

## PROVINCIAL OUTLOOK

December 2013

### Provincial growth disparity to narrow in 2014

- We project Canada's national economy to expand at the faster rate of 2.6% in 2014 compared to the 1.7% recorded in both 2012 and 2013.
- The acceleration will result from a narrowing of the substantial growth disparity among the provinces in 2012 and 2013, rather than a broad-based pick-up in the pace.
- Specifically, it will be renewed vigour in underperforming provinces such as Ontario, British Columbia, and to a lesser extent, Nova Scotia, and Quebec that will drive up growth in the country in 2014.
- The growth leaders since 2010—the Prairie Provinces—are expected to continue to show brisk activity; however, they will contribute little to the quickening of the pace, with Alberta the only one among them forecasted to accelerate somewhat.
- The general theme remains that the western part of the country is Canada's main engine of the expansion; starting in 2014, however, the dividing line will shift between Ontario and Quebec.
- In this edition of *Provincial Outlook*, we introduce our forecasts for 2015. Generally speaking, we expect mostly similar outcomes relative to 2014 in terms of real GDP growth—Alberta still leading the pack and most of the Atlantic Provinces still trailing.

#### Stronger US economy to benefit underperforming provinces disproportionately...

A striking feature of provincial economic performances in both 2012 and 2013 has been the wide disparity among the various regions of Canada. The Prairie Provinces powered ahead, thanks to booming activity related to their resource sectors while the lack of similar catalysts held back most other provinces. Such wide differences in outcomes restrained overall growth in Canada to just 1.7% in both years. We believe that a healthier and progressively stronger US economy will help reduce the disparity starting in 2014 and contribute to stronger overall growth nationally. Rising US demand for Canadian-made building materials, motor vehicles, and other transportation equipment, machinery, industrial equipment, and a host of other goods and services will stimulate exports from some provinces disproportionately: namely, Ontario, British Columbia and Quebec—three underperforming provincial economies in 2012 and 2013. We project growth in these provinces to accelerate noticeably in 2014 (to 2.6%, 2.4%, and 1.8%, respectively). Nova Scotia also is expected to show a faster rate of growth (2.1%), although this will primarily reflect the ramping up of production at a new offshore natural gas facility.

#### ...which will raise growth to a higher plane in Canada

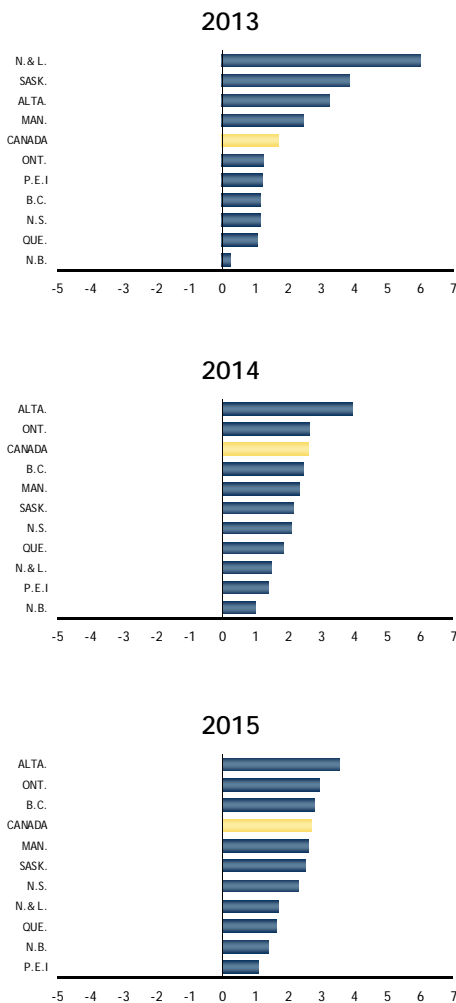
The improvement in underperforming provincial economies will be reflected in Canada's real GDP growth rising to a rate of 2.6% in 2014. Of the leading provinces in 2013, we expect only Alberta to grow faster in 2014 (at 3.9%) than it will in 2013 (3.3%). We project growth to be largely steady in Manitoba (at 2.3%) and moderate in Saskatchewan (to 2.1%). In the Atlantic region, we expect the pace in Newfoundland and Labrador to slow substantially (to 1.5%) from an unsustainable rate of 6.0% in 2013. Elsewhere, we expect some slight improvement in New Brunswick (to 1.0%) and Prince Edward Island (to 1.4%), although growth in both provinces will remain well below the national average.

#### Early peek into 2015 looks promising

At this juncture, we expect the general environment in which provincial economics operate to continue to be quite favourable in 2015. In particular, we project the US economy to grow at a 10-year-high rate of 3.2%, which in our opinion would maintain the broad provincial growth convergence forces that are in place. Our initial forecasts for 2015, therefore, largely preserve the 2014 projected provincial growth rates and rankings, with Ontario and British Columbia facing improved prospects.

#### Real GDP growth

% change



Source: Statistics Canada, RBC Economics Research

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Waiting for the LNG wave

2013 turned out to be another so-so year for the BC economy; however, improving export prospects and expected positive developments for some of the proposed multi-billion dollar projects in the energy sector point to a stronger performance in 2014. We anticipate that rising external trade and the green light on major investment projects will boost confidence in the province in 2014, and lead to stronger hiring by businesses and increased spending by households—both of which were lethargic in 2013. We forecast real GDP in BC to grow by a respectable 2.4% in 2014, following a subdued 1.2% advance in 2013. Growth prospects look even brighter in 2015—at 2.8%—assuming that work on the construction of a number of liquid natural gas (LNG) plants and pipelines begins.

Modest growth in 2013...again

The BC economy continued to expand at a fairly modest pace in 2013, based on evidence available during the late stages of the year. There were positive developments on the external trade front, with strong gains recorded in merchandise exports to the US (up nearly 10% in nominal terms during the first nine months of the year) and China (up almost 18%). Investment in non-residential structures remained quite solid, tracking 4.4% higher than in 2012 in real terms during the first three quarters of 2013. There were also disappointments domestically on the jobs and consumer spending fronts, however, with employment remaining perplexingly flat overall and retail sales rising by just 1.1% year-to-date in September. Moreover, housing construction softened from a year earlier, although this was anticipated following the significant cooling of home resale activity during most of 2011 and 2012. All in all, the BC economy was a mixed bag of sectoral performances in 2013.

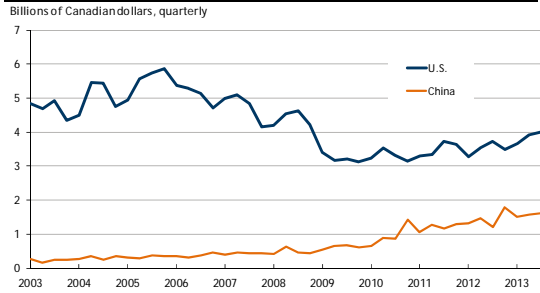
Scope for stronger exports bode well for 2014

Continued recovery in US home building and rapidly growing demand for BC products in China offer substantial growth potential for BC exports in the period ahead. We expect that increasing external trade will be a key driver of economy activity in British Columbia in 2014 and beyond, particularly in resource industries such as forest products and mining, and to a lesser extent, in manufacturing.

LNG projects potentially a big boost to the economy

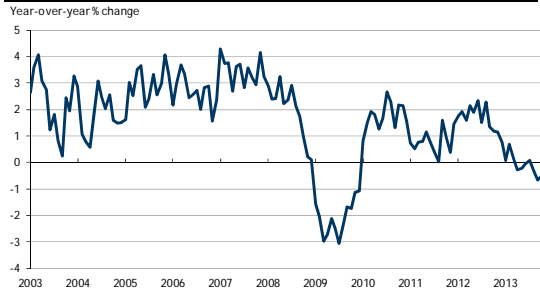
We believe that a possibly bigger boost to the BC economy hangs in the balance of upcoming decisions by LNG project proponents on whether to proceed with plans to build multi-billion dollar liquefaction facilities (and related pipelines) in the Kitimat and Prince Rupert areas. More than a dozen projects (including some that already cleared environmental reviews and holding natural gas export licenses) are currently under consideration. For the most-advanced projects, company approval awaits, among other things, the provincial fiscal framework within which they would operate—something that the BC government has committed to finalize shortly. We believe that the establishment of globally competitive tax rules will clear the way for a small number of projects being approved in 2014 and proceeding to construction thereafter. While the larger direct economic effect of construction is likely to begin to flow in 2015, we expect that preparatory work and the boost to confidence in the province from these projects going ahead will help spur job creation, and lift business and household spending in 2014.

British Columbia merchandise exports to the US and China



Source: Statistics Canada, RBC Economics Research

British Columbia employment



Source: Statistics Canada, RBC Economics Research

British Columbia forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F	2015F
Real GDP	2.7	1.5	1.2	2.4	2.8
Employment	0.8	1.7	-0.1	1.1	1.1
Unemployment rate (%)	7.5	6.7	6.6	6.5	6.6
Retail sales	3.2	1.9	1.7	3.8	3.6
Housing starts (units)	26,400	27,465	26,500	25,800	24,000
Consumer price index	2.3	1.1	-0.2	1.2	1.7

Robert Hogue  
Senior Economist



## The best has yet to come

Alberta's economy carries substantial momentum as it heads into 2014. Signs of strength can be found almost everywhere we look in the province: consumer spending, housing construction, business investment, energy production, exports, the labour market, and especially, demographics. While the current state of affairs is impressive, we believe that the best has yet to come. We expect even stronger economic growth in the province in 2014 than will be achieved in 2013. Heavy investment in the energy sector will continue to be a key catalyst of activity in the province; however, the sheer breadth of the expansion will generate its own accelerating force. We forecast real GDP to grow by 3.9% in 2014, following very solid rates of 3.8% in 2012 and 3.3% in 2013. Our initial take on 2015 growth maintains Alberta's economy on the same rapid trajectory, at a pace of 3.5%.

### Economic boom undeterred by the June floods

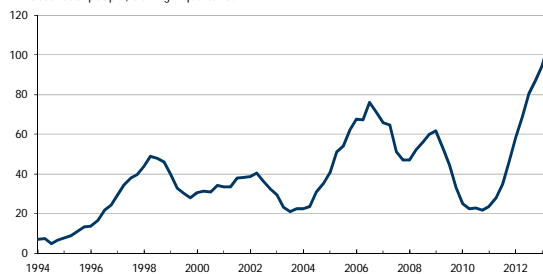
Economic indicators in Alberta continued to show an economy in the midst of a boom in the late stages of 2013. Crude oil production remained on a record-setting course and, despite delivery constraint issues, drove up merchandise exports by 5.9% during the first nine months of the year. Employment surged by more than 78,000 in the 12 months ending in November 2013, which kept the unemployment rate low at 4.7%. Excellent job prospects in the province remained a magnet for migrants from out of province and retained people within Alberta, such that net in-migration reached its highest level on records since the early 1990s. Strong net inflow of people into the province stoked overall population growth to its fastest annual rate (3.5%) since 1982. In turn, Alberta's healthy labour market and rapidly growing population fuelled consumer spending (retail sales climbed by more than 6% during the first nine months of 2013) and, especially, demand for housing. Home resales hit a six-year high in the third quarter of 2013, and housing starts increased by a solid 7.3% year over year during the first 10 months of 2013, thereby lifting the number of housing units under construction to close to a five-year high in the third quarter. The economic boom in Alberta overcame the terrible floods in the southern region of the province in June, which displaced approximately 100,000 people and caused tremendous damage to property and infrastructure. Real GDP statistics for 2013 (and beyond) will capture fully the additional spending and work (including overtime hours) required by the reconstruction, repair, and replacement that will take place; however, they will essentially ignore the destruction and damage to property.

### Scope for even faster growth in 2014

We expect the current strong momentum in Alberta's economy to carry over into 2014. In fact, we believe that there is scope for growth to accelerate modestly, owing in part to an anticipated ramp-up in capital investment in the oil sands and increasing crude oil production. In addition, we expect a greater lift to arise from continued strong population growth reverberating through various sectors of the economy, including demand for consumer goods and services, housing, and public and private infrastructures.

#### Alberta net migration

Thousands of people, trailing 4-quarter sum



Source: Statistics Canada, RBC Economics Research

#### Alberta home resales

Thousands of units, monthly, seasonally-adjusted and annualized



Source: The Canadian Real Estate Board, RBC Economics Research

#### Alberta forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F	2015F
Real GDP	5.2	3.8	3.3	3.9	3.5
Employment	3.8	2.6	2.8	2.4	1.8
Unemployment rate (%)	5.5	4.6	4.6	4.4	4.1
Retail sales	6.8	6.9	6.6	5.7	5.2
Housing starts (units)	25,704	33,396	36,600	36,800	34,500
Consumer price index	2.4	1.1	1.4	1.5	1.7

Robert Hogue  
Senior Economist

## Bumper crop boosts 2013 outlook but tempers 2014

Although Saskatchewan continues to confront uncertainties with respect to potash production and investment, the outlook for the provincial economy in 2013 has been boosted by a solid increase in the grain and oilseed harvest. Specifically, we revised overall GDP growth in 2013 higher to 3.9% relative to the 2.7% that we projected in the September edition of *Provincial Outlook*. This upward revision is further justified by continued strong employment growth in the province, which is now forecasted to rise 3.4% in 2013—almost triple the national rate. This is expected to contribute to the province achieving the lowest unemployment rate among all 10 provinces at 4.1% in 2013.

### 2013 grain and oilseed harvest stronger than expected

Statistics Canada estimates in November of production of Saskatchewan’s three largest crops (wheat, barley, and canola) point to an increase of around 42%, which was almost triple the 16% estimate from July. Looking ahead, we assume that it will be difficult for this high level of grain and oilseed production to be maintained in 2014. Thus, with overall agricultural output expected to be up 15% in 2013, we now assume a decline of 6% in 2014, followed by a return to positive growth in 2015 of 2%. This projected decline in 2014 in agricultural output is the main factor contributing to overall GDP growth in 2014 being revised down to 2.1% from the 2.7% projected previously. This growth pace in GDP is generally expected to be maintained in 2015 with activity rising 2.5%.

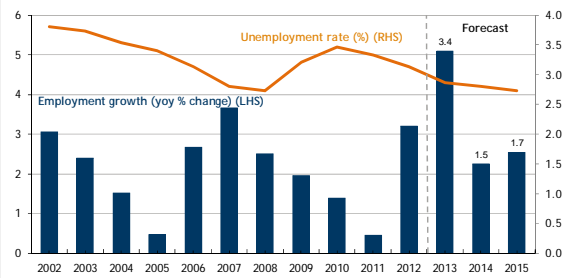
### Outlook for potash remains uncertain both for production...

The wildcard in the outlook for Saskatchewan is what will happen to both potash production and capital spending within that sector. This uncertainty emerged in the summer of 2013 when news broke that a major overseas producer was poised to increase production in an attempt to acquire greater market share particularly within emerging economies. Potash Corporation of Saskatchewan recently announced that it intends to reduce its workforce globally by 18% in response to overseas developments. For Saskatchewan, the company plans to shed 440 jobs, suspend production at two mills, and curtail it at a third. Strong potash output in the first half of the year will likely still result in an overall increase of over 10% for 2013 as a whole; however, data for the final quarter of 2013 and early in 2014 will be more telling as to the response by Saskatchewan producers to these overseas developments. Our forecast assumes a halving of the growth rate in potash production in 2014 and 2015 to around 5%.

### ...and investment spending

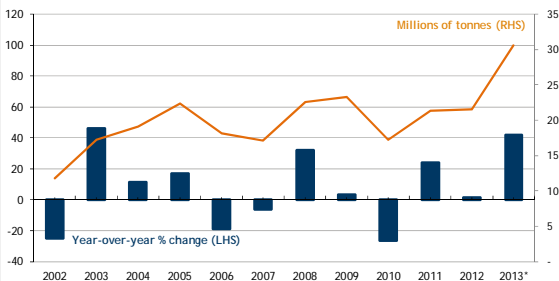
The direct hit to the Saskatchewan economy from potash is not only through production but also capital expenditure. Our forecast had earlier reduced the expected growth in construction activity to around 3%, therein reflecting only modest increase in capital expenditure in the mining sector. The release next February of the Statistics Canada private- and public-investment intentions survey of capital spending for 2014 will provide some guidance of the effect of these overseas developments on investment spending within the mining sector as well as capital expenditures within other sectors.

Saskatchewan employment growth and unemployment rate



Source: Statistics Canada, RBC Economics Research

Saskatchewan wheat, barley and canola crop production



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

### Saskatchewan forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F	2015F
Real GDP	5.0	1.9	3.9	2.1	2.5
Employment	0.3	2.1	3.4	1.5	1.7
Unemployment rate (%)	5.0	4.7	4.1	4.2	4.1
Retail sales	7.5	7.6	3.3	5.2	4.9
Housing starts (units)	7,031	9,968	8,500	8,000	7,500
Consumer price index	2.8	1.6	1.4	2.1	2.5

Paul Ferley  
Assistant Chief Economist

## Diversification to keep growth steady

The strong diversification of the Manitoba economy has once again proved its worth in 2013, thereby helping the province maintain solid growth as a sizeable grain and oilseed harvest helped offset continued weakness in the manufacturing sector. The strong gains in agricultural output have contributed to overall 2013 GDP growth in Manitoba being maintained at 2.5% which is unchanged from that projected last quarter.

### Crop production soars

After a very strong 50% jump in production of wheat and canola in 2012, following weather-related weakness the previous two years, November crop estimates suggest a further 33% increase in 2013. In the last issue of *Provincial Outlook*, we had estimated a much smaller 6% gain. Looking beyond 2013, the odds are that the exceptional weather conditions behind these elevated crop levels will not recur, and accordingly, we assume that overall agricultural output will drop 4.4% in 2014 after the projected 10% jump in 2013. For 2015, we assume a return to modest growth with overall agricultural activity rising 2%.

### Manufacturing disappointing

Manufacturing sales remain disappointingly sluggish with activity in the first three quarters of 2013 little changed from a year ago. As a result, we now assume flat manufacturing volumes in 2013 rather than a slight gain, as we assumed previously. Looking ahead, we remain of the view that the strengthening US economy and a slight depreciation of the Canadian dollar during the forecast period will provide an additional lift to the sector. Manufacturing output is projected to increase 3.5% and 4.0% in 2014 and 2015, respectively.

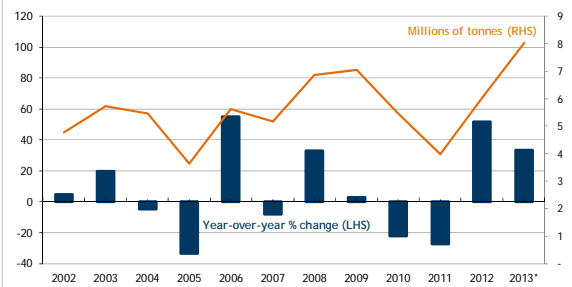
### Investment activity to remain a mainstay for growth

Investment activity, both residential and non-residential, remains another bright spot for the Manitoba economy and is expected to continue to support growth in 2015. On the non-residential side, work continues on a number of projects in Winnipeg including the expansion of the RBC Convention Centre Winnipeg and an office, condo, and hotel complex in the downtown core. On the residential side, the provincial housing start numbers have defied a slowing trend that is evident nationally with provincial data through October indicating a strengthening in starts to an annualized 7,700, which is up from an already historically high 7,200 recorded in 2012. The continued upward trend in population growth in the province in the past decade has contributed to increased demand for housing in the province; however, high level of new construction activity in the past two years may also have reflected households advancing housing purchases to avoid a tightening in mortgage lending. This is expected to contribute to starts moderating to 7,000 in 2014 and 6,500 in 2015.

### Solid and steady growth overall expected

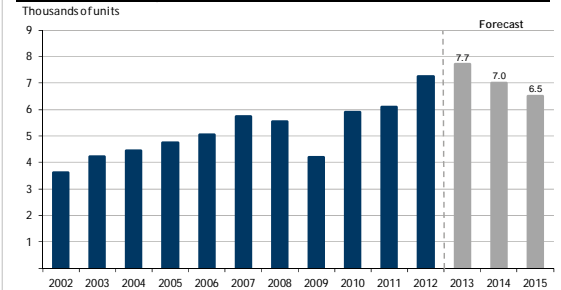
The expected retracement in agricultural production in 2014 is expected to be partially offset by some strengthening in manufacturing activity that will result in only a modest lowering in next year's GDP growth rate to 2.3% from the 2.6% projected last quarter. A return to positive growth in agriculture in 2015 along with continued growth in manufacturing is expect to offset some slowing in residential construction, thereby allowing overall GDP growth to be maintained at a solid 2.6% in 2015.

Manitoba wheat and canola crop production



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

Manitoba housing starts



Source: Statistics Canada, RBC Economics Research

### Manitoba forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F	2015F
Real GDP	1.7	2.6	2.5	2.3	2.6
Employment	0.8	0.9	0.7	0.9	1.1
Unemployment rate (%)	5.4	5.3	5.4	5.3	5.3
Retail sales	4.5	1.6	2.3	3.8	4.2
Housing starts (units)	6,083	7,242	7,700	7,000	6,500
Consumer price index	2.9	1.6	2.3	2.0	2.0

Paul Ferley  
Assistant Chief Economist

Time for exports to shine

The services sector kept Ontario’s economy afloat in 2013, as goods production and exports stalled in the province after showing steady progress in the previous three years. The uneven performance across industrial sectors restrained economic growth, which we project come in at 1.3% for the second consecutive year in 2013. We expect a higher degree of dynamism to return in the manufacturing sector in 2014, however, which will broaden the breadth of the economic expansion in Ontario. Spurred on by gains in the US market, rising exports will more than offset an anticipated cooling in home building activity in the province. Overall, we forecast Ontario’s real GDP to grow by a more robust 2.6% in 2014. This would represent the strongest pace in four years in the province. The outlook for 2015 is even more promising (with a forecasted growth rate of 2.9%) as we expect by then a roaring US economy will pull Ontario’s economy along for the ride.

Manufacturing activity stalled but services sector kept on rolling in 2013

Much has been said about the difficult challenges faced by Ontario’s manufacturing industries in the past decade that were brought on by the significant rise in the value of the Canadian dollar and reconfiguration of global supply chains. The 2008–09 recession dealt another heavy blow to the sector, although activity bounced back quite briskly in the period that followed until 2012. Manufacturing’s cyclical recovery effectively stalled in 2013, however. In particular, there were setbacks to the province’s all-important motor vehicle industry, where production fell nearly 7.0% year over year in the first 11 months of 2013, after averaging increases of nearly 20% annually in the previous three years. Fortunately, vigour in service-producing industries more than made up for weakness on the goods-producing side of the economy in 2013. Notable advances were registered in financial services, transportation, professional services, accommodation and food services, and education. Respectable growth in services overall occurred despite continued tight public-spending controls that kept public-administration services on a downward course.

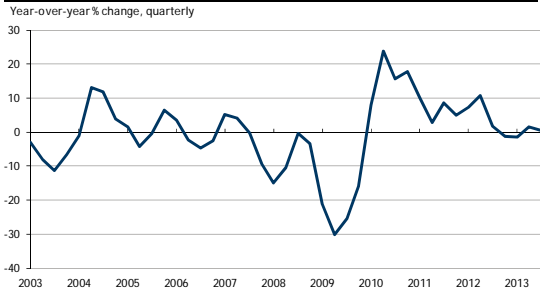
Stronger expected US growth bodes well for Ontario exports in 2014

Perhaps, the most encouraging development that we expect for Ontario’s economy in 2014 will be strengthening growth in the US (by far the province’s largest export market). We project US economic activity to ramp up quite significantly by the spring, which we believe will bolster demand for Ontario goods and services exports. We see some scope for motor vehicle and parts exports to rise in 2014 but more so for a vast array of other Ontario-made products (e.g., machinery, equipment, building materials, pharmaceuticals, and natural resources) and services (e.g., financial services, software applications, and engineering).

Housing construction to soften

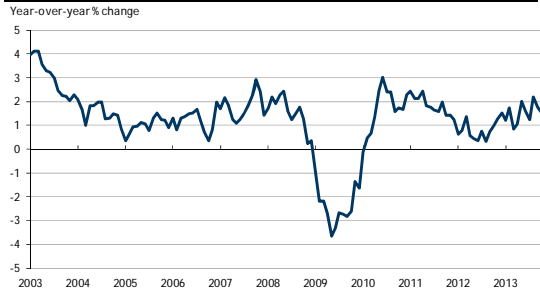
Domestically, we expect businesses to redouble efforts on becoming more productive and globally competitive by boosting their capital investment. Steady expected gains in employment and downward trending unemployment rate will boost household income and confidence, thereby supporting consumer spending in the province. Where some softening is likely to occur in 2014, however, is in housing construction. We believe that the substantial slowing of new condo sales at the pre-construction stage in the Greater Toronto Area since early 2012 will dampen housing starts in the province.

Ontario domestic exports



Source: Statistics Canada, RBC Economics Research

Ontario employment



Source: Statistics Canada, RBC Economics Research

Ontario forecast at a glance

	2011	2012	2013F	2014F	2015F
Real GDP	2.2	1.3	1.3	2.6	2.9
Employment	1.8	0.8	1.4	1.3	1.1
Unemployment rate (%)	7.8	7.8	7.5	7.1	6.9
Retail sales	3.6	1.6	2.0	4.0	3.8
Housing starts (units)	67,821	76,742	61,300	60,300	58,000
Consumer price index	3.1	1.4	1.1	1.6	1.9

Robert Hogue  
Senior Economist



## No easy ride but some respite in view

It has been anything but an easy ride for Quebec's economy in 2013 when domestic activity, in particular, remained stuck in a low gear. We expect the pace to quicken modestly in 2014; however, anyone expecting a sea change will be disappointed. Among other things, economic growth in Quebec is being challenged by deteriorating demographic trends (in particular, rapidly slowing working-age population growth) that will restrain its so called 'potential' rate. The 'new normal' in Quebec, therefore, may well be slower growth than was achieved in the past. We project real GDP to expand by just 1.1% in the province in 2013 and by 1.8% in 2014. Our initial view on 2015 is that growth will be largely sustained at 1.6%.

### Lack of traction in domestic sectors

The fall 2013 *Economic and Financial Update* released at the end of November by the Quebec Ministry of Finance offered a sobering assessment of the economic performance of the province in 2013. The government pointed to Quebec households spending less as a proportion of their income (and, therefore, saving more) and demanding fewer new housing units as key reasons for the provincial economy underperforming relative to expectations. Indeed, sales at retail stores grew only minimally in the first nine months of 2013, and starts were down substantially by almost 22% year to date in October (which included several months for recovery from the two-week strike in the construction sector at the end of June). Based on the evidence available at this juncture, the lack of traction in Quebec's economy appears to be primarily a domestic phenomenon. Provincial exports continue to expand at a decent clip, rising by 4.5% year over year in real terms during the first nine months of 2013.

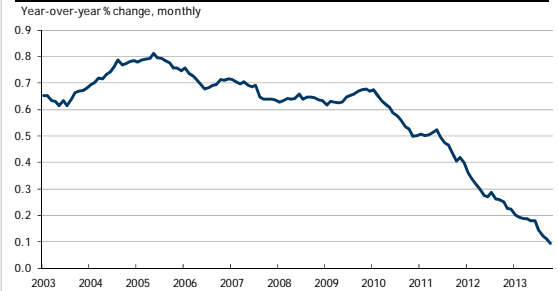
### Less housing drag, more fiscal stimulus in 2014

We expect further advances in exports in 2014, supported by growing US demand and a modestly weaker value of the loonie. It will be developments on the domestic side that, we believe, will add more to growth, however. First, we expect less housing construction drag because housing starts have much more limited downside left in them after slumping to 12-year lows in 2013. Second, signs that job creation resumed in the fall of 2013, following substantial losses during the first half of the year, will set the stage for stronger household spending in 2014. And third, the economic stimulus plan announced by the provincial government in October (encompassing an array of measures totalling \$2 billion over four years) will begin to contribute slightly to growth in 2014.

### Net fiscal contribution unclear beyond 2014

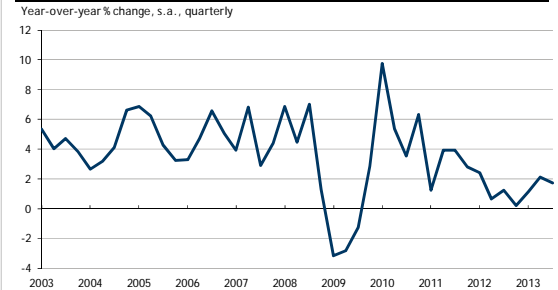
Beyond 2014, however, it is unclear the extent to which provincial fiscal policy could remain stimulative overall. While Quebec's stimulus plan contains growth-enhancing measures through 2016–17, the recent revelation that the provincial government now expects deficits of \$2.5 billion and \$1.8 billion in 2013–14 and 2014–15, respectively, instead of balancing its books, was accompanied by a pledge to restrain program spending growth more tightly in the medium term. Given its already elevated debt, the Quebec government has limited room to boost its spending.

Quebec working age population (15-64)



Source: Statistics Canada, RBC Economics Research

Quebec retail sales



Source: Statistics Canada, RBC Economics Research

### Quebec forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F	2015F
Real GDP	1.8	1.5	1.1	1.8	1.6
Employment	1.0	0.8	1.2	1.1	1.0
Unemployment rate (%)	7.8	7.8	7.6	7.5	7.3
Retail sales	3.0	1.1	1.7	3.0	3.5
Housing starts (units)	48,387	47,367	37,500	34,500	34,000
Consumer price index	3.0	2.1	0.8	1.4	1.9

Robert Hogue  
Senior Economist

## Frozen economy starting to thaw but no signs of heating up

New Brunswick continues to face economic challenges in 2013 following its disappointing performance in 2012 that saw real output contract by 1.1%. While we still believe that there is scope for the provincial economy to edge out positive growth in 2013, weakness in energy exports has largely impeded the export-oriented growth recovery. As a result, we revised our forecast to 0.3% in 2013 (from 0.8% previously). Renewed strength in mining provides room for an improvement during the forecast horizon; however, domestic headwinds including fiscal restraint will likely temper growth to a tepid 1.0% and 1.4% in 2014 and 2015, respectively.

### Weaker than expected export performance in 2013

Despite vigorous demand for the province's lumber exports, weakness in energy, potash, and metals exports is causing the province's international trade balance to deteriorate in 2013. Stronger performance from the mining sector in 2014 is expected, however, with the start-up of new Bathurst mining operations after the closure of the Xstrata Brunswick mine weighed on output in 2013. By 2015, stronger production at the Sussex Potash expansion, assuming price pressures are contained, will provide a more sizeable lift to the industry. This momentum is expected to be sustained thanks to the ramping up of construction and commissioning of the Sisson Brook Tungsten mine in 2015 and 2016, respectively.

### Fiscal challenges persist

The release of the province's second-quarter budget update and public accounts earlier this fall revealed that the government is struggling to maintain the fiscal trajectory that it set out to achieve in its budget earlier this year. Through the implementation of various tax initiatives, including personal and corporate income tax increases, the government aimed to curb fiscal deterioration; however, weaker-than-expected revenues have pushed the deficit to a larger \$538 million estimate in 2013/14. This follows the deficit in 2012/13 coming in \$317 million higher than the initial Budget 2012 projection. We expect government spending restraint will thus be maintained and continue to act as a drag on economic growth during the forecast horizon.

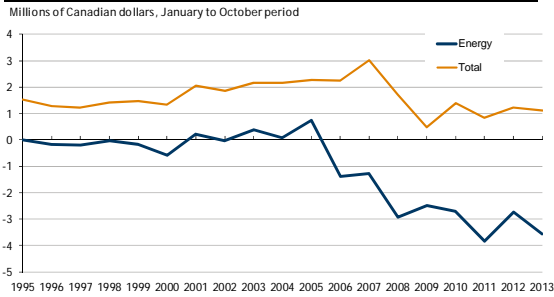
### Employment to edge down in 2013 before picking up in 2014

The domestic economy continues to struggle to regain traction with most indicators (for example retail sales and housing starts) tracking close to or below year-ago levels. Private-sector employment has sustained an upward trend in 2013; however, this has been offset by continued moderation in public-sector employment. On net, we expect the province will shed more than 700 jobs in 2013. Despite the challenges, we remain of the view that 2014 will see the province edge out its first positive, albeit small, year-over-year employment growth in five years as activity in export-oriented sectors picks up.

### Dim near-term prospects

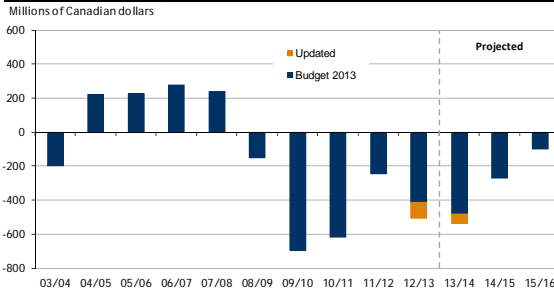
Non-residential construction rose above year-ago levels for the first time in more than two years in the third quarter of 2013. With the completion of the Sussex Potash expansion expected in 2013 and the ramping up of construction on the Sisson Brook mine not expected until 2015, investment will likely slow in 2014. While near-term prospects for economic growth remain dim, the proposed east-west pipeline could begin to heat things up beyond the forecast horizon and provide a confidence boost to a province that faces an absolute decline in its adult population in 2013 and a continued net outflow of interprovincial migrants.

**New Brunswick nominal merchandise trade balance**



Source: Statistics Canada, RBC Economics Research

**New Brunswick budget balance**



Source: New Brunswick Department of Finance, RBC Economics Research

### New Brunswick forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F	2015F
Real GDP	0.3	-1.1	0.3	1.0	1.4
Employment	-1.1	-0.2	-0.2	0.8	0.5
Unemployment rate (%)	9.5	10.2	10.5	10.3	9.9
Retail sales	4.8	-0.7	0.8	3.3	2.6
Housing starts (units)	3,452	3,299	3,000	2,700	2,800
Consumer price index	3.5	1.7	0.7	1.5	2.0

Laura Cooper  
Economist



## Natural gas, at last...

At long last, natural gas began to flow at the Deep Panuke offshore field late in the summer of 2013. The ramping up of production in the remainder of the year is expected to lift real GDP growth in 2013 to a forecasted 1.2% following a disappointing 0.1% decline in 2012. A full year of production is expected to offset maturation-related declines at the Sable offshore field and support a 2.1% pace of economic growth in 2014. In 2015 and beyond, the effect of maturation-related declines at both fields is expected to be more than offset by the ramping up of projects in the province with positive effects percolating through the domestic economy. We project economic activity to quicken slightly in 2015 to a 2.3% rate of growth.

### Export gains to continue, supported by Deep Panuke production

Deep Panuke production commenced late in the summer of 2013 with a notable pick-up in the fall and is expected to accelerate further leading up to 2014. Year-to-date production, however, remained 24% below the first 10 months in 2012 as maturation-related declines at Sable curtailed an overall lift from the sector. A negative hit to the province's exports was not evident, however. Nominal exports in the province have recovered from the lows of 2012 and were supported largely by a surge in paper product exports with the Port Hawkesbury mill in the midst of its first full year back in production. With US auto sales poised to gain momentum in 2014, elevated demand for the province's largest export group—rubber tires—and production from Deep Panuke are expected to support continued improvement for the province's exports.

### Employment disappointments

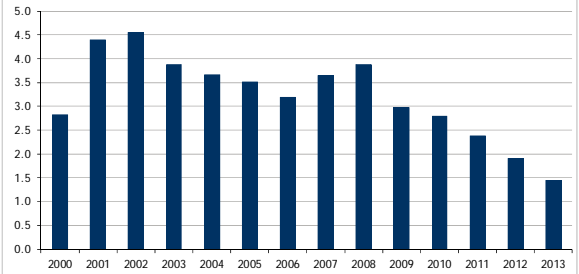
The prospects for a stronger overall performance for the remainder of 2013 and during 2014 are being weighed down by deterioration in the province's labour market. Weakness has permeated throughout the private and public sector, and the province is expected to face an overall pullback in employment in 2013 although a surge in self-employment will temper the decline to a mild 0.2%. Consumers have not pared back their spending in the face of soft job prospects; however, a delayed HST reduction may soften the rally in retail sales in 2014. The earlier-anticipated one percentage point tax cut in 2014 is now dependent on the government achieving larger than projected budget surpluses and, as a result, may augur well for the province to aim for stronger fiscal health in its 2014 budget.

### Breathing a sigh of relief...

After holding its breath waiting for major project benefits to materialize, the long-anticipated production gains from Deep Panuke likely mark a turnaround for the province. Despite the scrapping of the re-opening of the Donkin Coal mine set for 2014, the recent approval of the \$1.5 billion Maritime Link project is a positive development for provincial economic growth. Energy sector developments further support the province's upward growth trajectory, with Shell recently completing seismic testing and British Petroleum set to begin its own seismic program in 2014. While drilling remains a few years away if the results are positive, the ramping up of work related to the 30-year \$25 billion shipbuilding procurement contract will give way to the cutting of steel in late 2015 with warm glow effects expected to invigorate the domestic economy.

**Nova Scotia offshore natural gas production**

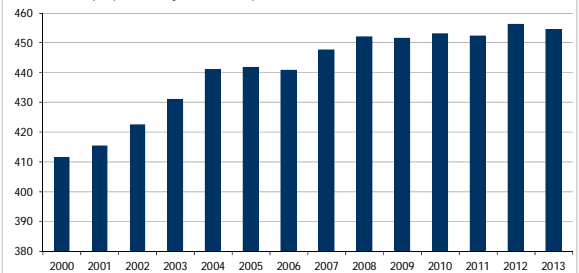
Billions of cubic metres, January to October period



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

**Nova Scotia employment**

Thousands of people, January to November period



Source: Statistics Canada, RBC Economics Research

### Nova Scotia forecast at a glance

% change unless otherwise indicated

	2011	2012	2013F	2014F	2015F
Real GDP	0.6	-0.1	1.2	2.1	2.3
Employment	0.1	0.6	-0.2	0.9	1.3
Unemployment rate (%)	8.8	9.0	9.0	8.7	8.3
Retail sales	3.6	1.0	2.2	3.2	3.6
Housing starts (units)	4,644	4,522	3,700	3,800	3,600
Consumer price index	3.8	1.9	1.2	1.6	2.1

Laura Cooper  
Economist

### Soft growth for the gentle Island

Economic growth in Prince Edward Island is set to advance at a just slightly quicker clip in 2014 than the modest 1.2% pace we expect in 2013. The performance in 2013 was dampened by softness in the province’s exports in the first half of the year that partially offset robustness in the domestic drivers of growth. A rotation is emerging, however, as the domestic economy is expected to level off in 2014 while the heating up of demand for the province’s export goods will support a quicker 1.4% rate of real GDP growth in 2014. Looming demographic challenges and a greater drag from fiscal restraint are expected to weigh on growth in 2015. Our forecast is for economic activity to ease to 1.1% in that year.

#### Exports to sprout up from the roots in 2014

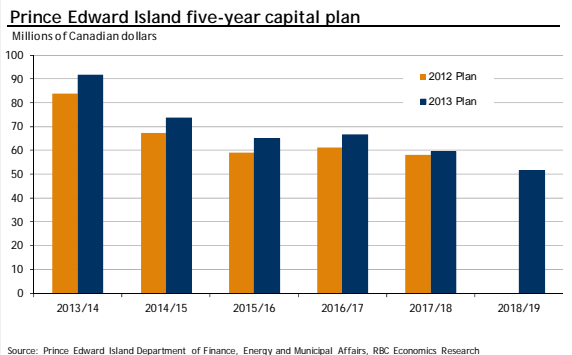
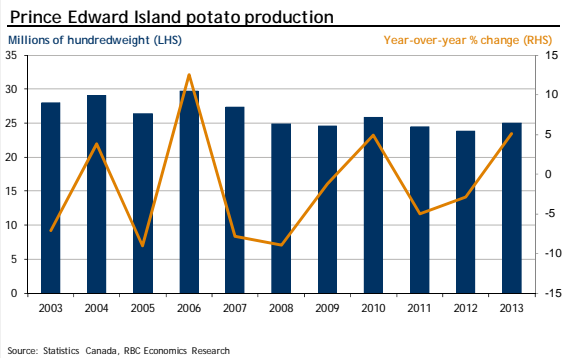
Export growth has softened in 2013 following robust performance in 2012, although overall goods exports edged out a positive, albeit small gain in the first nine months of the year. Annual potato production gains reached a seven-year high in 2013 and, along with supportive demand conditions, contributed to renewed export strength for the frozen variety of the vegetable after a sluggish start in 2013. Nominal exports of the fresh vegetable fell, however, because prices softened relative to the same period in 2012. Aerospace exports have also taken a tumble as lingering fiscal uncertainty in the US likely held back orders. We expect that a retracement of the aerospace decline and continued robust gains for the province’s seafood products will set exports as the main driver of growth in 2014.

#### Positive developments for long-term export performance

The recently announced Comprehensive Economic and Trade Agreement between Canada and the European Union is expected to support long-term positive export performance in the province. In 2012, merchandise trade flows to the European Union from PEI represented 8% of the province’s exports, with aerospace and lobsters making up the bulk of goods shipped to that market. The proposed tariff changes and subsequent widening of trade channels could have positive demand implications for the island’s goods export prospects. With ratification of the deal expected in 2015, any positive lift to exports offers upside potential to our 2015 forecast.

#### Boost in the province’s capital plan

The province’s new five-year capital plan, released in the fall of 2013, revealed an upwardly revised investment profile relative to the 2012 plan. A cumulative spending boost of \$26.4 million is now incorporated into the plan, including a \$7.6 million add in 2013–14. Planned capital expenditure increases in education and Health PEI during the forecast horizon possibly suggest a lesser degree of net fiscal drag in 2014 and 2015 than we previously assumed. That being said, cutbacks in public-sector jobs weighed on total employment in 2013, which eased in the summer after a robust start to the year. Stronger hiring in the private sector has kept total employment growing relative to the same period in 2012; however, we expect the pace of overall job creation to ease in the province in 2014.



**Prince Edward Island forecast at a glance**  
% change unless otherwise indicated

	2011	2012	2013F	2014F	2015F
Real GDP	1.0	1.5	1.2	1.4	1.1
Employment	1.9	1.1	2.1	1.1	1.1
Unemployment rate (%)	11.4	11.3	11.3	10.9	10.7
Retail sales	5.4	3.2	2.1	3.9	3.6
Housing starts (units)	940	941	670	700	600
Consumer price index	2.9	2.0	1.9	1.9	2.1

Laura Cooper  
Economist



**Riding the rollercoaster...**

A significant rebound in Newfoundland and Labrador’s oil and gas sector began to emerge in the summer of 2013 and is expected to fuel the province to a robust 6% pace of growth for 2013. Oil production is now up 21% in the first 10 months of the year following a steep pullback in production that resulted from maintenance shutdowns in the summer of 2012. In the absence of a similar lift to economic activity in 2014, real GDP is expected to slow to 1.5%. While maturation-related crude oil production declines are expected to limit the pace of economic growth going forward, major project developments should help to offset the dip and sustain a modest 1.7% rate in 2015.

**What goes up must come down...**

Following strong gains in 2013, the National Energy Board forecasts crude oil production off the shores of Newfoundland will decline by 17.3% in 2014 followed by a 13.5% recovery in 2015. Elevated levels of capital investment are expected to more than offset the effect of the production pullback in 2014, however. Engineering work is underway on the West White Rose extension, and construction related to the Hebron offshore project is projected to remain elevated in 2014. Crude oil production gains are expected to resurface at the end of 2014 with the start-up of the South White Rose Extension. This will help to counteract maturation-related declines at the province’s other offshore oil fields in advance of the 2017 scheduled commissioning of the Hebron offshore oil field.

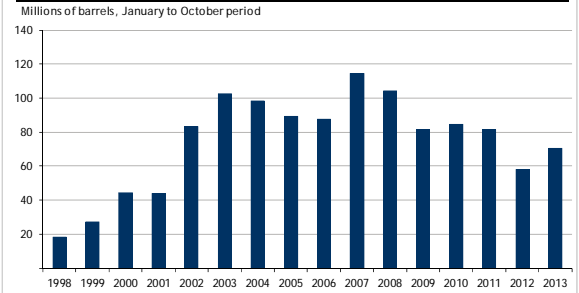
**...then go back up...**

Volatile commodity prices have presented a challenge to the mining sector in 2013, yet iron ore has shown resilience, with prices and volumes rebounding smartly following uncertain conditions earlier in the year. Nominal exports of the metal are on pace to surpass 2012 levels and have offset notable declines in copper and zinc exports. The expected ramp up of production at the second phase of expansion for the Iron Ore Company of Canada and production gains at the Direct Shipping iron ore project set the sector on pace for an overall improvement in 2014. Moreover, construction is set to accelerate on the Kami iron ore project and, with the majority of capital expenditures expected in 2014 and 2015, will help to offset investment declines as a result of the 2013 completion of the Long Harbour nickel-processing plant.

**...while employment growth is expected to remain steady**

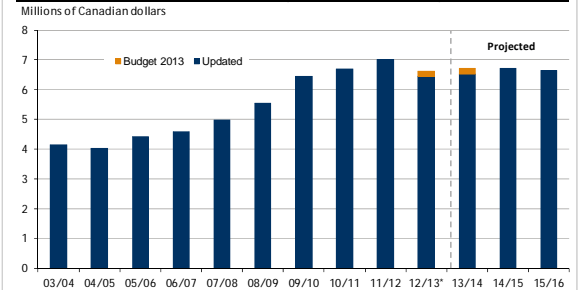
Advances in major projects along with positive oil exploration developments are expected to counterbalance rising challenges facing the domestic side of the economy. On the fiscal front, the provincial government will display substantial spending restraint, as it intends to cut program spending by 0.2% and 0.9% in the next two years, respectively, following a 1.5% rise in 2013/14 (and an average annual expenditure growth of 7.1% over the past decade)—although the better-than-expected results in 2012/13 may lead the government to ease up a little on such restraint. The drag from fiscal restraint is likely to be further amplified by a reduction of public employment; although, the private sector is poised to continue picking up the slack with overall employment expected to rise by 1.5% annually during the forecast horizon. The recent approval of the Muskrat Falls project, among other benefits, could add further support to employment growth. This may, however, require the return of skilled labour to the province after the steepest pullback in interprovincial migration since 2007 in the first half of 2013.

**Newfoundland and Labrador crude oil production**



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

**Newfoundland and Labrador program expenditure growth**



\*Unaudited result released in 2013-2014 Fall Update  
Source: Newfoundland and Labrador Department of Finance, RBC Economics Research

**Newfoundland forecast at a glance**

% change unless otherwise indicated					
	2011	2012	2013F	2014F	2015F
Real GDP	2.9	-4.4	6.0	1.5	1.7
Employment	2.7	2.3	1.3	1.5	1.5
Unemployment rate (%)	12.7	12.5	11.5	11.6	11.3
Retail sales	5.3	4.6	4.4	3.7	3.9
Housing starts (units)	3,488	3,885	3,000	3,000	2,700
Consumer price index	3.4	2.1	1.5	1.7	2.1

Laura Cooper  
Economist



## Forecast detail

Average annual % change unless otherwise indicated

	Real GDP				Employment				Unemployment rate %				Housing starts Thousands				Retail sales				CPI			
	12	13F	14F	15F	12	13F	14F	15F	12	13F	14F	15F	12	13F	14F	15F	12	13F	14F	15F	12	13F	14F	15F
N. & L.	-4.4	6.0	1.5	1.7	2.3	1.3	1.5	1.5	12.5	11.5	11.6	11.3	3.9	3.0	3.0	2.7	4.6	4.4	3.7	3.9	2.1	1.5	1.7	2.1
P.E.I.	1.5	1.2	1.4	1.1	1.1	2.1	1.1	1.1	11.3	11.3	10.9	10.7	0.9	0.7	0.7	0.6	3.2	2.1	3.9	3.6	2.0	1.9	1.9	2.1
N.S.	-0.1	1.2	2.1	2.3	0.6	-0.2	0.9	1.3	9.0	9.0	8.7	8.3	4.5	3.7	3.8	3.6	1.0	2.2	3.2	3.6	1.9	1.2	1.6	2.1
N.B.	-1.1	0.3	1.0	1.4	-0.2	-0.2	0.8	0.5	10.2	10.5	10.3	9.9	3.3	3.0	2.7	2.8	-0.7	0.8	3.3	2.6	1.7	0.7	1.5	2.0
QUE.	1.5	1.1	1.8	1.6	0.8	1.2	1.1	1.0	7.8	7.6	7.5	7.3	47.4	37.5	34.5	34.0	1.1	1.7	3.0	3.5	2.1	0.8	1.4	1.9
ONT.	1.3	1.3	2.6	2.9	0.8	1.4	1.3	1.1	7.8	7.5	7.1	6.9	76.7	61.3	60.3	58.0	1.6	2.0	4.0	3.8	1.4	1.1	1.6	1.9
MAN.	2.6	2.5	2.3	2.6	0.9	0.7	0.9	1.1	5.3	5.4	5.3	5.3	7.2	7.7	7.0	6.5	1.6	2.3	3.8	4.2	1.6	2.3	2.0	2.0
SASK.	1.9	3.9	2.1	2.5	2.1	3.4	1.5	1.7	4.7	4.1	4.2	4.1	10.0	8.5	8.0	7.5	7.6	3.3	5.2	4.9	1.6	1.4	2.1	2.5
ALTA.	3.8	3.3	3.9	3.5	2.6	2.8	2.4	1.8	4.6	4.6	4.4	4.1	33.4	36.6	36.8	34.5	6.9	6.6	5.7	5.2	1.1	1.4	1.5	1.7
B.C.	1.5	1.2	2.4	2.8	1.7	-0.1	1.1	1.1	6.7	6.6	6.5	6.6	27.5	26.5	25.8	24.0	1.9	1.7	3.8	3.6	1.1	-0.2	1.2	1.7
CANADA	1.7	1.7	2.6	2.7	1.2	1.3	1.3	1.2	7.2	7.1	6.8	6.6	215	188	182	174	2.5	2.7	4.0	3.9	1.5	0.9	1.5	1.9

## 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) (2013)	527	145	941	756	8,155	13,538	1,265	1,108	4,025	4,582
Gross domestic product (\$ billions)	33.8	5.5	38.4	31.5	357.9	674.5	58.2	77.9	311.9	220.0
Real GDP (\$2007 billions)	27.6	4.9	36.0	28.1	327.2	619.3	54.6	58.6	288.5	209.0
Share of provincial GDP of Canadian GDP (%)	1.9	0.3	2.1	1.7	19.7	37.1	3.2	4.3	17.1	12.1
Real GDP growth (CAR, 2007-12, %)	-1.5	1.2	1.2	0.2	1.4	0.7	2.1	2.3	2.2	1.2
Real GDP per capita (\$ 2007)	52,359	33,762	38,082	37,181	40,470	46,177	43,705	53,865	74,201	45,993
Real GDP growth rate per capita (CAR, 2007-12, %)	-2.2	0.1	1.0	-0.1	0.4	-0.3	1.1	0.7	0.1	0.0
Personal disposable income per capita (\$)	30,461	26,115	27,063	26,793	26,347	29,745	26,995	31,363	38,761	30,474
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 (Nov. 2013, %)	54.0	61.1	57.8	56.8	60.5	61.5	64.6	66.8	69.9	59.3
Discomfort index (inflation + unemp. rate, Oct. 2013)	12.5	12.7	10.0	10.9	7.7	8.3	7.7	5.1	5.4	6.2
Manufacturing industry output (% of GDP)	3.1	8.9	8.4	10.3	13.7	12.7	10.0	6.0	7.2	6.7
Personal expenditures on goods & services (% of GDP)	43.0	69.4	69.3	63.4	57.6	56.2	57.4	40.7	41.0	64.0
International exports (% of GDP)	35.7	18.5	19.4	50.0	25.8	32.9	26.4	41.6	31.8	21.5

## Tables

## British Columbia

		2007	2008	2009	2010	2011	2012	2013F	2014F	2015F
Real GDP	Chained \$2007 millions	197,072	199,270	194,214	200,628	205,958	208,961	211,364	216,530	222,593
	% change		1.1	-2.5	3.3	2.7	1.5	1.2	2.4	2.8
Employment	thousands	2,223	2,266	2,218	2,257	2,275	2,313	2,310	2,334	2,361
	% change	3.5	2.0	-2.1	1.7	0.8	1.7	-0.1	1.1	1.1
Unemployment rate	%	4.3	4.6	7.7	7.6	7.5	6.7	6.6	6.5	6.6
Retail sales	\$ millions	57,110	58,010	55,585	58,549	60,405	61,565	62,581	64,933	67,260
	% change	7.2	1.6	-4.2	5.3	3.2	1.9	1.7	3.8	3.6
Housing starts	units	39,195	34,321	16,077	26,479	26,400	27,465	26,500	25,800	24,000
	% change	7.6	-12.4	-53.2	64.7	-0.3	4.0	-3.5	-2.6	-7.0
Consumer price index	2002=100	110.0	112.3	112.3	113.8	116.5	117.8	117.6	119.0	121.0
	% change	1.7	2.1	0.0	1.4	2.3	1.1	-0.2	1.2	1.7

## Alberta

		2007	2008	2009	2010	2011	2012	2013F	2014F	2015F
Real GDP	Chained \$2007 millions	259,087	263,515	252,811	264,164	277,940	288,548	297,926	309,676	320,639
	% change		1.7	-4.1	4.5	5.2	3.8	3.3	3.9	3.5
Employment	thousands	1,991	2,054	2,025	2,017	2,094	2,150	2,211	2,265	2,306
	% change	3.9	3.1	-1.4	-0.4	3.8	2.6	2.8	2.4	1.8
Unemployment rate	%	3.5	3.6	6.6	6.5	5.5	4.6	4.6	4.4	4.1
Retail sales	\$ millions	61,528	61,668	56,546	59,910	64,005	68,452	72,993	77,171	81,222
	% change	9.9	0.2	-8.3	5.9	6.8	6.9	6.6	5.7	5.2
Housing starts	units	48,336	29,164	20,298	27,088	25,704	33,396	36,600	36,800	34,500
	% change	-1.3	-39.7	-30.4	33.5	-5.1	29.9	9.6	0.5	-6.3
Consumer price index	2002=100	117.9	121.6	121.5	122.7	125.7	127.1	128.9	130.8	133.0
	% change	4.9	3.2	-0.1	1.0	2.4	1.1	1.4	1.5	1.7

## Saskatchewan

		2007	2008	2009	2010	2011	2012	2013F	2014F	2015F
Real GDP	Chained \$2007 millions	52,253	55,183	52,553	54,756	57,479	58,581	60,836	62,141	63,694
	% change		5.6	-4.8	4.2	5.0	1.9	3.9	2.1	2.5
Employment	thousands	504	513	519	524	526	537	555	564	573
	% change	2.4	1.7	1.3	0.9	0.3	2.1	3.4	1.5	1.7
Unemployment rate	%	4.2	4.1	4.8	5.2	5.0	4.7	4.1	4.2	4.1
Retail sales	\$ millions	13,248	14,848	14,804	15,336	16,489	17,749	18,333	19,278	20,216
	% change	13.9	12.1	-0.3	3.6	7.5	7.6	3.3	5.2	4.9
Housing starts	units	6,007	6,828	3,866	5,907	7,031	9,968	8,500	8,000	7,500
	% change	61.7	13.7	-43.4	52.8	19.0	41.8	-14.7	-5.9	-6.3
Consumer price index	2002=100	112.2	115.9	117.1	118.7	122.0	123.9	125.6	128.3	131.5
	% change	2.9	3.2	1.1	1.3	2.8	1.6	1.4	2.1	2.5

## Manitoba

		2007	2008	2009	2010	2011	2012	2013F	2014F	2015F
Real GDP	Chained \$2007 millions	49,265	51,157	51,048	52,379	53,269	54,633	55,972	57,283	58,773
	% change		3.8	-0.2	2.6	1.7	2.6	2.5	2.3	2.6
Employment	thousands	599	608	608	620	624	630	634	640	647
	% change	1.7	1.7	0.0	1.9	0.8	0.9	0.7	0.9	1.1
Unemployment rate	%	4.4	4.2	5.2	5.4	5.4	5.3	5.4	5.3	5.3
Retail sales	\$ millions	14,130	15,143	15,127	16,029	16,758	17,018	17,412	18,078	18,831
	% change	9.1	7.2	-0.1	6.0	4.5	1.6	2.3	3.8	4.2
Housing starts	units	5,738	5,537	4,174	5,888	6,083	7,242	7,700	7,000	6,500
	% change	14.1	-3.5	-24.6	41.1	3.3	19.1	6.3	-9.1	-7.1
Consumer price index	2002=100	110.9	113.4	114.1	115.0	118.4	120.3	123.0	125.5	128.0
	% change	2.1	2.2	0.6	0.8	2.9	1.6	2.3	2.0	2.0

## Ontario

		2007	2008	2009	2010	2011	2012	2013F	2014F	2015F
Real GDP	Chained \$2007 millions	597,803	596,921	578,510	598,174	611,131	619,331	627,073	643,655	662,579
	% change		-0.1	-3.1	3.4	2.2	1.3	1.3	2.6	2.9
Employment	thousands	6,564	6,666	6,502	6,610	6,731	6,784	6,882	6,969	7,048
	% change	1.8	1.6	-2.5	1.7	1.8	0.8	1.4	1.3	1.1
Unemployment rate	%	6.4	6.5	9.0	8.7	7.8	7.8	7.5	7.1	6.9
Retail sales	\$ millions	146,324	152,160	148,797	156,904	162,530	165,177	168,561	175,234	181,826
	% change	3.9	4.0	-2.2	5.4	3.6	1.6	2.0	4.0	3.8
Housing starts	units	68,123	75,076	50,370	60,433	67,821	76,742	61,300	60,300	58,000
	% change	-7.2	10.2	-32.9	20.0	12.2	13.2	-20.1	-1.6	-3.8
Consumer price index	2002=100	110.8	113.3	113.7	116.5	120.1	121.8	123.0	125.0	127.3
	% change	1.8	2.3	0.4	2.4	3.1	1.4	1.1	1.6	1.9

## Quebec

		2007	2008	2009	2010	2011	2012	2013F	2014F	2015F
Real GDP	Chained \$2007 millions	305,874	311,626	309,683	316,886	322,442	327,161	330,596	336,692	342,214
	% change		1.9	-0.6	2.3	1.8	1.5	1.1	1.8	1.6
Employment	thousands	3,834	3,880	3,848	3,915	3,954	3,984	4,031	4,077	4,119
	% change	2.4	1.2	-0.8	1.7	1.0	0.8	1.2	1.1	1.0
Unemployment rate	%	7.2	7.2	8.5	8.0	7.8	7.8	7.6	7.5	7.3
Retail sales	\$ millions	90,403	94,809	93,736	99,551	102,505	103,648	105,417	108,584	112,398
	% change	4.5	4.9	-1.1	6.2	3.0	1.1	1.7	3.0	3.5
Housing starts	units	48,553	47,901	43,403	51,363	48,387	47,367	37,500	34,500	34,000
	% change	1.4	-1.3	-9.4	18.3	-5.8	-2.1	-20.8	-8.0	-1.4
Consumer price index	2002=100	110.4	112.7	113.4	114.8	118.3	120.8	121.7	123.4	125.8
	% change	1.6	2.1	0.6	1.3	3.0	2.1	0.8	1.4	1.9

## Tables

## New Brunswick

		2007	2008	2009	2010	2011	2012	2013F	2014F	2015F
Real GDP	Chained \$2007 millions	27,869	28,125	27,811	28,381	28,460	28,146	28,216	28,499	28,898
	% change		0.9	-1.1	2.0	0.3	-1.1	0.3	1.0	1.4
Employment	thousands	357	359	360	356	352	351	351	354	356
	% change	1.9	0.6	0.1	-1.0	-1.1	-0.2	-0.2	0.8	0.5
Unemployment rate	%	7.5	8.5	8.8	9.3	9.5	10.2	10.5	10.3	9.9
Retail sales	\$ millions	9,415	10,028	10,105	10,608	11,118	11,041	11,129	11,497	11,798
	% change	6.2	6.5	0.8	5.0	4.8	-0.7	0.8	3.3	2.6
Housing starts	units	4,242	4,274	3,521	4,101	3,452	3,299	3,000	2,700	2,800
	% change	3.8	0.8	-17.6	16.5	-15.8	-4.4	-9.1	-10.0	3.7
Consumer price index	2002=100	111.3	113.2	113.5	115.9	120.0	122.0	122.8	124.7	127.2
	% change	1.9	1.7	0.3	2.1	3.5	1.7	0.7	1.5	2.0

## Nova Scotia

		2007	2008	2009	2010	2011	2012	2013F	2014F	2015F
Real GDP	Chained \$2007 millions	33,907	34,625	34,753	35,806	36,029	35,990	36,404	37,168	38,023
	% change		2.1	0.4	3.0	0.6	-0.1	1.2	2.1	2.3
Employment	thousands	448	452	451	452	453	456	455	459	465
	% change	1.6	0.9	-0.1	0.2	0.1	0.6	-0.2	0.9	1.3
Unemployment rate	%	7.9	7.7	9.2	9.3	8.8	9.0	9.0	8.7	8.3
Retail sales	\$ millions	11,639	12,121	12,141	12,692	13,146	13,274	13,571	14,012	14,513
	% change	4.3	4.1	0.2	4.5	3.6	1.0	2.2	3.2	3.6
Housing starts	units	4,750	3,982	3,438	4,309	4,644	4,522	3,700	3,800	3,600
	% change	-3.0	-16.2	-13.7	25.3	7.8	-2.6	-18.2	2.7	-5.3
Consumer price index	2002=100	112.5	115.9	115.7	118.2	122.7	125.1	126.5	128.5	131.2
	% change	1.9	3.0	-0.1	2.2	3.8	1.9	1.2	1.6	2.1

## Prince Edward Island

		2007	2008	2009	2010	2011	2012	2013F	2014F	2015F
Real GDP	Chained \$2007 millions	4,620	4,658	4,678	4,783	4,829	4,901	4,960	5,030	5,085
	% change		0.8	0.4	2.2	1.0	1.5	1.2	1.4	1.1
Employment	thousands	69	70	69	71	72	73	74	75	76
	% change	0.7	1.2	-1.4	3.0	1.9	1.1	2.1	1.1	1.1
Unemployment rate	%	10.3	10.7	12.0	11.1	11.4	11.3	11.3	10.9	10.7
Retail sales	\$ millions	1,624	1,707	1,687	1,777	1,873	1,934	1,974	2,052	2,126
	% change	7.4	5.1	-1.2	5.3	5.4	3.2	2.1	3.9	3.6
Housing starts	units	750	712	877	756	940	941	670	700	600
	% change	1.6	-5.1	23.2	-13.8	24.3	0.1	-28.8	4.5	-14.3
Consumer price index	2002=100	113.6	117.5	117.3	119.5	123.0	125.5	127.8	130.3	133.0
	% change	1.8	3.4	-0.1	1.8	2.9	2.0	1.9	1.9	2.1

## Newfoundland &amp; Labrador

		2007	2008	2009	2010	2011	2012	2013F	2014F	2015F
Real GDP	Chained \$2007 millions	29,715	29,369	26,464	28,033	28,850	27,585	29,240	29,679	30,183
	% change		-1.2	-9.9	5.9	2.9	-4.4	6.0	1.5	1.7
Employment	thousands	216	219	212	219	225	231	234	237	241
	% change	0.8	1.1	-3.0	3.4	2.7	2.3	1.3	1.5	1.5
Unemployment rate	%	13.5	13.2	15.5	14.4	12.7	12.5	11.5	11.6	11.3
Retail sales	\$ millions	6,535	7,019	7,124	7,446	7,841	8,200	8,557	8,875	9,220
	% change	8.6	7.4	1.5	4.5	5.3	4.6	4.4	3.7	3.9
Housing starts	units	2,649	3,261	3,057	3,606	3,488	3,885	3,000	3,000	2,700
	% change	18.6	23.1	-6.3	18.0	-3.3	11.4	-22.8	0.0	-10.0
Consumer price index	2002=100	111.1	114.3	114.6	117.4	121.4	123.9	125.8	128.0	130.6
	% change	1.4	2.9	0.3	2.4	3.4	2.1	1.5	1.7	2.1

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