5.8	5.5
Retail sales	\$ millions	48,486	55,972	61,487	61,614	56,478	59,718	63,137	66,780
	% change	11.9	15.4	9.9	0.2	-8.3	5.7	5.7	5.8
Housing starts	units	40,847	48,962	48,336	29,164	20,298	27,088	28,100	33,300
	% change	12.6	19.9	-1.3	-39.7	-30.4	33.5	3.7	18.5
Consumer price index	2002=100	108.1	112.3	117.9	121.6	121.5	122.7	124.6	127.0
	% change	2.1	3.9	4.9	3.2	-0.1	1.0	1.6	2.0

Saskatchewan

		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Real GDP	\$2002 millions	38,904	38,266	39,626	41,434	39,810	41,617	43,657	45,534
	% change	3.1	-1.6	3.6	4.6	-3.9	4.5	4.9	4.3
Employment	thousands	484	492	504	513	519	524	534	547
	% change	0.3	1.8	2.4	1.7	1.3	0.9	1.9	2.5
Unemployment rate	%	5.1	4.7	4.2	4.1	4.8	5.2	5.0	4.6
Retail sales	\$ millions	10,795	11,554	13,129	14,673	14,598	14,993	15,776	16,511
	% change	5.4	7.0	13.6	11.8	-0.5	2.7	5.2	4.7
Housing starts	units	3,437	3,715	6,007	6,828	3,866	5,907	5,100	5,300
	% change	-9.1	8.1	61.7	13.7	-43.4	52.8	-13.7	3.9
Consumer price index	2002=100	106.9	109.1	112.2	115.9	117.1	118.7	122.0	125.4
	% change	2.2	2.0	2.9	3.2	1.1	1.3	2.8	2.8

Tables

Manitoba

		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Real GDP	\$2002 millions	38,860	40,181	41,263	42,057	42,077	43,020	44,525	45,950
	% change	2.6	3.4	2.7	1.9	0.0	2.2	3.5	3.2
Employment	thousands	582	589	599	608	608	620	632	643
	% change	0.5	1.2	1.7	1.7	0.0	1.9	1.9	1.7
Unemployment rate	%	4.7	4.3	4.4	4.2	5.2	5.4	4.9	4.8
Retail sales	\$ millions	12,372	12,874	14,016	14,980	14,915	15,737	16,510	17,370
	% change	5.9	4.1	8.9	6.9	-0.4	5.5	4.9	5.2
Housing starts	units	4,731	5,028	5,738	5,537	4,174	5,888	5,400	5,400
	% change	6.6	6.3	14.1	-3.5	-24.6	41.1	-8.3	0.0
Consumer price index	2002=100	106.6	108.7	110.9	113.4	114.1	115.0	117.6	120.2
	% change	2.7	1.9	2.1	2.2	0.6	0.8	2.2	2.2

Ontario

		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Real GDP	\$2002 millions	510,509	522,998	533,233	528,635	509,421	523,909	540,150	556,895
	% change	2.8	2.4	2.0	-0.9	-3.6	2.8	3.1	3.1
Employment	thousands	6,371	6,449	6,564	6,666	6,502	6,610	6,749	6,890
	% change	1.0	1.2	1.8	1.6	-2.5	1.7	2.1	2.1
Unemployment rate	%	6.6	6.3	6.4	6.5	9.0	8.7	8.0	7.5
Retail sales	\$ millions	135,128	140,591	145,965	151,672	147,920	155,248	161,826	168,734
	% change	4.8	4.0	3.8	3.9	-2.5	5.0	4.2	4.3
Housing starts	units	78,795	73,417	68,123	75,076	50,370	60,433	53,700	53,500
	% change	-7.4	-6.8	-7.2	10.2	-32.9	20.0	-11.1	-0.4
Consumer price index	2002=100	106.9	108.8	110.8	113.3	113.7	116.5	120.0	122.5
	% change	2.2	1.8	1.8	2.3	0.4	2.4	3.0	2.1

Quebec

		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Real GDP	\$2002 millions	255,559	260,033	265,585	268,406	267,477	275,352	282,511	290,138
	% change	1.8	1.8	2.1	1.1	-0.3	2.9	2.6	2.7
Employment	thousands	3,701	3,743	3,834	3,880	3,848	3,915	3,988	4,060
	% change	0.8	1.1	2.4	1.2	-0.8	1.7	1.9	1.8
Unemployment rate	%	8.3	8.1	7.2	7.2	8.5	8.0	7.8	7.6
Retail sales	\$ millions	82,456	86,505	90,406	94,806	93,740	98,979	102,839	106,747
	% change	5.1	4.9	4.5	4.9	-1.1	5.6	3.9	3.8
Housing starts	units	50,910	47,877	48,553	47,901	43,403	51,363	46,200	44,300
	% change	-12.9	-6.0	1.4	-1.3	-9.4	18.3	-10.1	-4.1
Consumer price index	2002=100	106.9	108.7	110.4	112.7	113.4	114.8	117.3	119.9
	% change	2.3	1.7	1.6	2.1	0.6	1.3	2.2	2.2

Tables

New Brunswick

		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Real GDP	\$2002 millions	22,638	23,174	23,439	23,392	23,314	23,860	24,313	24,872
	% change	1.2	2.4	1.1	-0.2	-0.3	2.3	1.9	2.3
Employment	thousands	347	350	357	359	360	356	357	362
	% change	-0.5	1.0	1.9	0.6	0.1	-1.0	0.4	1.3
Unemployment rate	%	9.6	8.7	7.5	8.5	8.8	9.3	8.9	8.4
Retail sales	\$ millions	8,344	8,858	9,407	10,018	10,093	10,507	10,840	11,247
	% change	4.7	6.2	6.2	6.5	0.7	4.1	3.2	3.8
Housing starts	units	3,959	4,085	4,242	4,274	3,521	4,101	3,300	3,200
	% change	0.3	3.2	3.8	0.8	-17.6	16.5	-19.5	-3.0
Consumer price index	2002=100	107.4	109.2	111.3	113.2	113.5	115.9	118.3	121.1
	% change	2.4	1.7	1.9	1.7	0.3	2.1	2.1	2.3

Nova Scotia

		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Real GDP	\$2002 millions	28,016	28,174	28,611	28,969	28,931	29,463	29,905	30,503
	% change	1.1	0.6	1.6	1.3	-0.1	1.8	1.5	2.0
Employment	thousands	442	441	448	452	451	452	458	464
	% change	0.1	-0.1	1.6	0.9	-0.1	0.2	1.1	1.3
Unemployment rate	%	8.4	7.9	7.9	7.7	9.2	9.3	9.3	9.0
Retail sales	\$ millions	10,527	11,141	11,616	12,089	12,102	12,706	13,126	13,644
	% change	2.2	5.8	4.3	4.1	0.1	5.0	3.3	3.9
Housing starts	units	4,775	4,896	4,750	3,982	3,438	4,309	3,800	3,600
	% change	1.2	2.5	-3.0	-16.2	-13.7	25.3	-11.8	-5.3
Consumer price index	2002=100	108.2	110.4	112.5	115.9	115.7	118.2	121.4	124.2
	% change	2.8	2.1	1.9	3.0	-0.1	2.2	2.7	2.3

Prince Edward Island

		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Real GDP	\$2002 millions	3,921	4,077	4,149	4,167	4,164	4,270	4,364	4,460
	% change	1.1	4.0	1.8	0.4	-0.1	2.5	2.2	2.2
Employment	thousands	68	68	69	70	69	71	71	73
	% change	2.0	0.6	0.7	1.2	-1.4	3.0	1.2	1.6
Unemployment rate	%	10.9	11.0	10.3	10.7	12.0	11.1	11.1	10.4
Retail sales	\$ millions	1,424	1,509	1,621	1,703	1,681	1,763	1,824	1,903
	% change	2.7	6.0	7.4	5.1	-1.3	4.9	3.5	4.3
Housing starts	units	862	738	750	712	877	756	800	700
	% change	-6.2	-14.4	1.6	-5.1	23.2	-13.8	5.8	-12.5
Consumer price index	2002=100	109.1	111.6	113.6	117.5	117.3	119.5	122.2	125.1
	% change	3.2	2.2	1.8	3.4	-0.1	1.8	2.3	2.3

Newfoundland & Labrador

		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Real GDP	\$2002 millions	17,593	18,129	19,791	20,186	18,119	19,123	19,983	20,283
	% change	2.2	3.0	9.2	2.0	-10.2	5.5	4.5	1.5
Employment	thousands	213	215	216	219	212	219	226	231
	% change	-0.3	0.8	0.8	1.1	-3.0	3.4	2.9	2.2
Unemployment rate	%	15.1	14.7	13.5	13.2	15.5	14.4	13.4	12.5
Retail sales	\$ millions	5,824	6,012	6,528	7,009	7,120	7,382	7,630	7,922
	% change	1.1	3.2	8.6	7.4	1.6	3.7	3.4	3.8
Housing starts	units	2,498	2,234	2,649	3,261	3,057	3,606	3,100	3,200
	% change	-13.0	-10.6	18.6	23.1	-6.3	18.0	-14.0	3.2
Consumer price index	2002=100	107.6	109.5	111.1	114.3	114.6	117.4	120.0	122.7
	% change	2.6	1.8	1.4	2.9	0.3	2.4	2.2	2.3

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