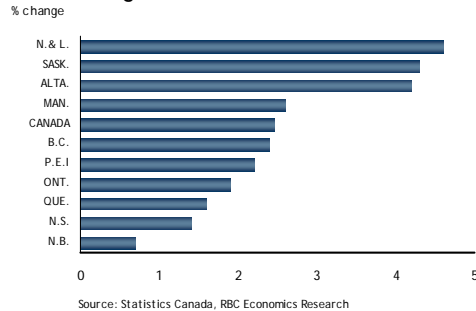


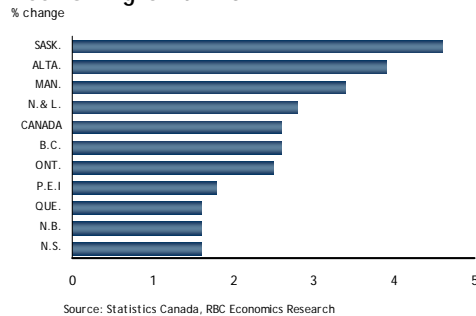
PROVINCIAL OUTLOOK

March 2012

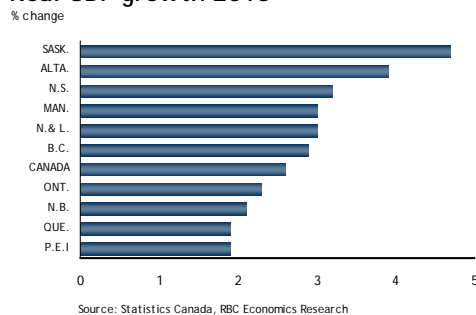
Real GDP growth 2011



Real GDP growth 2012



Real GDP growth 2013



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Western 'tilt' in evidence in 2012

- Western Canada will top the provincial growth rankings in 2012; strong growth forecasted in Saskatchewan and Alberta.
- This part of the country benefits strongly from the commodities boom and related capital investment; for the most part, it will also be subjected to a lesser degree of fiscal restraint than other regions.
- The strengthening of the U.S. economy raises Ontario's growth prospects; Quebec sees challenges in its labour market.
- Nova Scotia's big lift will come in 2013.

Global context holding up

There are still plenty of risks and challenges facing provincial economies; however, the news has been encouraging in recent months. Globally, there are increasing signs that euro zone will avoid splintering apart as its financial sector crisis stabilizes, and the economic downturn looks mild and brief. China's gearing down is unfolding in an orderly fashion, maintaining solid growth in the process. And, very importantly for Canada, data on the U.S. economy are improving—particularly with respect to employment. In short, our monitoring indicates that the external context, in which provincial economies operate, remains broadly supportive of growth, albeit at a modest pace.

A commodity market story...

Of special significance for many provinces is the fact that sustained global growth will continue to fuel demand for, and thus the prices of, commodities. With the notable exception of natural gas and, perhaps wood products, commodity prices are historically elevated, and we expect them to remain so this year and next.

...that favours Western Canada

The benefits to particular provinces of strong commodity markets were evident last year. The western part of the country and Newfoundland and Labrador—heavily dependent on the natural resource sector—saw a significant boost to their economic growth. We expect a generally similar outcome this year, with the exception of Newfoundland and Labrador where temporary shutdowns of offshore oil production operations will slow the pace down noticeably.

Saskatchewan taking the lead

Our provincial real GDP forecast for 2012 has Saskatchewan taking over the lead (from Newfoundland and Labrador last year) with a solid rate of 4.6%, followed by Alberta (3.9%), and Manitoba (3.4%). Central Canada, British Columbia, and Atlantic Canada will grow modestly between 1.6% and 2.8%, but, in most instances, such performances will constitute an improvement from 2011. The exceptions among this group are Newfoundland and Labrador, and Prince Edward Island where we project slightly slower paces. Our growth forecast for Quebec is unchanged from 2011 at 1.6%.

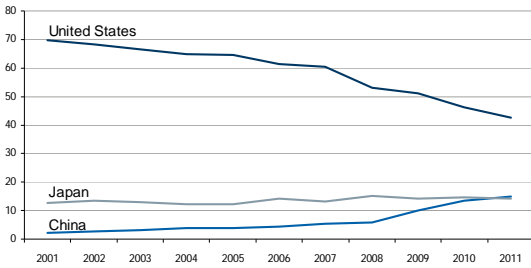
Capital spending to rise in most provinces

The commodities boom will be a key differentiating factor of provincial performance. This can be seen in recently released Private and Public Investment (P&PI) intentions survey report by Statistics Canada, which showed that strong investment on major energy, mining, and smelting projects will significantly boost capital expenditures in provinces such as Newfoundland and Labrador, British Columbia, and Alberta. It will also push spending in Saskatchewan further into record territory.

Fiscal restraint weighing growth down in the central and Atlantic regions

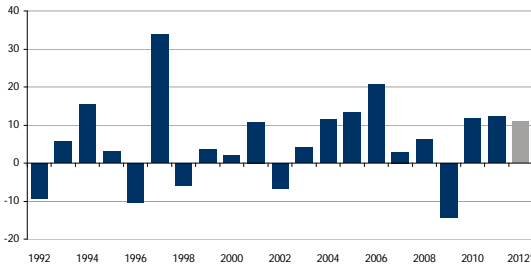
Another differentiating factor will be fiscal policy. Given the varying sizes of provincial deficits and different timelines to eliminate them, we see greater fiscal restraint generally taking place in Central and Atlantic Canada than in the western part of the country. While necessary to restore the health of provincial finances, such restraint will weigh on these provinces' growth more heavily.

B.C. export shares by country of destination
% of total merchandise exports



Source: B.C. Stats., RBC Economics Research

B.C. private non-residential capital expenditures
% change, year-over-year



Source: Statistics Canada, RBC Economics Research
*Intentions.

British Columbia forecast at a glance

% change unless otherwise indicated

	2010	2011F	2012F	2013F
Real GDP	3.0	2.4	2.6	2.9
Employment	1.7	0.8	1.4	1.5
Unemployment rate (%)	7.6	7.5	6.7	6.6
Retail sales	5.3	2.3	4.2	4.4
Housing starts (units)	26,479	26,400	26,800	27,000
Consumer price index	1.4	2.3	1.6	1.3

Economic performance heading in the right direction

We expect a modest improvement in British Columbia’s economic performance in 2012. The provincial economy will build on export gains that it made in fast-growing Asian markets last year and will welcome the onset of work on two new major projects: the large order for non-combat ships from the federal government and modernization of the aluminum smelter in Kitimat. We expect these factors will boost growth slightly to 2.6% in 2012 from an estimated 2.4% in 2011. The benefits will be felt more fully in 2013, however, when we project growth to climb to 2.9%.

Building on gains in the Chinese markets

As noted in previous editions of *Provincial Outlook*, a key development in British Columbia’s economy last year has been the significant inroads by B.C. exporters (principally softwood lumber producers) into the fast-growing Chinese and South Korean markets. The success has been such that China surpassed Japan as the number two export destination in 2011 and further narrowed the gap with the United States. Although progress in exports to China has been somewhat uneven in the latter part of the year—in part due to uncertainty in the Chinese housing market—there remains tremendous potential to be tapped for B.C. producers of wood and, potentially, other products. We expect the province to make further headway this year and next. The encouraging signs that have started to surface in the U.S. economy also bode well for the B.C. exporters. Over the forecast, housing starts in the U.S. are expected to trend significantly higher in both 2012 and 2013.

Getting ready for the shipbuilding bonanza

It may not have been the marquis frigate contract (which went to the Irving shipyard in Halifax), but North Vancouver-based Seaspan Marine did very well last fall in being awarded the federal government’s \$8 billion order for seven non-combat ships. This order will represent a significant boost to shipbuilding activity in the province with work on Coast Guard and other vessels expected to start late this year or early in 2013 and take place during an eight-year period. There will be some benefits felt this year, as Seaspan Marine plans to spend \$160 million on readying its shipyard infrastructure in Vancouver and Victoria.

Large investment in aluminum production capacity

Another recently confirmed major project is the modernization of Rio Tinto Alcan’s aluminum smelter in Kitimat. The company plans to spend \$3.3 billion to improve the facility and to boost its capacity by 40% by 2014. This project is reflected in the large \$870 million increase (a 227% surge) in capital spending intentions by the primary metals industry shown in Statistics Canada’s P&PI report. This industry is among several others (including oil and gas, mining, and utilities) that plan further notable boosts to their capital expenditures in 2012. According to the report, total non-residential investment in the province is scheduled to rise by a solid 11.2%, which would be just a tad lower than the very strong 12.3% increase in 2011.

Fiscal restraint and moderating housing market to hold growth back

While British Columbia’s economy will get a lift from stronger exports and major projects, its overall growth will be held back by factors such as fiscal restraint and moderating housing market activity that will exert an opposing force.

Robert Hogue
Senior Economist



Economic boom 2.0

Despite much adversity, Alberta's economy launched into its expansion phase in impressive fashion last year, giving unmistakable signs that it is booming once again. We expect boom-like conditions to persist this year and next, although this will be a much more orderly affair than the 2004–2006 boom that created severe tensions in the province. According to our calculations, real GDP growth climbed above the 4% mark in 2011 for the first time since 2006 (with an estimated rate of 4.2%), and we anticipate this pace to be largely sustained, at 3.9%, in both 2012 and 2013. Such a scenario would not put undue pressure on resources such as labour or capital in the province. Across Canada, only Saskatchewan—which in the midst of its own economic boom—will surpass Alberta in terms of growth this year and next.

Oil industry still the catalyst

It is a fact that record levels of production and investment by Alberta's oil industry are the catalyst for tremendous activity across the province. Proof that most of the provincial economy is enjoying the ride is provided by the remarkable performance in the job market last year. In all, 99,000 new jobs were created in Alberta in 2011, representing more than half the gains in Canada. Even more remarkable was that the jobs were widely distributed across industries and were entirely full-time. We expect continued strong job creation in 2012 but not at the breakneck pace of 2011. Our forecast for employment growth remains at a nation-leading rate of 3.1% this year, although this would be down from 3.8% last year. Labour market strength will maintain strong support for consumer spending in the province.

Another banner year for the oil industry

There is every indication that 2012 will be another banner year for Alberta's oil industry. Thanks to massive investments in the oil sands, unconventional oil production is rising rapidly. The National Energy Board (NEB) estimates that unconventional output in Alberta surged by more than 9% last year and forecasts that it will increase at an even faster rate (almost 16%) this year. Even conventional oil production is on an upswing again, as it rose in 2011 for the first time since 2003. The NEB projects a further increase this year. Such vibrancy on the oil side of the provincial energy sector will easily offset further expected declines in natural gas output because prices for this commodity remain weak.

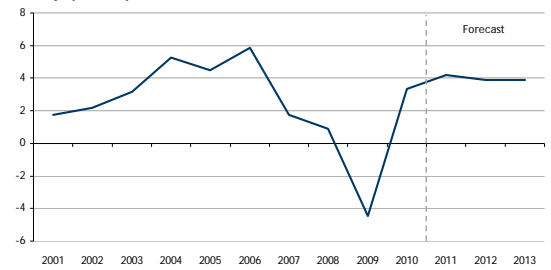
Capital investment will reach record levels in the energy sector

The massive investments in the energy sector are slated to reach yet again new heights in 2012. Statistics Canada's investment intentions survey report indicated that oil and gas extraction firms plan to spend a record \$48 billion this year on capital outlays, representing a 16.2% increase from 2011. Stronger spending on the pipeline infrastructure will further add to the total. Such colossal investment will continue to be a tremendous engine of economic activity in the province.

Strong revenues to bring provincial budget to balance by 2013-2014

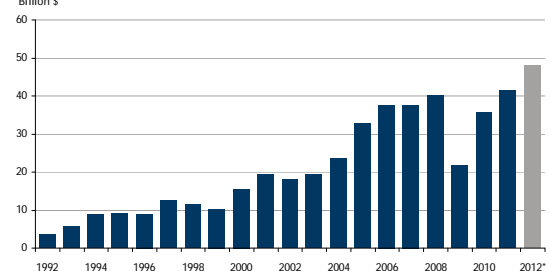
The strong performance of the oil industry and renewed interest in exploration in the province are benefiting Alberta's government. In its February 10, 2012 budget, the provincial government forecasted substantial revenue growth in the coming years thanks in large part to a surge in royalties. The provincial government expects to eliminate its deficit by 2013-2014 without the need for expenditure restraint in its fiscal plan.

Alberta real GDP
% change, year-over-year



Source: Statistics Canada, RBC Economics Research

Alberta oil & gas industry expenditures
Billion \$



Source: Statistics Canada, RBC Economics Research
*Intentions.

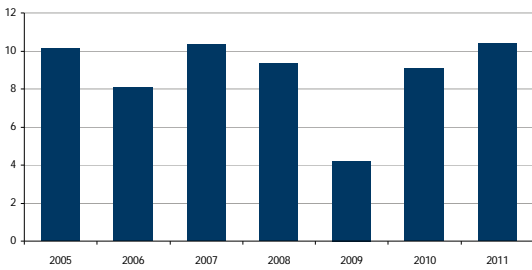
Alberta forecast at a glance

% change unless otherwise indicated

	2010	2011F	2012F	2013F
Real GDP	3.3	4.2	3.9	3.9
Employment	-0.4	3.8	3.1	2.5
Unemployment rate (%)	6.5	5.5	4.8	4.5
Retail sales	6.0	7.0	6.5	6.3
Housing starts (units)	27,088	25,500	30,000	32,500
Consumer price index	1.0	2.4	2.0	1.8

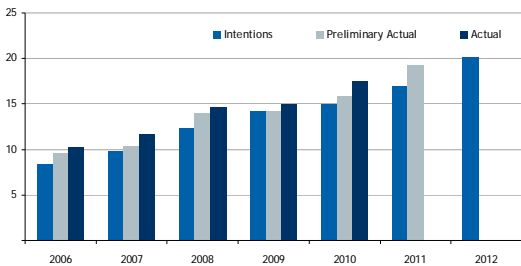
Robert Hogue
Senior Economist

Saskatchewan potash production
Million tonnes



Source: Saskatchewan Industry and Resources, RBC Economics Research

Saskatchewan private and public investment
Billions \$



Source: Statistics Canada, RBC Economics Research

Saskatchewan forecast at a glance

% change unless otherwise indicated

	2010	2011F	2012F	2013F
Real GDP	4.0	4.3	4.6	4.7
Employment	0.9	0.3	1.7	1.9
Unemployment rate (%)	5.2	5.0	4.8	4.6
Retail sales	3.1	8.5	5.9	6.5
Housing starts (units)	5,907	7,200	7,600	7,900
Consumer price index	1.3	2.8	2.4	2.6

Taking the lead

We remain relatively optimistic about the outlook for growth in Saskatchewan this year and next with growth of 4.6% and 4.7%, respectively, after an expected 4.3% increase in 2011. Although the 2011 estimate represents slightly lower growth than what we suggested last quarter (4.5%), growth this year has been revised up from 4.2%, thereby putting Saskatchewan in the lead among the provinces once again.

Potash production expected to recover in 2012

This optimism on growth this year is being maintained despite indications of some weakening in potash production during the fourth quarter of 2011. A slowing in demand may have been related to increased concern about the global recovery in the face of the European sovereign-debt crisis. Recent aggressive policy actions in Europe have helped to ease those pressures, and we expect that this will result in a recovery in demand. Such a result would bode well for potash production continuing to rise in 2012. The weakness in potash production during the fourth quarter of last year prompted us to revise downward mining output in 2011, however.

Capital spending expected to continue to increase...

A key reason for our optimism about growth in Saskatchewan this year is the expected strength in capital expenditures. According to Statistics Canada’s recently released P&PI survey report, the public and private sectors plan to increase their nominal spending by 4.2% in 2012. On the surface, this may seem relatively modest although there is a strong historical pattern for these planned expenditures to be exceeded by actual investment spending. For example, capital spending in 2010 for Saskatchewan was initially estimated to increase by 5.9%, but the recently released actual figures now show a more substantial rise of 17.3%. (This stronger increase may prompt an upward revision to overall 2010 GDP growth currently estimated at 4.0%.) Similarly, growth in the “preliminary actual” figure for 2011 is now 10.3% compared with the original spending intention growth rate of 7.2%.

...thanks to projects in the mining and utilities sectors

The increase in capital expenditure this year is almost fully accounted for by the mining sector and likely reflects increased spending on various potash projects. There was also increased spending within the utilities sector, with the main offsets provided by reduced spending in manufacturing and by municipal governments. Given the increased in-migration into urban areas of Saskatchewan, spending by local governments may be one area that will eventually see an upward revision this year once the final tally is compiled.

Agriculture production to continue to grow albeit at a more moderate pace

Indications of a 14% rebound in agriculture output in 2011 after a weather-related 18% drop in 2010 was a key support to growth in Saskatchewan last year. We assume a further recovery this year and next under the assumption of normal weather conditions during the forecast and the reversal of current dry soil conditions. Even under these favourable assumptions, however, growth in agricultural production is expected to slow to 6% this year and 3% in 2013. The continued growth in agriculture and capital spending in the natural resource sector are contributing to noticeable gains in manufacturing sales with the machinery and fabricated metal components showing particular strength for 2011. We expect manufacturing to continue to contribute to growth throughout the forecast.

Paul Ferley
Assistant Chief Economist



Rebound in agriculture expected to support growth in 2012

Growth in Manitoba is projected to be 3.4% this year and 3.0% in 2013, which would be up from the 2.6% increase estimated for 2011. The rebound in growth this year, which was revised up slightly from 3.2% last quarter, largely reflects the assumption that an improvement in growing conditions, including the reversal of current dry soil conditions, will allow the agriculture sector to swing to a rise of almost 19% this year from an expected 15% decline in 2011. We assume that the persistence of normal weather conditions will allow agricultural production to continue to rebound in 2013 although the pace is expected to moderate to 5%. This moderation is a key factor contributing to overall GDP growth in the province moving lower in 2013.

Surveys suggest greater than expected strength in capital spending

The slight upward revision to growth this year is the result of the recently released Statistics Canada survey of capital spending intentions. It indicated an unexpected pickup in capital expenditure growth to 4.7% in 2012 from the 1.5% estimated for 2011. This is not a particularly strong pace of growth for 2012 and pales in comparison to the 15.7% gain recorded in 2010 in the wake of spending on a number of major projects such as the expansion of the Red River floodway and the new Winnipeg International Airport. The risk to this increase, however, may be on the upside because this survey often underestimates actual spending during periods of overall economic growth. On an industry basis, the projected increase in capital expenditures reflects gains in both the mining and manufacturing sectors. These increases are expected to offset another year of reduced spending by utilities that largely reflect moderating investment activity by Manitoba Hydro. In the wake of these survey numbers, we raised our forecast for construction sector spending to show a gain of 3% rather than holding the rate unchanged from the 1.5% expected for 2011.

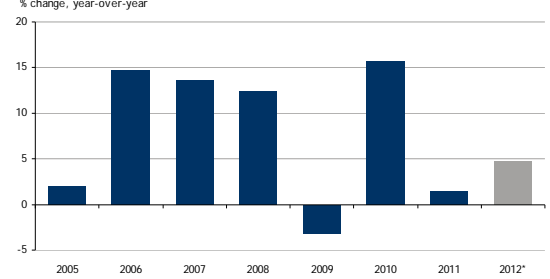
Moderation in manufacturing anticipated to be temporary

In terms of recent economic reports for Manitoba, there has been some moderation in manufacturing activity late in 2011. This may reflect in part a rise in concern about a sustained recovery both globally and in the United States in the face of financial market pressures related to the European sovereign-debt issue. These pressures have started to ease early in 2012 in the face of aggressive policy actions by European policymakers. This and our expectation of a rebound in U.S. growth and strong investment spending in provinces west of Manitoba are expected to result in manufacturing activity in the province rebounding as we move through 2012.

Greater strength in employment expected

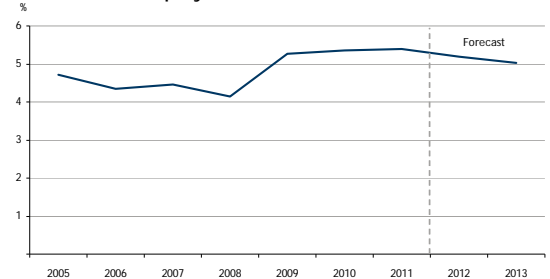
Employment growth also has shown some moderation last year, slowing to 0.8% from 1.9% in 2010; however, the pickup in capital spending and strengthening demand for Manitoba-produced manufacturing goods are both expected to help send the hiring trajectory back up through the forecast. This should contribute to an improvement in the unemployment rate, which we project to ease to 5.2% and 5.0% this year and next, respectively, after remaining unchanged in 2011 at 5.4%.

Manitoba growth in capital spending



Source: Statistics Canada, RBC Economics Research
*intentions.

Manitoba unemployment rate



Source: Statistics Canada, RBC Economics Research

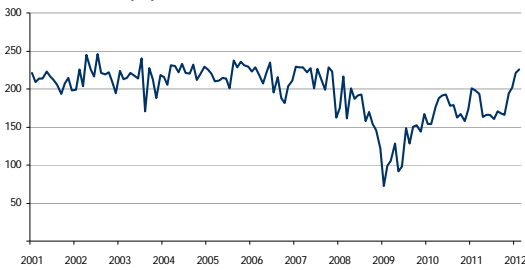
Manitoba forecast at a glance

% change unless otherwise indicated

	2010	2011F	2012F	2013F
Real GDP	2.4	2.6	3.4	3.0
Employment	1.9	0.8	0.9	1.3
Unemployment rate (%)	5.4	5.4	5.2	5.0
Retail sales	5.6	4.6	5.0	4.7
Housing starts (units)	5,888	5,900	6,100	5,800
Consumer price index	0.8	2.9	1.9	2.1

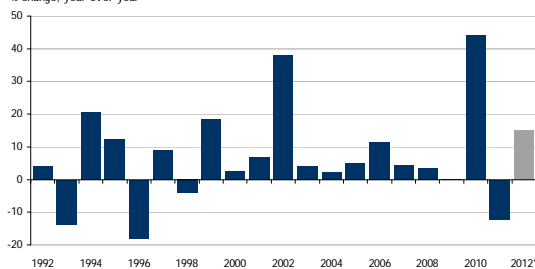
Paul Ferley
Assistant Chief Economist

Ontario motor vehicle production
Thousand units, seasonally adjusted



Source: AUTONEWS, RBC Economics Research

Ontario capital investment
% change, year-over-year



Source: Statistics Canada, RBC Economics Research
*Intentions.

Ontario forecast at a glance

% change unless otherwise indicated

	2010	2011F	2012F	2013F
Real GDP	3.0	1.9	2.5	2.3
Employment	1.7	1.8	1.0	1.4
Unemployment rate (%)	8.7	7.8	7.8	7.5
Retail sales	5.4	3.0	3.7	3.9
Housing starts (units)	60,433	67,700	62,300	59,000
Consumer price index	2.4	3.1	1.8	1.9

Rising U.S. tide lifts Ontario’s boat

The encouraging signs emerging from the U.S. economy lately are welcome news in Ontario. We expect that stronger U.S. demand for such things as Ontario-made motor vehicles and parts will contribute to a modest rebound in growth in the province to 2.5% in 2012 from an estimated 1.9% in 2011. Renewed strength in capital spending at the municipal and regional level will also be a factor adding to growth this year. Nonetheless, the economic performance of the province will continue to be restrained by ongoing industrial adjustments to a high Canadian dollar, as well as by the necessary deficit reduction efforts at the federal and provincial levels.

Ontario’s auto sector in full recovery mode

The recovery in Ontario’s auto sector was gathering speed last year when significant disruptions to its supply chains caused by successive natural disasters in Japan and Thailand set the industry back considerably. Fortunately, as difficult as these disruptions have been, they proved to be temporary. By the fall, auto production in the province was back on track, registering a strong gain in the fourth quarter. Even more encouraging has been the impressive start to 2012, with production in January and February returning to pre-recession levels on a seasonally adjusted basis.

U.S. demand perking upward

The improvement in the economic data south of the border in the past several months bodes well for the Ontario economy, which relies disproportionately on the U.S. market. In particular, motor vehicle sales have provided clear evidence that they are coming out of their slump by reaching in the first two months of 2012 their best levels since early 2008. We expect that the strengthening in the U.S. labour market will continue to lend support to U.S. motor vehicle sales this year and keep U.S. demand for Ontario-made motor vehicles and parts on a higher plane. The turnaround in Ontario’s auto sector will help boost provincial exports.

Municipal and regional administrations to boost their capital spending

After providing a substantial boost to growth in 2009 and 2010, public-sector capital spending eased last year in the province with the end of the Action Plan. The recently released investment intentions report by Statistics Canada indicates that a rebound is in store in 2012, however. The report shows that municipal and regional administrations intend to increase their capital expenditures by 15% (on a nominal basis) following a substantial drop (12%) in 2011. This increase will be supplemented by a more modest rise (5%) provincial administration spending (the federal administration expects no change in capital spending in the province). We estimate that this pickup in public-sector capital expenditures will add about 0.3 percentage points to growth in 2012. On the private-sector side, the report reveals strong increases in spending intentions in the utilities and mining sectors.

Headwinds will persist

While we expect growth in the province to accelerate modestly in 2012 from 2011, economic performance in Ontario will continue to face stiff headwinds from the high value of the Canadian dollar that will generate further restructuring in the manufacturing sector. Additional headwinds will come from the ramping up of government program spending restraints, as both the federal and provincial governments tackle their deficits. We expect such headwinds to slow growth to 2.3% in 2013.

Robert Hogue
Senior Economist



Trailing the pack

Any sense that Quebec's economy would sail through after emerging from the 2008-2009 recession ahead of most provinces faded last year. There were disappointing developments in the labour market and other sectors of the economy in the closing months of 2011 in Quebec that dimmed the prospect for a bounce back in growth in 2012 from a lacklustre pace in 2011. We expect the provincial economy to continue to trail other provinces in terms of growth this year with a rate of 1.6%, which is unchanged from 2011. This would constitute the weakest back-to-back performance outside a recession since 1995-1996. We project only a slight acceleration to 1.9% in 2013.

Disappointing labour market slump

Admittedly, we were caught off guard by the severity of the slump in Quebec's labour market in the last three months of 2011. While we questioned, a year ago, the sustainability of the strong jobs growth at the start of 2011, we were disappointed by the significant subsequent slowing that led to the loss of 61,000 jobs between October and December—a drop almost as large as the total loss during the 2008-2009 recession (64,000) in the province. This rapid deterioration was echoed in the unemployment rate, which surged to 8.7% by December; i.e., a tad lower than the recession peak of 8.9%. We are now concerned that the deterioration in labour market conditions will weigh on consumer-dependent sectors of the economy. The employment gain registered in the first two months of 2012 (9,700) was insufficient to perk up job prospects in any meaningful way. Recent layoff announcements in high-profile industries such as pharmaceuticals do not bode particularly well for a snap back in hirings in the near term either. We project employment growth of just 0.2% in 2012, which would be well below the average rate in the past five years (1.1%).

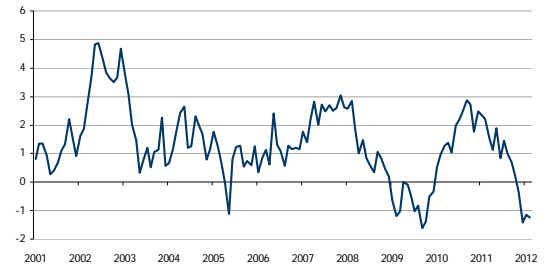
Poor handoff to 2012

Also concerning lately has been the recent string of data showing a significant slowing in monthly real GDP. According to estimates by the *Institut de la statistique du Québec*, the province's real GDP was flat in both October and November 2011. Unless the pace picks up materially in December, the fourth quarter of 2011 could well show no growth at all or perhaps even a small decline. Sectors such as residential construction, manufacturing (including primary metals and machinery), and public administration showed weakening signs late last year. This stalling of activity in the closing months of 2011 would come on the heels of a slight contraction in the second quarter and minimal growth in the third. In other words, the Quebec economy is carrying very little forward momentum, if any at all, as it enters 2012.

Business investment holding up

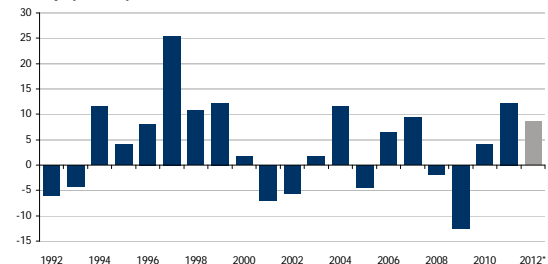
One type of activity that continues to give positive signs for 2012, however, is business investment. The latest P&PI survey by Statistics Canada indicates that private firms intend to boost their non-residential capital spending by 8.5% this year, following a strong increase of 12.3% in 2011. Virtually all of this increase will take place in the mining and utilities sectors. The public sector will also contribute positively with capital spending projected to rise by 5.8%, which would be up from a growth of 2.9% last year.

Quebec employment
% change, year-over-year



Source: Statistics Canada, RBC Economics Research

Quebec private non-residential investment
% change, year-over-year



Source: Statistics Canada, RBC Economics Research
*Intentions.

Quebec forecast at a glance

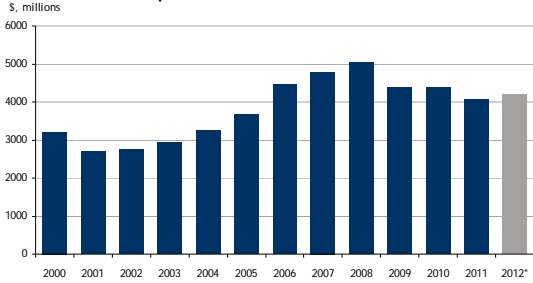
% change unless otherwise indicated

	2010	2011F	2012F	2013F
Real GDP	2.5	1.6	1.6	1.9
Employment	1.7	1.0	0.2	1.3
Unemployment rate (%)	8.0	7.8	8.0	7.8
Retail sales	6.3	1.9	3.4	3.8
Housing starts (units)	51,363	48,200	45,000	42,000
Consumer price index	1.3	3.0	1.8	2.0

Robert Hogue
Senior Economist

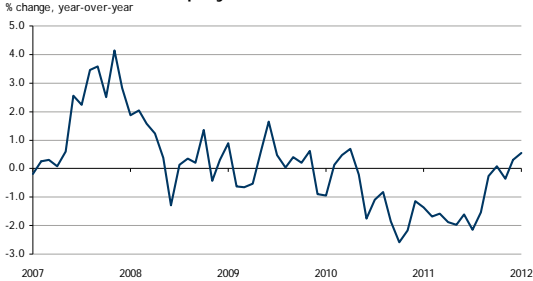


New Brunswick private investment



Source: Statistics Canada, RBC Economics Research
* Intentions.

New Brunswick employment



Source: Statistics Canada, RBC Capital Markets, RBC Economics Research

New Brunswick forecast at a glance

% change unless otherwise indicated

	2010	2011F	2012F	2013F
Real GDP	3.1	0.7	1.6	2.1
Employment	-1.0	-1.1	0.7	1.0
Unemployment rate (%)	9.3	9.5	9.4	8.9
Retail sales	4.9	4.9	3.2	3.7
Housing starts (units)	4,101	3,200	3,100	3,200
Consumer price index	2.1	3.5	2.0	2.1

Private sector is stepping up as public sector is stepping down

Last year, weak exports and a sluggish job market brought economic growth in New Brunswick to a very slow grind (we estimate the rate at 0.7%). This year, we expect to see some improvement as stronger U.S. growth, private-sector investment, and consumer expenditures will generate benefits that will outweigh the effect of belt tightening in the public sector. We see the improvement in the provincial economic performance extending to 2013, when some positive spill-over effects from neighbouring Nova Scotia’s major shipbuilding contract will start kicking in. On the whole, we project real GDP growth of 1.6% in 2012 and 2.1% in 2013.

Fiscal consolidation weighs on growth

As in other jurisdictions, New Brunswick is headed into a period of fiscal austerity, with both the provincial and federal governments engaged in restoring budget balances. Because of New Brunswick’s relatively high share of the government in economic activity (36.1%, compared to 26.0% nationally in 2010) and the large deficit to be eliminated relative to provincial GDP, we expect fiscal restraint to be a greater drag on economic activity than in most other province in both 2012 and 2013.

Exports, private investment pick up the slack in 2012

Last year, pressure on New Brunswick’s international trade sector played a key role in constraining provincial GDP growth. Net trade in energy commodities (which are the province’s biggest export commodities) was a particular drag with real exports falling by 3.7% (despite a nominal increase of 23%) while real energy imports rose by 4.2%. With the refinery maintenance work that contributed to the export decline last year now completed, we expect net energy exports to improve this year. New Brunswick’s overall trade performance will also benefit from stronger expected U.S. growth. Meanwhile, improving economic prospects appear to be boosting business confidence. Statistics Canada’s P&PI intentions survey shows that the private sector intends to raise its investments in the province for the first time since 2008, by 3.5% in 2012. This will more than offset a 0.9% drop in planned public investment. The end of spending at two major projects in the province (Point Lepreau in the last half of 2012 and the Sussex Potash mine in early 2013) will likely keep investment growth subdued in 2013; however, this will be partially offset by increased utilities and mining production.

Shipbuilding spill-over, mine closure in 2013

We expect that the 2012 combination of fiscal austerity but improving private-sector performance will continue into 2013. Two other factors are also expected to affect provincial economic growth in that year. First, we expect there to be some positive spill-over effects from the Nova Scotia shipbuilding contract, which will be most evident in 2013 as spending on the contract ramps up. On the other hand, the closure of the Xstrata Brunswick mine, scheduled for March 2013, will weigh on mining output. The loss of around 800 jobs associated with the mine will also put pressure on employment, which has only recently begun to grow again after a two-year period of decline. We expect that these factors will keep overall economic growth at a relatively modest pace in 2013, with our call for GDP growth at 2.1%.

Kirsten Cornelson
Economist



On the launch pad

There are many exciting developments in the works for Nova Scotia's economy. The Deep Panuke natural gas field is getting ready to start production, preparatory work will soon get underway for the federal shipbuilding contract, and it was recently announced that Shell bid \$971 million for offshore oil exploration rights, which is the largest bid of its kind ever seen in Atlantic Canada. The effects of these projects will be relatively modest in 2012 and will be offset in part by fiscal austerity and consolidation in the paper industry, thereby leading to relatively slow GDP growth of 1.6%; however, we expect that growth will pick up substantially, to 3.2%, in 2013.

Stronger growth in capital investment will wait until next year

While actual shipbuilding work on the \$25-billion, 30-year, federal contract is not likely to begin until closer to mid-decade, we expect the contract to generate near-term effects on Nova Scotia's economic growth in the form of preparatory investment in shipbuilding infrastructure and 'warm glow' effects spreading to other sectors of the economy. Statistics Canada's investment intentions survey report offered a first glimpse at some of these effects on capital spending in 2012. Our initial take, however, is that any effect on investment from the shipbuilding contract in 2012 will be subdued. Capital expenditures in the transportation industry (which encompasses shipbuilding) are scheduled to surge by 29%, yet this represents only an \$89 million increase. On the whole, investment is set to increase by 2.1% in Nova Scotia in 2012. We expect that shipbuilding-related investment and continued strength in consumer and business confidence will lead to a much bigger rise next year.

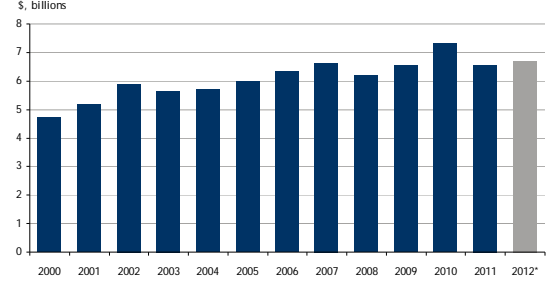
Other factors weigh on growth in 2012

There are two key factors that we expect to act as a drag on growth this year: fiscal austerity and consolidation in the paper industry. As in the other Atlantic provinces, Nova Scotia has a relatively high share of the public sector in economic activity; as such, federal and provincial fiscal austerities are likely to have a bigger restraining effect in the province than elsewhere. The NewPage paper mill, which was shut down and sold last fall, currently remains idled as its buyer negotiates supplier contracts. We expect it to resume operations later this year, but the prolonged idling of the mill will lower paper output significantly in 2012 relative to 2011.

2013 is when things will really get going

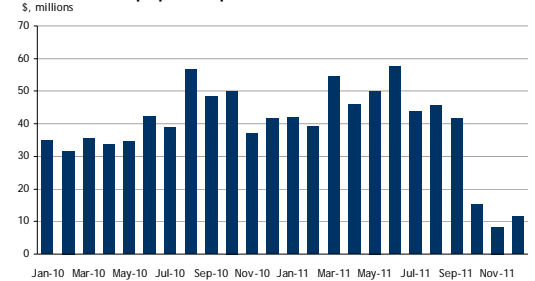
As with the shipbuilding contract, other developments positively affecting Nova Scotia's economy are likely to have a much larger effect in 2013 than in 2012. We expect Deep Panuke to start production in the middle of 2012, with the biggest lift to the economy coming from its first full year of production in 2013. We expect Shell's surveying work will begin in 2013, at the same time that capital spending on the Donkin coal mine will ramp up. These projects will help lift GDP growth to 3.2% in 2013.

Nova Scotia private and public investment



Source: Statistics Canada, RBC Economics Research
* Intentions.

Nova Scotia paper exports



Source: Statistics Canada, RBC Economics Research

Nova Scotia forecast at a glance

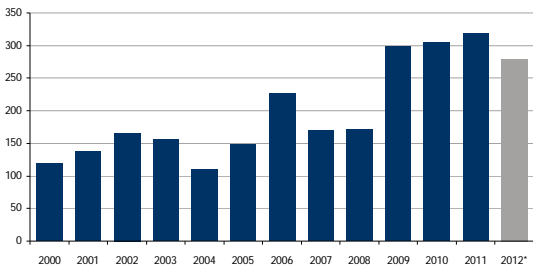
% change unless otherwise indicated

	2010	2011F	2012F	2013F
Real GDP	1.9	1.4	1.6	3.2
Employment	0.2	0.1	1.1	1.9
Unemployment rate (%)	9.3	8.8	8.5	8.0
Retail sales	4.6	3.4	3.5	4.0
Housing starts (units)	4,309	4,700	4,500	4,600
Consumer price index	2.2	3.8	2.0	2.2

Kirsten Cornelson
Economist

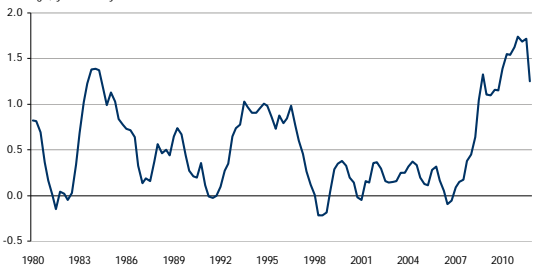


PEI public investment
\$ millions



Source: Statistics Canada, RBC Economics Research
*Intentions.

PEI population growth
% change, year-over-year



Source: Statistics Canada, RBC Economics Research

Prince Edward Island forecast at a glance

% change unless otherwise indicated

	2010	2011F	2012F	2013F
Real GDP	2.6	2.2	1.8	1.9
Employment	3.0	1.9	1.7	1.2
Unemployment rate (%)	11.1	11.4	11.1	10.4
Retail sales	5.2	6.4	4.1	3.9
Housing starts (units)	756	1,000	1,000	800
Consumer price index	1.8	2.9	1.9	2.1

Steady as she goes...

PEI’s agriculture, fishing, and tourism sectors struggled last year due to cool wet weather in the spring and summer; however, consumers and businesses remained upbeat and helped the economy maintain a moderate real GDP growth rate, which we estimate at 2.2%. This year, we expect some rebound on the supply side on the assumption that normal weather conditions return, while strengthening in the U.S. economy will allow for further growth in exports. We expect to see some moderation in domestic demand due to lower government capital spending and a return to more sustainable levels of population growth. On net, we expect the P.E.I. economy to post real GDP growth of 1.8% in 2012 and 1.9% in 2013.

Better weather and U.S. demand will help sustain growth

Cool wet weather contributed to weakness in the agriculture and tourism sectors in PEI last year. Assuming normal temperatures and average precipitation levels during the spring and summer, tourism and agriculture should see some improvement in 2012. Strengthening U.S. growth should also allow for continued growth in exports. Nominal exports increased by a healthy 5.8% in 2011, led by a 46.8% increase in machinery and equipment related to the aerospace sector.

Steep decline in government investment

Statistics Canada’s latest P&PI intentions survey showed a 2.0% decrease in planned investment in 2012, due entirely to a 12.5% drop in public-sector investment. In contrast, the private sector intends to boost investment by 2.5%. In its capital budget late last year, the provincial government had indicated that its plans to reduce its capital expenditures significantly from the high levels seen since the recession, with large declines planned for both 2012 and 2013. The governments’ current expenditures will also come under increased pressure as both the federal and provincial governments work to balance their budgets in the next few years. Given that government current and capital expenditures make up around 41.0% of nominal GDP in the province (considerably higher than 26.0% for Canada as a whole), we expect this austerity to have a significant dampening effect on provincial economic activity.

Moderation in domestic demand

Population growth in PEI has been quite strong for the past four years, driven mainly by increasing levels of immigration through the Provincial Nominee Program. Last year’s 1.7% population growth rate was the fastest pace of growth among the provinces and also the fastest pace of growth ever seen in the province. This population growth has helped support solid growth in domestic demand. Excluding sales at gasoline stations (which can distort the picture due to pronounced gas price fluctuations), retail sales were up 3.6% in 2011, and were the fastest pace of growth among the Atlantic provinces. Employment growth was a respectable 1.9%, with only Alberta and Newfoundland posting faster growth rates. Housing starts have also been strong, with last year’s new units at the highest level in 23 years in PEI. While we expect domestic demand to remain reasonably healthy, we think it is unlikely that the recent pace of growth will be sustained. We call for retail sales and employment growth to moderate in each of the next two years, while housing starts will see one more year of strength before falling slightly in 2013.

Kirsten Cornelson
Economist



Oil woes, but growth remains solid

Last year, business investment kept Newfoundland and Labrador’s economy going strong at an estimated pace of 4.6% despite declines in offshore oil production. A similar pattern will prevail in 2012, although real GDP growth will moderate due to a much larger drop in oil production related to planned maintenance at two of the major oil fields. We do not expect this easing to be overly dramatic, however, as provincial economic activity will receive substantial support from strong business investment and mining output. We project real GDP growth to be still solid at 2.8%. For 2013, we forecast a slight acceleration in the pace to 3.0%, largely as a result of the completion of offshore oil facility maintenance work.

Maintenance will lead to major drop in oil production...

After falling by 3.4% in 2011, crude oil production is expected to see a much steeper decline in 2012 due to planned maintenance at the Terra Nova and White Rose operations. The NEB’s forecasts indicate that total oil production in the province will be roughly half of its normal level from June to August, thereby resulting in a projected 22% drop in annual production. Given oil’s large share in the provincial economy, this will act as a substantial drag on GDP growth this year. We anticipate that ongoing maturation-related declines will limit any bounce-back in oil output once these operations return to full production, thereby leading to a minimal gain in oil production at best in 2013.

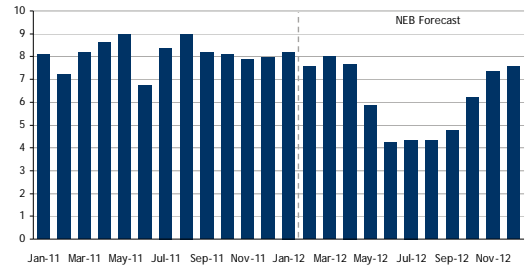
...but businesses and consumers unfazed

Despite the slower GDP growth rate forecasted for 2012 relative to last year, businesses have indicated that they plan to keep increasing investment in the provincial economy at a breakneck pace. Statistics Canada’s latest investment intentions survey report showed an impressive 26.9% increase in planned investment spending in Newfoundland and Labrador, with the bulk of the increase coming from investments in the mining, and oil and gas sectors. This is the third year in a row that the survey has shown more than 20% investment gains for the province. Indicators of consumer demand also continue to outpace those in the rest of the country: excluding sales at gasoline stations, provincial retail sales increased at more than 3.5% in 2011, compared to 1.9% nationally. We believe that the recent hectic pace of growth in business investment is unlikely to be sustained next year and forecast a much slower pace of growth for 2013; however, the strong employment trends should keep consumers spending at a healthy pace throughout the forecast period.

Mining contributes to growth

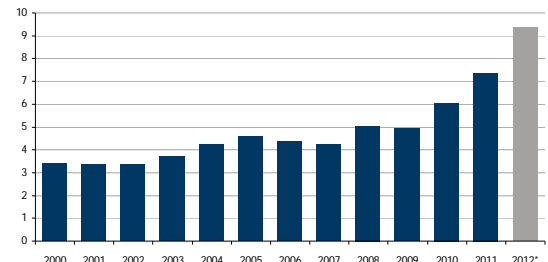
Mining output should see large gains in both 2012 and 2013, due to increases in capacity at new and existing iron ore projects. The Iron Ore Company of Canada’s expansion and the first full year of production at the Labrador Iron Mines will lead to strong growth in iron ore production in 2012, and the Direct Shipping project should lead to further growth in 2013. With business investment expected to just offset declines in oil production for the next two years, this mining growth will play a key role in sustaining provincial GDP growth.

N. & L. oil production
Barrels per month, millions



Source: Canada-Newfoundland and Labrador Offshore Petroleum Board, National Energy Board, RBC Economics Research

N. & L. public and private investment
\$, billions



Source: Statistics Canada, RBC Economics Research
* Intentions.

Newfoundland forecast at a glance

% change unless otherwise indicated

	2010	2011F	2012F	2013F
Real GDP	6.1	4.6	2.8	3.0
Employment	3.4	2.7	1.4	1.9
Unemployment rate (%)	14.4	12.7	12.1	11.1
Retail sales	4.6	4.9	4.0	4.7
Housing starts (units)	3,606	3,500	3,400	3,500
Consumer price index	2.4	3.4	2.1	2.1

Kirsten Cornelson
Economist

Forecast detail

Average annual % change unless otherwise indicated

	Real GDP				Employment				Unemployment rate %				Housing starts Thousands				Retail sales				CPI			
	10	11F	12F	13F	10	11	12F	13F	10	11	12F	13F	10	11	12F	13F	10	11	12F	13F	10	11	12F	13F
N. & L.	6.1	4.6	2.8	3.0	3.4	2.7	1.4	1.9	14.4	12.7	12.1	11.1	3.6	3.5	3.4	3.5	4.6	4.9	4.0	4.7	2.4	3.4	2.1	2.1
P.E.I.	2.6	2.2	1.8	1.9	3.0	1.9	1.7	1.2	11.1	11.4	11.1	10.4	0.8	1.0	1.0	0.8	5.2	6.4	4.1	3.9	1.8	2.9	1.9	2.1
N.S.	1.9	1.4	1.6	3.2	0.2	0.1	1.1	1.9	9.3	8.8	8.5	8.0	4.3	4.7	4.5	4.6	4.6	3.4	3.5	4.0	2.2	3.8	2.0	2.2
N.B.	3.1	0.7	1.6	2.1	-1.0	-1.1	0.7	1.0	9.3	9.5	9.4	8.9	4.1	3.2	3.1	3.2	4.9	4.9	3.2	3.7	2.1	3.5	2.0	2.1
QUE.	2.5	1.6	1.6	1.9	1.7	1.0	0.2	1.3	8.0	7.8	8.0	7.8	51.4	48.2	45.0	42.0	6.3	1.9	3.4	3.8	1.3	3.0	1.8	2.0
ONT.	3.0	1.9	2.5	2.3	1.7	1.8	1.0	1.4	8.7	7.8	7.8	7.5	60.4	67.7	62.3	59.0	5.4	3.0	3.7	3.9	2.4	3.1	1.8	1.9
MAN.	2.4	2.6	3.4	3.0	1.9	0.8	0.9	1.3	5.4	5.4	5.2	5.0	5.9	5.9	6.1	5.8	5.6	4.6	5.0	4.7	0.8	2.9	1.9	2.1
SASK.	4.0	4.3	4.6	4.7	0.9	0.3	1.7	1.9	5.2	5.0	4.8	4.6	5.9	7.2	7.6	7.9	3.1	8.5	5.9	6.5	1.3	2.8	2.4	2.6
ALTA.	3.3	4.2	3.9	3.9	-0.4	3.8	3.1	2.5	6.5	5.5	4.8	4.5	27.1	25.5	30.0	32.5	6.0	7.0	6.5	6.3	1.0	2.4	2.0	1.8
B.C.	3.0	2.4	2.6	2.9	1.7	0.8	1.4	1.5	7.6	7.5	6.7	6.6	26.5	26.4	26.8	27.0	5.3	2.3	4.2	4.4	1.4	2.3	1.6	1.3
CANADA	3.2	2.5	2.6	2.6	1.4	1.6	1.1	1.6	8.0	7.5	7.3	7.0	190	194	190	186	5.5	3.6	4.2	4.4	1.8	2.9	1.8	1.9

Key provincial comparisons

2010 unless otherwise indicated

	N. & L.	P.E.I.	N.S.	N.B.	QUE.	ONT.	MAN.	SASK.	ALTA.	B.C.
Population (000s) (2011)	511	146	945	755	7,980	13,373	1,251	1,058	3,779	4,573
Gross domestic product (\$ billions)	28.2	5.0	36.4	29.4	319.3	612.5	54.3	63.6	263.5	203.1
Real GDP (\$2002 billions)	19.0	4.3	30.0	24.2	273.9	527.8	43.7	41.5	183.3	167.1
Share of Canada real GDP (%)	1.4	0.3	2.3	1.8	20.7	39.8	3.3	3.1	13.8	12.6
Real GDP growth (CAR, 2005-10, %)	1.6	1.8	1.3	1.4	1.4	0.7	2.4	1.3	1.4	1.7
Real GDP per capita (\$ 2002)	37,214	29,966	31,701	32,166	34,640	39,902	35,435	39,769	49,249	36,899
Real GDP growth rate per capita (CAR, 2005-10, %)	1.7	1.1	1.2	1.2	0.5	-0.4	1.4	0.3	-0.9	0.2
Personal disposable income per capita (\$)	27,402	24,645	27,308	27,091	26,642	29,893	27,645	30,593	37,885	29,175
Employment growth (CAR, 2006-11, %)	1.0	1.1	0.5	0.1	1.1	0.9	1.2	1.3	1.8	1.2
Employment rate (Feb. 2012, %)	53.4	60.1	58.9	56.8	59.2	61.2	65.2	65.7	70.1	60.5
Discomfort index (inflation + unemp. rate, Jan. 2012)	16.4	15.1	11.1	12.7	11.2	10.5	7.4	7.3	7.8	8.6
Manufacturing industry output (% of real GDP)	4.1	9.5	9.1	11.5	16.3	15.1	11.3	7.0	8.0	8.6
Personal expenditures on goods & services (% of real GDP)	60.5	72.3	73.1	69.4	65.6	63.0	65.3	60.9	55.3	71.3
International exports (% of real GDP)	34.9	26.0	22.4	40.0	29.6	38.6	30.4	35.3	35.8	24.9

Tables

British Columbia

		2006	2007	2008	2009	2010	2011F	2012F	2013F
Real GDP	\$2002 millions	159,729	164,496	165,641	162,225	167,140	171,151	175,601	180,694
	% change	4.1	3.0	0.7	-2.1	3.0	2.4	2.6	2.9
Employment	thousands	2,147	2,223	2,266	2,218	2,257	2,275	2,307	2,341
	% change	2.6	3.5	2.0	-2.1	1.7	0.8	1.4	1.5
Unemployment rate	%	4.8	4.3	4.6	7.7	7.6	7.5	6.7	6.6
Retail sales	\$ millions	53,133	56,930	57,783	55,222	58,145	59,475	61,960	64,697
	% change	7.6	7.1	1.5	-4.4	5.3	2.3	4.2	4.4
Housing starts	units	36,443	39,195	34,321	16,077	26,479	26,400	26,800	27,000
	% change	5.1	7.6	-12.4	-53.2	64.7	-0.3	1.5	0.7
Consumer price index	2002=100	108.1	110.0	112.3	112.3	113.8	116.5	118.4	119.9
	% change	1.7	1.7	2.1	0.0	1.4	2.3	1.6	1.3

Alberta

		2006	2007	2008	2009	2010	2011F	2012F	2013F
Real GDP	\$2002 millions	180,852	184,008	185,668	177,376	183,251	190,948	198,394	206,132
	% change	5.8	1.7	0.9	-4.5	3.3	4.2	3.9	3.9
Employment	thousands	1,916	1,991	2,054	2,025	2,017	2,094	2,159	2,214
	% change	5.0	3.9	3.1	-1.4	-0.4	3.8	3.1	2.5
Unemployment rate	%	3.4	3.5	3.6	6.6	6.5	5.5	4.8	4.5
Retail sales	\$ millions	55,972	61,487	61,614	56,478	59,856	64,054	68,222	72,525
	% change	15.4	9.9	0.2	-8.3	6.0	7.0	6.5	6.3
Housing starts	units	48,962	48,336	29,164	20,298	27,088	25,500	30,000	32,500
	% change	19.9	-1.3	-39.7	-30.4	33.5	-5.9	17.6	8.3
Consumer price index	2002=100	112.3	117.9	121.6	121.5	122.7	125.7	128.1	130.4
	% change	3.9	4.9	3.2	-0.1	1.0	2.4	2.0	1.8

Saskatchewan

		2006	2007	2008	2009	2010	2011F	2012F	2013F
Real GDP	\$2002 millions	38,266	39,626	41,466	39,911	41,520	43,305	45,297	47,426
	% change	-1.6	3.6	4.6	-3.8	4.0	4.3	4.6	4.7
Employment	thousands	492	504	513	519	524	526	535	545
	% change	1.8	2.4	1.7	1.3	0.9	0.3	1.7	1.9
Unemployment rate	%	4.7	4.2	4.1	4.8	5.2	5.0	4.8	4.6
Retail sales	\$ millions	11,554	13,129	14,673	14,598	15,050	16,322	17,281	18,402
	% change	7.0	13.6	11.8	-0.5	3.1	8.5	5.9	6.5
Housing starts	units	3,715	6,007	6,828	3,866	5,907	7,200	7,600	7,900
	% change	8.1	61.7	13.7	-43.4	52.8	21.9	5.6	3.9
Consumer price index	2002=100	109.1	112.2	115.9	117.1	118.7	122.0	124.9	128.2
	% change	2.0	2.9	3.2	1.1	1.3	2.8	2.4	2.6

Manitoba

		2006	2007	2008	2009	2010	2011F	2012F	2013F
Real GDP	\$2002 millions	40,181	41,263	42,838	42,705	43,746	44,883	46,409	47,802
	% change	3.4	2.7	3.8	-0.3	2.4	2.6	3.4	3.0
Employment	thousands	589	599	608	608	620	624	630	638
	% change	1.2	1.7	1.7	0.0	1.9	0.8	0.9	1.3
Unemployment rate	%	4.3	4.4	4.2	5.2	5.4	5.4	5.2	5.0
Retail sales	\$ millions	12,874	14,016	14,980	14,915	15,752	16,472	17,290	18,095
	% change	4.1	8.9	6.9	-0.4	5.6	4.6	5.0	4.7
Housing starts	units	5,028	5,738	5,537	4,174	5,888	5,900	6,100	5,800
	% change	6.3	14.1	-3.5	-24.6	41.1	0.2	3.4	-4.9
Consumer price index	2002=100	108.7	110.9	113.4	114.1	115.0	118.4	120.7	123.1
	% change	1.9	2.1	2.2	0.6	0.8	2.9	1.9	2.1

Ontario

		2006	2007	2008	2009	2010	2011F	2012F	2013F
Real GDP	\$2002 millions	522,998	533,233	529,828	512,685	527,813	537,841	551,287	563,967
	% change	2.4	2.0	-0.6	-3.2	3.0	1.9	2.5	2.3
Employment	thousands	6,449	6,564	6,666	6,502	6,610	6,731	6,796	6,890
	% change	1.2	1.8	1.6	-2.5	1.7	1.8	1.0	1.4
Unemployment rate	%	6.3	6.4	6.5	9.0	8.7	7.8	7.8	7.5
Retail sales	\$ millions	140,591	145,965	151,672	147,920	155,889	160,555	166,496	173,028
	% change	4.0	3.8	3.9	-2.5	5.4	3.0	3.7	3.9
Housing starts	units	73,417	68,123	75,076	50,370	60,433	67,700	62,300	59,000
	% change	-6.8	-7.2	10.2	-32.9	20.0	12.0	-8.0	-5.3
Consumer price index	2002=100	108.8	110.8	113.3	113.7	116.5	120.1	122.2	124.6
	% change	1.8	1.8	2.3	0.4	2.4	3.1	1.8	1.9

Quebec

		2006	2007	2008	2009	2010	2011F	2012F	2013F
Real GDP	\$2002 millions	260,033	265,585	269,083	267,290	273,856	278,238	282,689	288,061
	% change	1.8	2.1	1.3	-0.7	2.5	1.6	1.6	1.9
Employment	thousands	3,743	3,834	3,880	3,848	3,915	3,954	3,960	4,011
	% change	1.1	2.4	1.2	-0.8	1.7	1.0	0.2	1.3
Unemployment rate	%	8.1	7.2	7.2	8.5	8.0	7.8	8.0	7.8
Retail sales	\$ millions	86,505	90,406	94,806	93,740	99,631	101,515	104,966	108,950
	% change	4.9	4.5	4.9	-1.1	6.3	1.9	3.4	3.8
Housing starts	units	47,877	48,553	47,901	43,403	51,363	48,200	45,000	42,000
	% change	-6.0	1.4	-1.3	-9.4	18.3	-6.2	-6.6	-6.7
Consumer price index	2002=100	108.7	110.4	112.7	113.4	114.8	118.3	120.4	122.9
	% change	1.7	1.6	2.1	0.6	1.3	3.0	1.8	2.0

Tables

New Brunswick

		2006	2007	2008	2009	2010	2011F	2012F	2013F
Real GDP	\$2002 millions	23,174	23,439	23,583	23,484	24,216	24,386	24,776	25,296
	% change	2.4	1.1	0.6	-0.4	3.1	0.7	1.6	2.1
Employment	thousands	350	357	359	360	356	352	354	358
	% change	1.0	1.9	0.6	0.1	-1.0	-1.1	0.7	1.0
Unemployment rate	%	8.7	7.5	8.5	8.8	9.3	9.5	9.4	8.9
Retail sales	\$ millions	8,858	9,407	10,018	10,093	10,592	11,106	11,461	11,885
	% change	6.2	6.2	6.5	0.7	4.9	4.9	3.2	3.7
Housing starts	units	4,085	4,242	4,274	3,521	4,101	3,200	3,100	3,200
	% change	3.2	3.8	0.8	-17.6	16.5	-22.0	-3.1	3.2
Consumer price index	2002=100	109.2	111.3	113.2	113.5	115.9	120.0	122.4	125.0
	% change	1.7	1.9	1.7	0.3	2.1	3.5	2.0	2.1

Nova Scotia

		2006	2007	2008	2009	2010	2011F	2012F	2013F
Real GDP	\$2002 millions	28,174	28,611	29,378	29,390	29,951	30,370	30,856	31,844
	% change	0.6	1.6	2.7	0.0	1.9	1.4	1.6	3.2
Employment	thousands	441	448	452	451	452	453	458	467
	% change	-0.1	1.6	0.9	-0.1	0.2	0.1	1.1	1.9
Unemployment rate	%	7.9	7.9	7.7	9.2	9.3	8.8	8.5	8.0
Retail sales	\$ millions	11,141	11,616	12,089	12,102	12,656	13,082	13,540	14,081
	% change	5.8	4.3	4.1	0.1	4.6	3.4	3.5	4.0
Housing starts	units	4,896	4,750	3,982	3,438	4,309	4,700	4,500	4,600
	% change	2.5	-3.0	-16.2	-13.7	25.3	9.1	-4.3	2.2
Consumer price index	2002=100	110.4	112.5	115.9	115.7	118.2	122.7	125.1	127.8
	% change	2.1	1.9	3.0	-0.1	2.2	3.8	2.0	2.2

Prince Edward Island

		2006	2007	2008	2009	2010	2011F	2012F	2013F
Real GDP	\$2002 millions	4,077	4,149	4,179	4,189	4,297	4,392	4,471	4,556
	% change	4.0	1.8	0.7	0.2	2.6	2.2	1.8	1.9
Employment	thousands	68	69	70	69	71	72	73	74
	% change	0.6	0.7	1.2	-1.4	3.0	1.9	1.7	1.2
Unemployment rate	%	11.0	10.3	10.7	12.0	11.1	11.4	11.1	10.4
Retail sales	\$ millions	1,509	1,621	1,703	1,681	1,769	1,883	1,960	2,037
	% change	6.0	7.4	5.1	-1.3	5.2	6.4	4.1	3.9
Housing starts	units	738	750	712	877	756	1,000	1,000	800
	% change	-14.4	1.6	-5.1	23.2	-13.8	32.3	0.0	-20.0
Consumer price index	2002=100	111.6	113.6	117.5	117.3	119.5	123.0	125.4	128.1
	% change	2.2	1.8	3.4	-0.1	1.8	2.9	1.9	2.1

Newfoundland & Labrador

		2006	2007	2008	2009	2010	2011F	2012F	2013F
Real GDP	\$2002 millions	18,129	19,791	19,712	17,930	19,027	19,902	20,460	21,073
	% change	3.0	9.2	-0.4	-9.0	6.1	4.6	2.8	3.0
Employment	thousands	215	216	219	212	219	225	228	233
	% change	0.8	0.8	1.1	-3.0	3.4	2.7	1.4	1.9
Unemployment rate	%	14.7	13.5	13.2	15.5	14.4	12.7	12.1	11.1
Retail sales	\$ millions	6,012	6,528	7,009	7,120	7,449	7,817	8,129	8,508
	% change	3.2	8.6	7.4	1.6	4.6	4.9	4.0	4.7
Housing starts	units	2,234	2,649	3,261	3,057	3,606	3,500	3,400	3,500
	% change	-10.6	18.6	23.1	-6.3	18.0	-2.9	-2.9	2.9
Consumer price index	2002=100	109.5	111.1	114.3	114.6	117.4	121.4	123.9	126.5
	% change	1.8	1.4	2.9	0.3	2.4	3.4	2.1	2.1

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