

PROVINCIAL OUTLOOK

September 2013

Looking forward to a stronger finish to 2013

- Many provincial economic developments disappointed during the first half of 2013.
- A number of temporary factors contributed to slowing the pace in several provinces mid-year.
- We expect activity to pick up during the remainder of 2013 such that the majority of provinces will show little change in 2013 as a whole compared to 2012.
- We made small revisions to our forecasts in 2013 and 2014, mostly on the downside.
- Despite these changes, our main thesis remains that natural resource-intensive provinces will lead the country in terms of real GDP growth this year, as they have for the past three years.
- Our growth rankings still place Newfoundland and Labrador, Alberta, Saskatchewan, and Manitoba above the national average in 2013.
- We continue to project British Columbia, Ontario, Quebec, Prince Edward Island, Nova Scotia, and New Brunswick to expand at a slower rate than the national average.

Unconvincing first-half performance weighed down by temporary factors

The tentative signs that we saw earlier this year that provincial economic expansions were gathering momentum—and more specifically that the long-awaited export recoveries were finally taking shape—failed to become more convincing recently. While disappointing, we believe that this lack of traction in provincial economic expansions mid-year largely reflected a number of temporary factors that disrupted activity or weighed on confidence. Among them were earlier concerns about a ‘bitumen bubble’, significant US public spending cuts and payroll tax hikes, the flaring-up of geopolitical tensions in the Middle East, the cooling of the Canadian housing market, the worst floods in memory in southern Alberta, and a major construction strike in Quebec. We remain of the view that with most of the temporary factors no longer obstructing the way, growth will accelerate generally across the country during the remainder of this year and into 2014.

Majority of provincial economies to grow at similar paces as last year

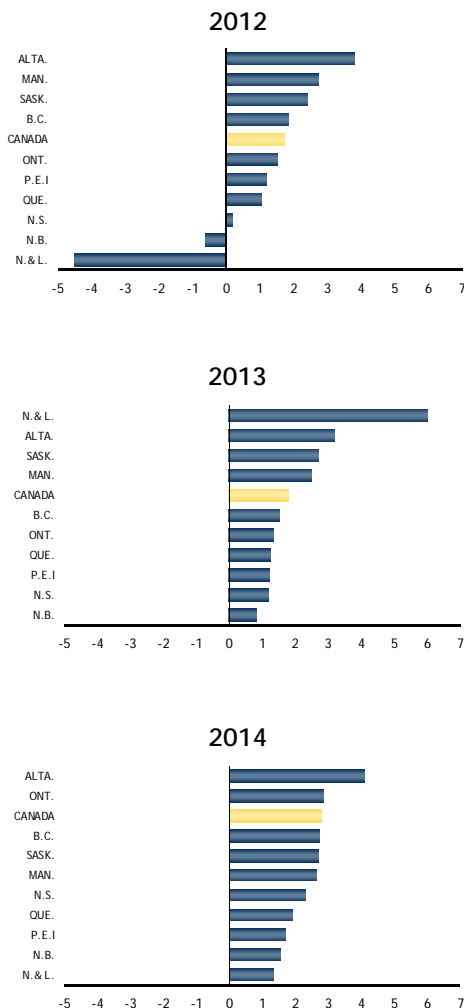
When the books close on 2013, we expect them to show little change in real GDP growth rates from 2012 in the majority of provinces. We forecast some provinces (Nova Scotia, New Brunswick, Quebec, and Saskatchewan) to be slightly faster, and others (British Columbia, Ontario, Manitoba, and Alberta) to be modestly slower, while we project growth in Prince Edward Island to remain unchanged. Newfoundland and Labrador will be the main exception. The return into operation of offshore oil production facilities following maintenance downtime last year will result in a substantial upswing to 6.0% in 2013 from an estimated -4.5% in 2012.

Main story unchanged: resource-intensive provinces to lead the way

The revisions that we made to our forecasts in this edition of *Provincial Outlook* were generally small and almost entirely on the downside. Our only upward revision to real GDP in 2013 was to Alberta to reflect the expected boost from post-flood reconstruction, repair, and replacement spending. None of the changes that we made altered our view that natural resource-intensive provinces will continue to top the growth rankings in 2013. Newfoundland and Labrador will lead the way, followed by Alberta (3.2%), Saskatchewan (2.7%), and Manitoba (2.5%). We expect all other provinces to be below the national average of 1.8%.

Real GDP growth

% change



Source: Statistics Canada, RBC Economics Research

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Expansion still spotty

The expansion of British Columbia’s economy continued to be spotty across industrial sectors so far this year; however, advances in the province’s export-oriented industries and recent signs of recovery in its housing market herald a period of more robust growth ahead. We expect that the year-to-date sluggishness in the province’s job market, housing investment, and consumer spending will slow real GDP growth to 1.5% in 2013 from an estimated 1.8% in 2012. With renewed external demand for British Columbia’s natural resource products, other goods and services stimulating domestic activity more broadly next year, and the ramp-up of capital spending on major projects, we expect growth to re-accelerate to 2.7% in 2014.

Mixed signals: exports continue to grow...

Economic indicators sent mixed messages on the state of the BC economy during the first half of 2013. At the positive end of the spectrum, we saw BC’s export sector make welcomed gains. Merchandise exports were up nearly 5% year over year in the first seven months of 2013, outpacing the increase in imports (3.5%). The turnaround in the US housing construction sector fuels demand for BC building material products at the same time that further inroads are made in the Chinese market. Wood product exports surged impressively by 29%—driven higher by stronger sales in the US (up 51%) and China (up 31%)—although part this increase reflected a substantial rise in softwood lumber prices. Exports of metals, machinery and equipment, natural gas, electricity, and various food products also grew. Thanks to rising sales abroad, the BC natural resource sector continued on its recovery path—production of softwood lumber, coal, copper, gold, silver, and natural gas posted noticeable year-over-year gains.

...while consumers feel less eager to shop...

At the weaker end of the spectrum, the labour market has been at a standstill for the past year in the province. Effectively, there were no net jobs created between the summers of 2012 and 2013. Small declines in both private and public employment were barely offset by a modest rise in the self-employed. Amid murkier job prospects, BC consumers have shown less eagerness to shop. They boosted their purchases of motor vehicles but not much else. Retail sales were stagnant overall in the province in the first half of 2013. Household spending, therefore, probably contributed very little to growth so far this year.

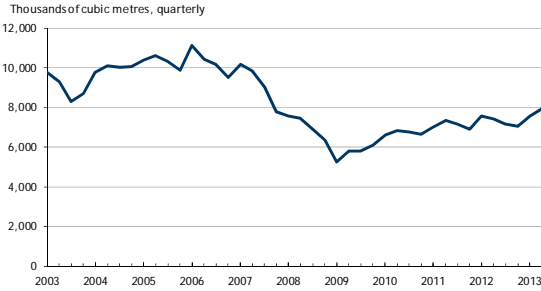
...and residential investment slumps

Weighing even more heavily on the province’s economic performance to date, however, was residential investment. Housing starts moderated considerably during the first five months of this year such that the number of units under construction was down by more than 7% year over year by the second quarter. With home resale activity only more recently beginning to recover from a two-year slide, residential investment slumped by more than 2% in the first half of 2013.

Housing sector already recovering, however

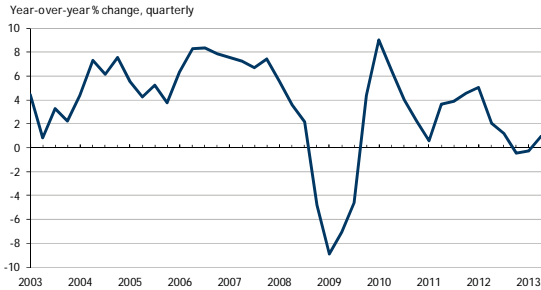
The good news is that BC’s housing sector is already turning around. Both home resales and housing starts rebounded smartly this summer. We expect further improvement from this year’s earlier low points in the coming months and quarters; however, the recent slowing in population growth and current multi-year high number of completed but unoccupied units in Vancouver will limit the extent to which new construction will grow in the province in the short term.

British Columbia softwood lumber production



Source: Statistics Canada, RBC Economics Research

British Columbia retail sales



Source: Statistics Canada, RBC Economics Research

British Columbia forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F
Real GDP	2.8	1.8	1.5	2.7
Employment	0.8	1.7	0.2	1.4
Unemployment rate (%)	7.5	6.7	6.7	6.5
Retail sales	3.2	1.9	2.1	4.1
Housing starts (units)	26,400	27,465	26,500	23,500
Consumer price index	2.3	1.1	0.0	1.4

Robert Hogue
Senior Economist



Resilience in the face of adversity

Not even the worst floods in memory in southern sections of the province in June—including Calgary—will hold Alberta’s economy back. In fact, the way real GDP statistics are calculated, the floods in the end likely will boost growth. Earlier strong economic momentum in Alberta lost a step during and immediately after the floods; however, subsequent reconstruction and repair work, as well as replacement of damaged property will more than compensate that temporary setback. We revised our real GDP growth forecast for 2013 slightly upward to 3.2% from 3.0% previously to account for the effect of the floods on the statistics. We expect growth to accelerate next year to 4.1% thanks in part to stronger capital investment in the oil sands.

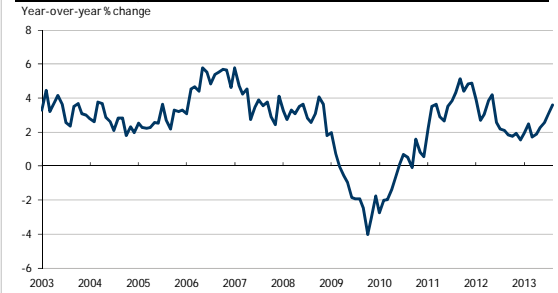
Perversely, June’s floods will boost real GDP

The most significant event affecting Alberta since the previous edition of *Provincial Outlook* released June 19, 2013 was the floods that necessitated major evacuations in Calgary and other southern Alberta communities beginning June 20. It is estimated that the floods displaced approximately 100,000 people and caused production disruptions in the oil and manufacturing sectors, temporary shutdowns in the pipeline sector, and loss of tourism traffic among many other adverse economic consequences. No doubt, economic activity took a big hit in late June and early July—although the extent of which is impossible to quantify because real GDP statistics are unavailable on a monthly (or even quarterly) basis for the province. We expect this hit to be more than reversed during the remainder of this year, however. In the end, annual real GDP statistics for 2013 will capture fully the additional spending and work (including overtime hours) required by the reconstruction, repair, and replacement that will take place. By contrast, these statistics essentially will ignore the destruction or damage to property. In its first-quarter budget update, the Alberta government estimated that the floods will add 0.2 percentage points to growth in 2013 and 0.4 percentage points in 2014.

Healthy economic signs all round

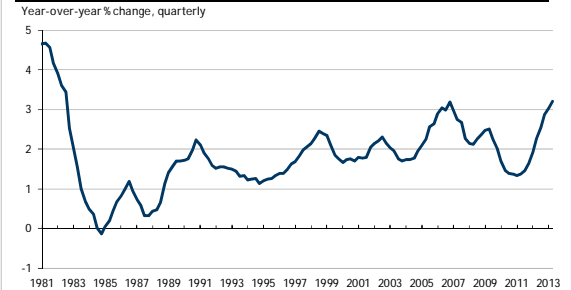
Were it not for the mid-year disruptions, Alberta’s economy would continue to demonstrate very healthy signs at this stage. Notwithstanding some month-to-month volatility, crude oil production was still on a record pace as of this spring (with gains in both unconventional and conventional output). Merchandise exports rose comfortably by 4.8% in the first seven months compared to a year ago. Employment was up by a solid 3.6% year over year in August. Population growth was the strongest (3.2%) since 1982 in the second quarter. Retail sales rose by an impressive 6.5% in the first half of this year. Housing starts were tracking more than 9% higher cumulatively by July compared to the same period a year ago. Home resale activity also remained clearly on a sharp upswing. Non-residential building construction was perhaps flat from last year, but the level continued to be historically strong. Finally, while natural gas production declined further, it did so at its slowest rate (-3.5% year to date in April) since 2007. In short, most economic indicators point to substantial momentum being sustained in the province. In addition to the boost from post-flood spending, Alberta’s economy next year will further benefit from an anticipated ramp-up in capital investment in the oil sands now that earlier ‘bitumen bubble’ concerns largely have receded.

Alberta employment



Source: Statistics Canada, RBC Economics Research

Alberta population



Source: Statistics Canada, RBC Economics Research

Alberta forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F
Real GDP	5.1	3.8	3.2	4.1
Employment	3.8	2.6	2.6	2.4
Unemployment rate (%)	5.5	4.6	4.7	4.3
Retail sales	6.8	6.9	6.6	5.4
Housing starts (units)	25,704	33,396	35,500	32,000
Consumer price index	2.4	1.1	1.7	1.8

Robert Hogue
Senior Economist

Near-term potash outlook under a cloud

A key question mark overhanging the outlook for Saskatchewan’s economy is the near-term direction for production of, and investment in, potash. This issue has come to the fore in the wake of the announcement in July of a major overseas producer (OAO Uralkali) that it intended to increase production sharply with the objective of capturing a greater share of the global potash market. Potash production in Saskatchewan had been rising 13% through mid-year following a number of purchase agreements with various overseas customers late in 2012 and early in 2013. Although there remains considerable uncertainty as to the response by Saskatchewan producers, for the purposes of this forecast, we assume that potash production in the province is cut back sharply relative to the first half of the year thereby resulting in overall growth in 2013 of 6.5%. We also assume that production growth next year will slow further to 4.5%. This results in increases in the mining sector this year and next being largely halved relative to the 5% gains that we projected for both years in the June edition of *Provincial Outlook*.

Limited gains in investment spending

Increased potash production overseas and an attendant drop in potash prices present a clear risk of capital spending cutbacks in the sector in Saskatchewan, yet some positive news emerged on this front in August with BHP Billiton indicating that it planned on spending an additional \$2.6 billion during the next couple of years in preparatory work for its Jansen potash mine on top of the \$1.2 billion already spent. The total project has been variously estimated as likely to cost \$16 billion. Nonetheless, we prefer to be conservative about the outlook for overall construction spending and assume only a 1.5% increase this year and have almost halved the increase in 2014 to 3.0% from what we projected last quarter to reflect the heightened uncertainty in the global potash market. Our projection of modest construction spending this year acknowledges the weakness in capital spending implied by Statistics Canada’s survey of business investment intentions conducted at the start of this year.

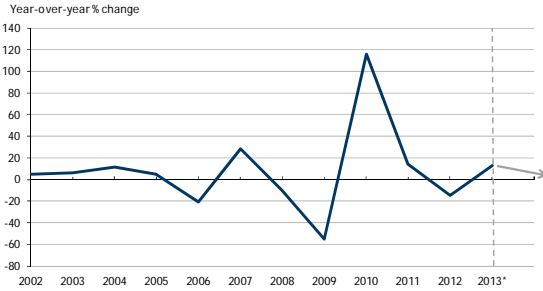
Energy and agriculture to provide some support to growth

Tempering these more negative factors, historically high oil prices are expected to support production and investment in the energy sector. In agriculture, preliminary estimates for 2013 suggest a 16% increase in output of the province’s three major crops.

Growth lowered this year and next

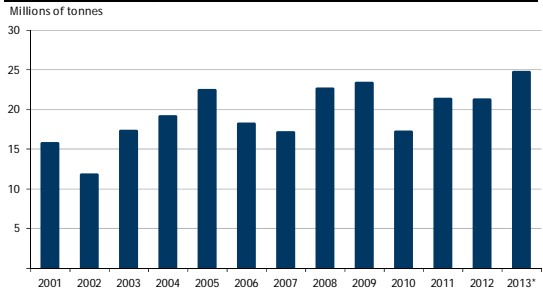
The downward revision to the outlook for potash production is the main factor lowering Saskatchewan’s growth this year and next to 2.7% for both years from the 2.9% and 3.7% rates projected last quarter, respectively. The downward revision this year is quite modest due to the sharp rebound in potash production during the first half of the year, as well as by initial indications of a solid increase in the grain and oilseed harvest, and by oil prices remaining historically high. The downward revision to 2014 growth is more substantial, however, because potash production will be restrained for the entire year and strong support from agriculture likely will dissipate, assuming that there are normal-growth conditions—although we see some positive offset coming from modest strengthening in energy production and capital expenditure.

Saskatchewan potash production



*January to June period
Source: Saskatchewan Industry and Resources, RBC Economics Research

Saskatchewan major crop production (wheat, barley and canola)



*Statistics Canada estimate
Source: Statistics Canada, RBC Economics Research

Saskatchewan forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F
Real GDP	4.9	2.4	2.7	2.7
Employment	0.3	2.1	3.5	1.7
Unemployment rate (%)	5.0	4.7	4.3	4.2
Retail sales	7.5	7.6	4.3	5.4
Housing starts (units)	7,031	9,968	7,700	6,900
Consumer price index	2.8	1.6	1.7	2.5

Paul Ferley
Assistant Chief Economist



Manufacturing continues to disappoint

The recovery in Manitoba's economy continues to be held back by disappointing manufacturing numbers. Although sales turned slightly positive in the second quarter of 2013, the level of activity for the first half of the year was still down from year-earlier levels. This in part likely reflects the disappointingly weak recovery in the US economy that is attributable to tax hikes and government expenditure cuts imposed in the first quarter. As this fiscal restraint eases during the second half of 2013, it is expected to contribute to strengthening export demand for Manitoba's machinery and transportation equipment. The recent disappointing data, however, has prompted us to halve the growth in manufacturing output this year to 1.5%. As the US recovery strengthens next year, it should allow growth in manufacturing to pick up to 3.5%, which is unchanged from what we projected last quarter.

Electricity production jumps higher

Providing some offset to the weaker manufacturing output, electricity production in the province is surprising on the upside. Data for the first half of 2013 point to an increase of double the approximately 5% implied after the first quarter. As a result, we assume utilities output growth this year of 6%, which is more than double our assumption last quarter.

Crop production to rise further

Initial estimates of Manitoba 2013 crop production for wheat and canola suggest an increase of 6% and building further onto the 50% surge that occurred in 2012 following poor harvests for the previous two years. This is consistent with our expectation that growth in agriculture will slow to 3.5% this year and 2% in 2014 from the almost 15% jump recorded in 2012.

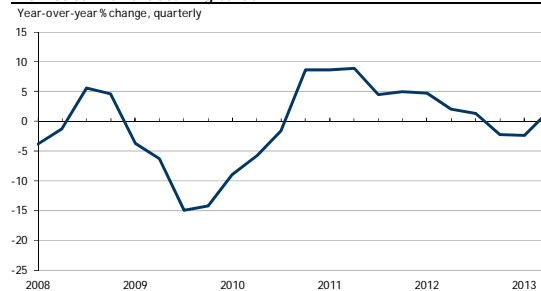
Construction expected to remain a mainstay of growth

We continue to view the construction sector as a mainstay of growth in the economy this year and next, rising on average close to 6% in each year. This is consistent with the earlier-released Statistics Canada investment intentions survey that indicated a robust increase in non-residential construction spending this year. This strength likely reflects various ongoing projects such as the expansion of the RBC Convention Centre Winnipeg, new mining projects, and an office and hotel complex in downtown Winnipeg. This strength will more than offset some weakening in residential with the level of housing starts projected to moderate to 7,100 and 5,700 units in 2013 and 2014, respectively, from the 24-year high of 7,200 units recorded in 2012. Despite this slowing trend, however, the level of housing starts this year and next will remain above the 10-year average (5,300 units), as housing demand continues to be supported by historically strong in-migration into the province.

Growth in 2013 revised moderately lower

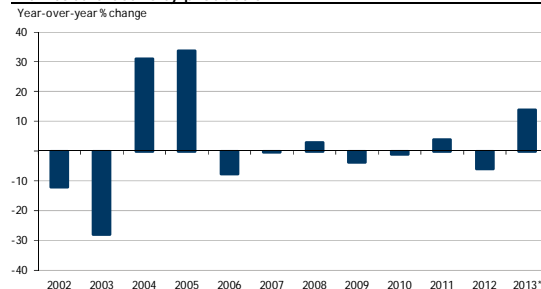
The downward revision to our expectations for manufacturing activity is the main reason that we have slightly modified our outlook for overall GDP growth in Manitoba this year to 2.5% from 2.7% previously with some offset provided by indications of stronger than assumed electricity production in the province. Forecasted growth in 2014 of 2.6% is unchanged from our projection last quarter.

Manitoba manufacturing sales



Source: Statistics Canada, RBC Economics Research

Manitoba electricity production



*January to May
Source: Statistics Canada, RBC Economics Research

Manitoba forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F
Real GDP	2.0	2.7	2.5	2.6
Employment	0.8	0.9	0.9	1.3
Unemployment rate (%)	5.4	5.3	5.4	5.1
Retail sales	4.5	1.6	3.9	4.4
Housing starts (units)	6,083	7,242	7,100	5,700
Consumer price index	2.9	1.6	2.3	2.1

Paul Ferley
Assistant Chief Economist

Waiting for that higher gear to kick in

Despite encouraging signs earlier this year, we are still waiting for Ontario’s economy to switch into a higher gear. Progress on the export front—which we still anticipate becoming a prime source of economic growth in the province—virtually stalled in more recent months. After reaching a five-year high in 2012, motor vehicle production softened in the province. At home, consumers and home buyers continue to be active, but they have limited ability to bolster the economy further, while businesses remain generally cautious in their capital spending. In short, we find little evidence that economic momentum is building as anticipated, and accordingly, we adjusted our real GDP growth forecast downwardly in 2013 to 1.3% from 1.7% in the June edition of *Provincial Outlook*. Despite this lack of momentum, we continue to expect that stronger projected US demand will boost Ontario’s exports next year, thereby contributing to real GDP growth re-accelerating to 2.8% in 2014.

Ontario auto makers missing out on the sector’s boom

To be sure, there were positive economic developments in Ontario during the first half of 2013. Among them were the resilience of the housing sector and strength in consumer spending on big-ticket items such as motor vehicles. It has been the lack of traction for provincial exports and manufacturing production, however, that has disappointed. In particular, considering how strong the rebound in demand for and sales of light vehicles has been in North America this year, we anticipated that Ontario auto plants and parts manufacturers would continue to ramp up production vigorously this year. The fact that the number of cars and trucks produced was down 7.9% in the first eight months of 2013 relative to the same period a year ago indicates that Ontario is losing ground to other jurisdictions—including US southern states and Mexico. Our concern is that Ontario’s relative position in this industry may become more permanently impaired unless investment in capacity starts to trend higher.

Other manufacturers also have yet to show gains in export markets

The provincial auto industry was not the only culprit for the stalling of merchandise exports so far this year. Exports of machinery, primary metals, industrial chemicals, and paper also fell year over year during the first half of 2013. Nonetheless, we remain confident that stronger US economic activity will stimulate demand for Ontario goods and services during the remainder of this year and into 2014, which will set the stage for the external trade sector to contribute positively to growth following years of drag.

Housing construction a steady source of economic activity

While the external trade sector disappointed so far this year, at least there was hardly any void to fill on the housing construction side. Home building (or rather condo building) continued to be a steady source of activity in the province, with year-over-year residential investment up by 3.8% during the first half of 2013. Continued job growth was a key factor sustaining housing demand; however, we expect slowing population growth and rising mortgage rates to weigh on housing starts later this year and next. We forecast starts to moderate to 61,000 units in 2013 and 57,500 units in 2014 from 76,700 units in 2012.

Ontario manufacturing sales



Source: Statistics Canada, RBC Economics Research

Ontario residential investment



Source: Statistics Canada, RBC Economics Research

Ontario forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F
Real GDP	1.8	1.5	1.3	2.8
Employment	1.8	0.8	1.4	1.4
Unemployment rate (%)	7.8	7.8	7.4	7.1
Retail sales	3.6	1.6	2.2	4.1
Housing starts (units)	67,821	76,742	61,000	57,500
Consumer price index	3.1	1.4	1.2	1.8

Robert Hogue
Senior Economist



Moving beyond the recent turbulence

The lacklustre expansion of the Quebec economy hit further turbulence in the second quarter of 2013, when activity possibly contracted temporarily in the face of a significant slowing in the construction sector. The much anticipated turnaround in exports, however, appeared to be on track—in contrast to developments in many other provinces—which augurs well for an improved economic performance in the second half of this year and, more visibly, next year. We expect real GDP growth to settle at 1.3% in 2013, just slightly stronger than the estimated 1.0% in 2012, and accelerate further to 1.9% in 2014 amid diminishing drag from the construction sector and a pickup in household spending.

Drop in construction activity weighs heavily on recent performance

Following a respectable start to the year—when real GDP grew by 1.8% (annualized) in the first quarter—monthly real GDP estimates up to May from the *Institut de la statistique du Québec* (ISQ) suggest that the Quebec economy may well have contracted slightly in the second quarter. During that period, several sectors of the economy showed some weakness, including manufacturing sub-sectors, wholesale trade, and public administration; however, it was construction that accounted for most of the slump. Major labour strikes significantly disrupted construction activity in the province during the latter two weeks of June, although the slowing in this sector was evident well before these strikes took place. Monthly housing starts tracked far below historical levels all year—they were 22% short of the 10-year average in the second quarter—and units under construction fell nearly 9% in the second quarter from the year-earlier level. Partly due to the labour strike, large declines in all categories of non-residential investment also hampered growth in the second quarter.

Job market still disappointing

The job market is another part of Quebec’s economy that continues to disappoint. It is true that the job statistics exhibited puzzling swings at times in the past two years in the province—and recent developments may be just another round of statistical volatility that will be quickly reversed—but the net losses of 51,000 jobs between January and August of this year—mostly full-time and the majority in the private-sector—could be further evidence of the turbulence hitting the economy. Dimmer employment prospects so far this year quite possibly weighed on consumers, who have kept their spending at retail stores essentially flat in real terms.

Exports are a bright spot

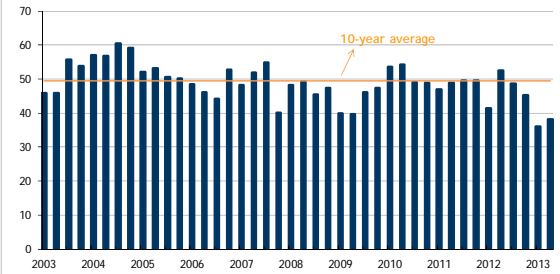
Despite the turbulence, there continues to be bright spots in the Quebec economy. Several manufacturing industries enjoy increased business since late 2012, including primary metals, transportation equipment, wood products, chemicals, electrical equipment, and furniture. For the most part, growth occurs in export markets. In fact, top export commodities, such as aluminium, aircrafts and parts, electricity, wood pulp, and softwood lumber, registered noticeable gains so far this year. We expect this upswing in Quebec’s trade performance to be sustained in the period ahead.

Construction drag diminishing next year

The addition of external trade as a contributor to growth will have a more visible boost in 2014 when we expect the drag from construction to diminish and household spending to strengthen. We believe that the decline in residential construction will stabilize next year with housing starts rising modestly from this year’s low levels. Moreover, we expect that improving job prospects will support stronger growth in household spending.

Quebec housing starts

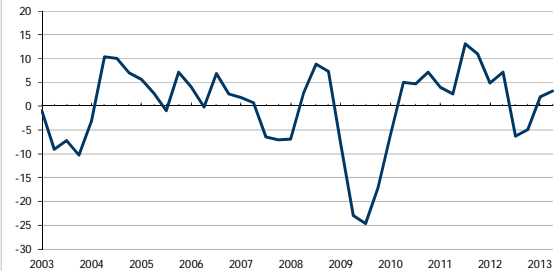
Thousands of units, SAAR, quarterly



Source: Canada Mortgage and Housing Corporation, RBC Economics Research

Quebec merchandise exports

Year-over-year % change, quarterly



Source: Statistics Canada, RBC Economics Research

Quebec forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F
Real GDP	1.9	1.0	1.3	1.9
Employment	1.0	0.8	1.2	1.1
Unemployment rate (%)	7.8	7.8	7.6	7.5
Retail sales	3.0	1.1	2.5	3.6
Housing starts (units)	48,387	47,367	36,700	38,000
Consumer price index	3.0	2.1	1.1	1.8

Robert Hogue
Senior Economist

Sailing through choppy waters

The rising tide of economic activity in the US should help lift New Brunswick's economy somewhat in 2013 although we expect the waters to remain choppy. The anticipated export boost has been tempered by setbacks in the province's energy sector so far this year, thereby limiting the potential for positive spill over effects to the domestic economy as a result. Earlier indications of an imminent upturn in the labour market have not panned out, and employment is now projected to remain essentially flat this year as fiscal restraint continues to weigh on economic activity. Despite the announcement of potentially game-changing projects in the province, there is a limited near-term effect on economic activity with expected real GDP growth of just 0.8% in 2013. We forecast the rate of growth to double to nearly 1.5% in 2014 stemming from further strength in the US outlook.

Smother sailing ahead for key export sectors

Nominal energy exports dipped below year-ago levels in the first seven months of the year therein contributing to a notable deterioration in the province's international trade balance. With refinery maintenance likely to curb energy exports in the near term, continued advances in other key export areas are expected to drive economic activity during 2014. Nominal exports of lumber increased solidly so far this year, despite some price declines, and momentum is expected to gain further traction with US housing starts forecasted to reach a seven-year high in 2014. Additional gains in electricity exports are expected to provide support as production issues at Point Lepreau are resolved. The anticipated ramping up of production at the expanded Sussex Potash plant in 2014 also should boost provincial exports, although this may be at risk if major overseas producer OAO Uralkali floods the world market for potash as it has threatened.

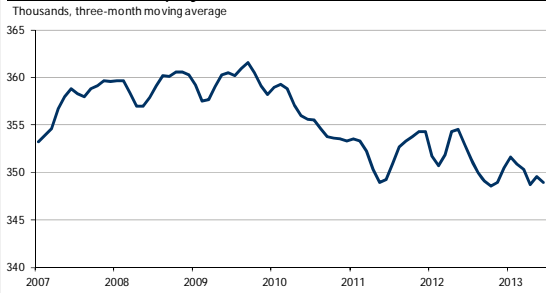
No wind in the sails of the provincial labour market, however

An improvement in the province's labour markets earlier this year disappointingly gave way to further job losses this summer. We now expect employment to ease marginally by 0.1% overall in 2013, thereby making it the fourth consecutive yearly decline. We remain confident that job prospects will improve next year, however, once the economy is more firmly on an upward track. Retail sales rebounded in the first six months of the year from the lows at the end of 2012. Part of the recent increase may be attributable to consumers advancing purchases ahead of personal income tax hikes implemented July 1, 2013. It may also represent a reversal of undue weakness late last year. Despite the rebound, retail sales continued to track below 2012 levels during most of the year to date. With any temporary boost to consumer spending from the tax hikes likely to subside as we go forward, we expect retail sales to grow at the slowest rate in the country both this year and next.

Buoyed by major projects in the pipeline

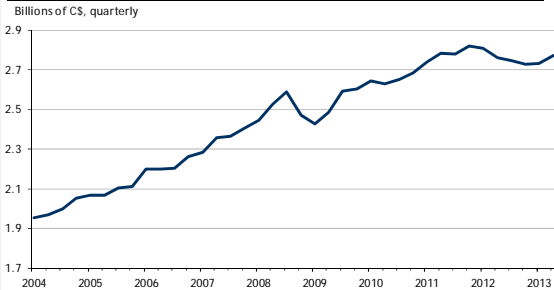
Following a 20% annual decline in 2012, non-residential building construction (excluding engineering projects) edged out its first quarterly gain in more than two years in the second quarter. Although the potential \$12 billion Energy East pipeline project is not slated to produce oil deliveries into Saint John until 2018 and several regulatory hurdles lie ahead, the advancement of the project could spur a much-needed turnaround in confidence and capital investment in the province. Improved confidence and job prospects would be welcome developments to help reverse New Brunswick's interprovincial migration deficit and absolute decline in adult population.

New Brunswick employment



Source: Statistics Canada, RBC Economics Research

New Brunswick retail sales



Source: Statistics Canada, RBC Economics Research

New Brunswick forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F
Real GDP	0.0	-0.6	0.8	1.5
Employment	-1.1	-0.2	-0.1	1.0
Unemployment rate (%)	9.5	10.2	10.5	10.2
Retail sales	4.8	-0.7	1.1	3.2
Housing starts (units)	3,452	3,299	2,900	3,000
Consumer price index	3.5	1.7	0.9	1.8

Laura Cooper
Economist

As natural gas flows, the economy grows

Economic growth in Nova Scotia is poised for a recovery this year; however, we now expect it to be more modest, than we had anticipated earlier, because of further delays in a new offshore natural gas production facility and a still-hesitant pickup in domestic activity. With production at the Deep Panuke offshore facility now expected to ramp up this fall, instead of this summer, the anticipated rebound in the natural gas sector is being pushed back and will contribute less to real GDP growth in 2013 and slightly more to growth in 2014. As a result, we have downwardly revised our forecast to 1.2% in 2013 with the pace of growth accelerating to 2.3% in 2014 and further supported by other modest advances in the domestic economy.

Natural gas to fuel growth

Maintenance work at the Sable offshore facility coupled with ongoing maturation-related declines saw natural gas production drop by nearly 50% in the first seven months of the 2013, which contributed to international exports of the fuel plunging 88% during the same period. Overall nominal exports have weathered the storm, however, with year-to-date growth surpassing that of other provinces as exports to the US have rebounded smartly so far this year after declining in 2012. A notable turnaround in the paper product exports group is leading the improved performance as the Port Hawkesbury Paper mill is in the midst of its first full year back in production. Going forward, the increase in natural gas production as a result of the start-up of Deep Panuke is expected to sustain momentum on the export side of the economy into 2014.

Soft employment growth in 2013

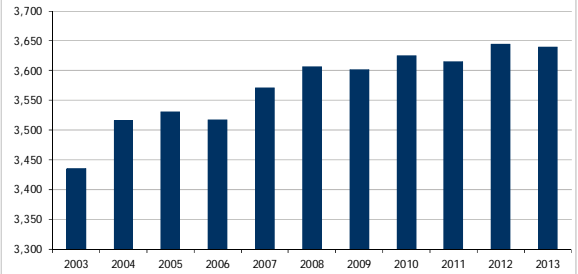
Earlier indications of improving prospects for the province's labour markets have faded with year-to-date employment down in August. A pullback in private-sector employment has outpaced surprisingly robust gains in self-employment, and we expect the economy will edge out fewer than 500 jobs in 2013 to mark the province's fifth consecutive year of sub-1.0% employment growth. Against the weak employment backdrop, however, retail sales are showing signs of improvement. A more pronounced boost to overall consumer spending is expected in 2014 as the first-quarter budget update confirmed that the province is on track to a surplus, albeit small, in the current fiscal year. Balancing the books will allow Nova Scotia's government to rescind the temporary increase of its portion of the harmonized sales tax next year—reducing it by one percentage point—as it promised to do when it introduced the measure in 2010.

A sign of things to come...

With the commencement of production at Deep Panuke, momentum in the province's economy is expected to accelerate, supplemented by the ramping up of work related to other major projects in the province. Offshore exploratory work is set to increase next year when British Petroleum joins Shell in seismic surveying of deepwater sites as part of record-high exploratory bids in 2012 and 2011. Moreover, recent environmental assessment approvals marked progressions in the timelines of the Donkin Coal mine and the \$1.5 billion Maritime Link projects, which are expected to be in operation by 2014 and 2017, respectively. While the province waits in earnest for the economic effect associated with the cutting of steel for the \$25 billion, 30-year, shipbuilding, procurement contract, ongoing preparatory work at the Irving shipyard marks a positive advancement towards further economic activity in the province despite a winding down of mid-shore vessel production under another contract in 2014.

Nova Scotia employment

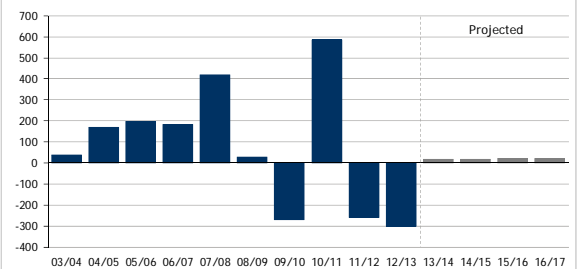
Thousands, January to August period



Source: Statistics Canada, RBC Economics Research

Nova Scotia budget balance

Millions of C\$



Source: Nova Scotia Ministry of Finance, RBC Economics Research

Nova Scotia forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F
Real GDP	0.5	0.2	1.2	2.3
Employment	0.1	0.6	0.1	1.0
Unemployment rate (%)	8.8	9.0	8.9	8.7
Retail sales	3.6	1.0	1.7	3.6
Housing starts (units)	4,644	4,522	3,900	3,800
Consumer price index	3.8	1.9	1.4	1.9

Laura Cooper
Economist

Taking a pause

Prince Edward Island's economy hit a speed bump this year, and while it is forecasted to shift into higher gear in 2014, the drivers of growth are expected to change going forward as the domestic economy slows and external trade strengthens. Indicators of economic activity suggest that the domestic economy hit a soft patch earlier this year, and that is expected to come under increased pressure as demographic challenges persist and fiscal restraint intensifies. We expect this easing in activity, however, to occur amid a pick-up in activity in export-oriented sectors after a sluggish start to 2013. We expect external trade will support a modest acceleration in real GDP growth to 1.7% in 2014 following an estimated 1.2% pace of growth in 2013.

Exports pause before taking flight

After soaring to new heights in 2012, the province's external trade performance eased in the first half of 2013 as aerospace exports flew closer to earth. Nominal exports for the island's agricultural staple, potatoes, also fell below year-ago levels; however, a firmer market for the vegetable in the US after a bumper crop reduced US demand in 2012 is expected to support year-over-year export gains in the province, particularly for processed products such as frozen French fries. With a PEI operation winning a sizeable federal government contract in the aerospace industry and with investments directed to expanding key provincial industries, such as fishing and wind power, such growing opportunities suggest activity in export-oriented sectors will continue to carry the province to modest growth both this year and next.

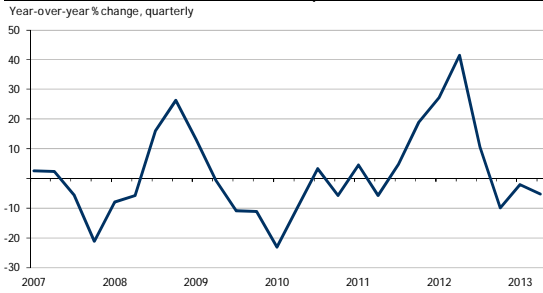
Previously resilient domestic economy hits a soft patch

Robust employment gains earlier in the year have given way to an easing in labour-market activity as public-sector losses escalated this summer. Despite the recent moderation, employment remains up 2.6% on a year-over-year basis in August, which is just above our forecast of 2.3% for the year. An uptick in private-sector hiring is expected to sustain modest year-over-year job growth in the province for the remainder of the year before easing in 2014. After reaching a record peak to start the year, housing starts continued to cool while retail sales are expected to strengthen in 2014. The introduction of the harmonized sales tax in the province on April 1, 2013 does not appear to have had a dampening effect on consumer spending with retail sales continuing to rise month over month after April.

Demographic challenges intensify

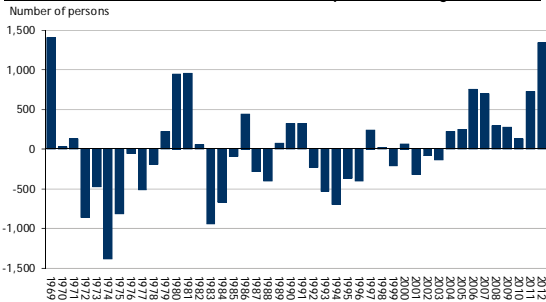
Population growth in PEI dipped into negative territory this year as the net number of international migrants dropped below zero to start the year for the first time in more than a decade. Adding to the pullback, the province continued to face an outflow of Islanders who are relocating to other provinces, most notably to Ontario, after 2012 saw the largest net outflow of migrants to other provinces since 1969. The escalating demographic challenge comes as the government aims to tighten its fiscal belt with a 27% drop in projected capital spending this year and expenditure restraint set to intensify next year. On a positive note, the island continues to be a hot spot for cruise ship tourism with a scheduled 20% rise in the number of visitors this year over last year, thereby helping to ease concerns of a dip in the tourism industry with a decline in both bridge traffic and room nights sold so far this year.

Prince Edward Island merchandise exports



Source: Statistics Canada, RBC Economics Research

Prince Edward Island net inflow of interprovincial migrants



Source: Statistics Canada, RBC Economics Research

Prince Edward Island forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F
Real GDP	1.6	1.2	1.2	1.7
Employment	1.9	1.1	2.3	1.1
Unemployment rate (%)	11.4	11.3	11.5	10.9
Retail sales	5.4	3.2	1.8	3.9
Housing starts (units)	940	941	700	700
Consumer price index	2.9	2.0	2.1	2.2

Laura Cooper
Economist

Slow start but will end up in first place

After a significant pullback in crude oil production hampered economic growth in the province in 2012, Newfoundland & Labrador is set to enjoy renewed vigour in 2013 despite signs of lacklustre performance so far this year. Earlier weakness has persisted in the domestic economy where employment drifted lower after reaching an all-time high at the end of 2012; however, a rebound in the oil and gas industry and improving conditions for large-scale mining projects for the remainder of the year are expected to propel the province to the top of the provincial growth rankings in 2013. With oil production no longer recovering from depressed levels next year, the lingering quiescent performance in the domestic economy is expected to permeate the overall economy as growth is forecasted to ease to 1.3% in 2014 from a robust 6.0% pace in 2013 and an estimated decline of 4.5% in 2012.

Oil production poised for a recovery

Maintenance work at the province's offshore oil fields significantly curtailed crude oil production from May to November in 2012, and the turnaround since then has become evident as production rose above year-ago levels this summer. Relatively undisrupted production levels for the remainder of the year are expected to yield a sizeable year-over-year bounce in activity for 2013 as a whole. In the absence of a base effect in oil production activity next year, economic growth is expected to ease; however, the ramping up of work on the Hebron offshore oil project, a recently approved third extension at White Rose, and two offshore oil discoveries this summer pave the way for sustained contributions from the province's largest driver of economic growth during the medium term.

Improving mining conditions to support project advancements

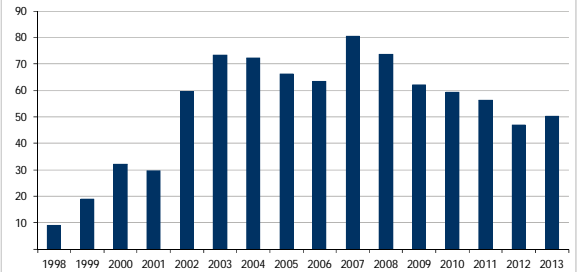
Uncertain conditions in the commodities markets weighed on mining activity in the first half of the year, although any adverse effect on prospects for large-scale projects has been muted. Lower shipments of iron ore and lower prices spurred Labrador Iron Mines to defer non-essential capital expenditures; however, as prices for the metal have drifted higher more recently and are expected to sustain historically elevated levels, production volumes are expected to increase. The completion of the Long Harbour nickel-processing facility and a subsequent ramping up of production support the industry's improvement while production is set to accelerate at both the Direct Shipping iron ore project and the Iron Ore Company of Canada's phase-2 expansion in 2014. Medium-term prospects have been further boosted by an underground-mine expansion at Voisey's Bay being proposed earlier this year. Positive developments will more than offset the recent slowdown with the Kami project initiating the environmental assessment process.

Employment stumbling to make headway

The softening trend in the province's labour market that emerged after reaching a record-high employment level at the end of last year has persisted in recent months. This easing has been accompanied by a larger exit of participants from the labour force, thereby resulting in the unemployment rate drifting lower. A sustained upward trajectory in the private sector should help to temper the effect of public-sector declines going forward. We forecast employment to grow by 1.5% in 2013 and 1.4% in 2014, both rates comparing very closely to the national average. With job losses anticipated as construction on the Long Harbour project winds down, the ramping up of work on other major projects including Muskrat Falls hydroelectric project and Hebron offshore oil field is expected to support modest employment growth and could create favourable conditions for the return of skilled labour to the province.

Newfoundland and Labrador crude oil production

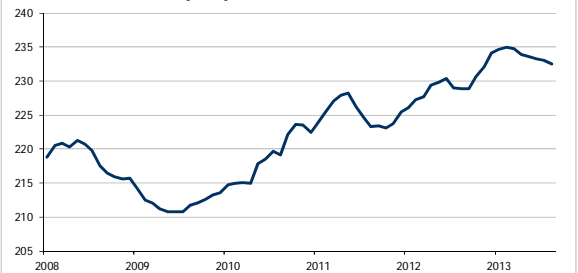
Millions of barrels, January to July period



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

Newfoundland and Labrador employment

Thousands, three-month moving average



Source: Statistics Canada, RBC Economics Research

Newfoundland forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F
Real GDP	3.0	-4.5	6.0	1.3
Employment	2.7	2.3	1.5	1.4
Unemployment rate (%)	12.7	12.5	11.8	11.5
Retail sales	5.3	4.6	4.5	4.0
Housing starts (units)	3,488	3,885	3,100	3,200
Consumer price index	3.4	2.1	1.8	2.0

Laura Cooper
Economist

Forecast detail

Average annual % change unless otherwise indicated

	Real GDP				Employment				Unemployment rate %				Housing starts Thousands				Retail sales			
	11	12E	13F	14F	11	12	13F	14F	11	12	13F	14F	11	12	13F	14F	11	12	13F	14F
N. & L.	3.0	-4.5	6.0	1.3	2.7	2.3	1.5	1.4	12.7	12.5	11.8	11.5	3.5	3.9	3.1	3.2	5.3	4.6	4.5	4.0
P.E.I.	1.6	1.2	1.2	1.7	1.9	1.1	2.3	1.1	11.4	11.3	11.5	10.9	0.9	0.9	0.7	0.7	5.4	3.2	1.8	3.9
N.S.	0.5	0.2	1.2	2.3	0.1	0.6	0.1	1.0	8.8	9.0	8.9	8.7	4.6	4.5	3.9	3.8	3.6	1.0	1.7	3.6
N.B.	0.0	-0.6	0.8	1.5	-1.1	-0.2	-0.1	1.0	9.5	10.2	10.5	10.2	3.5	3.3	2.9	3.0	4.8	-0.7	1.1	3.2
QUE.	1.9	1.0	1.3	1.9	1.0	0.8	1.2	1.1	7.8	7.8	7.6	7.5	48.4	47.4	36.7	38.0	3.0	1.1	2.5	3.6
ONT.	1.8	1.5	1.3	2.8	1.8	0.8	1.4	1.4	7.8	7.8	7.4	7.1	67.8	76.7	61.0	57.5	3.6	1.6	2.2	4.1
MAN.	2.0	2.7	2.5	2.6	0.8	0.9	0.9	1.3	5.4	5.3	5.4	5.1	6.1	7.2	7.1	5.7	4.5	1.6	3.9	4.4
SASK.	4.9	2.4	2.7	2.7	0.3	2.1	3.5	1.7	5.0	4.7	4.3	4.2	7.0	10.0	7.7	6.9	7.5	7.6	4.3	5.4
ALTA.	5.1	3.8	3.2	4.1	3.8	2.6	2.6	2.4	5.5	4.6	4.7	4.3	25.7	33.4	35.5	32.0	6.8	6.9	6.6	5.4
B.C.	2.8	1.8	1.5	2.7	0.8	1.7	0.2	1.4	7.5	6.7	6.7	6.5	26.4	27.5	26.5	23.5	3.2	1.9	2.1	4.1
CANADA	2.5	1.7	1.8	2.8	1.6	1.2	1.3	1.4	7.4	7.2	7.1	6.8	194	215	185	174	4.1	2.5	3.0	4.2

Key provincial comparisons

2012 unless otherwise indicated

	N. & L.	P.E.I.	N.S.	N.B.	QUE	ONT	MAN	SASK	ALTA	B.C.
Population (000s)	513	146	949	756	8,055	13,506	1,267	1,080	3,874	4,623
Gross domestic product (\$ billions) (2011)	33.6	5.4	37.0	32.2	345.8	654.6	55.9	74.7	295.3	217.7
Real GDP (\$2007 billions)	27.6	4.9	35.5	28.7	326.0	614.5	54.8	58.9	285.2	210.0
Share of provincial GDP of Canadian GDP (%) (2011)	1.9	0.3	2.1	1.8	19.6	37.2	3.2	4.2	16.8	12.4
Real GDP growth (CAR, 2007-12, %)	-1.5	1.3	1.0	0.6	1.3	0.5	2.2	2.5	2.0	1.3
Real GDP per capita (\$ 2007)	53,858	33,774	37,414	38,030	40,479	45,499	43,277	54,555	73,613	45,424
Real GDP growth rate per capita (CAR, 2007-12, %)	-1.7	0.2	0.7	0.3	0.3	-0.5	1.0	1.0	0.0	-0.1
Personal disposable income per capita (\$)	28,181	23,879	26,256	26,277	25,646	28,660	26,201	31,223	37,894	28,375
Employment growth (CAR, 2007-12, %)	1.3	1.2	0.3	-0.3	0.8	0.7	1.0	1.3	1.5	0.8
Employment rate (Aug. 2013, %)	54.0	61.1	58.4	56.4	59.7	61.7	64.8	67.4	70.0	60.0
Discomfort index (inflation + unemp. rate, Jul. 2013)	13.4	14.1	10.5	11.2	9.3	9.2	8.5	5.6	6.7	6.7
Manufacturing industry output (% of GDP)	4.7	8.9	7.8	11.0	13.7	12.9	10.0	7.0	7.5	6.8
Personal expenditures on goods & services (% of GDP) (2011)	41.0	69.8	69.7	60.9	58.2	56.6	58.2	40.5	40.5	62.2
International exports (% of GDP) (2011)	39.9	18.5	20.9	47.4	25.7	32.8	28.0	44.0	33.1	22.7

Tables

British Columbia

		2007	2008	2009	2010	2011	2012	2013F	2014F
Real GDP	Chained \$2007 millions	196,997	199,228	194,334	200,550	206,180	209,974	213,123	218,963
	% change		1.1	-2.5	3.2	2.8	1.8	1.5	2.7
Employment	thousands	2,223	2,266	2,218	2,257	2,275	2,313	2,317	2,350
	% change	3.5	2.0	-2.1	1.7	0.8	1.7	0.2	1.4
Unemployment rate	%	4.3	4.6	7.7	7.6	7.5	6.7	6.7	6.5
Retail sales	\$ millions	57,110	58,010	55,585	58,549	60,405	61,565	62,886	65,456
	% change	7.2	1.6	-4.2	5.3	3.2	1.9	2.1	4.1
Housing starts	units	39,195	34,321	16,077	26,479	26,400	27,465	26,500	23,500
	% change	7.6	-12.4	-53.2	64.7	-0.3	4.0	-3.5	-11.3
Consumer price index	2002=100	110.0	112.3	112.3	113.8	116.5	117.8	117.7	119.4
	% change	1.7	2.1	0.0	1.4	2.3	1.1	0.0	1.4

Alberta

		2007	2008	2009	2010	2011	2012	2013F	2014F
Real GDP	Chained \$2007 millions	258,850	262,864	251,286	261,457	274,717	285,156	294,281	306,347
	% change		1.6	-4.4	4.0	5.1	3.8	3.2	4.1
Employment	thousands	1,991	2,054	2,025	2,017	2,094	2,150	2,205	2,259
	% change	3.9	3.1	-1.4	-0.4	3.8	2.6	2.6	2.4
Unemployment rate	%	3.5	3.6	6.6	6.5	5.5	4.6	4.7	4.3
Retail sales	\$ millions	61,528	61,668	56,546	59,910	64,005	68,452	72,990	76,950
	% change	9.9	0.2	-8.3	5.9	6.8	6.9	6.6	5.4
Housing starts	units	48,336	29,164	20,298	27,088	25,704	33,396	35,500	32,000
	% change	-1.3	-39.7	-30.4	33.5	-5.1	29.9	6.3	-9.9
Consumer price index	2002=100	117.9	121.6	121.5	122.7	125.7	127.1	129.2	131.6
	% change	4.9	3.2	-0.1	1.0	2.4	1.1	1.7	1.8

Saskatchewan

		2007	2008	2009	2010	2011	2012	2013F	2014F
Real GDP	Chained \$2007 millions	51,964	54,776	52,567	54,854	57,536	58,917	60,508	62,141
	% change		5.4	-4.0	4.4	4.9	2.4	2.7	2.7
Employment	thousands	504	513	519	524	526	537	556	566
	% change	2.4	1.7	1.3	0.9	0.3	2.1	3.5	1.7
Unemployment rate	%	4.2	4.1	4.8	5.2	5.0	4.7	4.3	4.2
Retail sales	\$ millions	13,248	14,848	14,804	15,336	16,489	17,749	18,506	19,510
	% change	13.9	12.1	-0.3	3.6	7.5	7.6	4.3	5.4
Housing starts	units	6,007	6,828	3,866	5,907	7,031	9,968	7,700	6,900
	% change	61.7	13.7	-43.4	52.8	19.0	41.8	-22.8	-10.4
Consumer price index	2002=100	112.2	115.9	117.1	118.7	122.0	123.9	126.1	129.3
	% change	2.9	3.2	1.1	1.3	2.8	1.6	1.7	2.5

Manitoba

		2007	2008	2009	2010	2011	2012	2013F	2014F
Real GDP	Chained \$2007 millions	49,264	51,241	51,056	52,319	53,370	54,832	56,203	57,687
	% change		4.0	-0.4	2.5	2.0	2.7	2.5	2.6
Employment	thousands	599	608	608	620	624	630	636	644
	% change	1.7	1.7	0.0	1.9	0.8	0.9	0.9	1.3
Unemployment rate	%	4.4	4.2	5.2	5.4	5.4	5.3	5.4	5.1
Retail sales	\$ millions	14,130	15,143	15,127	16,029	16,758	17,018	17,684	18,462
	% change	9.1	7.2	-0.1	6.0	4.5	1.6	3.9	4.4
Housing starts	units	5,738	5,537	4,174	5,888	6,083	7,242	7,100	5,700
	% change	14.1	-3.5	-24.6	41.1	3.3	19.1	-2.0	-19.7
Consumer price index	2002=100	110.9	113.4	114.1	115.0	118.4	120.3	123.0	125.6
	% change	2.1	2.2	0.6	0.8	2.9	1.6	2.3	2.1

Ontario

		2007	2008	2009	2010	2011	2012	2013F	2014F
Real GDP	Chained \$2007 millions	597,907	596,722	575,726	594,319	605,180	614,500	622,734	640,420
	% change		-0.2	-3.5	3.2	1.8	1.5	1.3	2.8
Employment	thousands	6,564	6,666	6,502	6,610	6,731	6,784	6,881	6,977
	% change	1.8	1.6	-2.5	1.7	1.8	0.8	1.4	1.4
Unemployment rate	%	6.4	6.5	9.0	8.7	7.8	7.8	7.4	7.1
Retail sales	\$ millions	146,324	152,160	148,797	156,904	162,530	165,177	168,781	175,727
	% change	3.9	4.0	-2.2	5.4	3.6	1.6	2.2	4.1
Housing starts	units	68,123	75,076	50,370	60,433	67,821	76,742	61,000	57,500
	% change	-7.2	10.2	-32.9	20.0	12.2	13.2	-20.5	-5.7
Consumer price index	2002=100	110.8	113.3	113.7	116.5	120.1	121.8	123.3	125.4
	% change	1.8	2.3	0.4	2.4	3.1	1.4	1.2	1.8

Quebec

		2007	2008	2009	2010	2011	2012	2013F	2014F
Real GDP	Chained \$2007 millions	306,316	310,687	309,043	316,724	322,690	326,046	330,122	336,394
	% change		1.4	-0.5	2.5	1.9	1.0	1.3	1.9
Employment	thousands	3,834	3,880	3,848	3,915	3,954	3,984	4,032	4,077
	% change	2.4	1.2	-0.8	1.7	1.0	0.8	1.2	1.1
Unemployment rate	%	7.2	7.2	8.5	8.0	7.8	7.8	7.6	7.5
Retail sales	\$ millions	90,403	94,809	93,736	99,551	102,505	103,648	106,285	110,103
	% change	4.5	4.9	-1.1	6.2	3.0	1.1	2.5	3.6
Housing starts	units	48,553	47,901	43,403	51,363	48,387	47,367	36,700	38,000
	% change	1.4	-1.3	-9.4	18.3	-5.8	-2.1	-22.5	3.5
Consumer price index	2002=100	110.4	112.7	113.4	114.8	118.3	120.8	122.1	124.3
	% change	1.6	2.1	0.6	1.3	3.0	2.1	1.1	1.8

Tables

New Brunswick

		2007	2008	2009	2010	2011	2012	2013F	2014F
Real GDP	Chained \$2007 millions	27,966	28,226	28,065	28,928	28,922	28,748	28,978	29,425
	% change		0.9	-0.6	3.1	0.0	-0.6	0.8	1.5
Employment	thousands	357	359	360	356	352	351	351	355
	% change	1.9	0.6	0.1	-1.0	-1.1	-0.2	-0.1	1.0
Unemployment rate	%	7.5	8.5	8.8	9.3	9.5	10.2	10.5	10.2
Retail sales	\$ millions	9,415	10,028	10,105	10,608	11,118	11,041	11,162	11,517
	% change	6.2	6.5	0.8	5.0	4.8	-0.7	1.1	3.2
Housing starts	units	4,242	4,274	3,521	4,101	3,452	3,299	2,900	3,000
	% change	3.8	0.8	-17.6	16.5	-15.8	-4.4	-12.1	3.4
Consumer price index	2002=100	111.3	113.2	113.5	115.9	120.0	122.0	123.0	125.2
	% change	1.9	1.7	0.3	2.1	3.5	1.7	0.9	1.8

Nova Scotia

		2007	2008	2009	2010	2011	2012	2013F	2014F
Real GDP	Chained \$2007 millions	33,853	34,685	34,581	35,243	35,424	35,495	35,921	36,747
	% change		2.5	-0.3	1.9	0.5	0.2	1.2	2.3
Employment	thousands	448	452	451	452	453	456	456	461
	% change	1.6	0.9	-0.1	0.2	0.1	0.6	0.1	1.0
Unemployment rate	%	7.9	7.7	9.2	9.3	8.8	9.0	8.9	8.7
Retail sales	\$ millions	11,639	12,121	12,141	12,692	13,146	13,274	13,498	13,985
	% change	4.3	4.1	0.2	4.5	3.6	1.0	1.7	3.6
Housing starts	units	4,750	3,982	3,438	4,309	4,644	4,522	3,900	3,800
	% change	-3.0	-16.2	-13.7	25.3	7.8	-2.6	-13.8	-2.6
Consumer price index	2002=100	112.5	115.9	115.7	118.2	122.7	125.1	126.9	129.3
	% change	1.9	3.0	-0.1	2.2	3.8	1.9	1.4	1.9

Prince Edward Island

		2007	2008	2009	2010	2011	2012	2013F	2014F
Real GDP	Chained \$2007 millions	4,622	4,665	4,677	4,800	4,876	4,935	4,994	5,079
	% change		0.9	0.3	2.6	1.6	1.2	1.2	1.7
Employment	thousands	69	70	69	71	72	73	74	75
	% change	0.7	1.2	-1.4	3.0	1.9	1.1	2.3	1.1
Unemployment rate	%	10.3	10.7	12.0	11.1	11.4	11.3	11.5	10.9
Retail sales	\$ millions	1,624	1,707	1,687	1,777	1,873	1,934	1,969	2,045
	% change	7.4	5.1	-1.2	5.3	5.4	3.2	1.8	3.9
Housing starts	units	750	712	877	756	940	941	700	700
	% change	1.6	-5.1	23.2	-13.8	24.3	0.1	-25.6	0.0
Consumer price index	2002=100	113.6	117.5	117.3	119.5	123.0	125.5	128.1	130.9
	% change	1.8	3.4	-0.1	1.8	2.9	2.0	2.1	2.2

Newfoundland & Labrador

		2007	2008	2009	2010	2011	2012	2013F	2014F
Real GDP	Chained \$2007 millions	29,736	29,425	26,388	28,058	28,912	27,611	29,268	29,660
	% change		-1.0	-10.3	6.3	3.0	-4.5	6.0	1.3
Employment	thousands	216	219	212	219	225	231	234	237
	% change	0.8	1.1	-3.0	3.4	2.7	2.3	1.5	1.4
Unemployment rate	%	13.5	13.2	15.5	14.4	12.7	12.5	11.8	11.5
Retail sales	\$ millions	6,535	7,019	7,124	7,446	7,841	8,200	8,572	8,916
	% change	8.6	7.4	1.5	4.5	5.3	4.6	4.5	4.0
Housing starts	units	2,649	3,261	3,057	3,606	3,488	3,885	3,100	3,200
	% change	18.6	23.1	-6.3	18.0	-3.3	11.4	-20.2	3.2
Consumer price index	2002=100	111.1	114.3	114.6	117.4	121.4	123.9	126.2	128.7
	% change	1.4	2.9	0.3	2.4	3.4	2.1	1.8	2.0

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