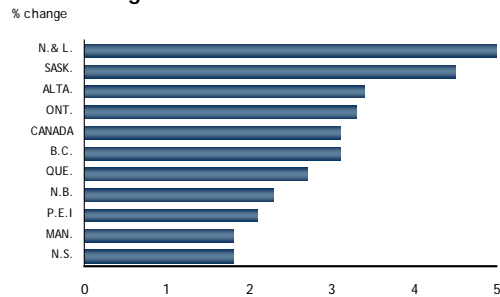


PROVINCIAL OUTLOOK

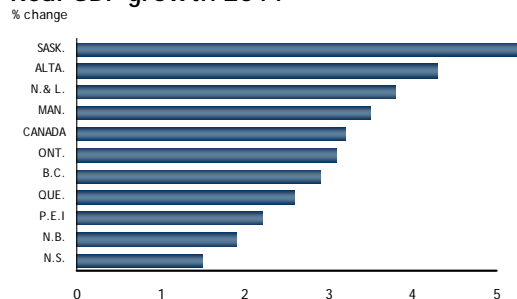
December 2010

Real GDP growth 2010



Source: Statistics Canada, RBC Economics Research

Real GDP growth 2011



Source: Statistics Canada, RBC Economics Research

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2011 growth to be broadly shared across provinces

Once we turn the page on 2010, we will likely look back at Canada's economic performance and think of what it could have been. The year started out very strongly, which brought visions of quick snapbacks from the recession across the country. However, the recovery then lost a great deal of traction in the spring and summer of 2010 when the economy south of us hit one of those proverbial 'soft patches'—although there signs that activity is picking up steam once again at the end of the year. Averaging through these swings, the recovery is generally unfolding as we had expected from its onset: growth in Canada—now expected at 3.1% in 2010—is below what has occurred in past recoveries. Peering into 2011, will this pattern continue? By and large, yes. We expect growth to be little changed at 3.2%, still representing a 'sub-par' rebound keeping the unemployment rate high.

Widely felt recession, widely felt recovery among the provinces

The economic performance might not be quite as vigorous as it could have been but, at least, the recovery is broadly shared across provinces and expected to remain so in 2011. The recession was widely felt in Canada with all but one (Manitoba) provincial economies contracting in 2009 and the same degree of synchronization is being displayed during the current cyclical upturn. That being said, however, the speed of growth will once again vary quite significantly from province to province.

Western tilt will persist

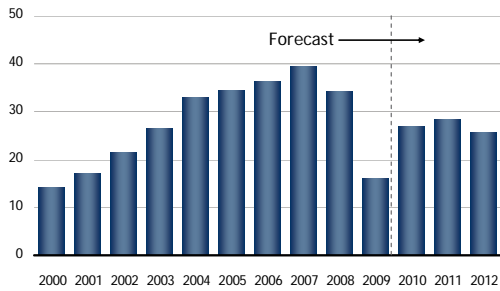
Provincial economies which are more closely tied to certain natural resources such potash, crude oil and metals, are projected to grow at the fastest rates, as strong global demand for commodities translate into higher commodity output, commodity prices and investment in productive capacity. Western provinces such as Saskatchewan and Alberta will be the prime beneficiaries, but so will Newfoundland and Labrador at the other end of the country. Saskatchewan and Manitoba will also get a lift from a rebound in crop production in 2011, assuming weather conditions return to normal. An expected strengthening of the U.S. economy will raise export demand across the country but the positive effects in most provinces east of Manitoba will be offset by a slower pace of domestic activity.

Saskatchewan to take top spot from Newfoundland and Labrador in 2011

Next year, we expect Saskatchewan to take over the top spot in our provincial-growth rankings from Newfoundland and Labrador this year. Alberta will be closely behind Saskatchewan, climbing up a notch from this year. Ontario is expected to slip to fifth position in 2011 from fourth in 2010. We project Nova Scotia, New Brunswick and Prince Edward Island to remain at the lower end of the scale in 2010 and 2011, along with Manitoba this year. Our forecast for growth in British Columbia looks fairly similar to the national average, and our forecast in Quebec is lagging slightly below the national average.

British Columbia housing starts

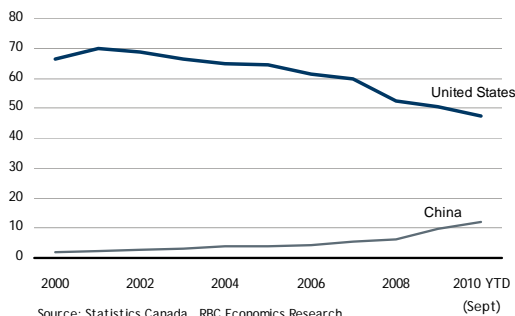
Thousand units, S.A.A.R.



Source: CMHC, RBC Economics Research

British Columbia exports to China and U.S.

% of total merchandise exports



Source: Statistics Canada, RBC Economics Research

British Columbia forecast at a glance

% change unless otherwise indicated

	2009	2010	2011	2012
Real GDP	-1.8	3.1	2.9	3.2
Employment	-2.4	2.1	1.9	2.2
Unemployment rate (%)	7.6	7.5	7.0	6.5
Retail sales	-5.1	5.0	4.5	4.9
Housing starts (units)	16,042	26,900	28,500	25,800
Consumer price index	0.0	1.6	2.4	1.7

shaded area is forecast

Catching its breath

With the bounce from the recession’s trough now behind us, British Columbia’s economy will be moving at a slightly slower pace in 2011. An improved outlook for most of the commodities produced in the province will continue to support overall growth; however, the gradual removal of stimulus in Canada and the now cooler B.C. housing market will restrain its rate. We project real GDP growth in British Columbia to ease to 2.9% next year from 3.1% this year—both rates we revised lower (from 3.1% and 3.3%, respectively) from the September *Provincial Outlook*.

2010 ending on a soft note

Although 2010 performance will emerge as being overall very respectable when all is said and done, the handover to 2011 is shaping up to be a little soft in the province. After a very encouraging rebound in the first half of 2010, B.C. exports lost some ground in recent months. Part of this setback is attributable to lower exports of softwood lumber, which suffered from renewed weakness in the U.S. housing market. Domestically, British Columbia’s housing market has calmed down considerably from the frenzy at the start of 2010. Although home resales picked up again since August 2010, their levels remain historically low. Housing starts have been quite flat all year at roughly 2003 levels. While economic activity still benefits from supporting factors such as rising mineral production (particularly coal) and an improving trend in the job market, most signs point to a slower pace of growth in the late stages of 2010. In our view, this will set the tone for 2011.

A maturing recovery next year

2011 will see the maturing of the recovery in British Columbia and the conclusion of some of the measures that had been put into place to combat the recession such as increased infrastructure spending. A key engine of growth will be increased investment in the natural resource sector amid continued strong global demand for commodities—although B.C. forest products producers are unlikely to enjoy any major turnaround given the limited improvement expected in the U.S. housing market. After contributing much to the rebound in economic activity in the early part of 2010, the housing sector is expected to show very modest gains next year. Housing starts are forecasted to rise by 1,600 units to 28,500 units, substantially lower than the 10,900 unit increase this year.

Job creation sustained

The slight moderation in overall growth in 2011 will sustain job creation in British Columbia, albeit at a moderating pace too. Employment is forecasted to rise by 1.9%, or just marginally slower than the 2.1% estimated for this year, translating into 40,000 new jobs for 2011, which would be down from the 60,000 jobs expected in 2010. The unemployment rate is forecasted to ease to an average of 7.0% next year from 7.5% this year.

2012 looking even better

The B.C. economy is expected to regain some momentum in 2012 thanks to the lift from further strengthening in the U.S. economy and expanding trade ties with fast-growing China. We forecast British Columbia’s real GDP growth to re-accelerate to 3.2% in 2012.

Robert Hogue
Senior Economist



The lift from energy's rising tide

To date, the recovery from last year's severe recession in Alberta—its worst since the early 1980s—has not been easy. Things, however, are expected to become increasingly better next year, as the rising tide in the province's all-important energy sector lifts boats in other parts of the economy. In fact, we forecast Alberta to rank second among the provinces in terms of growth in 2011, behind only Saskatchewan. We project growth in the province to be the fastest since 2006, quickening to a solid 4.3% in 2011 from 3.4% in 2010 (the latter being revised slightly lower from 3.5% in the September *Provincial Outlook*).

Broader-based strength on the way

Whereas we were somewhat disappointed earlier this year that the resurgence in Alberta's energy sector showed few signs of igniting other economic sectors, more recent developments confirm that a broader-based recovery is indeed in the making. Job creation picked up smartly since spring 2010, which finally helped to notch down the stubbornly high unemployment rate (by Alberta's standards). Improved job prospects in the province contributed to reversing the net migration outflow to other provinces, which earlier slowed population growth to its lowest rate in 15 years. These are the kinds of turnarounds that will spread the recovery more widely throughout Alberta's economy next year.

Moving (back?) to Alberta

With interest in developing Alberta's oil sands growing ever higher, we expect the gush of capital spending on mega-projects to continue next year and beyond. This development will pump tremendous activity into the provincial economy thereby acting as a catalyst for both faster job growth and stronger migration from outside the province. Employment in Alberta is forecasted to rise by a nation-leading rate of 2.3% in 2011, up significantly from a meagre 0.5% in 2010. The 37,000 new jobs this will represent—the highest total since 2007—will attract more migrants to the province and boost population growth, yet the population growth rate is likely to remain below those that prevailed earlier this decade in the province.

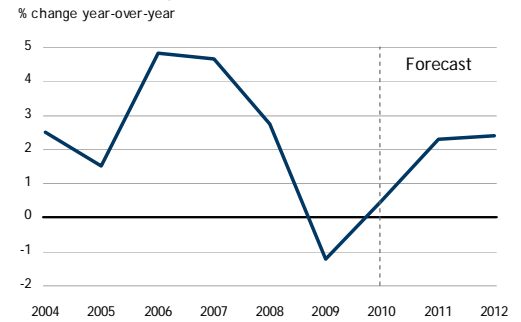
Consumers to spend more

The effect of re-strengthening demographics will be especially positive for consumer spending. In fact, retail sales in Alberta are forecasted to rise at the fastest rate (5.6%) among the provinces in 2011. This forecast, along with the 5.1% increase expected this year, will go along way toward reversing the massive 8.4% decline in 2009. More positive demographics will also support stronger housing demand, although the effect on new housing construction is likely to be gradual given the plentiful availability of homes for sale at present in the province. Housing starts are forecasted to rise to 28,800 units next year from 27,100 units this year.

Strong growth persisting in 2012

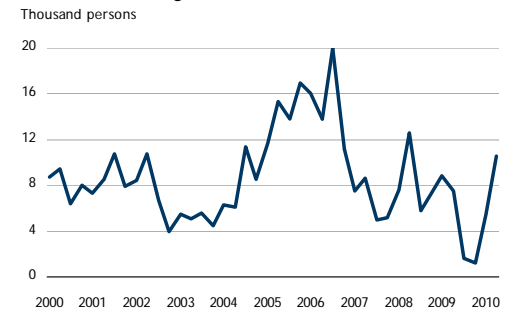
The rising tide of energy-related spending and expanding non-conventional oil production will continue to exert a powerful lifting force throughout the Alberta economy in 2012, thereby sustaining solid growth, which we forecast at 3.8%. This forecast will keep the province near the top of the growth rankings.

Alberta employment



Source: Statistics Canada, RBC Economics Research

Alberta net migration*



Source: Statistics Canada, RBC Economics Research

*Inter-provincial and international.

Alberta forecast at a glance

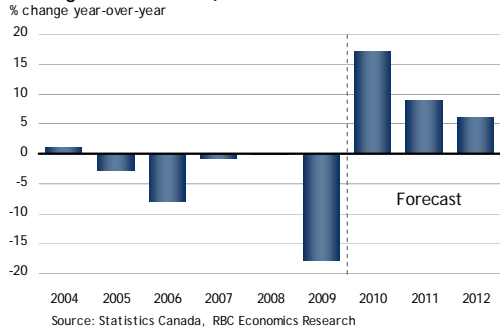
% change unless otherwise indicated

	2009	2010	2011	2012
Real GDP	-4.5	3.4	4.3	3.8
Employment	-1.3	0.5	2.3	2.4
Unemployment rate (%)	6.6	6.6	6.1	5.5
Retail sales	-8.4	5.1	5.6	5.8
Housing starts (units)	19,983	27,100	28,800	33,300
Consumer price index	-0.1	1.1	1.6	1.7

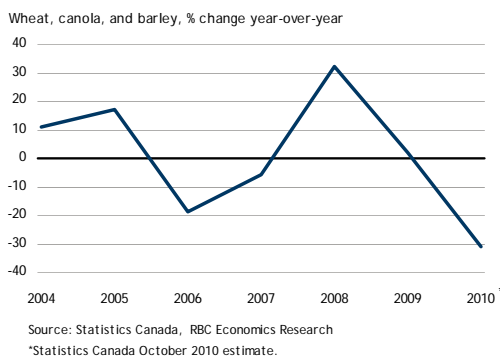
shaded area is forecast

Robert Hogue
Senior Economist

Saskatchewan mining sector output (including oil & gas extraction)



Saskatchewan field crop production



Saskatchewan forecast at a glance

% change unless otherwise indicated

	2009	2010	2011	2012
Real GDP	-3.9	4.5	5.3	4.3
Employment	1.5	1.2	2.1	2.3
Unemployment rate (%)	4.8	5.1	4.9	4.6
Retail sales	-2.3	3.1	5.5	4.6
Housing starts (units)	3,792	5,600	5,000	5,300
Consumer price index	1.1	1.2	2.4	2.6

shaded area is forecast

Robust growth ahead

Overall growth in the Saskatchewan economy has been very volatile in recent years (going from an increase of 4.6% in 2008 to a decline of 3.9% in 2009) reflecting sizeable movements in two key natural resource sectors: agriculture and mining (including oil and gas extraction). We expect these two sectors will continue to play a major role in the pattern of growth going forward with real GDP expected to rise 4.5% and 5.3% this year and next, respectively. We project growth in 2012 to moderate slightly to 4.3%.

Rebounding potash production driving growth

The forecasted rate of increase this year represents a downward revision from the 6.3% projected in our September *Provincial Outlook* although the 2011 rate has been revised up from an earlier 4.9%. Growth in 2010 still remains very robust and largely reflects the strong rebound in potash production now taking place following a significant decline in 2009 that contributed much to the economic contraction last year. The volume of potash production until September is up almost 150%, a tremendous turnaround from the 66% decline in 2009. This turnaround is expected to result in output in the mining sector rising close to 17% after the 17.8% drop in 2009; however, the rise this year is not quite as strong as we had assumed in our previous forecast. Growth in this sector is expected to continue into 2011 and 2012 although with the rate moderating to single digits.

Agriculture will weigh on growth in 2010 but boost activity in 2011

Another factor behind our downward revision to overall growth in 2010 is slightly greater weakness in agriculture. The volume of production of the three main field crops in Saskatchewan (wheat, canola and barley) has recently been revised modestly lower by Statistics Canada to show an even greater decline than earlier expected in the 2010 crop year. The sizeable 28% drop largely reflects the effect of wet growing conditions early in the season and is expected to send agricultural output down 17% this year; however, the return to more normal growing conditions next year will result in agricultural production rebounding vigorously by 12% in 2011, boosting the outlook for Saskatchewan real GDP.

Weaker U.S. growth hampering certain sectors

The downward revision to growth in 2010 is also a reflection of monthly data for manufacturing and wholesale trade not improving as quickly as had been expected in September. A sluggish recovery in the United States mid-year 2010 contributed to this underperformance; however, our view remains that greater economic strength will emerge south of the border in 2011 and 2012 that will provide greater support to industry output in the province going forward.

Provincial budget remains in surplus

Among the many benefits to Saskatchewan, the strength in the potash industry is boosting provincial government revenues. In fact, it is one of the key factors behind Saskatchewan now expecting a budget surplus in fiscal 2010–2011, one of only two provinces (along with Newfoundland and Labrador) projecting such a feat.

Paul Ferley
Assistant Chief Economist



Ramping up in 2011

Our forecast for Manitoba continues to assume fairly modest growth in 2010 of only 1.8% although we see the rate accelerating to a strong 3.5% in 2011. These projections reflect a slight downward revision from the 2.0% and 3.8% projected in September for 2010 and 2011, respectively. For 2012, we expect growth in Manitoba to remain robust at 3.2%, which will be slightly above the national average (as will be the case in 2011). The 2010 result will represent the weakest growth among the provinces (sharing the title with Nova Scotia). The seeming under-performance of the Manitoba economy, however, reflects less pronounced weakness during the recession last year, when the province was the only one that avoided a contraction.

U.S. soft patch weighing on manufacturing

The slight downward revision to Manitoba growth this year and next is largely a reflection of weaker than expected momentum for this stage of the cycle in the United States and elsewhere in Canada. This expectation is evident in recent manufacturing shipments data. Although the growth rate in this measure on a year-over-year basis continues to improve during the third quarter of 2010, the pace of improvement has not been as rapid as we had assumed in September. As a result, rather than the manufacturing sector returning to growth in 2010, we instead assume a lessening in the pace of decline to 2% from the 9% drop recorded in 2009. We are forecasting a return to positive growth of 6% for this sector next year, yet this is down from the 8% projected previously. Recent wholesale trade numbers show a similar pattern of activity on the mend yet not as quickly as had been assumed last quarter, thereby resulting in a downward revision to growth in this sector both this year and next.

Decline in agriculture less than earlier thought

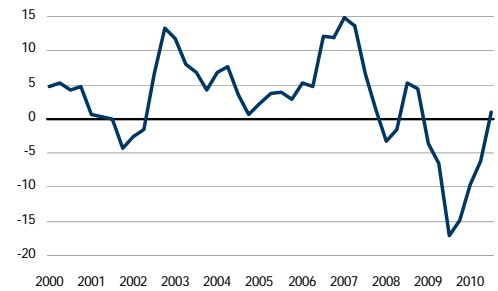
The indications of activity not rebounding as quickly as expected have been tempered by recent upgrades to the 2010 crop production. Manitoba's major crops are now estimated to decline 21% this year relative to 2009, which compares to a projected drop last quarter of 25%. The weakness in grain production largely reflects excess moisture levels although these problems eased as the growing season progressed. Overall, total agricultural output is projected to be down more than 5% in 2010. Expectations of a return to more normal growing conditions result in output in agriculture rebounding 10% in 2011 and 6% in 2012.

Construction growth to remain weak

A strong 10% rise in the volume of construction in 2009 was a key factor tempering the effect of the U.S. recession on the Manitoba economy. With spending on a number large capital projects having ceased (e.g., Keystone Pipeline) and/or being wound down (e.g., Winnipeg International Airport expansion), we expect construction spending in 2010 to be flat. We are assuming a gradual strengthening in this sector in 2011 and 2012 although with growth still underperforming relative to 2009 results.

Manitoba manufacturing sales

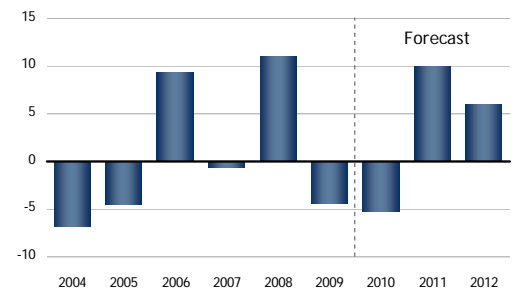
% change, quarterly, S.A.



Source: Statistics Canada, RBC Economics Research

Manitoba agricultural production

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



Source: Statistics Canada, RBC Economics Research

Manitoba forecast at a glance

% change unless otherwise indicated

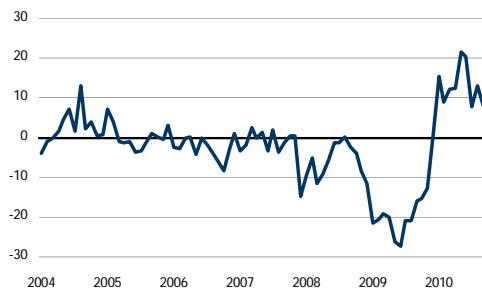
	2009	2010	2011	2012
Real GDP	0.0	1.8	3.5	3.2
Employment	0.0	2.1	1.9	1.7
Unemployment rate (%)	5.2	5.4	5.1	5.0
Retail sales	-0.9	5.8	4.9	5.2
Housing starts (units)	4,042	5,800	5,500	5,400
Consumer price index	0.6	0.7	1.7	2.0

shaded area is forecast

Paul Ferley
Assistant Chief Economist

Ontario manufacturing sales

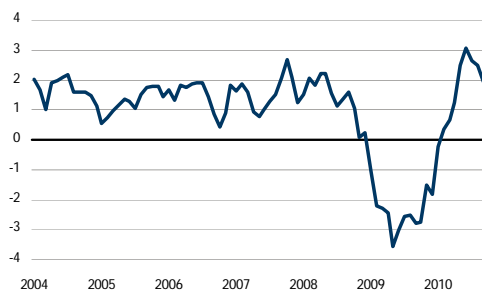
% change year-over-year, S.A.



Source: Statistics Canada, RBC Economics Research

Ontario employment

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



Source: Statistics Canada, RBC Economics Research

Ontario forecast at a glance

% change unless otherwise indicated

	2009	2010	2011	2012
Real GDP	-3.6	3.3	3.1	3.1
Employment	-2.4	1.7	1.9	2.1
Unemployment rate (%)	9.0	8.8	8.2	7.7
Retail sales	-2.4	4.7	4.2	4.3
Housing starts (units)	50,050	60,900	55,300	55,500
Consumer price index	0.4	2.5	2.6	1.9

shaded area is forecast

Keeping it steady

Although Ontario’s economy has not escaped the general slowing in activity since the second quarter of 2010, it will soon pull out of this soft patch and register a growth rate of 3.1% overall next year (revised marginally lower from 3.2% in the September *Provincial Outlook*). This result would handily beat the average of 2.2% in the five years prior to the recession but would come in a little lower than the 3.3% expected in 2010 (downwardly revised from 3.5%). The slight deceleration next year reflects in part some drag emerging from public capital spending and residential construction. We expect growth to remain steady at 3.1% in 2012.

As always, U.S. performance is key

With Ontario’s domestic demand now fully repaired, the next stage of the recovery will depend more than ever on demand from the province’s biggest external market: the United States. On that front, there are encouraging signs that the most recent bout of softness is subsiding and that U.S. growth will pick up during the course of 2011. The prospects of such have received a boost from recently announced initiatives to provide additional monetary and fiscal stimulus. Of particular importance to Ontario is the sustained improvement in U.S. motor vehicle sales, which we expect will continue next year (and beyond). Light vehicle sales are forecasted to rise by more than 14% to 13.2 million units in the United States in 2011—although this is still well below the 16–17 million range in the decade prior to the recession. The main element restraining Ontario’s export gains will be the high Canadian dollar, which we forecast to hover around parity against the U.S. dollar in 2011.

Labour market further improving

Even if we project them to rise next year, interest rates will remain low in Canada; therefore, rates will still provide strong support to business and consumer spending in Ontario. Consumer expenditures will also benefit from further improvement in the provincial labour market, since we view the job declines in the early part of fall 2010 as temporary—the payback for the particularly strong gains that occurred in the spring and summer. We project Ontario employment to grow by 1.9% next year, up from 1.7% this year. Still-low interest rates and the rise in the number employed people in the province will have positive implications for the housing market; however, the market’s substantial volatility in the past year will somewhat distort the picture in 2011. While we believe that Ontario’s housing resale activity is on path to more sustainable levels, we forecast housing starts to reverse some of the gains in 2010.

Winding down of infrastructure projects

A main challenge facing the Ontario economy in 2011 will be getting past the slowing in public spending on infrastructure as Action Plan funded projects wind down. Since the beginning of the recovery, the significant increases in capital expenditures by governments accounted for nearly one-fifth of the growth in real GDP in the province; therefore, the completion of projects will cause some drag, although we expect this to be more than offset by stronger non-residential investment by businesses.

Robert Hogue
Senior Economist



A little tired but ready to grow

The slowing in economic activity since spring 2010 is proving to be a little more pronounced than we anticipated in Quebec, and the province’s prospects for next year have dimmed somewhat. In particular, our outlook for construction—both residential and non-residential—is now showing some weakness, which will quiet down a key engine of growth in the province since the recovery began. We expect real GDP growth to edge lower to 2.6% in 2011 from 2.7% in 2010. While both growth rates have been downwardly revised from the September *Provincial Outlook* (from 3.1% and 3.0%, respectively), they will nonetheless be Quebec’s strongest results since 2004.

Losing momentum

Recent developments in the province point to much less economic momentum heading into the late stages of 2010 than was present earlier in the year. After setting sales records this past winter, Quebec’s housing market—like all others in Canada—cooled down considerably during the spring and summer, thereby causing new home construction to weaken more recently. Softening conditions also affected several other sectors lately, including manufacturing, and wholesale and retail trade. It is as if the young recovery in Quebec is already becoming a little tired.

Recovery sustained

While the recovery may lack the vigour of its initial stages, it is nonetheless expected to be sustained in 2011. Growth in the province will continue to be supported by low (albeit rising) interest rates, gains in employment and strengthening demand from the United States and the rest of Canada. Quebec’s job market is projected to expand by 1.9% in 2011, down just a tad from a rate of 2.0% in 2010. This trend will constitute more than 70,000 net new jobs in the province, therein adding to the number of consumers with money to spend.

Fiscal policy turning mildly restrictive

Like every other government in Canada (and the world for that matter), the Quebec government ran substantial deficits during the 2009–2010 and 2010–2011 fiscal years, in part to stimulate its economy. With the recovery now on solid track, the task ahead will be to return the provincial books to balance, which Quebec intends to accomplish by 2013–2014; therefore, the coming year will see the transition from a fiscal policy that is stimulative to the economy to one that is somewhat restrictive. Not only will program spending growth be restrained and capital expenditures cut, but taxes will also rise in the province (including a hike in the provincial sales tax rate implemented July 2010). This fiscal tightening will act as a drag on growth in 2011 and beyond; although the extent of this is expected to be far less than the drag that slowed growth to a crawl in the mid 1990s after years of runaway deficits.

Slightly faster growth in 2012

With markets in the United States and Canada further improving in 2012, the pace of growth in Quebec is projected to re-accelerate slightly to 2.7%.

Quebec housing resales

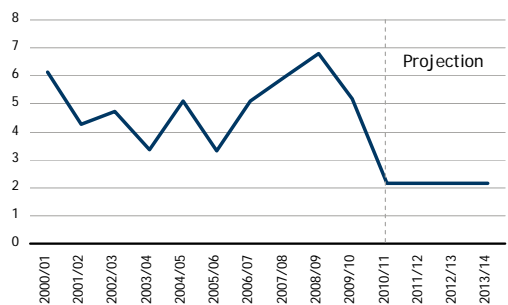
Units per month, S.A.



Source: CREA, RBC Economics Research

Quebec government program expenses

% change year-over year



Source: Finances Québec, RBC Economics Research

Quebec forecast at a glance

% change unless otherwise indicated

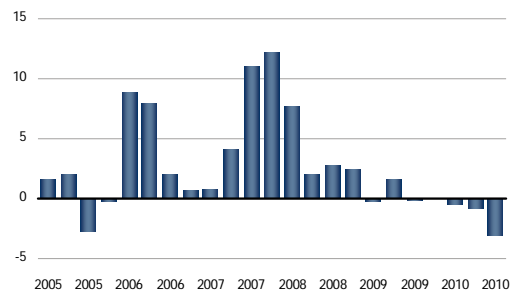
	2009	2010	2011	2012
Real GDP	-0.3	2.7	2.6	2.7
Employment	-1.0	2.0	1.9	1.8
Unemployment rate (%)	8.5	8.0	7.8	7.6
Retail sales	-0.9	5.0	4.0	4.3
Housing starts (units)	44,008	50,900	47,500	44,300
Consumer price index	0.6	1.2	1.7	2.0

shaded area is forecast

Robert Hogue
Senior Economist

New Brunswick total employment

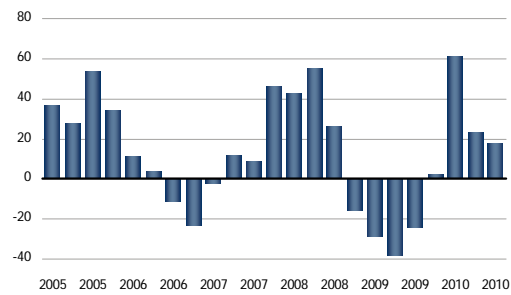
Thousands employed, year-over-year change



Source: Statistics Canada, RBC Economics Research

New Brunswick nominal energy exports

% change year-over-year



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	-0.6	0.9	1.3
Unemployment rate (%)	8.9	9.3	9.1	8.5
Retail sales	-0.1	4.1	3.5	3.7
Housing starts (units)	3,483	4,500	3,500	3,200
Consumer price index	0.3	2.1	1.9	2.1

shaded area is forecast

Trade winds are blowing

The unfavourable commodity market conditions that impaired the external side of New Brunswick’s economy last year have largely reversed themselves in 2010, providing a foundation for the fairly broad recovery. With that said, the domestic economy has seen a significant pullback, thereby resulting in our forecast for real GDP in the province to expand by a modest 2.3% this year (unchanged from the September *Provincial Outlook*).

Manufacturing and exports leading the way

The manufacturing sector continues to rebound strongly from last year’s depressed levels, with durable and non-durable good production up 26% and 22%, respectively, on a year-to-date basis. These gains have been driven by improved demand and favourable pricing for the province’s food, energy and forest products. The full year of operations at the Canaport liquefied natural gas (LNG) regassification plant has provided a substantial boost to the province’s energy sector, with nominal energy exports up by 32% year-to-date through September. The recovery in pulp, paper and lumber prices has led to a break in the general downward trend in forest product exports seen since 2000, with nominal exports up 21% year-to-date. As well, potash exports have surged 110% year-to-date following last year’s temporary mine closures. Overall, export growth in the province could well lead the nation in 2010; however, such a strong pace is unlikely to be sustained in 2011.

Major capital projects winding down but a few more are still in the pipeline

Construction activity in the province has eased during 2010, and there are indications that this trend will continue into 2011. The Point Lepreau Nuclear Plant refurbishment and the province’s \$1.6 billion infrastructure stimulus plan are expected to wind up in early 2011, although the construction sector will find some support from the continuation of a \$1.7 billion potash mine expansion and increased spending on the \$580 million Route 1 Gateway expansion project. Residential construction is expected to soften following the surge earlier in 2010 for housing starts that were affected by a recent deterioration in labour market conditions in which demand is cooling. Employment in New Brunswick is expected to contract for 2010 (the only province to see such a decline) and trail the rest of the nation in job growth for the next two years. The effect of these tepid employment gains, however, will be at least partially offset by the improved personal income tax structure, which is expected to generate savings of more than \$600 million in the next two years.

Growth to ease during 2011

The continued improvement of the global economy in 2011 will boost demand for the province’s goods and services, and the resumption of job creation in New Brunswick is expected to support modest gains in consumer spending. The further easing in private non-residential investment and some fiscal restraint will act as a drag, however. We expect that these counterbalancing forces will keep the pace of growth subdued at 1.9% for 2011 (down from for 2.2% in our September *Provincial Outlook*). The expected start of production at the expanded Sussex potash mine in 2012 should provide a boost to the mining sector and contribute to growth in the province accelerating to 2.3% in 2012.

David Onyett-Jeffries
Economist



Energy sector running low on gas

After managing the financial crisis better than most of the rest of the country, Nova Scotia's economy is showing considerable relative weakness so far in 2010. As a result, our forecast calls for the province to be at the back of the pack in terms of growth, with the economy expanding at a modest rate of 1.8% for 2010 (unrevised from our September *Provincial Outlook*).

Weakness in natural gas causing significant drag

Nova Scotia's natural resource industries continue to struggle to recover from the effect of the global economic downturn. Energy production has continued to slide, with natural gas production down 6.8% year-to-date (October) and almost 30% lower than 2008. The declining volume of output has been compounded by considerable weakness in natural gas prices, which have plunged almost 30% since June 2010. This combination of factors means a likely contraction in nominal energy exports in 2010, thereby creating a substantial drag on the province's trade balance.

Construction sector showing some muscle

The construction sector has provided major support for the economy so far in 2010. Industrial and commercial non-residential building construction has climbed 16% year-over-year in real terms in the first three quarters of 2010, while housing starts are up a whopping 28% through October 2010—with the pace of growth accelerating in the third quarter despite the increase in the HST rate. Such strong momentum in construction activity, however, is anticipated to slow amid current major projects winding up and the province's infrastructure stimulus measures fading away. We expect residential construction to ease as well, with our forecast calling for housing starts to decline in each of the next two years.

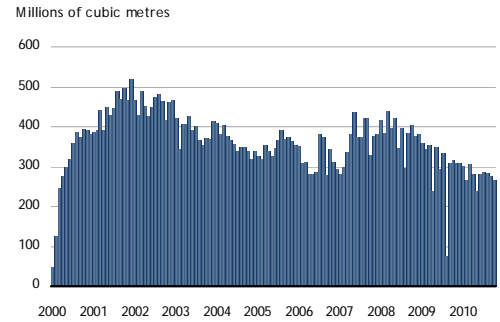
A focus on fiscal restraint

Nova Scotia's 2010 Budget presented fiscal austerity measures designed to bring the budget back to balance by 2013–2014. The fiscal plan calls for program spending to decline by an average of 0.4% in each of the next four years with the size of the public service to be reduced by 10% by 2013. The recent Budget Forecast Update indicated that the deficit for 2010–2011 is now expected to be \$203 million, or \$19 million (8.5%) lower than initially forecast (due mainly to lower debt servicing costs), which builds on the final deficit for 2009–2010 coming in at \$300 million, or \$159 million below forecasts.

Headwinds on the horizon

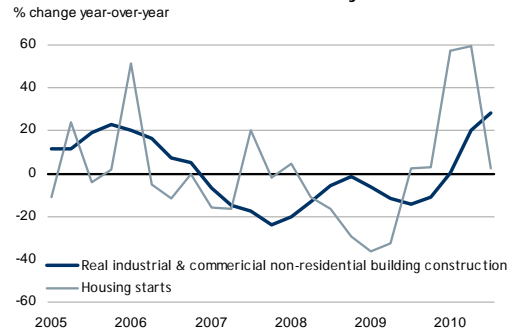
Provincial exports will receive a substantial boost in 2011 from the start of production at the Deep Panuke natural gas project, and tourism is expected to pick up thanks to the 2011 Canada Winter Games in Halifax; however, the headwinds blowing on the domestic economy will provide an even more powerful drag, so we forecast provincial real GDP growth to ease to 1.5% for 2011 (unrevised from our September *Provincial Outlook*). Increased energy production and a firmer global economy should give way to a modest re-acceleration in growth the following year, with the economy forecasted to expand by 2.0% in 2012.

Nova Scotia offshore natural gas production



Source: Canada-Nova Scotia Offshore Petroleum Board, RBC Economics Research

Nova Scotia construction activity



Source: Statistics Canada, RBC Economics Research

Nova Scotia forecast at a glance

% change unless otherwise indicated

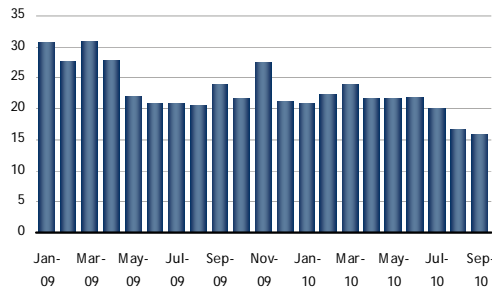
	2009	2010	2011	2012
Real GDP	-0.1	1.8	1.5	2.0
Employment	-0.1	0.4	1.4	1.4
Unemployment rate (%)	9.2	9.2	8.9	8.6
Retail sales	0.3	5.1	3.3	3.9
Housing starts (units)	3,408	4,300	3,800	3,600
Consumer price index	-0.1	2.1	2.3	2.1

shaded area is forecast

David Onyett-Jeffries
Economist

Prince Edward Island potato exports

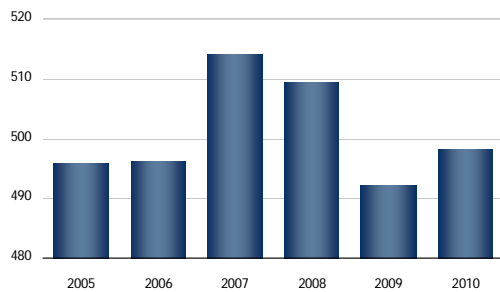
Millions of Canadian dollars



Source: Statistics Canada's Trade Data Online, RBC Economics Research

Prince Edward Island tourism

Room-nights sold year-to-date through September, thousands



Source: Government of Prince Edward Island, RBC Economics Research

Prince Edward Island forecast at a glance

% change unless otherwise indicated

	2009	2010	2011	2012
Real GDP	-0.1	2.1	2.2	2.2
Employment	-1.1	3.0	1.3	1.5
Unemployment rate (%)	12.0	11.4	11.2	10.3
Retail sales	-0.3	5.0	3.5	4.3
Housing starts (units)	858	740	780	700
Consumer price index	-0.1	1.8	2.0	2.1

shaded area is forecast

Slow growth but life is good

One of the few drawbacks of its avoiding significant contraction in 2009 is that the P.E.I. economy is not seeing much of bounce back in growth in 2010. Our forecast calls for the provincial economy to grow modestly by 2.1% in 2010 (unrevised from our September *Provincial Outlook*). This moderate pace of growth seems to suit Canada's smallest province just fine; be that as it may, a recent study by the Centre for the Study of Living Standards found that Islanders had the highest level of life satisfaction in the country.

Public capital spending still going strong

The construction sector has been a key source of strength for the province's economy so far this year, yet there are indications of activity easing. The government recently released an update to its five-year capital spending plan, which will see an increase of \$15 million during the 2010–2011 to 2014–2015 period compared to last year's plan, with expenditures rising in the next two years before tailing off thereafter. The continued public investment will fill some of the void from the falloff in private investment. Real industrial and commercial building construction is down 38% during the first three quarters of 2010, and we expect the weakness to continue thanks to the cancellation of several renewable energy projects. As well, housing starts are down 11% year-to-date (October), and we expect new residential construction activity to be modest for the next two years.

Manufacturing and tourism trends reversing

The manufacturing sector was an unexpected bright light in 2009, with sales of durable goods manufactured in the province surging on the strength of the emergent aerospace and technology industries. So far for 2010, however, the trend has reversed, with durable good shipments down 10% year-to-date (as of September), compounding the continued weakness in food manufacturing (down 6% year-to-date). The agri-food sector, which accounts for more than half of the province's merchandise exports, continues to struggle due to weak U.S. demand. Overall, farm cash receipts are down 3.7% year-over-year in the first three quarters of 2010, largely reflecting the 18% decline in nominal exports of potato products. Conversely, island tourism, which was hit hard in 2009, posted a strong summer season with tourist traffic (as measured by room-nights sold) up 3.7% from year-ago levels in the third quarter of 2010. The stronger tourist season helped support growth in service-sector employment and provided a boost to retail spending in the province.

Modest pace of growth to continue

The provincial government's plan to continue ramping up spending in 2011 will provide a solid base for stronger economic growth in the province. The outlook will be further aided by the improvement in the global and U.S. economies, which are expected to strengthen demand for agricultural products and provide an added boost to Island tourism. As a result, we expect growth in the province to accelerate marginally to 2.2% in 2011 (down from 2.4% in our September *Provincial Outlook*) and the momentum to carry forward into 2012, with our forecast calling for the province to replicate the 2.2% growth rate in 2012.

David Onyett-Jeffries
Economist



Springing back

So far this year, Newfoundland and Labrador is springing back quite nicely from the deep 10.2% dive in real GDP it took in 2009. Strong gains in crude oil and mining production, and in construction activity have driven a rapid recovery in the province and have led us to revise our real GDP growth forecast upwardly to 5.0% (up from 3.3% in our September *Provincial Outlook*), which will constitute the highest real GDP among the provinces.

Energy and mining production taking off...

The start of production at the North Amethyst satellite oil field in May, and its subsequent increased volume of extraction, has provided a much needed boost to the province's key energy sector. The new production has worked to offset the rapid maturation suffered at the other three major oilfields and has pushed crude oil production up 2.9% year-to-date (as of September). Metal and mineral production has benefitted from considerably firmer prices so far in 2010, with the provincial Department of Natural Resources now projecting a whopping 73% increase in metallic mineral shipments for 2010 despite weak nickel production due to the continued labour disruption at the Voisey's Bay mine.

...spurring on major capital projects...

The broad recovery in commodity prices since hitting a trough in early 2009 and the improving outlook for commodity demand has funnelled significant investment into the province's natural resources sectors. Large-scale private-sector projects (such as the Long Harbour nickel processing facility, the Hibernia Southern Extension, further offshore exploration and platform upgrades and the expansion of the Iron Ore Company of Canada's mine) were recently augmented by the announcement of public funding for the long-awaited \$6.2-billion development of the Lower Churchill hydroelectric project. The steady flow of non-residential investment will provide a significant source of economic and employment growth in the medium term.

...and providing other welcome budget benefits

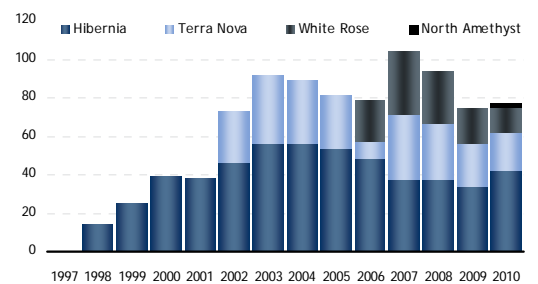
The stronger commodity markets are also providing a substantial boost to the provincial government's fiscal position. The recent Fall Update projected that revenues from crude oil royalties would come in \$65 million higher than forecasted in the Budget while corporate income tax revenues would be \$165 million higher than expected largely due to the offshore oil and gas sector. As result of these revisions, the province now expects to post a surplus of \$12 million compared to the \$194 million deficit projected in the Budget. Employment prospects in the province continue to improve, with natural resource and construction industries once again driving gains. This strengthening of the labour market is fuelling income growth, which in turn supports retail spending and residential construction.

Strong growth again next year

We expect that the provincial economy will maintain this year's positive trajectory into 2011. Strong capital investment and further gains in the mineral extraction sector will contribute to provincial growth remaining strong at 3.8% (revised up from 3.3% in our September *Provincial Outlook*). We expect this momentum to moderate slightly the following year to a more sustainable pace of 2.6% for 2012.

Newfoundland & Labrador offshore oil production

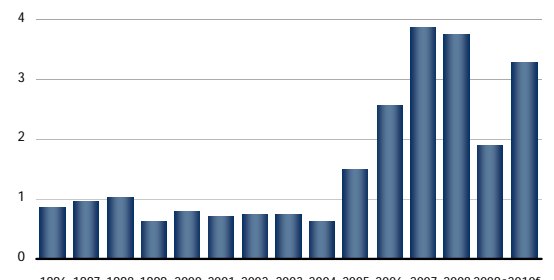
Millions of barrels, year-to-date September



Source: Canada-Newfoundland & Labrador Offshore Petroleum Board, RBC Economics Research

Newfoundland & Labrador metal shipments

Billions of Canadian dollars



Source: Newfoundland & Labrador Department of Natural Resources, RBC Economics Research

Newfoundland forecast at a glance

% change unless otherwise indicated

	2009	2010	2011	2012
Real GDP	-10.2	5.0	3.8	2.6
Employment	-2.4	3.3	1.5	2.3
Unemployment rate (%)	15.4	14.4	13.7	12.8
Retail sales	2.7	3.7	3.4	3.8
Housing starts (units)	3,167	4,200	3,100	3,200
Consumer price index	0.3	2.4	2.1	2.1

shaded area is forecast

David Onyett-Jeffries
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	5.0	3.8	2.6	-2.4	3.3	1.5	2.3	15.4	14.4	13.7	12.8	3.2	4.2	3.1	3.2	2.7	3.7	3.4	3.8	0.3	2.4	2.1	2.1
P.E.I.	-0.1	2.1	2.2	2.2	-1.1	3.0	1.3	1.5	12.0	11.4	11.2	10.3	0.9	0.7	0.8	0.7	-0.3	5.0	3.5	4.3	-0.1	1.8	2.0	2.1
N.S.	-0.1	1.8	1.5	2.0	-0.1	0.4	1.4	1.4	9.2	9.2	8.9	8.6	3.4	4.3	3.8	3.6	0.3	5.1	3.3	3.9	-0.1	2.1	2.3	2.1
N.B.	-0.3	2.3	1.9	2.3	0.1	-0.6	0.9	1.3	8.9	9.3	9.1	8.5	3.5	4.5	3.5	3.2	-0.1	4.1	3.5	3.7	0.3	2.1	1.9	2.1
QUE.	-0.3	2.7	2.6	2.7	-1.0	2.0	1.9	1.8	8.5	8.0	7.8	7.6	44.0	50.9	47.5	44.3	-0.9	5.0	4.0	4.3	0.6	1.2	1.7	2.0
ONT.	-3.6	3.3	3.1	3.1	-2.4	1.7	1.9	2.1	9.0	8.8	8.2	7.7	50.1	60.9	55.3	55.5	-2.4	4.7	4.2	4.3	0.4	2.5	2.6	1.9
MAN.	0.0	1.8	3.5	3.2	0.0	2.1	1.9	1.7	5.2	5.4	5.1	5.0	4.0	5.8	5.5	5.4	-0.9	5.8	4.9	5.2	0.6	0.7	1.7	2.0
SASK.	-3.9	4.5	5.3	4.3	1.5	1.2	2.1	2.3	4.8	5.1	4.9	4.6	3.8	5.6	5.0	5.3	-2.3	3.1	5.5	4.6	1.1	1.2	2.4	2.6
ALTA.	-4.5	3.4	4.3	3.8	-1.3	0.5	2.3	2.4	6.6	6.6	6.1	5.5	20.0	27.1	28.8	33.3	-8.4	5.1	5.6	5.8	-0.1	1.1	1.6	1.7
B.C.	-1.8	3.1	2.9	3.2	-2.4	2.1	1.9	2.2	7.6	7.5	7.0	6.5	16.0	26.9	28.5	25.8	-5.1	5.0	4.5	4.9	0.0	1.6	2.4	1.7
CANADA	-2.5	3.1	3.2	3.1	-1.6	1.6	1.9	2.2	8.3	8.0	7.6	7.2	149.0	191	182	180	-3.0	4.8	4.4	4.6	0.3	1.8	2.2	2.0

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, last five years 04-09, %)	1.0	1.4	0.9	0.8	1.3	0.5	2.1	1.1	1.7	2.0
Real GDP per capita (\$)	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, last five years 04-09, %)	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, last five years 04-09, %)	0.1	0.8	0.5	0.9	0.9	0.7	1.0	1.6	2.5	1.8
Employment rate (Nov. 2010, %)	52.0	60.0	58.0	57.8	60.1	61.5	66.1	66.2	68.5	61.1
Discomfort index (inflation + unemp. rates, Oct. 2010)	16.0	15.2	12.7	11.6	9.4	12.0	6.4	7.8	7.2	9.8
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 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	166,868	171,708	177,202
	% change	4.7	4.1	3.0	0.2	-1.8	3.1	2.9	3.2
Employment	thousands	2,131	2,195	2,266	2,314	2,259	2,307	2,351	2,403
	% change	3.3	3.0	3.2	2.1	-2.4	2.1	1.9	2.2
Unemployment rate	%	5.9	4.8	4.2	4.6	7.6	7.5	7.0	6.5
Retail sales	\$ millions	49,286	52,837	56,365	56,562	53,675	56,335	58,866	61,758
	% change	4.4	7.2	6.7	0.3	-5.1	5.0	4.5	4.9
Housing starts	units	34,667	36,443	39,195	34,250	16,042	26,900	28,500	25,800
	% change	5.3	5.1	7.6	-12.6	-53.2	67.7	5.9	-9.5
Consumer price index	2002=100	106.3	108.1	110.0	112.3	112.3	114.0	116.8	118.8
	% change	2.0	1.7	1.7	2.1	0.0	1.6	2.4	1.7

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	184,285	192,209	199,513
	% change	4.5	5.8	1.7	1.4	-4.5	3.4	4.3	3.8
Employment	thousands	1,784	1,871	1,959	2,013	1,988	1,999	2,045	2,094
	% change	1.5	4.8	4.7	2.7	-1.3	0.5	2.3	2.4
Unemployment rate	%	3.9	3.4	3.5	3.6	6.6	6.6	6.1	5.5
Retail sales	\$ millions	48,493	55,942	61,160	61,069	55,956	58,833	62,128	65,737
	% change	11.8	15.4	9.3	-0.1	-8.4	5.1	5.6	5.8
Housing starts	units	40,847	48,962	48,336	28,967	19,983	27,100	28,800	33,300
	% change	12.6	19.9	-1.3	-40.1	-31.0	35.6	6.3	15.6
Consumer price index	2002=100	108.1	112.3	117.9	121.6	121.5	122.7	124.7	126.9
	% change	2.1	3.9	4.9	3.2	-0.1	1.1	1.6	1.7

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	41,601	43,806	45,690
	% change	3.1	-1.6	3.6	4.6	-3.9	4.5	5.3	4.3
Employment	thousands	483	492	502	513	521	527	538	550
	% change	0.8	1.7	2.1	2.2	1.5	1.2	2.1	2.3
Unemployment rate	%	5.1	4.7	4.2	4.1	4.8	5.1	4.9	4.6
Retail sales	\$ millions	10,796	11,495	12,984	14,360	14,036	14,470	15,267	15,973
	% change	5.2	6.5	13.0	10.6	-2.3	3.1	5.5	4.6
Housing starts	units	3,437	3,715	6,007	6,792	3,792	5,600	5,000	5,300
	% change	-9.1	8.1	61.7	13.1	-44.2	47.7	-10.7	6.0
Consumer price index	2002=100	106.9	109.1	112.2	115.9	117.1	118.6	121.5	124.7
	% change	2.2	2.0	2.9	3.2	1.1	1.2	2.4	2.6

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	42,834	44,334	45,752
	% change	2.6	3.4	2.7	1.9	0.0	1.8	3.5	3.2
Employment	thousands	580	587	596	607	607	620	631	642
	% change	0.6	1.1	1.6	1.7	0.0	2.1	1.9	1.7
Unemployment rate	%	4.8	4.3	4.4	4.1	5.2	5.4	5.1	5.0
Retail sales	\$ millions	12,381	12,870	14,008	15,017	14,882	15,739	16,515	17,372
	% change	5.9	3.9	8.8	7.2	-0.9	5.8	4.9	5.2
Housing starts	units	4,731	5,028	5,738	5,550	4,042	5,800	5,500	5,400
	% change	6.6	6.3	14.1	-3.3	-27.2	43.5	-5.2	-1.8
Consumer price index	2002=100	106.6	108.7	110.9	113.4	114.1	114.9	116.9	119.3
	% change	2.7	1.9	2.1	2.2	0.6	0.7	1.7	2.0

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	526,232	542,545	559,364
	% change	2.8	2.4	2.0	-0.9	-3.6	3.3	3.1	3.1
Employment	thousands	6,398	6,493	6,594	6,687	6,526	6,639	6,765	6,907
	% change	1.3	1.5	1.6	1.4	-2.4	1.7	1.9	2.1
Unemployment rate	%	6.6	6.3	6.4	6.5	9.0	8.8	8.2	7.7
Retail sales	\$ millions	135,321	140,808	146,252	151,375	147,708	154,606	161,163	168,084
	% change	4.8	4.1	3.9	3.5	-2.4	4.7	4.2	4.3
Housing starts	units	78,795	73,417	68,123	75,567	50,050	60,900	55,300	55,500
	% change	-7.4	-6.8	-7.2	10.9	-33.8	21.7	-9.2	0.4
Consumer price index	2002=100	106.9	108.8	110.8	113.3	113.7	116.5	119.5	121.8
	% change	2.2	1.8	1.8	2.3	0.4	2.5	2.6	1.9

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	274,699	281,841	289,451
	% change	1.8	1.8	2.1	1.1	-0.3	2.7	2.6	2.7
Employment	thousands	3,717	3,765	3,852	3,882	3,844	3,922	3,997	4,068
	% change	1.0	1.3	2.3	0.8	-1.0	2.0	1.9	1.8
Unemployment rate	%	8.3	8.0	7.2	7.2	8.5	8.0	7.8	7.6
Retail sales	\$ millions	82,533	86,709	90,663	95,321	94,493	99,256	103,185	107,616
	% change	5.1	5.1	4.6	5.1	-0.9	5.0	4.0	4.3
Housing starts	units	50,910	47,877	48,553	47,925	44,008	50,900	47,500	44,300
	% change	-12.9	-6.0	1.4	-1.3	-8.2	15.7	-6.7	-6.7
Consumer price index	2002=100	106.9	108.7	110.4	112.7	113.4	114.7	116.6	118.9
	% change	2.3	1.7	1.6	2.1	0.6	1.2	1.7	2.0

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	23,850	24,303	24,862
	% change	1.2	2.4	1.1	-0.2	-0.3	2.3	1.9	2.3
Employment	thousands	351	355	363	366	366	364	367	372
	% change	0.1	1.4	2.1	0.9	0.1	-0.6	0.9	1.3
Unemployment rate	%	9.7	8.8	7.5	8.6	8.9	9.3	9.1	8.5
Retail sales	\$ millions	8,326	8,814	9,318	9,872	9,861	10,267	10,628	11,024
	% change	4.6	5.9	5.7	5.9	-0.1	4.1	3.5	3.7
Housing starts	units	3,959	4,085	4,242	4,175	3,483	4,500	3,500	3,200
	% change	0.3	3.2	3.8	-1.6	-16.6	29.2	-22.2	-8.6
Consumer price index	2002=100	107.4	109.2	111.3	113.2	113.5	115.9	118.1	120.5
	% change	2.4	1.7	1.9	1.7	0.3	2.1	1.9	2.1

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	29,452	29,894	30,491
	% change	1.1	0.6	1.6	1.3	-0.1	1.8	1.5	2.0
Employment	thousands	443	442	448	453	453	455	461	467
	% change	0.2	-0.3	1.3	1.2	-0.1	0.4	1.4	1.4
Unemployment rate	%	8.4	7.9	8.0	7.7	9.2	9.2	8.9	8.6
Retail sales	\$ millions	10,527	11,163	11,636	12,129	12,172	12,791	13,216	13,737
	% change	2.2	6.0	4.2	4.2	0.3	5.1	3.3	3.9
Housing starts	units	4,775	4,896	4,750	4,267	3,408	4,300	3,800	3,600
	% change	1.2	2.5	-3.0	-10.2	-20.1	26.2	-11.6	-5.3
Consumer price index	2002=100	108.2	110.4	112.5	115.9	115.7	118.2	120.9	123.5
	% change	2.8	2.1	1.9	3.0	-0.1	2.1	2.3	2.1

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	4,251	4,345	4,441
	% change	1.1	4.0	1.8	0.4	-0.1	2.1	2.2	2.2
Employment	thousands	68	69	69	70	69	72	72	74
	% change	1.9	0.6	1.1	1.3	-1.1	3.0	1.3	1.5
Unemployment rate	%	10.8	11.1	10.3	10.7	12.0	11.4	11.2	10.3
Retail sales	\$ millions	1,424	1,512	1,629	1,721	1,715	1,801	1,864	1,943
	% change	2.8	6.2	7.7	5.6	-0.3	5.0	3.5	4.3
Housing starts	units	862	738	750	700	858	740	780	700
	% change	-6.2	-14.4	1.6	-6.7	22.6	-13.8	5.4	-10.3
Consumer price index	2002=100	109.1	111.6	113.6	117.5	117.3	119.4	121.8	124.4
	% change	3.2	2.2	1.8	3.4	-0.1	1.8	2.0	2.1

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	19,025	19,748	20,261
	% change	2.2	3.0	9.2	2.0	-10.2	5.0	3.8	2.6
Employment	thousands	214	216	217	220	215	222	225	231
	% change	-0.1	0.7	0.7	1.5	-2.4	3.3	1.5	2.3
Unemployment rate	%	15.2	14.8	13.6	13.2	15.4	14.4	13.7	12.8
Retail sales	\$ millions	5,826	6,026	6,567	7,063	7,251	7,517	7,774	8,071
	% change	1.2	3.4	9.0	7.6	2.7	3.7	3.4	3.8
Housing starts	units	2,498	2,234	2,649	3,233	3,167	4,200	3,100	3,200
	% change	-13.0	-10.6	18.6	22.1	-2.1	32.6	-26.2	3.2
Consumer price index	2002=100	107.6	109.5	111.1	114.3	114.6	117.4	119.9	122.4
	% change	2.6	1.8	1.4	2.9	0.3	2.4	2.1	2.1

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