RBC Economics Provincial Outlook

All provinces to take dicey global economy in stride in 2020

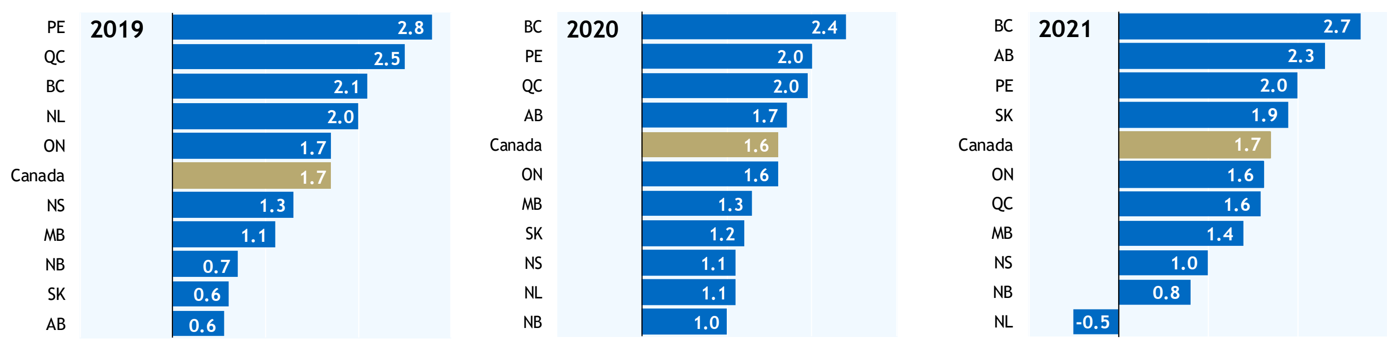
December 2019

- **Back-to-back growth projected for all provinces**
- **Pace to accelerate in western Canada, moderate in eastern Canada**
- **Ontario, Quebec in the mature stages of their business cycles**
- **PEI to stand out once again in Atlantic Canada**

For a second year in a row, we project all provincial economies to grow in 2020—something that hasn't happened since 2010-2011. Most provinces will see modest gains with Western Canada recording some of the stronger advances. British Columbia will benefit from the ramping up of the initial $18 billion investment of the $40 billion LNG Canada mega-project, and is projected to top the leaderboard in both 2020 and 2021. We expect momentum to pick up in Alberta and Saskatchewan after a particularly soft year in 2019. Gradually easing pressure in the energy sector will help dispel some of the gloom in the Prairies.

Almost all eastern provinces will see a moderation in growth in 2020. Both Ontario and Quebec are in mature (or maturing in the case of Quebec) stages of their business cycles. Trade headwinds and consumer cautiousness will be balanced by a rebound in Ontario's housing sector. In Quebec, we expect business and consumers to remain relatively upbeat although labour shortages will act as a restraining factor.

We expect Prince Edward Island and Nova Scotia to extend export gains made in 2019 when some of their food producers took advantage of the trade spat between the US and China. Stronger population growth will continue to be a positive, albeit less dominant factor. Our growth forecast has PEI ranking second in the country in 2020 and third in 2021. Resumption of production at a major oil refinery will temporarily boost growth in New Brunswick—the only eastern provincial economy expected to grow faster in 2020. A bounce back in oil production after a series of disruptions in 2019 will help keep growth alive in Newfoundland and Labrador in 2020.



Source: Statistics Canada, RBC Economics

Robert Hogue | Senior Economist | 416-974-6192 | robert.hogue@rbc.com
Ramya Muthukumaran | Economist | 416-974-7577 | ramya.muthukumaran@rbc.com

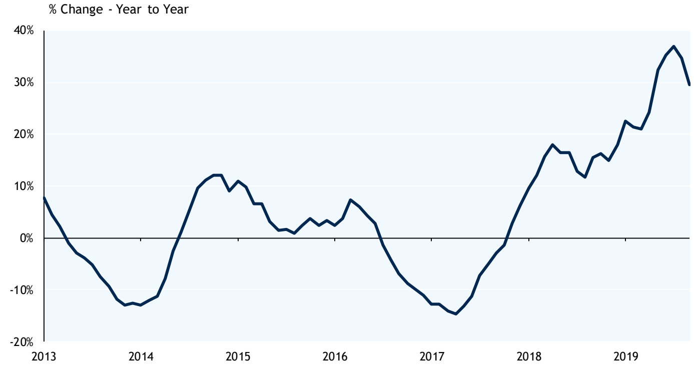
BRITISH COLUMBIA – LNG megaproject secures a bright future

Strong business investment will continue to favor B.C.'s economy, while forestry takes a bit of the shine off.

The outlook for B.C. is a construction story. Several big scale projects including the LNG megaproject in Kitimat and the associated Coastal Gaslink Pipeline, Trans Mountain expansion as well as the Site C dam will continue to ramp up over 2020 and beyond. The sunny outlook will however be somewhat tempered by the forestry sector's struggles. In both 2020 and 2021, B.C. will lead the provinces in terms of growth at 2.4% and 2.7%, exceeding 2019's weaker than expected 2.1% pace as the economy saw weaker exports and household consumption this year.

Non-residential construction investment continued its meteoric growth and surged 30% in 2019. The LNG Canada project in Kitimat will continue to provide a handsome boost to non-residential investment growth in the province in 2020 with peak construction projected to happen between 2022 and 2024. While the current headcount on the site is only 1000, peak construction could see that number swell to 7,500. Additionally, the associated Coastal Gaslink Pipeline which will connect natural gas production to the LNG Canada project, will reach peak construction in 2020. Other projects including the Trans Mountain expansion which began construction recently, as well as ongoing work on the Site C hydroelectric dam will keep the momentum going.

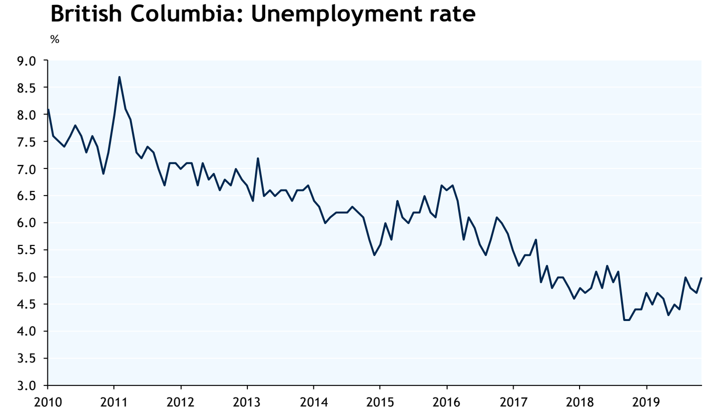
British Columbia: Non-residential construction investment



Source: Statistics Canada, RBC Economics

The labour market continues to be a good news story for BC with the province leading the nation on many fronts. It tops the leader board in both employment and labour force growth (2.8%), and population growth is tracking the fastest increase in 10 years. The unemployment rate continues to be the lowest in the country at 4.7%. These gains however haven't translated into consumer spending - retail sales are up just 0.7% year to date in 2019. Most of the weakness is from motor vehicle and building material and garden equipment dealers. Clearly the lack of housing affordability has tightened purse strings. Going forward into 2020, we expect consumer spending to increase as lower interest rates provide some relief to tight budgets.

British Columbia: Unemployment rate



Source: Statistics Canada, RBC Economics

The forestry sector remains under pressure with output and exports falling. Environmental factors including a pine beetle epidemic and forest fires wiped out millions of hectares of forests. Lumber prices have fallen reflecting high inventories but weak demand from the U.S. housing market, with the impact on BC's industry being exacerbated by U.S. tariffs on its lumber products. Exports of lumber products fell 6% so far this year and the situation isn't expected to improve in 2020. Several mill closures across the province will weigh on output, and even if US housing starts increase in 2020 as we project, they won't make up for the complex issues faced by the sector in the near term.

The housing market has turned around, with home resale picking up in six of the past seven months in Vancouver. Housing starts in the province are also up 14% in the first 10 months of 2019. In 2020, new home building is expected to moderate from exceptionally strong levels in 2020. Home resale activity however should benefit from lower interest rates.

British Columbia forecast at a glance

% change unless otherwise specified

	2017	2018	2019F	2020F	2021F
Real GDP	3.7	2.6	2.1	2.4	2.7
Nominal GDP	7.1	4.5	4.5	4.8	4.8
Employment	3.7	1.1	2.7	0.5	0.8
Unemployment Rate (%)	5.1	4.7	4.7	5.0	5.1
Retail Sales	9.3	2.0	0.6	0.9	1.2
Housing Starts (Thousands of Units)	43.7	40.9	44.3	35.0	34.0
Consumer Price Index	2.1	2.7	2.4	1.5	1.4

Ramya Muthukumaran | Economist | 416-974-7577 | ramya.muthukumaran@rbc.com

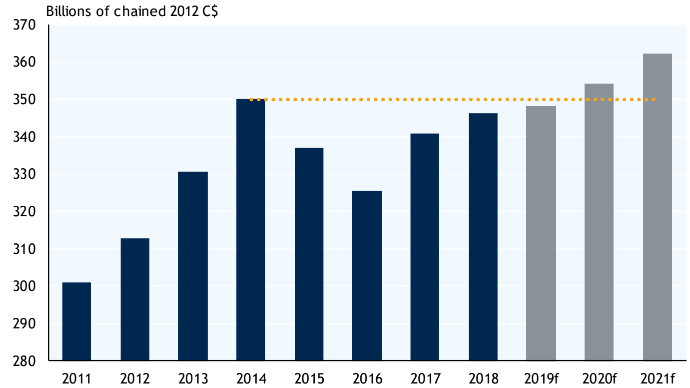
ALBERTA - Making steps in the right direction

Alberta's recovery has been frustratingly slow but 2020 promises to kick things into a higher gear. Oil production is set to rise materially and business investment to pick up. Improving prospects for pipeline capacity expansion should shore up confidence in the province.

Don't blame Albertans for thinking their economy is still in recession. The level of activity in the province is still below what it was in 2014, just before the brutal two year-long downturn which sliced 7% off GDP. But this is about to change in 2020. Our 1.7% projected growth will finally put the province in expansion territory. A number of sectors—including energy, manufacturing and construction—as well as the labour market will gain more traction. Yet the six years it will have taken to recover the recession's losses are a reminder that the path forward will be full of potential obstacles. This is no longer Alberta's boom-bust economy of old when it could reliably be counted upon to snap back into shape after a setback.

Real GDP: Alberta

Billions of chained 2012 C$

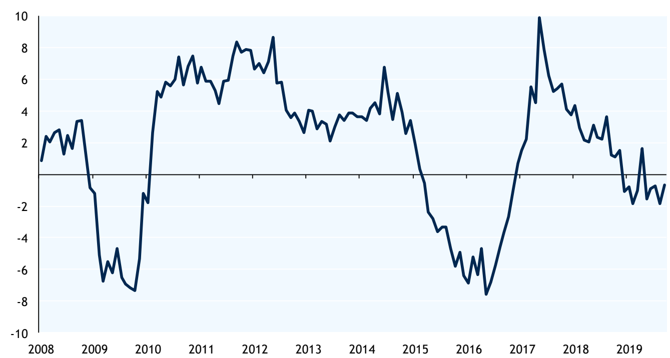


Source: Statistics Canada, RBC Economics

Events in 2019 illustrate well the province's new economic realities. Government-mandated cuts to oil production in response to bloated inventories and record-high local price discounts a year ago weighed heavily on the energy sector. While oil production didn't decline outright—in part due to the subsequent partial lifting of those cuts—investment by the sector did. Drilling activity fell. Legal challenges against the expansion of the Trans Mountain pipeline and more stringent federal environmental assessment regulations enacted this year added to the energy sector's gloom. Other parts of the economy felt the chill, including manufacturing, exports, housing and retail trade. The bottom line has been a virtual stalling of the provincial economy. We expect growth to be a puny 0.6% in 2019.

Alberta Activity Index

% Change - Year to Year



Source:Alberta Treasury Board and Finance, RBC Economics

There are good reasons to feel cautiously optimistic about Alberta's growth prospects in 2020. For one, the gradual lifting of mandated oil production cuts will set the stage for a significant increase energy output. Gains in existing pipeline efficiency, as well as the entry in operation of the Canadian section of Enbridge's the Line 3 pipeline will help, as will increasing crude-by-rail capacity. We expect capital investment to pick up, in part reflecting the ramping up of the Trans Mountain pipeline construction (though most of the work will take place in British Columbia). Corporate income tax cuts by the provincial government will also create a more favourable investment environment in the province. Expanding business activity augurs well for Alberta's labour market to progress faster. We expect employment growth to nearly double to 1.1% in 2020 and the jobless rate to ease marginally to 6.8% from 6.9% in 2019. This should gradually boost consumer confidence and bolster activity in the housing market. Housing construction, however, will continue to be challenged by high inventories in Edmonton and Calgary.

The outlook for 2021 is even more promising with growth projected to accelerate to 2.3% (ranking second only to British Columbia) though this rests heavily on an improving investment picture. And as Albertans know too well, much can alter that picture that's outside of their control.

Alberta forecast at a glance

% change unless otherw ise specified

	2017	2018	2019F	2020F	2021F
Real GDP	4.8	1.6	0.6	1.7	2.3
Nominal GDP	9.2	3.8	0.5	3.7	4.2
Employment	1.0	1.9	0.6	1.1	1.6
Unemployment Rate (%)	7.8	6.6	6.9	6.8	6.0
Retail Sales	7.1	2.0	-1.0	0.2	1.8
Housing Starts (Thousands of Units)	29.5	26.1	26.1	26.5	30.0
Consumer Price Index	1.5	2.5	1.6	1.2	1.3

Robert Hogue | Senior Economist | 416-974-6192 | robert.hogue@rbc.com

SASKATCHEWAN – Slow bounce back in activity

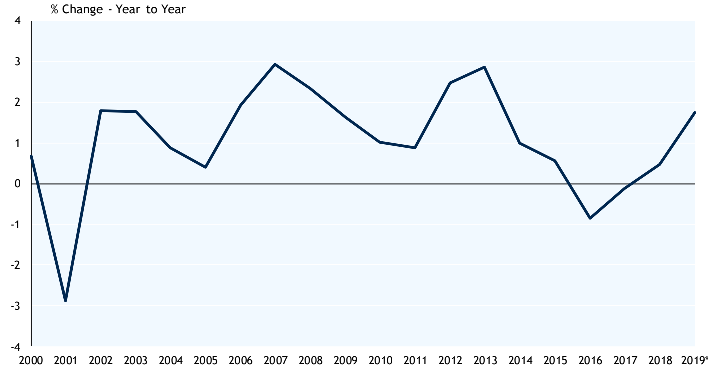
Stronger potash output will offset trade uncertainty as well as weakness in the oil sector.

Saskatchewan has had a tough year in 2019. The province was heavily exposed to trade actions that disproportionately affected some of its main exports (mainly canola and soybeans). Added to that was the general gloom in the oil and gas sector with market access issues hampering both exports and investment intentions. Things are poised to pick up in 2020 however. While material pipeline capacity expansion will have to wait until 2021, other resource sectors like potash will provide a boost as demand is expected to rise. We're assuming the status quo in trade relations between Canada and China, so any de-escalation would provide some upside to the outlook for 2020. We project the provincial economy to grow at 1.2% in 2020 and 1.9% in 2021, after a weak showing of 0.6% in 2019.

China's ban on imports of products like canola and soybeans, along with weaker crude oil production resulted in exports declining over 4% in 2019. The sentiment in the oil and gas sector has also been dampened by the inability to move product to market with the number of new oil wells drilled dropping by over 24% in 2019. While the sector won't be as much of a drag on activity in 2020, additional market access will only come online in 2021. The provincial government recently released a growth plan for the next decade, with trade diversification being a top priority. New trade offices are set to open in Japan, India and Singapore in 2020 which are aimed at finding new and expanded markets for Saskatchewan's agriculture products.

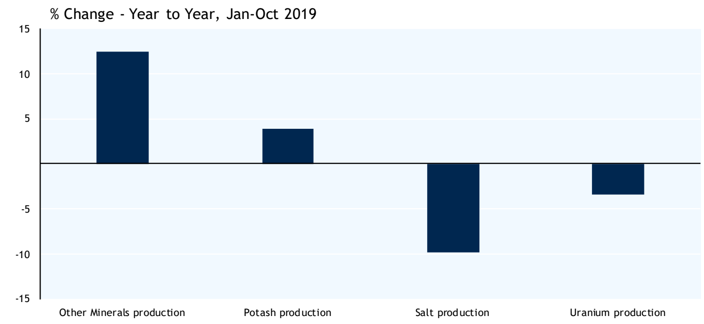
The other pillar of Saskatchewan's economy – mining – has had mixed fortunes this year. The permanent closure of the McArthur mine in 2018 means a weaker outlook for uranium output going forward. Higher potash prices have helped offset weaker production with demand (and prices) for the commodity expected to rise in 2020. The government's growth plan also pledged to encourage investment in the mining sector by reinstating provincial sales tax exemptions for exploratory and downhole drilling activity.

Saskatchewan: Employment growth



Source: Statistics Canada, RBC Economics
*Year-to-date 2019

Mineral production by commodity



Source: RBC Economics, Saskatchewan Ministry of Energy and Resources

The labour market has been the bright spot for the economy in 2019, with employment up 1.7% (ytd.)- a 6 year high for the province. Gains were led by the services sectors, although agriculture and manufacturing also experienced strong growth. This pace however will not be sustained into 2020, given how many people the province has been losing to other provinces as well as the continued weakness in several sectors. And despite above (Canadian) average wage gains, consumer-related activity has been weak. Retail sales contracted 0.8% over the first 9 months of 2019 experiencing the second worst performance in the country. Low interest rates should help fuel stronger consumer activity in 2020. Saskatchewan's housing market is forecast to stabilize after high inventories weighed on prices in 2019. With improved affordability, buyers should be less hesitant to enter the market. The one limiting factor however is on the demand side: population growth will be limited as the province continues to lose people to peers.

Saskatchewan forecast at a glance

% change unless otherwise specified

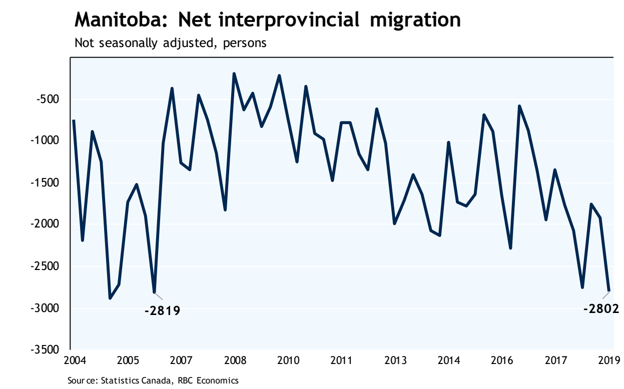
	2017	2018	2019F	2020F	2021F
Real GDP	1.7	1.3	0.6	1.2	1.9
Nominal GDP	5.1	1.4	2.0	3.0	3.9
Employment	-0.2	0.4	1.6	0.9	0.2
Unemployment Rate (%)	6.3	6.1	5.4	5.2	5.4
Retail Sales	4.1	-0.3	-0.2	0.8	1.5
Housing Starts (Thousands of Units)	4.9	3.6	2.4	4.0	6.0
Consumer Price Index	1.7	2.3	1.7	1.8	2.0

Ramya Muthukumaran | Economist | 416-974-7577 | ramya.muthukumaran@rbc.com

MANITOBA – More certainty on trade front would help

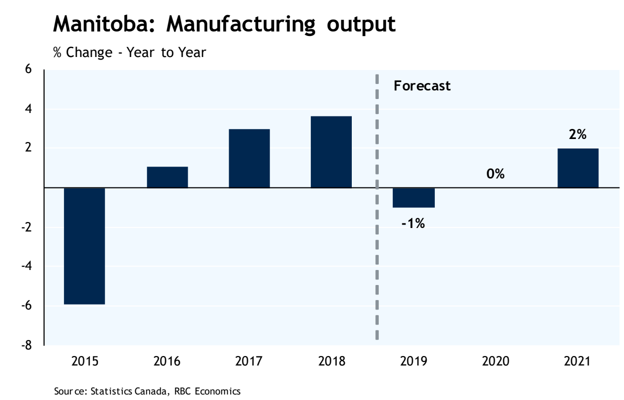
Both global and Canada specific trade uncertainty remains, but construction activity provides support.

Manitoba's economy experienced slower growth in 2019 amid difficult growing conditions and slower export growth. Things in 2020 could improve if a trade deal is struck between the U.S. and China, considering the province's close links to the U.S. economy. Non-residential construction activity has been relatively strong and will continue to provide some boost to growth into 2020. We expect growth for 2019 to register at 1.1% and pick up a little to 1.3% in 2020. A marginally faster pace will be maintained at 1.4% in 2021.



Manufacturing in Manitoba has been largely flat in 2019 as supply chains were disrupted by the US-China trade dispute. The international trade backdrop remains highly unpredictable but a potential deal to ease tensions between the US and China in 2020 could ease headwinds for industry. New pea and potato processing plants coming online in 2020 will provide additional upside. New plants and easing trade tensions still do nothing to increase the supply of labour, which businesses have also reported as a significant constraint on growth currently. As such we expect the manufacturing sector to be flat in 2020.

Labour supply constraints held back employment which grew just over 1% so far (mostly in full-time positions) with the unemployment rate averaging 5.4% year-to-date, down from 6% in the same period last year. Labour force growth has been muted in 2019 (0.3%).This in part reflects growing loss of population, as workers moved to other provinces. In fact, the net interprovincial outflow reached a 14-year high in the second quarter. Gains in the labour market will continue to be limited in 2020, as further loss of population to other provinces restrains growth in the labour force.



Manitoba has been one of the provinces bearing the brunt of an increase in bilateral Canada-China trade tensions – facing restrictions on several products they export including pork, canola and soybeans. China fell to third place in Manitoba's exports by country ranking for the first time in a decade in 2019. The news of the trade giant lifting its ban on Canadian pork and beef may come as some relief to the agriculture sector going forward, but other issues persist– canola and soybean exports still face restrictions. Manitoba was only one of two provinces to see a decline in farm cash receipts in the first three quarters of 2019. Despite these concerns, Manitoba's diversified industry mix buffered against any losses in exports, largely due to strong growth in pharmaceutical sales (up 60%). Better bilateral trade relations between China and Canada in 2020 would provide relief to the agriculture sector.

With only four mines left operating in the province, base metal price fluctuations haven't helped this year and the prospects for next year don't look particularly rosy either. An updated fund for mineral exploration called the Manitoba Mineral Development Fund (MMDF) by the government is providing $20 million as well as up to six percent of annual revenues under the Mining Tax Act. In addition, Vale recently announced a potential investment of $1 billion towards further exploration for nickel at its Thompson operations over the next five years, which would be welcome news for the industry. Things are looking chipper in the non-residential construction sector. Construction investment is up 7% so far. Prospects for next year also look equally promising - building permits are up a solid 30% suggesting strong activity continuing into the early months of 2020.

Manitoba forecast at a glance

% change unless otherwise specified

	2017	2018	2019F	2020F	2021F
Real GDP	3.1	1.3	1.1	1.3	1.4
Nominal GDP	5.7	2.2	2.4	3.2	3.3
Employment	1.7	0.6	0.9	0.2	0.4
Unemployment Rate (%)	5.4	6.0	5.4	5.6	5.8
Retail Sales	7.8	2.9	1.5	1.1	1.0
Housing Starts (Thousands of Units)	7.5	7.4	7.0	7.0	7.5
Consumer Price Index	1.6	2.5	2.2	1.6	1.6

Ramya Muthukumaran | Economist | 416-974-7577 | ramya.muthukumaran@rbc.com

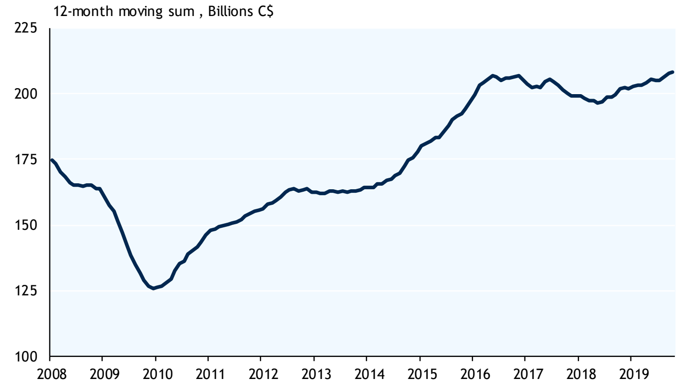
ONTARIO – Headwinds and tailwinds to leave growth steady

After outpacing most other provinces over the past five years, Ontario's economy is now closer to the middle of the pack. This will be no different in 2020, as trade headwinds and housing tailwinds leave growth little changed.

The long-running expansion is showing its age in Ontario. Consumers are running out of breath, businesses are becoming more nervous in the face of global trade turbulence and the provincial government is getting a tighter grip on its spending after a period of rapid increases. Overall conditions are still favourable but the economy is growing at a slower, more sustainable pace. For 2019, we expect growth to clock in at 1.7%, down from an average of 2.4% in the previous five years. Our outlook calls for little change in 2020 with a growth rate of 1.6% reflecting bleaker prospects for external trade offset by a recovering housing sector. Our initial take on 2021 has growth staying unchanged at 1.6%.

Ontario merchandise exports

12-month moving sum , Billions C$

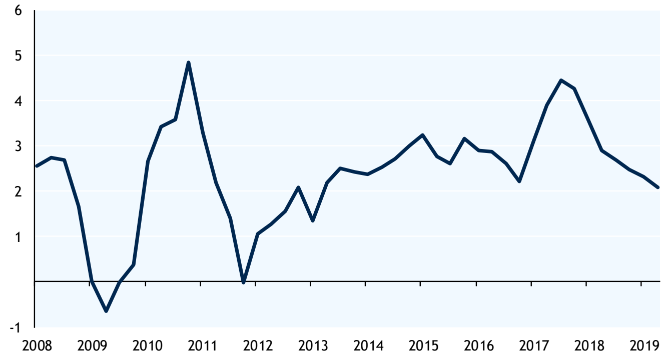


Source: Statistics Canada, RBC Economics

The souring of the global trade environment is a big deal for an open economy like Ontario. While provincial exports held up surprisingly well to date, the same can't be said for business investment. Business capital outlays fell 2.4% in the first half of 2019 following solid increases in the previous two years (especially for spending on machinery and equipment). Ontario businesses take many of their cues from abroad, and the softening in industrial production in the US and other markets has taken its toll on confidence. The next shoe to drop is likely to be manufacturing production, as the weakness in global supply chains drags demand down and the GM plant closure in Oshawa cuts auto production. The prospects for an inventory correction also points to some scaling back of output in the near-term. Clearly, the rise in protectionism globally will generate stiff headwinds for the provincial economy in the period ahead.

Ontario household consumption expenditure

% Change - Year to Year, Chained 2012.C$



Source: Statistics Canada, RBC Economics

Domestically, Ontarians will remain cautious. Consumer spending grew at its slowest pace in five years over the first half of 2019 (2.2%). The earlier rise in interest rates no doubt forced many households to tighten their belts. In fact, the increase in debt service costs resulting from higher rates proved to be too much for a growing number of them. Consumer insolvencies surged almost 16% in the first 10 months of 2019. We don't expect the situation to worsen materially in 2020—thanks to interest rates having come down since the start of 2019 and forecast to stay relatively flat in the period ahead—though high household debt will continue to be a source of vulnerability. We see little scope for Ontarians to loosen their purse strings in a meaningful way over the coming year.

A lower profile for interest rates and strong population growth, on the other hand, generate significant tailwind for the provincial housing market. Home resale activity in the Greater Toronto Area rebounded smartly since spring and prices are now tracking higher at an accelerating rate. We expect the market to continue to recover in 2020, propelling housing construction along with it. We project housing starts in the province to reach a 16-year high 80,500 units next year. Concerted efforts across all levels of government to boost housing supply are poised to keep home building at elevated levels in 2021 and beyond.

Ontario forecast at a glance

% change unless otherwise specified

	2017	2018	2019F	2020F	2021F
Real GDP	2.9	2.2	1.7	1.6	1.6
Nominal GDP	4.6	3.7	3.4	3.5	3.6
Employment	1.8	1.6	2.8	1.4	0.8
Unemployment Rate (%)	6.0	5.6	5.6	5.6	6.0
Retail Sales	7.7	4.4	2.9	2.4	2.2
Housing Starts (Thousands of Units)	79.1	78.7	70.8	80.5	82.0
Consumer Price Index	1.7	2.4	2.0	1.6	1.6

Robert Hogue | Senior Economist | 416-974-6192 | robert.hogue@rbc.com

QUEBEC – Well positioned to extend a winning streak

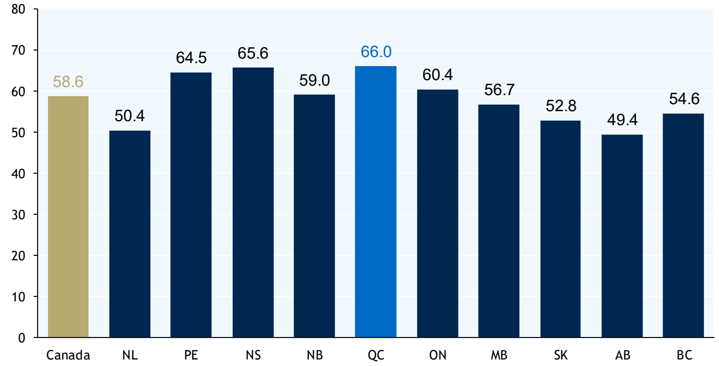
Quebec households and businesses are ready to take on 2020 with aplomb. And why wouldn't they. The provincial economy's impressive growth spurt shows few signs of wearing out and 2020 is set to be another stand-out year, if slightly more restrained.

Of course, the 2.0% growth rate we project for Quebec wouldn't be much to write home about if it weren't for the weaker state of affairs in other provinces. This will represent a slowdown from an average of 2.6% in the previous three years in the province—and from an upwardly revised 2.5% advance now expected in 2019. The moderation will largely reflect the more mature stage of the economic expansion with capital investment levelling off and labour shortages holding back some businesses in their pursuit of growth opportunities.

Still, Quebec's economy has shed its earlier reputation of a perennial under-performer. Many things are going in its favour. It has a highly educated and creative labour force. Its industrial base is diversified and currently experiencing broad-based growth. In fact, all major industrial sectors are contributing to the expansion, including manufacturing and mining. Quebec businesses are among the most confident in the country. Households are in a comparatively good financial shape, carrying lower debt levels than Albertans, Ontarians and British Columbians. The cost of living—including housing—is more affordable than many other parts of the country. And the impressive turnaround in the provincial government's budget situation—that produced record-high surpluses last year—opens the door to a more expansionary fiscal policy. Targeted spending increases and tax reductions are on their way.

Quebec: Small Business Confidence

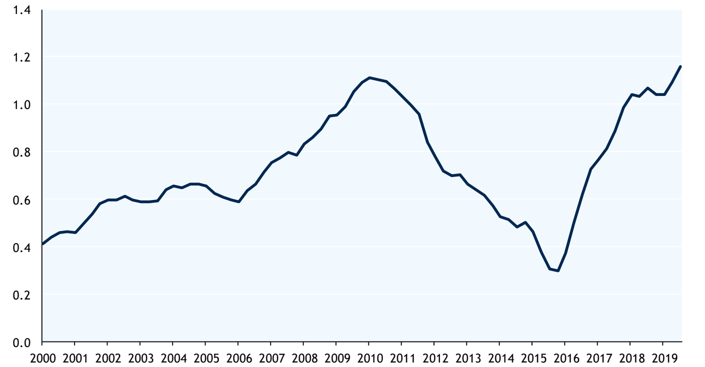
Diffusion index, > 50 means majority expects stronger performance, Jan-Oct 2019



Sources : Canadian Federation of Independent Business, RBC Econommics

Quebec: Population growth

% Change - Year to Year



Source: Statistics Canada, RBC Economics

So the provincial economy will start 2020 with a lot of wind in its sail. The latest monthly GDP estimates have growth running at a rate of slightly under 3% over the first eight months of 2019. Despite an unexpected drop in employment in November, demand for labour remains solid with 45,000 net new jobs created in the past 12 months (ending October) and job vacancies rising to a record high. A low unemployment rate and rising wages not only energize Quebec households but also attract migrants in growing numbers—pushing up population growth to its highest level in 30 years. The provincial housing market continues to be on a tear, with home resales reaching record-high levels and prices increasing at a solid clip. Appreciating property values, in turn, fuel a sense of affluence among existing homeowners.

We expect much of this momentum and confidence to carry into 2020, keeping Quebec's economic growth above the national average for a third-straight year. As the expansion matures, however, the pace will moderate gradually. A projected slowing in the US market will dim the outlook for provincial exports. We expect capital investment to level off, in part reflecting flat spending scheduled in the provincial government's 10-year infrastructure plan and elevated global economic uncertainty. Businesses' unfilled labour needs also will increasingly hamper their ability to expand. We expect these factors to restrain growth further to 1.6% in 2021.

Quebec forecast at a glance

% change unless otherwise specified

	2017	2018	2019F	2020F	2021F
Real GDP	2.8	2.5	2.5	2.0	1.6
Nominal GDP	5.0	4.8	4.0	3.8	3.4
Employment	2.2	0.9	1.7	1.1	0.2
Unemployment Rate (%)	6.1	5.5	5.1	5.2	5.9
Retail Sales	5.5	2.9	2.4	2.2	1.8
Housing Starts (Thousands of Units)	46.5	46.9	49.9	47.5	43.5
Consumer Price Index	1.1	1.7	2.1	1.7	1.6

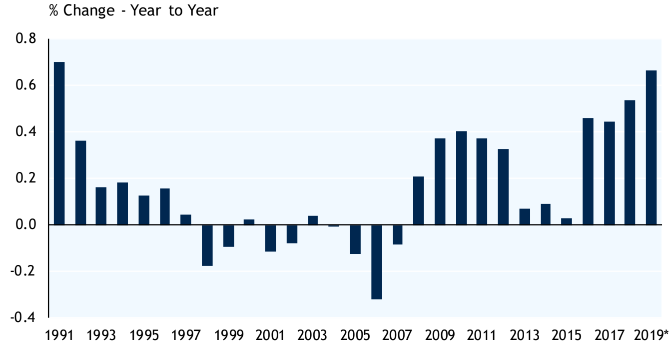
Robert Hogue | Senior Economist | 416-974-6192 | robert.hogue@rbc.com

NEW BRUNSWICK – Temporary lift to growth in 2020

Bounce back in exports in 2020 will boost growth while population gains continue.

We expect growth to accelerate to 1% in 2020 from the 0.7% projected for 2019, as refined oil product output ramps up after a refinery fire dampened output this year. Solid gains in the residential sector in 2019 helped offset some of the weakness in exports. Going forward, strong population gains should continue to boost the provincial economy. We project growth to stabilize to 0.8% in 2021.

New Brunswick: Population growth

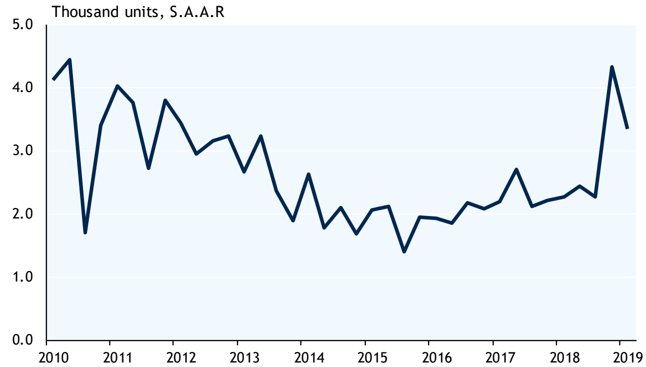


Source: Statistics Canada, RBC Economics
* First three quarters in 2019

Exports were hit with a double whammy in 2019. The refinery explosion at Irving Oil's Saint John facility in 2018 dampened refined oil product output earlier this year while U.S. trade tariffs on lumber products depressed exports of forestry products. Overall exports have fallen 3.5% year to date in 2019. While growth in refined oil products will likely pick up by the end of the year and into 2020, the prospect of the removal of the softwood lumber duties are still uncertain.

At first blush, the labour market appears to be stronger than in prior years. Employment has grown at 0.7% so far, which marks a 10 year high for the province. However, all of the growth has been in part-time positions and the unemployment rate is little changed at 8.1%. The province, as is the case with the rest of the Maritimes, has greatly benefitted from immigration. The population has grown 0.7% so far, a pace not seen since 1991. We expect this pace to continue into 2020 and prospects for growth after the end of the Atlantic Immigration Pilot (in 2021) also look positive. The government recently introduced a population growth plan for the next five years with the focus on attraction and retention of immigrants to help grow the local economy. This strategy should aid the continued contribution of immigration to job growth in 2020 and beyond.

New Brunswick: Housing starts



Source: CMHC, RBC Economics

While businesses have scaled back capital spending in the nonresidential sector in 2019, the residential sector is booming. Housing starts are up 30% so far this year while building permits have risen 15%. The province benefits from good affordability. According to RBC's Housing Affordability report, Saint John is the most affordable market that we track in Canada. We expect this combination of affordable housing, strong population gains and lower interest rates to continue to contribute to resale activity in 2020.

The government posted a larger than expected surplus in their most recent fiscal update due to stronger than expected revenues. More importantly, the province managed to reduce its net debt level for the first time since FY 06/07 which will provide fiscal space should uncertainties hamper economic growth in 2020.

New Brunswick forecast at a glance

% change unless otherwise specified

	2017	2018	2019F	2020F	2021F
Real GDP	2.2	0.8	0.7	1.0	0.8
Nominal GDP	4.4	3.2	2.4	2.5	2.3
Employment	0.4	0.3	0.7	-0.2	1.0
Unemployment Rate (%)	8.1	8.0	8.1	8.0	7.6
Retail Sales	6.8	1.7	1.1	1.1	1.0
Housing Starts (Thousands of Units)	2.3	2.3	3.0	3.6	2.6
Consumer Price Index	2.3	2.2	1.7	1.7	1.8

Ramya Muthukumaran | Economist | 416-974-7577 | ramya.muthukumaran@rbc.com

NOVA SCOTIA – As population grows, so does the economy

Like the rest of the Maritimes, Nova Scotia's economy is riding the immigration wave.

Nova Scotia's economy has geared down from 2018's solid 1.5% pace as lower capital investment on offshore oil projects and the end of natural gas production weigh on activity. In 2019, the slowing was limited by strong exports and consumer spending keeping the economy on track to grow by 1.3%. While population gains will continue to support growth going forward, the outlook for the primary sector continues to be uncertain. We expect Nova Scotia's economy to grow at a slightly slower 1.1% in 2020 and 1% in 2021.

Nova Scotia is enjoying the fastest population growth since 1986 which has coincided with strong demand for labour. Employment growth is running at a 15 year high of 2.3%. The strong demand pushed average weekly wages up 5.3% so far in 2019. We expect the province to continue to see positive international and interprovincial migration in 2020 which will keep household spending on an upward trajectory.

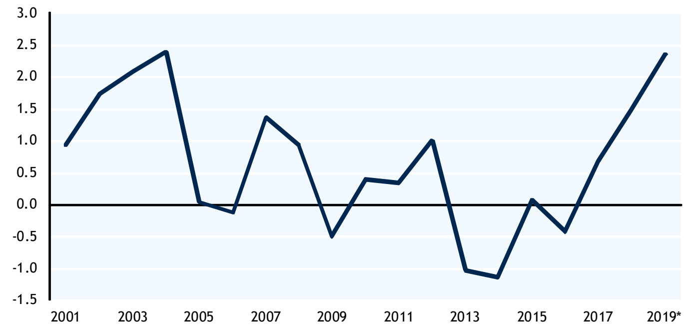
Increased population growth boosted Nova Scotia's housing market, with strong demand and limited inventory pushing prices in Halifax to record levels. The surge in demand resulted in a 15% jump in residential construction in the province and with building permits rising almost 30%, housing construction is poised to ramp up further in the year ahead. The pressure on housing could get hotter if the population continues to grow in 2020 as we expect.

Nova Scotia benefitted from the displacement of US seafood products out of China due to the ongoing trade dispute between the two countries. Exports and shipments of seafood products, consumer goods and motor vehicle parts posted large gains which more than made up for falling sales of forestry products. Trade increased with both the U.S. and China, with exports to China surging 26%. Looking ahead to 2020, ratification of the CUSMA, as well as the provincial government's efforts to strengthen trade with China and Europe should pay dividends. The construction work on a new air cargo logistics park in Halifax airport began in late 2019 and will add more transportation capacity for exports when it opens in 2021.

The one weak spot in the provincial economy is business investment, as the decommissioning work associated with two offshore natural gas projects that stopped production in 2018 winds down. On the public side however, the provincial government's capital plan released earlier this year will continue to boost infrastructure spending in FY 19/20 and beyond. Major highway projects as well as healthcare investments will begin in 2020 supporting economic activity in the province.

Nova Scotia: Employment growth

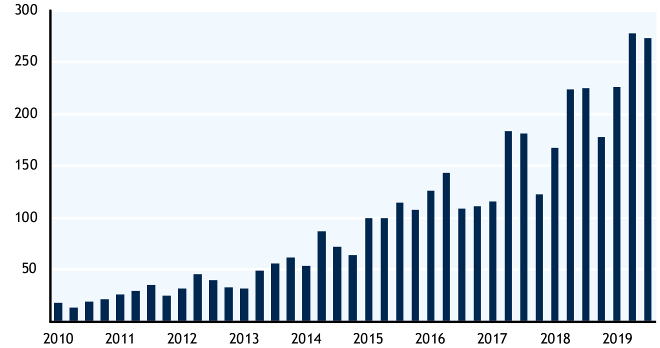
% Change - Year to Year



Source: Statistics Canada, RBC Economics
*Year-to-date 2019

Nova Scotia: Domestic exports to China

Millions of C$, NSA



Source: Statistics Canada, RBC Economics

Nova Scotia forecast at a glance

% change unless otherwise specified

	2017	2018	2019F	2020F	2021F
Real GDP	1.6	1.5	1.3	1.1	1.0
Nominal GDP	3.2	3.3	3.5	3.1	3.0
Employment	0.6	1.5	2.3	1.2	1.0
Unemployment Rate (%)	8.4	7.6	7.1	7.5	7.3
Retail Sales	7.8	0.3	3.3	2.5	1.8
Housing Starts (Thousands of Units)	4.0	4.8	4.5	4.7	4.5
Consumer Price Index	1.1	2.2	1.6	1.9	1.9

Ramya Muthukumaran | Economist | 416-974-7577 | ramya.muthukumaran@rbc.com

PRINCE EDWARD ISLAND – Mighty growth continues for the island

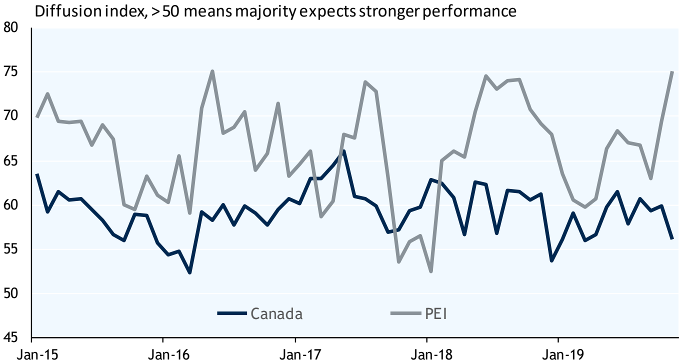
Strong exports and a surging population will keep the good times rolling

The elements that contributed to growth in the past two years - surging exports and residential investment, will be further supported by government spending on capital projects in 2020. After leading the country in terms of growth in 2019 at 2.8%, growth will moderate slightly going forward. Projected to grow by 2% in both years, PEI will be second in terms of provincial rankings in 2020 and third in 2021.

After leading the country in population growth for the third year in a row at 2.2% this year, we expect population growth to remain solid in 2020. Immigration will continue to rise as the Atlantic Immigration Pilot has been extended to 2021. And although growth in employment in 2019 is softer than has been over the last two years, it is still advancing at a respectable rate of 2.2% with all the gains in full-time positions. Not only has this boosted retail sales spending – which again leads the provinces at 3% - PEI is the only province where new motor vehicle sales have grown this year. The government's initiative to give islanders a break by increasing the basic personal tax amount as well as increasing the low income tax threshold should serve to boost consumer spending in 2020.

Prince Edward Island: Small business confidence

Diffusion index, >50 means majority expects stronger performance

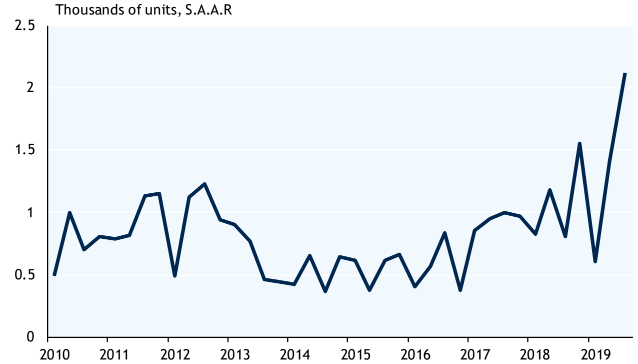


Source: RBC Economics, Canadian Federation of Independent Business

Positive demographic trends will continue to drive demand for new housing. The housing market seems to have responded to the record low rental vacancy rates in the province last year. Housing starts have jumped 20% so far in 2019. Residential construction has seen a meteoric rise – with the investment value in August 2019 more than doubling compared to a year ago.

Prince Edward Island: Housing Starts

Thousands of units, S.A.A.R



Source: CMHC, RBC Economics

Even trade – something that has been a point of contention for many parts of the country this year – has prospered on the island. Exports have grown over 10% year to date with strong activity in lobster exports, aerospace and consumer goods. After last year's inclement weather hampered potato yields, the harvest is looking more upbeat for 2019. What is interesting is the increasing importance of China as an export destination for the island – it currently is third in terms of export value for PEI. Merchandise exports to China have shot up 55% so far in 2019. This resulted from the trade spat between the U.S. and China (China was looking to find alternate markets after banning seafood products from the United States), so there might be some downside if the sanctions get lifted. To mitigate this risk, the province has undertaken a trade mission to China to encourage more diversification into the Asian market and we will be watching to see if these efforts to tap into new markets pay dividends next year.

The provincial government's capital spending is projected to go up in 2020 because the capital plan has been boosted. Small businesses are also feeling pretty upbeat on the island which bodes well for business spending and hiring.

Prince Edward Island forecast at a glance

% change unless otherwise specified

	2017	2018	2019F	2020F	2021F
Real GDP	4.4	2.6	2.8	2.0	2.0
Nominal GDP	5.3	4.2	5.0	4.0	3.9
Employment	3.1	3.0	2.4	1.3	0.4
Unemployment Rate (%)	9.8	9.4	8.9	8.7	8.9
Retail Sales	6.3	2.9	3.2	2.2	1.9
Housing Starts (Thousands of Units)	0.9	1.1	1.2	1.5	1.2
Consumer Price Index	1.8	2.3	1.2	1.9	1.8

Ramya Muthukumaran | Economist | 416-974-7577 | ramya.muthukumaran@rbc.com

NEWFOUNDLAND & LABRADOR - Not much to look forward to on The Rock

Oil spills restrained production this year, while construction projects sustain growth into 2020.

Newfoundland and Labrador is continuing to dig itself out of 2018's deep hole with the economy expected to grow 2.0% this year and 1.1% in 2020. The resource sector is poised to contribute more in 2020 as it bounces back after some production shutdowns this year. However a deteriorating demographic situation will continue to limit the economy's momentum in the years ahead.

The fall in the population that started in 2017 is both a symptom and a cause of the distresses in Newfoundland's economy. Net interprovincial migration continues to trend down with the largest number leaving the province in Q2 2019 since 2006. International immigration which has re-energized the Maritimes including neighboring PEI significantly, hasn't made a dent in Newfoundland & Labrador owing to the high rate at which the province has been losing people to counterparts. So far in 2019, the province has lost 3,760 people leaving the province 0.7% smaller.

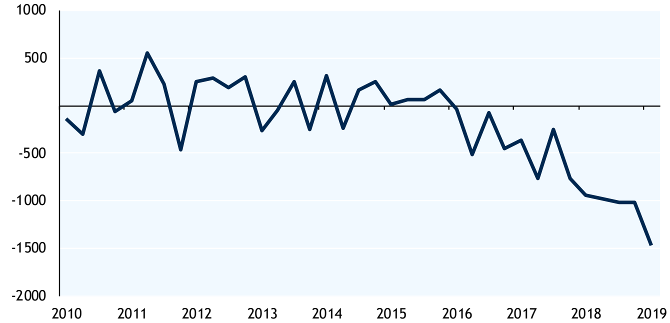
Employment however has risen 1.3% so far in 2019 with most of the growth in the resource and public administration sectors. The unemployment rate reached its lowest level in five years in October 2019 (11.1%) while wage growth has picked up to a healthy 3% pace. However the small improvement in the labour market hasn't translated into stronger consumer spending with retail sales down 1.1%, a lackluster performance for the second year in a row. The housing market is also acting as a drag on the economy with housing starts down 50% in the first 10 months of 2019. Given the province's demographic challenges, we don't expect this situation to improve in 2020.

Exports have grown just over 5% so far in 2019. Most of the growth, however, was due to iron ore exports – which have seen a noteworthy increase of almost 50%. However this is due to a lower baseline for 2018 when mine shutdowns dramatically dropped output. Energy product exports conversely shrunk 4% - something that is also reflected in production data. Oil production should ramp up in 2020, after three oil-spills over the past 12 months halted production for several months in Hibernia's offshore field.

With construction phase complete in Muskrat Falls, electricity generation is set to begin. Electricity costs will sky rocket to almost double the current rates without any government intervention. The cost of keeping electricity rates down for consumers will add more pressure to the government's already challenging fiscal situation. The public sector's contribution to growth is hence restrained with the provincial government cutting expenditures by 2.5% over the next three years as outlined in the 2019 budget. Clearly there aren't many growth avenues left for the province.

Newfoundland & Labrador: Net interprovincial migration

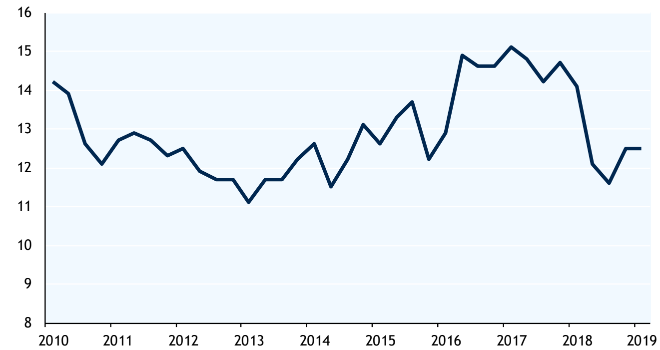
NSA, Persons



Source: Statistics Canada, RBC Economics

Newfoundland & Labrador: Unemployment rate

%



Source: Statistics Canada, RBC Economics

Newfoundland and Labrador forecast at a glance

% change unless otherwise specified

	2017	2018	2019F	2020F	2021F
Real GDP	0.4	-3.5	2.0	1.1	-0.5
Nominal GDP	3.7	1.7	3.3	3.3	1.6
Employment	-3.7	0.5	1.1	-1.0	-1.4
Unemployment Rate (%)	14.8	13.8	11.9	11.8	13.0
Retail Sales	2.4	-2.3	-0.5	-0.1	-1.1
Housing Starts (Thousands of Units)	1.4	1.1	0.8	0.7	0.6
Consumer Price Index	2.4	1.7	1.0	1.6	1.7

Ramya Muthukumaran | Economist | 416-974-7577 | ramya.muthukumaran@rbc.com

Forecast details

% change unless otherwise indicated

	Real GDP				Nominal GDP				Employment				Unemployment				Housing starts				Retail sales				CPI			
	18	19F	20F	21F	18	19F	20F	21F	18	19F	20F	21F	18	19F	20F	21F	18	19F	20F	21F	18	19F	20F	21F	18	19F	20F	21F
N.& L.	-3.5	2.0	1.1	-0.5	1.7	3.3	3.3	1.6	0.5	1.1	-1.0	-1.4	13.8	11.9	11.8	13.0	1.1	0.8	0.7	0.6	-2.3	-0.5	-0.1	-1.1	1.7	1.0	1.6	1.7
P.E.I	2.6	2.8	2.0	2.0	4.2	5.0	4.0	3.9	3.0	2.4	1.3	0.4	9.4	8.9	8.7	8.9	1.1	1.2	1.5	1.2	2.9	3.2	2.2	1.9	2.3	1.2	1.9	1.8
N.S.	1.5	1.3	1.1	1.0	3.3	3.5	3.1	3.0	1.5	2.3	1.2	1.0	7.6	7.1	7.5	7.3	4.8	4.5	4.7	4.5	0.3	3.3	2.5	1.8	2.2	1.6	1.9	1.9
N.B.	0.8	0.7	1.0	0.8	3.2	2.4	2.5	2.3	0.3	0.7	-0.2	1.0	8.0	8.1	8.0	7.6	2.3	3.0	3.6	2.6	1.7	1.1	1.1	1.0	2.2	1.7	1.7	1.8
QUE.	2.5	2.5	2.0	1.6	4.8	4.0	3.8	3.4	0.9	1.7	1.1	0.2	5.5	5.1	5.2	5.9	46.9	49.9	47.5	43.5	2.9	2.4	2.2	1.8	1.7	2.1	1.7	1.6
ONT.	2.2	1.7	1.6	1.6	3.7	3.4	3.5	3.6	1.6	2.8	1.4	0.8	5.6	5.6	5.6	6.0	78.7	70.8	80.5	82.0	4.4	2.9	2.4	2.2	2.4	2.0	1.6	1.6
MAN.	1.3	1.1	1.3	1.4	2.2	2.4	3.2	3.3	0.6	0.9	0.2	0.4	6.0	5.4	5.6	5.8	7.4	7.0	7.0	7.5	2.9	1.5	1.1	1.0	2.5	2.2	1.6	1.6
SASK.	1.3	0.6	1.2	1.9	1.4	2.0	3.0	3.9	0.4	1.6	0.9	0.2	6.1	5.4	5.2	5.4	3.6	2.4	4.0	6.0	-0.3	-0.2	0.8	1.5	2.3	1.7	1.8	2.0
ALTA.	1.6	0.6	1.7	2.3	3.8	0.5	3.7	4.2	1.9	0.6	1.1	1.6	6.6	6.9	6.8	6.0	26.1	26.1	26.5	30.0	2.0	-1.0	0.2	1.8	2.5	1.6	1.2	1.3
B.C.	2.6	2.1	2.4	2.7	4.5	4.5	4.8	4.8	1.1	2.7	0.5	0.8	4.7	4.7	5.0	5.1	40.9	44.3	35.0	34.0	2.0	0.6	0.9	1.2	2.7	2.4	1.5	1.4
CANADA	**2.0**	**1.7**	**1.6**	**1.7**	**3.9**	**3.8**	**3.6**	**3.7**	**1.3**	**2.1**	**0.9**	**0.7**	**5.8**	**5.7**	**5.8**	**6.0**	**213**	**210**	**211**	**212**	**2.9**	**1.7**	**1.7**	**1.8**	**2.3**	**2.0**	**1.6**	**1.8**

Key provincial comparisons

(2018 unless otherwise stated)

	Canada	NL	PE	NS	NB	QC	ON	MB	SK	AB	BC
Population (000s, 2018)	**37,589**	522	157	971	777	8,485	14,567	1,369	1,174	4,371	5,071
Gross domestic product ($ billions)	**2,223.9**	33.2	7.0	44.4	37.0	439.4	857.4	72.7	80.7	344.8	295.4
Real GDP ($2012 billions)	**2,058.1**	32.4	6.3	40.2	33.2	394.9	778.5	67.4	86.6	346.5	264.1
Share of provincial GDP of Canadian GDP (%)	**100.0**	1.5	0.3	2.0	1.7	19.8	38.6	3.3	3.6	15.5	13.3
Real GDP growth (CAGR, 2013-18, %)	**1.9**	-0.8	2.1	1.3	0.9	1.9	2.4	1.8	0.8	0.9	3.0
Real GDP per capita ($ 2012)	**55,538**	61,655	41,111	41,948	43,059	47,077	54,371	49,824	74,462	80,563	52,800
Real GDP growth rate per capita (CAGR, 2013-18, %)	**0.8**	-0.8	0.8	0.9	0.6	1.2	1.3	0.5	-0.3	-0.6	1.4
Personal disposable income per capita ($)	**33,310**	31,665	29,241	30,145	30,108	29,924	33,488	29,943	33,357	38,872	35,749
Employment growth (CAGR, 2013-18, %)	**1.1**	-1.5	0.5	0.1	0.0	1.0	1.2	0.7	0.2	0.9	1.9
Employment rate (Nov. 2019, %)	**61.7**	51.6	60.8	57.5	55.9	61.1	61.5	62.5	65.1	65.9	61.8
Discomfort index (inflation + unemp. rate, October 2019)	**7.4**	11.6	9.5	9.0	9.4	7.3	7.0	7.5	6.7	8.3	6.9
Manufacturing industry output (% of GDP)	**10.4**	4.0	10.6	7.8	10.7	14.1	12.2	9.8	6.4	8.5	7.1
Personal expenditures on goods & services (% of GDP)	**56.4**	52.1	66.4	70.7	65.4	57.4	57.8	58.1	48.0	46.3	62.7
International exports (% of GDP)	**32.1**	45.2	22.7	17.9	39.1	29.6	34.1	24.6	40.8	35.8	25.3

Forecast Details

% change unless otherwise specified

British Columbia

	2013	2014	2015	2016	2017	2018	2019F	2020F	2021F
Real GDP	2.2	3.7	2.0	2.8	3.7	2.6	2.1	2.4	2.7
Nominal GDP	3.4	5.6	2.8	5.2	7.1	4.5	4.5	4.8	4.8
Employment	0.1	0.6	1.2	3.2	3.7	1.1	2.7	0.5	0.8
Unemployment Rate (%)	6.6	6.1	6.2	6.0	5.1	4.7	4.7	5.0	5.1
Retail Sales	2.8	6.3	7.0	7.7	9.3	2.0	0.6	0.9	1.2
Housing Starts (Thousands of Units)	27.1	28.4	31.4	41.8	43.7	40.9	44.3	35.0	34.0
Consumer Price Index	-0.1	1.0	1.1	1.9	2.1	2.7	2.4	1.5	1.4

Alberta

	2013	2014	2015	2016	2017	2018	2019F	2020F	2021F
Real GDP	5.7	5.9	-3.7	-3.5	4.8	1.6	0.6	1.7	2.3
Nominal GDP	9.6	10.0	-14.0	-6.1	9.2	3.8	0.5	3.7	4.2
Employment	2.5	2.2	1.2	-1.6	1.0	1.9	0.6	1.1	1.6
Unemployment Rate (%)	4.6	4.7	6.0	8.1	7.8	6.6	6.9	6.8	6.0
Retail Sales	7.2	7.9	-4.0	-1.1	7.1	2.0	-1.0	0.2	1.8
Housing Starts (Thousands of Units)	36.0	40.6	37.3	24.5	29.5	26.1	26.1	26.5	30.0
Consumer Price Index	1.4	2.6	1.2	1.1	1.5	2.5	1.6	1.2	1.3

Saskatchewan

	2013	2014	2015	2016	2017	2018	2019F	2020F	2021F
Real GDP	6.5	2.0	-0.8	-0.1	1.7	1.3	0.6	1.2	1.9
Nominal GDP	6.7	-0.4	-3.9	-5.0	5.1	1.4	2.0	3.0	3.9
Employment	3.1	1.0	0.5	-0.9	-0.2	0.4	1.6	0.9	0.2
Unemployment Rate (%)	4.1	3.8	5.0	6.3	6.3	6.1	5.4	5.2	5.4
Retail Sales	5.2	4.7	-3.3	1.5	4.1	-0.3	-0.2	0.8	1.5
Housing Starts (Thousands of Units)	8.3	8.3	5.1	4.8	4.9	3.6	2.4	4.0	6.0
Consumer Price Index	1.4	2.4	1.6	1.1	1.7	2.3	1.7	1.8	2.0

Manitoba

	2013	2014	2015	2016	2017	2018	2019F	2020F	2021F
Real GDP	2.9	2.1	1.2	1.4	3.1	1.3	1.1	1.3	1.4
Nominal GDP	4.2	3.1	2.5	2.1	5.7	2.2	2.4	3.2	3.3
Employment	0.7	0.1	1.6	-0.4	1.7	0.6	0.9	0.2	0.4
Unemployment Rate (%)	5.4	5.4	5.6	6.1	5.4	6.0	5.4	5.6	5.8
Retail Sales	3.8	4.2	1.3	3.7	7.8	2.9	1.5	1.1	1.0
Housing Starts (Thousands of Units)	7.5	6.2	5.5	5.3	7.5	7.4	7.0	7.0	7.5
Consumer Price Index	2.3	1.8	1.2	1.3	1.6	2.5	2.2	1.6	1.6

Ontario

	2013	2014	2015	2016	2017	2018	2019F	2020F	2021F
Real GDP	1.4	2.5	2.5	2.1	2.9	2.2	1.7	1.6	1.6
Nominal GDP	2.3	4.4	4.6	4.0	4.6	3.7	3.4	3.5	3.6
Employment	1.8	0.8	0.7	1.1	1.8	1.6	2.8	1.4	0.8
Unemployment Rate (%)	7.6	7.3	6.8	6.5	6.0	5.6	5.6	5.6	6.0
Retail Sales	2.7	5.7	5.3	6.9	7.7	4.4	2.9	2.4	2.2
Housing Starts (Thousands of Units)	61.1	59.1	70.2	75.0	79.1	78.7	70.8	80.5	82.0
Consumer Price Index	1.1	2.3	1.2	1.8	1.7	2.4	2.0	1.6	1.6

Forecast Details

% change unless otherwise specified

Quebec

	2013	2014	2015	2016	2017	2018	2019F	2020F	2021F
Real GDP	1.3	1.6	0.9	1.6	2.8	2.5	2.5	2.0	1.6
Nominal GDP	3.0	3.0	2.9	3.0	5.0	4.8	4.0	3.8	3.4
Employment	1.4	0.0	0.9	0.9	2.2	0.9	1.7	1.1	0.2
Unemployment Rate (%)	7.6	7.7	7.6	7.1	6.1	5.5	5.1	5.2	5.9
Retail Sales	3.0	2.6	1.9	6.6	5.5	2.9	2.4	2.2	1.8
Housing Starts (Thousands of Units)	37.8	38.8	37.9	38.9	46.5	46.9	49.9	47.5	43.5
Consumer Price Index	0.8	1.4	1.1	0.7	1.1	1.7	2.1	1.7	1.6

New Brunswick

	2013	2014	2015	2016	2017	2018	2019F	2020F	2021F
Real GDP	-0.3	0.1	0.7	0.8	2.2	0.8	0.7	1.0	0.8
Nominal GDP	0.3	1.8	3.1	2.6	4.4	3.2	2.4	2.5	2.3
Employment	0.4	-0.2	-0.6	-0.1	0.4	0.3	0.7	-0.2	1.0
Unemployment Rate (%)	10.3	10.0	9.8	9.6	8.1	8.0	8.1	8.0	7.6
Retail Sales	0.7	3.7	2.2	2.1	6.8	1.7	1.1	1.1	1.0
Housing Starts (Thousands of Units)	2.8	2.3	2.0	1.8	2.3	2.3	3.0	3.6	2.6
Consumer Price Index	0.8	1.5	0.5	2.2	2.3	2.2	1.7	1.7	1.8

Nova Scotia

	2013	2014	2015	2016	2017	2018	2019F	2020F	2021F
Real GDP	-0.3	1.0	0.7	1.6	1.6	1.5	1.3	1.1	1.0
Nominal GDP	2.1	2.9	2.2	2.2	3.2	3.3	3.5	3.1	3.0
Employment	-1.1	-1.1	0.1	-0.4	0.6	1.5	2.3	1.2	1.0
Unemployment Rate (%)	9.1	8.9	8.6	8.3	8.4	7.6	7.1	7.5	7.3
Retail Sales	3.2	2.8	0.2	4.7	7.8	0.3	3.3	2.5	1.8
Housing Starts (Thousands of Units)	3.9	3.1	3.8	3.8	4.0	4.8	4.5	4.7	4.5
Consumer Price Index	1.2	1.7	0.4	1.2	1.1	2.2	1.6	1.9	1.9

Prince Edward Island

	2013	2014	2015	2016	2017	2018	2019F	2020F	2021F
Real GDP	1.8	0.1	1.4	2.1	4.4	2.6	2.8	2.0	2.0
Nominal GDP	3.2	1.6	3.9	4.7	5.3	4.2	5.0	4.0	3.9
Employment	1.4	-0.1	-1.2	-2.2	3.1	3.0	2.4	1.3	0.4
Unemployment Rate (%)	11.5	10.6	10.5	10.8	9.8	9.4	8.9	8.7	8.9
Retail Sales	0.9	3.5	2.6	7.3	6.3	2.9	3.2	2.2	1.9
Housing Starts (Thousands of Units)	0.6	0.5	0.6	0.6	0.9	1.1	1.2	1.5	1.2
Consumer Price Index	2.0	1.6	-0.6	1.2	1.8	2.3	1.2	1.9	1.8

Newfoundland and Labrador

	2013	2014	2015	2016	2017	2018	2019F	2020F	2021F
Real GDP	5.3	-1.2	-1.2	1.5	0.4	-3.5	2.0	1.1	-0.5
Nominal GDP	7.6	-0.6	-9.2	1.1	3.7	1.7	3.3	3.3	1.6
Employment	0.8	-1.7	-1.0	-1.5	-3.7	0.5	1.1	-1.0	-1.4
Unemployment Rate (%)	11.6	11.9	12.8	13.4	14.8	13.8	11.9	11.8	13.0
Retail Sales	5.2	3.7	0.7	0.4	2.4	-2.3	-0.5	-0.1	-1.1
Housing Starts (Thousands of Units)	2.9	2.1	1.7	1.4	1.4	1.1	0.8	0.7	0.6
Consumer Price Index	1.7	1.9	0.4	2.7	2.4	1.7	1.0	1.6	1.7

The material contained in this report is the property of Royal Bank of Canada and may not be reproduced in any way, in whole or in part, without express authorization of the copyright holder in writing. The statements and statistics contained herein have been prepared by RBC Economics Research based on information from sources considered to be reliable. We make no representation or warranty, express or implied, as to its accuracy or completeness. This publication is for the information of investors and business persons and does not constitute an offer to sell or a solicitation to buy securities.