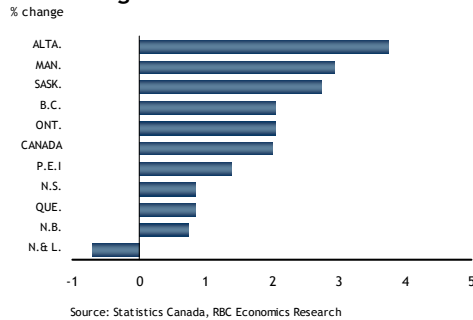


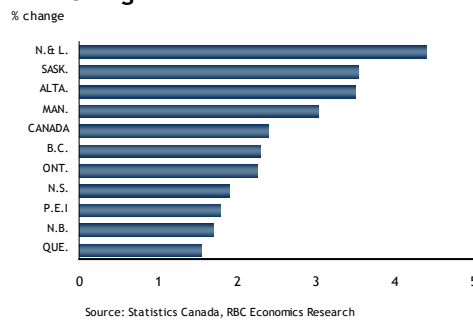
PROVINCIAL OUTLOOK

December 2012

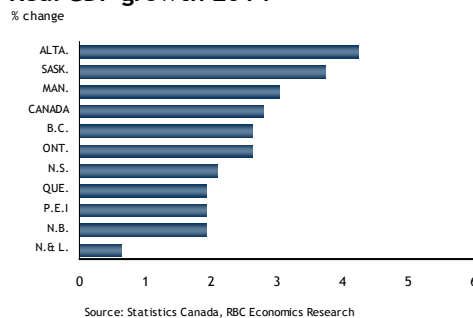
Real GDP growth 2012



Real GDP growth 2013



Real GDP growth 2014



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Bumpy road to 2013

- Unexpected delays, unscheduled maintenance, and other forms of production disruptions in Canada's resource sector weighed on the economic performance of several provinces in recent months.
- Some of these factors will reverse before the end of the year; however, others will affect performance into 2013.
- The more visible consequence will be a sharp swing in Newfoundland and Labrador's outlook from a bottom position in the 2012 provincial growth rankings to top spot in 2013.
- We revised our growth forecasts downwardly for the majority of provinces in 2012, as well as to several of them in 2013.
- Despite these revisions, we still expect Western Canada to enjoy above-average growth, while the central and eastern regions of the country generally to rank at the lower end of the spectrum (with the exception of Newfoundland and Labrador in 2013).
- Notwithstanding the recent turbulence, booming activity related to commodities will remain the key differentiating factor of provincial performance. Rebounding agricultural sectors will further help the Prairie Provinces.
- In this issue of *Provincial Outlook*, we introduce our forecasts for 2014. In essence, we expect the broad trends in 2013 to carry over into 2014.

Transitory disruptions affect growth in 2012...

There have been a number of transitory factors hampering provincial economic growth in recent months, and some of these will reverberate into 2013. High inventories limited potash production in Saskatchewan, lower than expected canola yields tempered a still strong rebound in agriculture output in Manitoba, unscheduled maintenance affected oil operations in Newfoundland and Labrador and natural gas operations in Nova Scotia, and further delays on the start of production at a new natural gas field in Nova Scotia postponed the expected boost to economic activity in that province. These unanticipated developments have altered the outlook for the affected provinces as they enter 2013. We, therefore, have revised our real GDP forecasts lower for 2012 for all provinces except Alberta, with Newfoundland and Labrador, Saskatchewan, Manitoba, and Nova Scotia the most affected.

...and in 2013 albeit to a lesser extent

The same factors also prompted us to revise our projected provincial growth profile for 2013. In the majority of cases, the changes we made were small and on the down side. For Newfoundland and Labrador, however, full recovery from the unscheduled maintenance downtime at Hibernia will lead to a more pronounced rebound in economic growth in the coming year than we previously anticipated. We now expect real GDP to decline by 0.7% in 2012 in Newfoundland and Labrador before surging by 4.4% in 2013, thereby moving from the last spot in the provincial growth rankings to the first.

Western Canada setting the pace

Despite the adjustments we made, the relative rankings for the other provinces remain little changed. We continue to expect Western Canada to benefit the most from strong activity related to natural resources and grow at rates exceeding the national average in both 2012 and 2013. The Prairie Provinces will also enjoy healthier conditions in their agricultural sectors. In provinces east of Manitoba, we project growth to be slower than the national average. For the most part, these provinces lack a powerful catalyst for growth.

Broad trends carrying over to 2014

In this issue of *Provincial Outlook*, we introduce our forecasts for 2014. The story, there, is one of a continuation of earlier trends as we believe that the major differentiating forces in recent years—brisk commodities related activity—will continue to play a prominent role and favour the western part of the country.

Steady course of transition

We expect British Columbia’s economy to be successful in overcoming the drag generated by the downturn of its housing market and more extensive public-sector restraint in 2013. Improving demand from the United States and stronger non-residential investment will provide solid support for the province’s economic growth to maintain a fairly steady course. We project British Columbia’s real GDP to grow by 2.3% in 2013, only slightly faster than the 2.1% that we forecast for 2012 (both rates will nearly match the national averages). Our initial take on the 2014 outlook keeps the course almost unaltered, as we project a growth rate of 2.6% that year.

Housing downturn casting a shadow

The BC economy enters 2013 dealing with a substantial cooling of its previously red-hot housing market. While a moderation in home prices is a welcomed development for many households in the province—considering the poor levels of affordability of the province’s largest market, Vancouver—the correction in home resales casts a large shadow on residential investment in the province (homeownership transfer costs, which are directly related to the volume of real estate activity, represent approximately one-fifth of residential investment). We believe that lower levels of home resales will cause new home construction to decline in 2013. This decline will be further abetted by the recent slowing population growth in the province. We forecast housing starts to moderate to 23,800 units in 2013 from 27,700 units in 2012. The housing downturn will weigh on British Columbia’s economy beyond its effect on residential investment. We anticipate that this downturn will also restrain activity in several segments of the retail trade sector.

Tighter public spending on the way

Another challenge facing the BC economy in 2013 will be a tightening in public administration spending, particularly at the provincial level. The BC government recently announced that it must aim at more ambitious expenditure targets than previously set (including for wages in the public service) in light of weaker than earlier anticipated revenues from natural gas royalties. We expect the government sector to be a drag on growth in 2013.

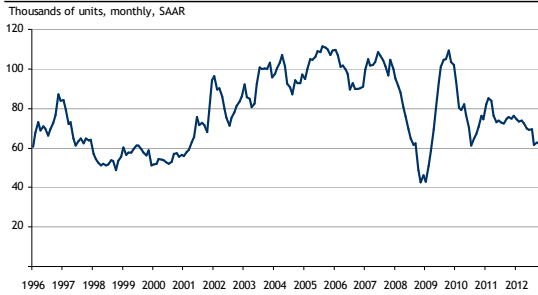
Brighter outlook for lumber exports

On a brighter note, we believe that further recovery in the US housing sector will benefit British Columbia’s economy disproportionately. Already in 2012, stronger housing starts south of the border have helped BC softwood lumber exports to the United States surge by more than 15% in the first three quarters of the year. We expect US housing starts to continue climbing out of their deep hole in 2013 and 2014, which bodes well for further gains in what was traditionally the province’s top export commodity. We believe that the turnaround in exports to the United States will more than offset any possible weakening in other markets such as China.

Non-residential investment on an upswing

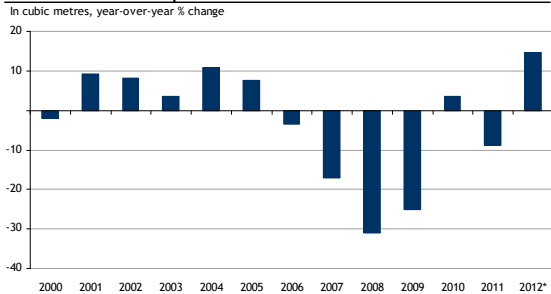
Non-residential investment will be a powerful contributor to BC growth in the coming year (and beyond). There are several major projects in the commodities (including in mining, smelting, and electric power) and transportation (including the federal government’s \$8 billion, eight-year order for seven non-combat ships) sectors that will generate substantial activity in the province. Investment in these and future projects will form the backbone for development of British Columbia’s remote regions for years to come.

Home resales: British Columbia



Source: The Canadian Real Estate Association, RBC Economics Research

Softwood lumber exports to the United States: British Columbia



* 2012 year-to-date to September
Source: Statistics Canada, BC Stats, RBC Economics Research

British Columbia forecast at a glance

% change unless otherwise indicated

	2011	2012F	2013F	2014F
Real GDP	2.8	2.1	2.3	2.6
Employment	0.8	1.7	1.4	1.4
Unemployment rate (%)	7.5	6.8	6.5	6.4
Retail sales	3.1	2.7	3.1	3.7
Housing starts (units)	26,400	27,700	23,800	23,500
Consumer price index	2.3	1.3	1.2	1.7

Robert Hogue
Senior Economist



Forging ahead despite heightened uncertainty

Alberta's economic boom will barely miss a beat in 2013 despite increasing challenges in delivering rapidly expanding oil production to markets. We expect Alberta to continue to be among the faster growing provincial economies—a position that it has held for the past three years—with a real GDP growth rate of 3.5% in 2013 or just slightly off the 3.8% forecasted rate for 2012. While the catalyst for the current boom—massive investment in the energy sector—has been tempered, strong capital expenditures outside energy and rapid momentum in other sectors of the economy will keep things moving along at a sustained rapid clip in the year ahead. The outlook for 2014 looks even stronger with growth in investment in the energy sector expected to resume.

Economy remained on a fast track in 2012...

Alberta is in the midst of an impressive economic boom. Activity in the province surged by 5.1% in 2011—the strongest rate among the provinces—and remained on a fast track in 2012. Almost every indicator pointed toward a very robust performance once again in the first eight to 11 months of 2012. Crude oil production surged to a record high. Provincial manufacturers, retailers, and wholesalers enjoyed substantial sales increases. Employment growth in Alberta easily outpaced the rest of the country, while the rate of unemployment fell to a nationwide low. Good job prospects attracted more people to live in the province, and rising net in-migration boosted population growth to a five-year high. Alberta's housing market picked up steam, which led to a 25% surge in new home construction. Such strength in the majority of sectors more than made up for steady declines in natural gas production and drilling activity.

...but the mood stays even keeled

Yet the mood in the province remained far from exuberant. Indications that Alberta oil finds itself 'land locked' due to pipeline bottlenecks and that US energy production is on a secular upswing put a damper on any celebrations. Major players in the oil sands have cited delivery challenges and resulting larger than usual discounts on wellhead prices as reasons for delaying some of their capital spending on mega projects. These announced delays have raised some concerns about the sustainability of business investment in the province.

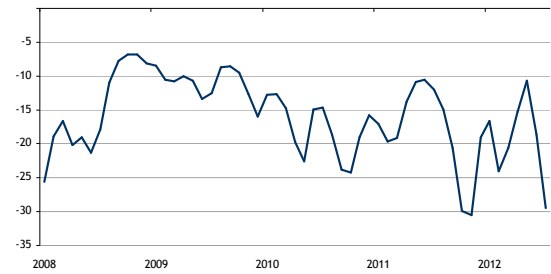
Barely missing a beat in 2013

We expect oil sands players to remain generally cautious in 2013, but we do not expect them to cut capital spending back in any meaningful way either. Rather, their spending will be kept in a holding pattern while pipeline issues are addressed and crude oil price relationships normalize. The rest of the provincial economy will continue to benefit from a broad-based expansion in 2013, with strong growth in population and employment still fuelling consumer-dependent activity. The housing sector will be among those showing sustained vigour. On the business side, rising demand for commercial and industrial space will support growth in capital spending outside the energy sector. Overall, we project real GDP to slow only modestly to 3.5% in 2013 from 3.8% in 2012. This slight moderation will mostly reflect the lull in oil sands investment.

Stronger growth in 2014

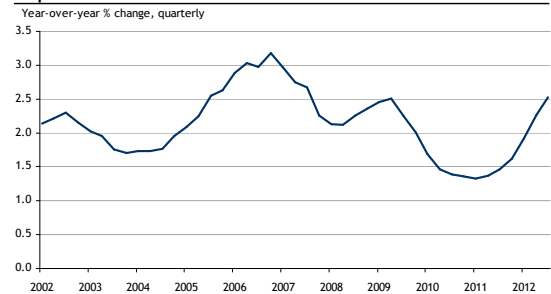
By 2014, we expect sufficient progress on resolving oil delivery issues to allow major oil sands project development to proceed with renewed vigour. This breaking out of the holding pattern will set the stage for real GDP to re-accelerate to 4.2%.

Western Canadian Select (WCS)-WTI crude oil price differential
US\$/bbl, monthly average



Source: Bloomberg, RBC Economics Research

Population: Alberta



Source: Statistics Canada, RBC Economics Research

Alberta forecast at a glance

% change unless otherwise indicated

	2011	2012F	2013F	2014F
Real GDP	5.1	3.8	3.5	4.2
Employment	3.8	2.7	2.4	2.0
Unemployment rate (%)	5.5	4.6	4.4	4.5
Retail sales	6.9	8.3	6.0	5.1
Housing starts (units)	25,704	33,400	32,000	32,000
Consumer price index	2.4	1.3	1.8	1.8

Robert Hogue
Senior Economist

Potash down time cuts into 2012 growth

Growth in Saskatchewan in 2012 is being weighed down by increasing cutbacks in potash production in the face of rising inventories. These higher stocks have reportedly resulted from a number of emerging economies holding back on purchases of the crop nutrient until long-term agreements have been signed with various major producers in Saskatchewan. In the wake of these cutbacks, we lowered mining output in the province, which in turn has prompted us to lower 2012 real GDP growth in the province to 2.8% from 3.6% previously. The downward revision to overall GDP growth also reflects indications that canola production will drop below the 2011 harvest rather than increase as had been previously assumed. The 2012 wheat harvest is still expected to surpass 2011 levels although this just offsets the drop in canola production resulting in unchanged production of Saskatchewan’s three main field crops (that also includes barley). Production numbers last quarter had implied an increase closer to 9%.

Mining activity to recover during 2013

Recently announced potash production shutdowns in some cases extend into early 2013; however, our expectation is that beyond that point, activity will steadily recover during the remainder of 2013 with sales agreements being reached with major overseas customers. As well, our expectation is that the drought conditions in the US mid-West in 2012 will result in increased demand for fertilizer, and thus for potash, as US producers aggressively try to revive crop yields. Our forecast assumes that mining production will increase by 4.5% in 2013 after an expected increase of only 1.5% in 2012.

Raising production capacity should support investment

With demand for potash and other natural resources key to the province, such as oil and grains, expected to remain historically robust, our forecast assumes that business investment will remain strong with producers expanding production capacity. This is expected to send construction spending up to 5.5% in 2013 after a projected 4.5% increase in 2012.

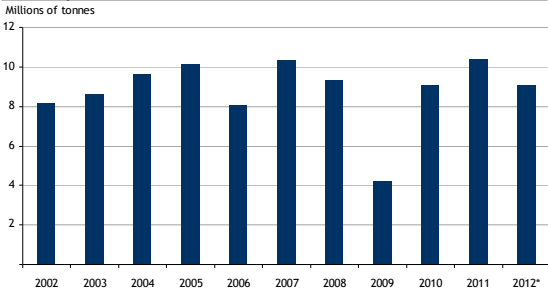
Strong income growth will continue to support retail sales

High commodity prices are not only contributing to increased capital spending, but it is also boosting incomes within the province. This lift is evident in the provincial retail spending numbers showing strong gains and widely outpacing the national numbers. In the third quarter of 2012, nominal retail sales in Saskatchewan were up over 8% on a year-over-year basis compared to only 2.5% nationally. This relative strength is expected to continue during the forecast with commodity prices expected to remain historically high and to support continued solid gains in the retail trade sector.

Saskatchewan expected to be a growth leader in the country

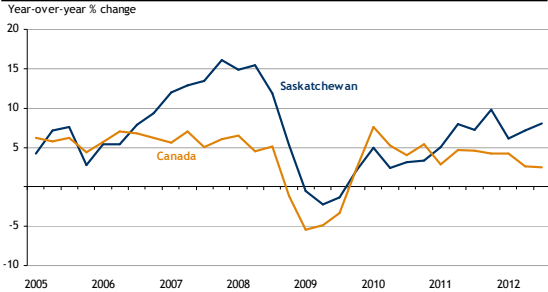
The rebound in mining output along with continued strength in construction and retail spending are expected to result in overall GDP growth rebounding in 2013 to 3.5%. This represents a downward revision from the 4.0% that we projected last quarter and reflects some of the potash production cutbacks continuing into early 2013. The underlying sources of strength next year, however, are expected to continue in 2014 contributing to GDP growth that year remaining robust and little changed at 3.7%.

Potash production: Saskatchewan



* Estimate
Source: Saskatchewan Industry and Resources, RBC Economics Research

Retail sales: Saskatchewan and Canada



Source: Statistics Canada, RBC Economics Research

Saskatchewan forecast at a glance

% change unless otherwise indicated

	2011	2012F	2013F	2014F
Real GDP	4.9	2.8	3.5	3.7
Employment	0.3	2.0	2.0	1.7
Unemployment rate (%)	5.0	4.7	4.5	4.5
Retail sales	7.5	7.0	6.0	4.8
Housing starts (units)	7,031	9,900	7,900	6,900
Consumer price index	2.8	1.7	2.4	2.6

Paul Ferley
Assistant Chief Economist

Diversification pays off

After double-digit declines in the past two years, the agricultural sector's output is expected to rise a robust 17% in 2012 with weather conditions finally turning favourable. The jump in output coincides with production problems elsewhere in the globe thereby resulting in grains and oilseed prices rising strongly. The rebound in production and the jump in grain prices will both contribute to a marked strengthening in farm incomes in 2012 and going into 2013. This is the main factor expected to send real GDP growth this year up to 2.9% relative to the 2.0% gain recorded in 2011. The 2012 growth rate is down slightly from the 3.3% gain forecasted in the September issue of *Provincial Outlook* in part because of a downward revision to the outlook for canola (although we still expect the agricultural harvest to be up strongly in 2012).

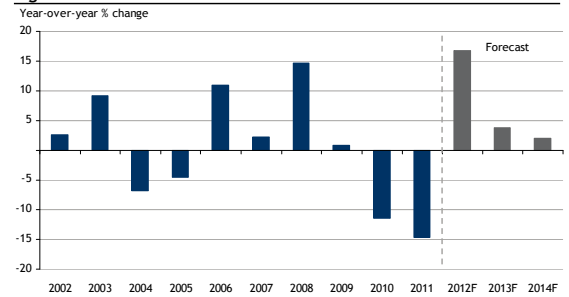
Strengthening manufacturing to offset moderation in agriculture

Looking beyond 2012, we assume that agricultural output will likely continue to grow in 2013 under the assumption of normal weather conditions; however, the pace of growth in this sector is likely to slow dramatically to around 4% because activity is no longer rebounding from depressed levels. As well, with agricultural output in the US expected to recover from the drought conditions of 2012 (assuming normal weather conditions in the US), grain and oilseed prices will likely retrace some of their recent gains that will also weigh on farm income growth as the year progresses. This slowing in the agricultural sector, however, is expected to be offset by greater strength in the manufacturing. Although growth in manufacturing returned to positive territory in 2012, the projected gain of 2% represents only a modest increase. As the US recovery gains strength during the forecast, however, this is expected to result in improved demand for Manitoba exports generally and for bus and aerospace equipment in particular, which represent key manufacturing outputs in the province. Demand for buses is expected to be helped by indications that the fiscal restraint at the state and local levels in the US is starting to ease. Increasing manufacturing activity is a key factor that will allow overall real GDP growth to remain solid in 2013, easily offsetting the expected slowing in agriculture. This is expected to result in a growth rate of 3.0% in 2013, which would be little changed from the 2.9% projected for 2012.

Business investment to recover steadily

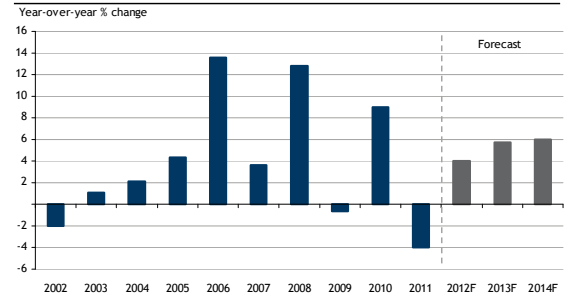
We assume continued solid gains in the mining and oil and gas sector with increases matching recent average gains close to 4% during 2013 and 2014. This represents a downward revision from earlier-projected increases of closer to 6% for both years thereby reflecting indications of weaker than expected global growth; however, demand for natural resources is expected to remain sufficiently strong that we assume strengthening business investments as firms expand production capacity. This is expected to help send growth in construction activity to an increase of 6% by 2014 from a decline of 4% in 2011. Rising business investment will be a key factor supporting our real GDP growth forecast of 3.0% in 2014.

Agricultural real GDP: Manitoba



Source: Statistics Canada, RBC Economics Research

Construction real GDP: Manitoba



Source: Statistics Canada, RBC Economics Research

Manitoba forecast at a glance

% change unless otherwise indicated

	2011	2012F	2013F	2014F
Real GDP	2.0	2.9	3.0	3.0
Employment	0.8	0.8	1.4	1.2
Unemployment rate (%)	5.4	5.3	5.0	4.9
Retail sales	4.3	2.0	4.3	4.1
Housing starts (units)	6,083	7,600	6,200	5,500
Consumer price index	2.9	1.6	2.1	2.1

Paul Ferley
Assistant Chief Economist

Maintaining its (unspectacular) cruising speed

Ontario's economy is set to maintain a moderate, if unspectacular, pace of expansion in the next two years. We project real GDP to grow by 2.3% in 2013 and 2.6% in 2014, both rates representing little change from 2.1% in 2012. While, on the surface, the outlook may appear as 'more of the same' in the period ahead, there will be notable differences in sectoral performances. Barring any unexpected slippage of the US economy, external trade will increase its contribution to Ontario's economic expansion. On the other hand, residential investment—a powerful economic engine in the province since the start of the recovery—will play a much smaller role. In fact, we expect housing construction to decline in both 2013 and 2014. Where we anticipate little in the way of change, however, will be fiscal restraint at both the federal and provincial levels, which we believe will continue to be a drag on Ontario's growth prospects.

Export sector revival

Notwithstanding uncertainty from the political wrangling over the so called 'fiscal cliff' that may cause some economic disturbances early in 2013 south of the border, we expect the US economy to strengthen steadily throughout the forecast horizon. This will be good news for Ontario. Accounting for nearly 80% of Ontario's international merchandise exports, the US market is of strategic importance to the province's economic performance. We expect that stronger US demand for Ontario goods and services will help net external trade to add to provincial growth in 2013, after subtracting from it in each of the past 10 years. In fact, progress in this direction is already visible with Ontario's motor vehicle and parts exports rising noticeably in 2012. We also expect interprovincial exports to continue to benefit from the boom in western provinces, which offers attractive opportunities for Ontario manufacturers, from producers of machinery and equipment to producers of steel and tubes.

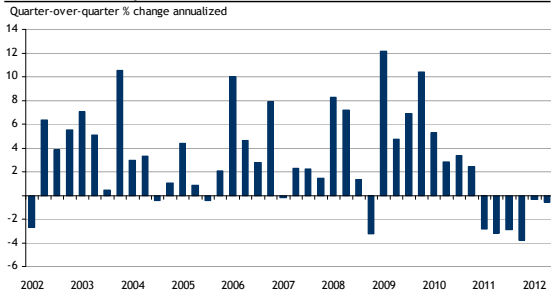
Residential investment to take a breather

As noted in the September issue of *Provincial Outlook*, activity in Ontario's housing market has been surprisingly brisk in the first half of 2012. More recent data, however, indicate that the long awaited cooling is now upon us. Home resales in the province slowed since summer, and we expect them to maintain a more moderate pace in 2013. This cooling of activity will translate into a decline in new home construction in the coming year. We forecast housing starts to decline from a seven-year high of 76,200 units in 2012 to 63,600 units in 2013 and 58,500 units in 2014.

Public-sector squeeze

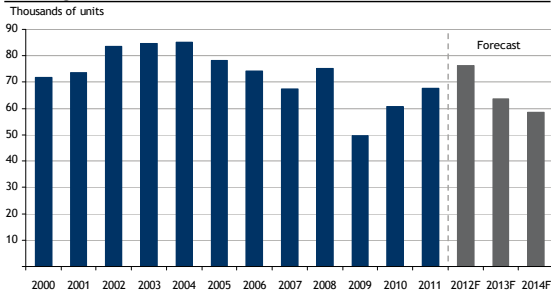
The recent publication of the Government of Ontario's public accounts brought encouraging news in that the provincial deficit in 2011-2012 was \$2.1 billion less than previously expected. Still, at \$12.9 billion—and projected to reach \$14.4 billion in the current fiscal year—the deficit represents a tough dragon to slay in the medium term. The challenges will be similarly daunting at the federal level. Fiscal restraint, therefore, will remain a necessary focus of public administrations in Ontario throughout the forecast horizon. Estimates from the Ontario Ministry of Finance show that government spending on goods and services, and capital investment declined for six consecutive quarters to the second quarter of 2012, and we expect further drag on growth coming from the public sector in 2013 and 2014.

Government expenditures: Ontario



Source: Ontario Ministry of Finance, RBC Economics Research

Housing starts: Ontario



Source: Canada Mortgage and Housing Corporation, RBC Economics Research

Ontario forecast at a glance

% change unless otherwise indicated

	2011	2012F	2013F	2014F
Real GDP	1.8	2.1	2.3	2.6
Employment	1.8	0.8	1.2	1.3
Unemployment rate (%)	7.8	7.8	7.7	7.4
Retail sales	3.6	2.0	3.2	3.8
Housing starts (units)	67,821	76,200	63,600	58,500
Consumer price index	3.1	1.5	1.7	2.0

Robert Hogue
Senior Economist

Scope for some improvement in 2013

In light of its disappointing performance in 2012, we believe there is scope for Quebec's economy to show better results in 2013. Some of the factors holding the pace back in 2012 will cease to do so in the year ahead and allow real GDP to accelerate to 1.6% in 2013 from 0.9% in 2012. While representing an improvement, a rate of 1.6% would still rank at the lower end of the provincial growth rankings. Among other things, the Quebec economy will face headwinds from fiscal restraint and a cooling of its housing market. We expect results to improve further in 2014; yet, with a projected rate of 1.9%, growth will remain subdued.

Weak growth in 2012

The Quebec budget for 2013-2014 presented (earlier than usual) in November echoed our disappointment in the economic performance of the province in 2012—the details of which we discussed in the September issue of *Provincial Outlook* when we cut our real GDP growth forecast to 1.0% for the year (from 1.6% previously). The budget's analysis concurred that weaker than expected performance in several sectors—including consumer spending and exports—weighed substantially on growth in the first half of 2012. In this issue of *Provincial Outlook*, we note that the strengthening in growth that we expected for the second half of 2012 gained only minimal traction by the fall. There were some setbacks in sectors such as mining, manufacturing, and transportation services, which prompted us to match the government's revised 0.9% call for 2012.

Temporary weights to be lifted

We remain of the view that the pace of growth in the provincial economy will accelerate somewhat in 2013. Some of the factors that contributed to the weakness in the early part of 2012 will cease to be a drag. These factors include a six-month long labour disruption at an aluminum plant, a rise in the provincial sales tax on January 1, warmer than usual weather conditions, and months of student protests, which temporarily weighed on Quebec's exports, consumer spending, demand for electric power, and education services. The outlook for 2013 will be further brightened by improving underlying US demand for Quebec export commodities. Recovery in US housing construction will benefit Quebec-made building materials such as wood products.

Still facing headwinds in 2013

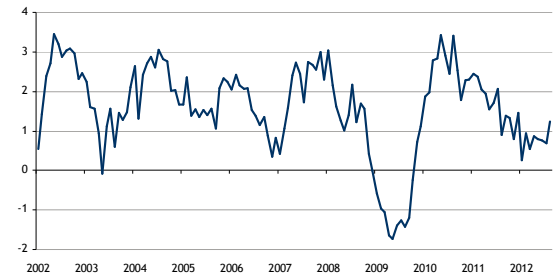
That being said, the provincial economy will continue to face significant headwinds. First and foremost, growth will be dragged down by fiscal restraint at all levels of government. In its 2013-2014 budget, the Quebec Government reiterated commitments to ambitious program spending targets, which will see absolute declines in expenditures in areas other than health, education, and family applying downward pressure on the economic contribution from the public-administration sector. The budget also announced reductions to the medium-term infrastructure plan that will result in outright capital expenditure cuts beginning in calendar year 2013, following eight years of rapid increases. Other than the public sector, we expect the recent cooling in housing market activity to translate into lower levels of residential investment in 2013. These headwinds will subdue growth in Quebec to a rate of 1.6%.

Slight acceleration in 2014

We believe that there is further scope for improvement in Quebec's outlook for 2014 with US demand expected to gain strength and the provincial housing situation to stabilize. We project real GDP to grow by 1.9% in 2014.

Real GDP by industry: Quebec

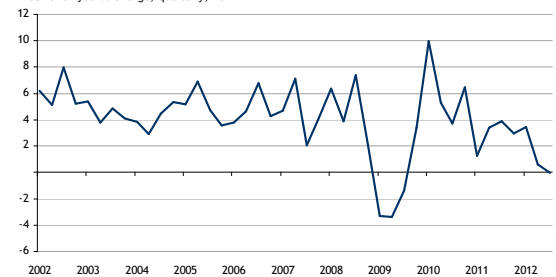
Year-over-year % change, monthly, SA



Source: Institut de la statistique du Québec, RBC Economics Research

Retail sales: Quebec

Year-over-year % change, quarterly, NSA



Source: Statistics Canada, RBC Economics Research

Quebec forecast at a glance

% change unless otherwise indicated

	2011	2012F	2013F	2014F
Real GDP	1.9	0.9	1.6	1.9
Employment	1.0	0.6	1.3	1.0
Unemployment rate (%)	7.8	7.9	7.8	7.6
Retail sales	2.9	1.0	3.0	3.5
Housing starts (units)	48,387	47,200	40,300	37,500
Consumer price index	3.0	2.1	1.8	2.0

Robert Hogue
Senior Economist

More traction on the way

After screeching to a halt last year, economic growth in New Brunswick has struggled to regain traction in 2012. Anticipated strength in private-sector capital investment and an improvement in the labour markets failed to materialize, thereby compounding a period of public-sector restraint in the province. The notable declines in investment and employment have weighed on what was expected to be a promising year for the province with our forecast now calling for growth of only 0.8% in 2012. As the US economy gains momentum in the coming year, we expect the province’s export sector to reap the benefits and contribute to a faster pace of expansion in 2013, albeit a moderate improvement at 1.7% as fiscal austerity will continue to weigh on economic activity.

A bump on the road to budget balance

The provincial government’s finances turned out to be somewhat better than expected last fiscal year with the final estimate of the deficit for 2011-2012 coming in at \$188 million below its initial budget forecast. The positive news ended there, however, as the government’s second-quarter 2012 fiscal update revealed a projected deficit for the current fiscal year nearly double its 2012 budget target of \$182.9 million. Further significant fiscal restraint will thus be required in order to achieve a balanced budget by 2014-2015. Planned reductions in public capital expenditure in the coming year after a modest increase this year will add to the expected drag on economic growth in 2013.

Domestic economy hits the brakes...

A sizeable drop in public-sector employment this summer depressed hopes for a sustained employment recovery as government austerity measures took hold. As a result, the province lost nearly all of the jobs regained since the end of the recession. We expect the deterioration in the labour market to reverse slightly in 2013, with the benefits reviving what has been a disappointing year for consumer spending in 2012. Earlier expectations that business investment would increase in 2012 for the first time since 2008 did not materialize. Non-residential construction plunged to its lowest level in more than seven years in the third quarter of 2012. Despite private capital investment showing signs of picking up more recently, the completion of two of the province’s major projects (Point Lepreau refurbishment this year and Sussex Potash expansion early 2013) will likely keep business investment subdued in 2013.

...but is gearing up for 2013

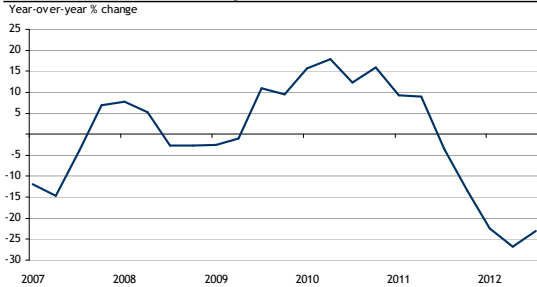
With goods exports to the US making up the largest share of GDP of any province, we expect New Brunswick’s economy to get a boost from any improvement in the outlook south of the border in 2013. A strengthening US housing market, in particular, will support the province’s forestry exports along with the revival of the Miramichi lumber mill. The start up of Point Lepreau nuclear plant in November 2012, after a prolonged four-year refurbishment, will re-energize the province’s electricity exports in 2013. While mining projects such as Trevali’s Half Mile Lake are expected to ramp up production in the coming year, the production gains will be insufficient to offset declines from the closure of the Xstrata Brunswick mine in March 2013. Mining production is expected to begin an upward trajectory in 2014, however, with the Sussex Potash expansion ramping up to full capacity that year and production likely commencing at the Sisson Brook tungsten mine in 2015.

Employment: New Brunswick



Source: Statistics Canada, RBC Economics Research

Real non-residential building construction: New Brunswick



Source: Statistics Canada, RBC Economics Research

New Brunswick forecast at a glance

% change unless otherwise indicated

	2011	2012F	2013F	2014F
Real GDP	0.0	0.8	1.7	1.9
Employment	-1.1	0.0	0.6	1.0
Unemployment rate (%)	9.5	10.3	10.3	9.7
Retail sales	4.8	0.2	2.9	2.9
Housing starts (units)	3,452	3,300	3,100	3,000
Consumer price index	3.5	1.8	1.8	2.1

Laura Cooper
Economist



Delays, delays...but it will come

After much anticipation for shipbuilding to put wind in Nova Scotia's economic sails, delays have kept the outlook for the province subdued, and 2012 has so far seen a relatively sluggish pace of expansion. Key developments on the horizon, including work for the shipbuilding contract and additional offshore exploration, will lead to improved growth in the medium term; however, unscheduled downtime at the Sable Island natural gas project and the announcement of Deep Panuke natural gas production delayed to mid-2013 are keeping the provincial economy in waiting mode. While we expect the pace of growth to pick up in 2013, we revised our forecasts for the province downward to 0.9% in 2012 and 1.9% in 2013 to account for the Sable Island issues and Deep Panuke delay.

Natural resources fail to deliver the expected boost in 2012

Improvements in Nova Scotia's natural resource industries have not materialized as expected, thereby contributing to significant weakness in the province's international exports in 2012. Maturation-related volume declines and repair work this fall at the Sable Island natural gas field pushed natural gas production to its lowest level since the project began to operate in 2000. The announcement of another delay for the start of production at the Deep Panuke natural gas project will mean that a boost to energy exports is not forthcoming in the latter stages of 2012 and that levels will be lower than earlier expected in 2013. The start up of production at the newly named Port Hawkesbury paper mill will provide a lift to 2013 exports while indications of continued strength in the US auto sector will shine a bright spot on the province's largest commodity export, rubber tires. Despite expected price softening, the strength in crab and lobster demand will continue to keep fish exports afloat.

Steady, subdued employment growth in 2013

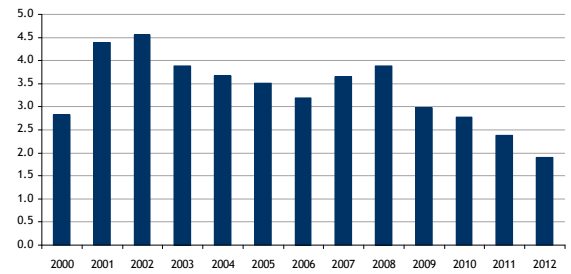
Employment has been volatile in Nova Scotia in 2012, but we expect it to register a 0.8% gain overall in the year, which would be an improvement from virtually no growth in the previous three years. Strong gains in the private sector more than offset public-sector losses in 2012. Private-sector job gains will continue to support employment growth, albeit at a still-subdued 0.8% rate in 2013, thereby lending only modest help to consumer spending and the housing market.

Despite delays, optimism still on the agenda

While the natural gas production setbacks prompted us to lower our near-term outlook for the provincial economy, we, nonetheless, believe that in 2013 and 2014, the province will be on a stronger growth track. The timing of projects and various delays have 'back loaded' the anticipated boost to the economy during the forecast horizon. We expect growth to accelerate to 1.9% in 2013 and 2.1% in 2014 from a subdued rate of 0.9% in 2012. Helping in 2014 will be a full year of production at Deep Panuke and offshore energy exploratory work (by Shell and, possibly, British Petroleum in light of the company's recent preliminary approval of \$1 billion in offshore exploration bids). Beyond the forecast horizon, prospects will be bolstered by the ramping up of work related to the shipbuilding contract and the development of the Maritime Transmission Link should this project go ahead.

Natural gas production: Nova Scotia

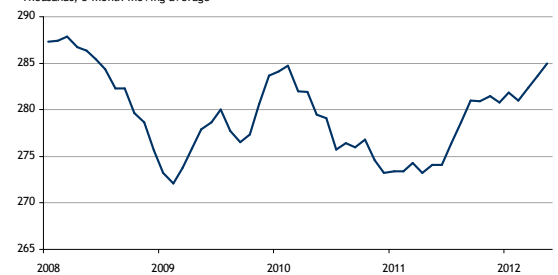
Year-to-date October, gas equivalent volume billion cubic metres



Source: Nova Scotia Offshore Petroleum Board, RBC Economics Research

Private sector employment: Nova Scotia

Thousands, 3-month moving average



Source: Statistics Canada, RBC Economics Research

Nova Scotia forecast at a glance

% change unless otherwise indicated

	2011	2012F	2013F	2014F
Real GDP	0.5	0.9	1.9	2.1
Employment	0.1	0.8	0.8	1.0
Unemployment rate (%)	8.8	8.9	8.7	8.4
Retail sales	3.5	1.4	3.4	3.2
Housing starts (units)	4,644	4,600	3,900	3,800
Consumer price index	3.8	1.9	1.9	2.2

Laura Cooper
Economist

The little island that could...

Despite slowing population growth and fiscal restraint, PEI's economy continued to chug along supported by a dynamic export sector and surprisingly resilient domestic demand. The effects of these structural and demographic challenges are likely to put the brakes on the domestic side going forward; however, momentum in the province's key export sectors will support a moderate improvement in growth in 2013. Our forecast calls for 1.8% real GDP growth in 2013, up from 1.4% expected in 2012, and a revised 1.6% in 2011.

Full steam ahead for exports

The emerging aerospace industry has been a key source of strength for the province's economy in 2012, fuelling nominal merchandise export growth to the highest rate in the country. Sales of turbo jets and propellers skyrocketed on the backs of large order volumes, lifting aerospace products to become the province's second-largest export commodity group (lagging only the traditional staple of the economy, potato products). Strong gains in US-bound shipments of lobster and French fries contributed to the biggest increase in PEI's agricultural and fish exports since 2008 despite a dry, hot summer that derailed an expected rebound in potato production. After a significantly slower than expected summer, cruise ship traffic set sail in October with the scheduled number of ships reaching a record level and leaving expectations high for further gains in 2013. While the sustainability of outsized gains in machinery and equipment exports is uncertain, continued US demand for the province's traditional products and a return to seasonable weather will support export growth in 2013, thereby keeping PEI's economic prospects bright.

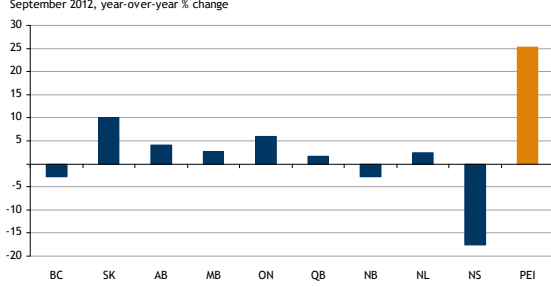
Domestic economy tapping the breaks

A significant pullback in government spending both in 2012 and 2013 is expected to have a substantial dampening effect on domestic economic activity. Committed to a three-year plan to return to budget balance, the public sector, making up 40% of the provincial economy, will act as a notable drag on growth. The effects of this fiscal restraint can be seen in the employment trends in 2012 with public-sector job losses in the fall reversing gains made earlier in the year. Further reductions at both the provincial and federal levels are expected to limit any re-acceleration of employment growth in 2013. A return to sustainable levels of population growth will compound this restraint after four years of rapid growth, which helped fuel household demand during that period. Growth in retail sales moderated substantially in 2012, and we expect further moderation in 2013. While housing starts remained historically elevated overall in 2012, we project them to come down in 2013.

On the whole, PEI will keep chugging along

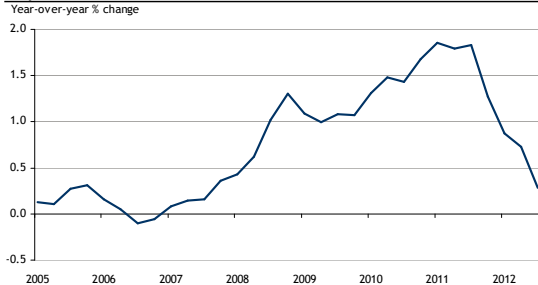
With the introduction of the harmonized sales tax in April 2013, the provincial tax base will be expanded to include items, such as adult clothing, electricity, and new homes, which were previously excluded. This broadening of the base will likely create some volatility in consumer spending patterns in 2013. Nonetheless, we expect the new value-added sales tax regime to bring longer-term benefits to the province through efficiency gains, which businesses will be able to use to boost hiring and investment in the province. Despite the strong headwinds facing PEI, favourable gusts from south of the border will support the province's export sectors in 2013 while emerging industries of bioscience, aerospace, and renewable energy provide scope for an even better performance in 2014.

P.E.I. merchandise exports vs other provinces: year-to-date



Source: Statistics Canada, RBC Economics Research

Population: Prince Edward Island



Source: Statistics Canada, RBC Economics Research

Prince Edward Island forecast at a glance

% change unless otherwise indicated

	2011	2012F	2013F	2014F
Real GDP	1.6	1.4	1.8	1.9
Employment	1.9	0.8	1.2	1.3
Unemployment rate (%)	11.4	11.3	10.7	10.2
Retail sales	5.6	4.0	2.9	3.1
Housing starts (units)	940	900	800	700
Consumer price index	2.9	2.1	2.0	2.2

Laura Cooper
Economist

Riding the oil production rollercoaster

Maintenance shutdowns at offshore oil facilities have left Newfoundland and Labrador's key energy sector nearly running on empty with crude oil production declining 28.5% in the first nine months of 2012. The projected hit to oil and gas output was amplified as the province's largest oil field underwent extended maintenance late this summer. The decline in volume of extraction from Hibernia and the significant knock on economic activity have led us to revise our forecast, with growth now expected to contract by 0.7% in 2012. The return to full production of the province's largest contributor to GDP will provide a strong rebound in 2013 with growth forecasted at 4.4%; however, ongoing oil maturation-related declines will limit the pace in 2014.

Minerals to support growth in 2013

Accompanying the falloff in energy production was a surprising decline in the value of Newfoundland and Labrador's other mineral shipments, largely the result of weaker commodity prices. The gross value of mineral shipments is expected to decline by nearly 11% in 2012 because the spot price for iron ore plunged this summer. Lower iron ore prices prompted Labrador Iron Mines to reduce output and defer some capital spending into 2013 with a restart dependent on firmer prices. That being said, the mining sector is expected to support growth in 2013 with other large-scale projects progressing toward their production phases. An anticipated subdued rebound in iron ore prices and ownership backing from overseas will sustain investment in the Direct Shipping Iron Ore and Kami projects while a capacity expansion at the Iron Ore Company of Canada will keep mining prospects bright for 2013 and beyond.

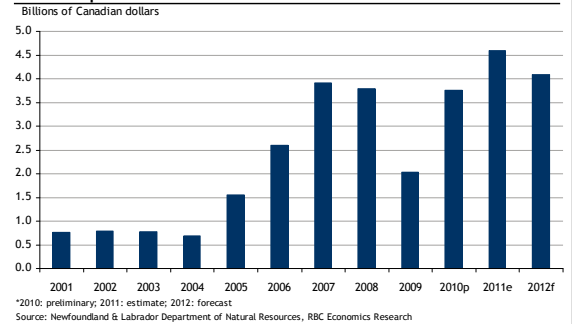
Employment gains sustain consumer spending in 2012

Across the province, employment bounced back from the slowdown this summer to reach a record level by the fall, serving as a backdrop for the strongest household income growth of the Atlantic Provinces and some of the higher year-over-year gains for retail sales in the country. For 2013, sustained momentum in consumer spending is likely to continue to support the domestic economy while business investment is likely to moderate its pace after three years of gains exceeding 20%. Construction activity is expected to ease in 2013 after providing substantial support to the economy in recent years. Completion of the Terra Nova Off-Station project in 2012 and the end of construction at the Long Harbour nickel processing plant in 2013 likely will lead overall capital spending in the province to decline in 2014; however, the ramping up of construction activity on the Hebron oil field and pre-development work at the Muskrat Falls hydroelectric site will provide some offset.

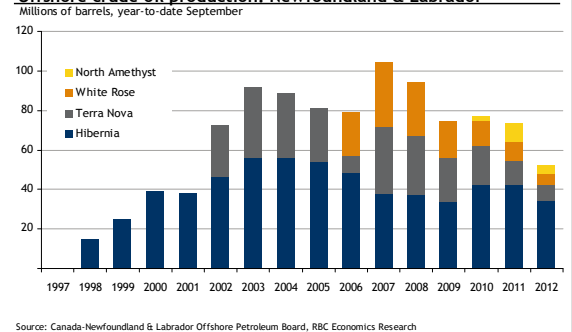
Strong rebound in 2013; payback in 2014

We expect oil production to rebound strongly in 2013 and mining output also to ramp up, thereby providing a significant one-shot boost to economic growth in the coming year (4.4%)—elevating Newfoundland and Labrador to the top spot in the provincial growth rankings. For 2014, we expect the decline in capital investment to slow economic growth significantly to just 0.6%. The longer-term prospects for the province will remain well supported by offshore exploration activity, further increases of mineral output, the commencement of oil extraction at the Hebron oil field, and the possibility of new mega projects (including Muskrat Falls and a proposed \$5 billion railway).

Metal shipments: Newfoundland & Labrador



Offshore crude oil production: Newfoundland & Labrador



Newfoundland forecast at a glance

% change unless otherwise indicated

	2011	2012F	2013F	2014F
Real GDP	3.0	-0.7	4.4	0.6
Employment	2.7	1.9	1.4	1.5
Unemployment rate (%)	12.7	12.6	12.0	11.5
Retail sales	5.1	4.9	4.4	4.2
Housing starts (units)	3,488	3,800	3,400	3,200
Consumer price index	3.4	2.2	1.9	2.2

Laura Cooper
Economist

Forecast detail

Average annual % change unless otherwise indicated

	Real GDP				Employment				Unemployment rate %				Housing starts Thousands				Retail sales			
	11	12F	13F	14F	11	12F	13F	14F	11	12F	13F	14F	11	12F	13F	14F	11	12F	13F	14F
N. & L.	3.0	-0.7	4.4	0.6	2.7	1.9	1.4	1.5	12.7	12.6	12.0	11.5	3.5	3.8	3.4	3.2	5.1	4.9	4.4	4.2
P.E.I.	1.6	1.4	1.8	1.9	1.9	0.8	1.2	1.3	11.4	11.3	10.7	10.2	0.9	0.9	0.8	0.7	5.6	4.0	2.9	3.1
N.S.	0.5	0.9	1.9	2.1	0.1	0.8	0.8	1.0	8.8	8.9	8.7	8.4	4.6	4.6	3.9	3.8	3.5	1.4	3.4	3.2
N.B.	0.0	0.8	1.7	1.9	-1.1	0.0	0.6	1.0	9.5	10.3	10.3	9.7	3.5	3.3	3.1	3.0	4.8	0.2	2.9	2.9
QUE.	1.9	0.9	1.6	1.9	1.0	0.6	1.3	1.0	7.8	7.9	7.8	7.6	48.4	47.2	40.3	37.5	2.9	1.0	3.0	3.5
ONT.	1.8	2.1	2.3	2.6	1.8	0.8	1.2	1.3	7.8	7.8	7.7	7.4	67.8	76.2	63.6	58.5	3.6	2.0	3.2	3.8
MAN.	2.0	2.9	3.0	3.0	0.8	0.8	1.4	1.2	5.4	5.3	5.0	4.9	6.1	7.6	6.2	5.5	4.3	2.0	4.3	4.1
SASK.	4.9	2.8	3.5	3.7	0.3	2.0	2.0	1.7	5.0	4.7	4.5	4.5	7.0	9.9	7.9	6.9	7.5	7.0	6.0	4.8
ALTA.	5.1	3.8	3.5	4.2	3.8	2.7	2.4	2.0	5.5	4.6	4.4	4.5	25.7	33.4	32.0	32.0	6.9	8.3	6.0	5.1
B.C.	2.8	2.1	2.3	2.6	0.8	1.7	1.4	1.4	7.5	6.8	6.5	6.4	26.4	27.7	23.8	23.5	3.1	2.7	3.1	3.7
CANADA	2.6	2.0	2.4	2.8	1.6	1.1	1.4	1.3	7.5	7.3	7.1	6.9	194	215	185	175	4.1	2.9	3.7	4.0

Key provincial comparisons

2011 unless otherwise indicated

	N. & L.	P.E.I.	N.S.	N.B.	QUE	ONT	MAN	SASK	ALTA	B.C.
Population (000s) (2011)	513	146	949	756	8,055	13,506	1,267	1,080	3,874	4,623
Gross domestic product (\$ billions)	33.6	5.4	37.0	32.2	345.8	654.6	55.9	74.7	295.3	217.7
Real GDP (\$2007 billions)	28.9	4.9	35.4	28.9	322.7	605.2	53.4	57.5	274.7	206.2
Share of provincial GDP of Canadian GDP (%)	1.9	0.3	2.1	1.8	19.6	37.1	3.2	4.2	16.8	12.4
Real GDP growth (CAR, 2007-11, %)	-0.6	1.1	0.9	0.7	1.0	0.2	1.6	2.1	1.2	0.9
Real GDP per capita (\$ 2007)	56,370	33,467	37,349	38,290	40,448	45,277	42,638	54,392	72,714	45,051
Real GDP growth rate per capita (CAR, 2007-11, %)	-0.9	0.2	0.8	0.5	0.3	-0.4	1.0	1.1	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, 2006-11, %)	1.0	1.1	0.5	0.1	1.1	0.9	1.2	1.3	1.8	1.2
Employment rate (Nov. 2012, %)	54.5	60.6	58.3	56.3	60.6	61.3	65.5	66.2	69.9	60.4
Discomfort index (inflation + unemp. rate, Oct. 2012)	14.1	13.8	10.6	13.0	9.6	9.3	7.3	6.2	5.1	7.2
Manufacturing industry output (% of GDP, 2011)	3.2	8.7	7.5	11.3	14.2	12.4	11.5	6.3	6.4	7.2
Personal expenditures on goods & services (% of GDP)	41.0	69.8	69.7	60.9	58.2	56.6	58.2	40.5	40.5	62.2
International exports (% of GDP)	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	2012F	2013F	2014F
Real GDP	Chained \$2007 millions	196,997	199,228	194,334	200,550	206,180	210,407	215,246	220,929
	% change		1.1	-2.5	3.2	2.8	2.1	2.3	2.6
Employment	thousands	2,223	2,266	2,218	2,257	2,275	2,313	2,344	2,377
	% change	3.5	2.0	-2.1	1.7	0.8	1.7	1.4	1.4
Unemployment rate	%	4.3	4.6	7.7	7.6	7.5	6.8	6.5	6.4
Retail sales	\$ millions	56,930	57,783	55,222	58,220	60,005	61,628	63,526	65,907
	% change	7.1	1.5	-4.4	5.4	3.1	2.7	3.1	3.7
Housing starts	units	39,195	34,321	16,077	26,479	26,400	27,700	23,800	23,500
	% change	7.6	-12.4	-53.2	64.7	-0.3	4.9	-14.1	-1.3
Consumer price index	2002=100	110.0	112.3	112.3	113.8	116.5	118.0	119.4	121.4
	% change	1.7	2.1	0.0	1.4	2.3	1.3	1.2	1.7

Alberta

		2007	2008	2009	2010	2011	2012F	2013F	2014F
Real GDP	Chained \$2007 millions	258,850	262,864	251,286	261,457	274,717	285,019	294,995	307,502
	% change		1.6	-4.4	4.0	5.1	3.8	3.5	4.2
Employment	thousands	1,991	2,054	2,025	2,017	2,094	2,150	2,201	2,245
	% change	3.9	3.1	-1.4	-0.4	3.8	2.7	2.4	2.0
Unemployment rate	%	3.5	3.6	6.6	6.5	5.5	4.6	4.4	4.5
Retail sales	\$ millions	61,487	61,614	56,478	59,849	64,004	69,288	73,428	77,199
	% change	9.9	0.2	-8.3	6.0	6.9	8.3	6.0	5.1
Housing starts	units	48,336	29,164	20,298	27,088	25,704	33,400	32,000	32,000
	% change	-1.3	-39.7	-30.4	33.5	-5.1	29.9	-4.2	0.0
Consumer price index	2002=100	117.9	121.6	121.5	122.7	125.7	127.4	129.6	131.9
	% change	4.9	3.2	-0.1	1.0	2.4	1.3	1.8	1.8

Saskatchewan

		2007	2008	2009	2010	2011	2012F	2013F	2014F
Real GDP	Chained \$2007 millions	51,964	54,776	52,567	54,854	57,536	59,118	61,211	63,500
	% change		5.4	-4.0	4.4	4.9	2.8	3.5	3.7
Employment	thousands	504	513	519	524	526	537	547	557
	% change	2.4	1.7	1.3	0.9	0.3	2.0	2.0	1.7
Unemployment rate	%	4.2	4.1	4.8	5.2	5.0	4.7	4.5	4.5
Retail sales	\$ millions	13,129	14,673	14,598	15,101	16,234	17,377	18,427	19,314
	% change	13.6	11.8	-0.5	3.4	7.5	7.0	6.0	4.8
Housing starts	units	6,007	6,828	3,866	5,907	7,031	9,900	7,900	6,900
	% change	61.7	13.7	-43.4	52.8	19.0	40.8	-20.2	-12.7
Consumer price index	2002=100	112.2	115.9	117.1	118.7	122.0	124.1	127.1	130.4
	% change	2.9	3.2	1.1	1.3	2.8	1.7	2.4	2.6

Manitoba

		2007	2008	2009	2010	2011	2012F	2013F	2014F
Real GDP	Chained \$2007 millions	49,264	51,241	51,056	52,319	53,370	54,939	56,609	58,330
	% change		4.0	-0.4	2.5	2.0	2.9	3.0	3.0
Employment	thousands	599	608	608	620	624	630	638	646
	% change	1.7	1.7	0.0	1.9	0.8	0.8	1.4	1.2
Unemployment rate	%	4.4	4.2	5.2	5.4	5.4	5.3	5.0	4.9
Retail sales	\$ millions	14,016	14,980	14,915	15,766	16,448	16,772	17,493	18,202
	% change	8.9	6.9	-0.4	5.7	4.3	2.0	4.3	4.1
Housing starts	units	5,738	5,537	4,174	5,888	6,083	7,600	6,200	5,500
	% change	14.1	-3.5	-24.6	41.1	3.3	24.9	-18.4	-11.3
Consumer price index	2002=100	110.9	113.4	114.1	115.0	118.4	120.3	122.8	125.4
	% change	2.1	2.2	0.6	0.8	2.9	1.6	2.1	2.1

Ontario

		2007	2008	2009	2010	2011	2012F	2013F	2014F
Real GDP	Chained \$2007 millions	597,907	596,722	575,726	594,319	605,180	617,586	631,482	648,153
	% change		-0.2	-3.5	3.2	1.8	2.1	2.3	2.6
Employment	thousands	6,564	6,666	6,502	6,610	6,731	6,782	6,863	6,954
	% change	1.8	1.6	-2.5	1.7	1.8	0.8	1.2	1.3
Unemployment rate	%	6.4	6.5	9.0	8.7	7.8	7.8	7.7	7.4
Retail sales	\$ millions	145,965	151,672	147,920	155,964	161,608	164,875	170,170	176,687
	% change	3.8	3.9	-2.5	5.4	3.6	2.0	3.2	3.8
Housing starts	units	68,123	75,076	50,370	60,433	67,821	76,200	63,600	58,500
	% change	-7.2	10.2	-32.9	20.0	12.2	12.4	-16.5	-8.0
Consumer price index	2002=100	110.8	113.3	113.7	116.5	120.1	121.8	123.8	126.3
	% change	1.8	2.3	0.4	2.4	3.1	1.5	1.7	2.0

Quebec

		2007	2008	2009	2010	2011	2012F	2013F	2014F
Real GDP	Chained \$2007 millions	306,316	310,687	309,043	316,724	322,690	325,433	330,477	336,888
	% change		1.4	-0.5	2.5	1.9	0.9	1.6	1.9
Employment	thousands	3,834	3,880	3,848	3,915	3,954	3,978	4,028	4,067
	% change	2.4	1.2	-0.8	1.7	1.0	0.6	1.3	1.0
Unemployment rate	%	7.2	7.2	8.5	8.0	7.8	7.9	7.8	7.6
Retail sales	\$ millions	90,406	94,806	93,740	99,509	102,444	103,452	106,605	110,364
	% change	4.5	4.9	-1.1	6.2	2.9	1.0	3.0	3.5
Housing starts	units	48,553	47,901	43,403	51,363	48,387	47,200	40,300	37,500
	% change	1.4	-1.3	-9.4	18.3	-5.8	-2.5	-14.6	-6.9
Consumer price index	2002=100	110.4	112.7	113.4	114.8	118.3	120.8	122.9	125.4
	% change	1.6	2.1	0.6	1.3	3.0	2.1	1.8	2.0

Tables

New Brunswick

		2007	2008	2009	2010	2011	2012F	2013F	2014F
Real GDP	Chained \$2007 millions	27,966	28,226	28,065	28,928	28,922	29,139	29,634	30,209
	% change		0.9	-0.6	3.1	0.0	0.8	1.7	1.9
Employment	thousands	357	359	360	356	352	352	354	358
	% change	1.9	0.6	0.1	-1.0	-1.1	0.0	0.6	1.0
Unemployment rate	%	7.5	8.5	8.8	9.3	9.5	10.3	10.3	9.7
Retail sales	\$ millions	9,407	10,018	10,093	10,593	11,102	11,129	11,455	11,787
	% change	6.2	6.5	0.7	5.0	4.8	0.2	2.9	2.9
Housing starts	units	4,242	4,274	3,521	4,101	3,452	3,300	3,100	3,000
	% change	3.8	0.8	-17.6	16.5	-15.8	-4.4	-6.1	-3.2
Consumer price index	2002=100	111.3	113.2	113.5	115.9	120.0	122.1	124.3	127.0
	% change	1.9	1.7	0.3	2.1	3.5	1.8	1.8	2.1

Nova Scotia

		2007	2008	2009	2010	2011	2012F	2013F	2014F
Real GDP	Chained \$2007 millions	33,853	34,685	34,581	35,243	35,424	35,725	36,404	37,168
	% change		2.5	-0.3	1.9	0.5	0.9	1.9	2.1
Employment	thousands	448	452	451	452	453	457	460	465
	% change	1.6	0.9	-0.1	0.2	0.1	0.8	0.8	1.0
Unemployment rate	%	7.9	7.7	9.2	9.3	8.8	8.9	8.7	8.4
Retail sales	\$ millions	11,616	12,089	12,102	12,652	13,097	13,282	13,731	14,174
	% change	4.3	4.1	0.1	4.5	3.5	1.4	3.4	3.2
Housing starts	units	4,750	3,982	3,438	4,309	4,644	4,600	3,900	3,800
	% change	-3.0	-16.2	-13.7	25.3	7.8	-0.9	-15.2	-2.6
Consumer price index	2002=100	112.5	115.9	115.7	118.2	122.7	125.1	127.5	130.3
	% change	1.9	3.0	-0.1	2.2	3.8	1.9	1.9	2.2

Prince Edward Island

		2007	2008	2009	2010	2011	2012F	2013F	2014F
Real GDP	Chained \$2007 millions	4,622	4,665	4,677	4,800	4,876	4,944	5,033	5,131
	% change		0.9	0.3	2.6	1.6	1.4	1.8	1.9
Employment	thousands	69	70	69	71	72	73	73	74
	% change	0.7	1.2	-1.4	3.0	1.9	0.8	1.2	1.3
Unemployment rate	%	10.3	10.7	12.0	11.1	11.4	11.3	10.7	10.2
Retail sales	\$ millions	1,621	1,703	1,681	1,770	1,869	1,944	2,001	2,063
	% change	7.4	5.1	-1.3	5.3	5.6	4.0	2.9	3.1
Housing starts	units	750	712	877	756	940	900	800	700
	% change	1.6	-5.1	23.2	-13.8	24.3	-4.3	-11.1	-12.5
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	2.1	2.0	2.2

Newfoundland & Labrador

		2007	2008	2009	2010	2011	2012F	2013F	2014F
Real GDP	Chained \$2007 millions	29,736	29,425	26,388	28,058	28,912	28,710	29,973	30,165
	% change		-1.0	-10.3	6.3	3.0	-0.7	4.4	0.6
Employment	thousands	216	219	212	219	225	230	233	237
	% change	0.8	1.1	-3.0	3.4	2.7	1.9	1.4	1.5
Unemployment rate	%	13.5	13.2	15.5	14.4	12.7	12.6	12.0	11.5
Retail sales	\$ millions	6,528	7,009	7,120	7,451	7,830	8,214	8,577	8,938
	% change	8.6	7.4	1.6	4.6	5.1	4.9	4.4	4.2
Housing starts	units	2,649	3,261	3,057	3,606	3,488	3,800	3,400	3,200
	% change	18.6	23.1	-6.3	18.0	-3.3	8.9	-10.5	-5.9
Consumer price index	2002=100	111.1	114.3	114.6	117.4	121.4	124.0	126.4	129.1
	% change	1.4	2.9	0.3	2.4	3.4	2.2	1.9	2.2

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