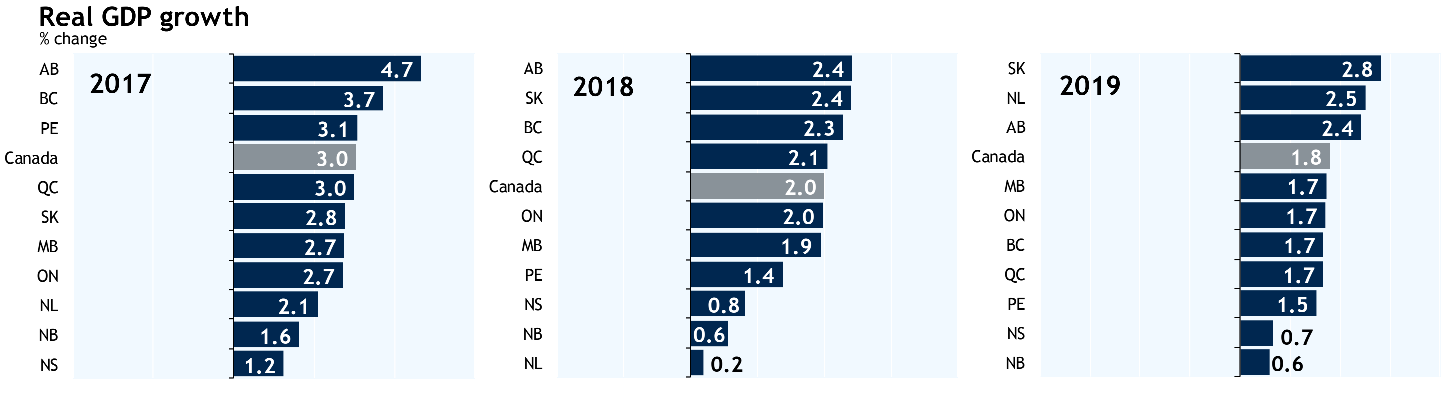
PROVINCIAL OUTLOOK
June 14, 2018

Economic growth receding from sea to sea in 2018

- **Economic Growth is Slowing:** All 10 provinces are expected to see their economic growth rate slow compared with last year.
- **The Oil Producers are catching up:** Energy-producing provinces will make progress catching up with the rest of the country over the next two years, and will top the growth tables as they do.
- **Tight labour markets** will stay tight across the country, keeping the unemployment rate low and stoking wage growth.
- **Trade war looms:** A strengthening US economy should support export growth, but the risk of trade protectionism remains fraught for some industries and provinces.

Canada's economy has reached its capacity limits and is growing near its long-run potential. After growing by 3.0% in 2017, we expect Canadian growth will slow toward its long-run trend rate over the next two years. In a sense, slowing growth reflects the economy's underlying strength as a low unemployment rate means there are fewer workers left to absorb and as the housing market cools to more sustainable levels. Facing an at-capacity economy, the Bank of Canada is keeping its tone on interest rates hawkish but emphasizes that the pace of hikes will be gradual. Concerns around trade policy have featured prominently in the Bank of Canada's thinking and will undoubtedly continue to do so given recent tariffs and this month's inauspicious G7 meeting in Quebec. When concerns over competiveness and high household debt are added to a higher estimate of the economy's potential growth rate, we think the Bank of Canada will err on keeping its hiking cycle behind that of the Federal Reserve.

The gradual removal of monetary stimulus and the moderating growth that attends it are playing out differently across the provinces. In Ontario, Quebec, and British Columbia, a spate of strong growth and easy monetary policy has greatly diminished any remaining economic slack. In all three provinces, the unemployment rate is currently one and a half percentage points below the long-run average, highlighting pressures on available labour. Yet, these provinces' governments are spending more and signs of rising investment may herald still-strong growth ahead. Alberta and Saskatchewan's economies are still recovering from the 2015 oil price slump. While the outlook for investment in the all-important oil and gas sector remains uncertain, we expect those economies to strengthen in the coming two years and to top the provincial growth tables as they do. In Manitoba, a stronger outlook for manufacturing will help sustain growth near the national average. The Maritime economies will grow near their potential rates as a dimmer outlook for their labour forces and investment offsets strong external demand. Finally, we expect Newfoundland and Labrador to effectively stall this year after posting surprisingly strong growth in 2017.



Source: Statistics Canada, RBC Economics Research

Gerard Walsh | Economist | 416-974-6525 | gerard.walsh@rbc.com
Paul Ferley | Assistant Chief Economist | 416-974-7231 | paul.ferley@rbc.com
Robert Hogue | Senior Economist | 416-974-6192 | robert.hogue@rbc.com
Nathan Janzen | Senior Economist | 416-974-0579 | gerard.walsh@rbc.com
Rannella Billy-Ochieng' | Economist | 416-974-8840 | rannella.billy-ochieng@rbc.com

BRITISH COLUMBIA – A housing-led growth slowdown

Over the past three years, residential investment has accounted for nearly one-third of British Columbia's growth. Residential investment spending has been powered by population growth and tight supply. While those engines will remain in place, the recent pace of activity is unsustainable.

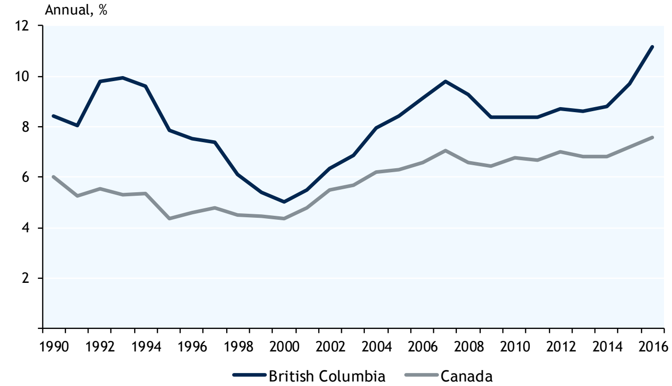
British Columbia has been among Canada's growth leaders over most of the past decade and preliminary data from Statistics Canada shows the provincial economy grew at its fastest pace since the recession in 2017. We expect somewhat slower, but still above-trend, growth to continue through 2018. Looking to 2019, British Columbia's growth will slow toward the national average as a tight labour market curtails employment growth and impediments to investment and trade growth weigh on the outlook. After growing by an estimated 3.7% in 2017, we forecast the economy to grow by 2.3% in 2018 and 1.7% in 2019.

Part of the reason for British Columbia's strong performance over the past several years is its housing sector. Over the past three years, residential investment has accounted for nearly one-third of British Columbia's growth. Residential investment spending has been powered by population growth and tight supply. While those engines will remain in place, the recent pace of activity is unsustainable. New stringent mortgage rules and a host of new housing taxes introduced in Budget 2018, coupled with the market's sheer lack of affordability in the face of rising interest rates will slow demand at a time when units under construction are at a record level, cooling investment going forward.

The outlook for non-residential investment is also dimmer this year. Preliminary indicators from Statistics Canada suggests that capital spending will be lower in 2018 and the recent furor over the Trans Mountain pipeline extension may cause firms to second guess other investments in the oil and gas sector. Squabbling between governments jeopardized the construction of the multi-billion dollar project which followed on the cancellation of other projects in the sector. Nevertheless, as this report goes to press the Trans Mountain pipeline seems likely to be built with the federal government buying the project, and investment will continue on a number of other major projects including Site C hydroelectric dam. Outside of the oil and gas and utilities sector, investment in other sectors may suffer from concerns over trade. Countervailing and antidumping duties on softwood lumber, tariffs on aluminum and steel, and an uncertain outlook for NAFTA may affect investment planning.

Strong economic growth has been attended by impressive job creation and a declining unemployment rate which reached a ten-year low of 4.6% in December 2017. While job growth has slowed markedly so far in 2018, we expect labour markets to remain tight in the province keeping upward pressure on wages. Wages and employment will also be supported by government action including scheduled increases in the minimum wage and a strong profile for government spending. Young families will get some relief as the provincial government ramp up subsidies for childcare. This will help offset the blow from record gasoline prices driven in part by an increase in the carbon tax.

Residential investment as a share of GDP



Source: Statistics Canada, RBC Economics Research

British Columbia: Unemployment rate

Source: Statistics Canada, RBC Economics Research

British Columbia forecast at a glance

% change unless otherwise specified

	2015	2016	2017F	2018F	2019F
Real GDP	3.5	3.5	3.7	2.3	1.7
Nominal GDP	4.0	4.8	6.0	4.1	3.9
Employment	1.2	3.2	3.7	1.1	0.9
Unemployment Rate (%)	6.2	6.0	5.2	5.0	5.1
Retail Sales	7.0	7.7	9.3	4.3	3.9
Housing Starts (thous of units)	31.4	41.8	43.7	41.8	38.0
Consumer Price Index	1.1	1.9	2.1	2.6	2.2

Gerard Walsh | Economist | 416-974-6525 | gerard.walsh@rbc.com

ALBERTA - Progressing towards full recovery

The province has begun to attract net migrants from the rest of the country, oil production is growing, the manufacturing sector is bouncing back, and firms are hiring at a good clip again. However, a dearth in new oil sands investment and slack in the housing market shows the province's economy has ground to recover.

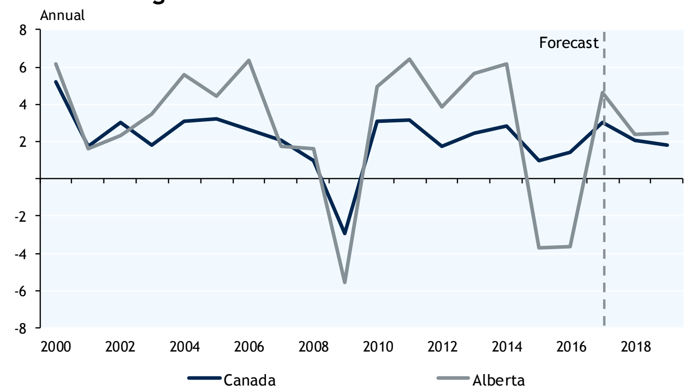
We expect Alberta's recovery from its 2015-2016 recession to continue, albeit at a slower pace, over the next two years. The province has begun to attract net migrants from the rest of the country, oil production is growing, the manufacturing sector is bouncing back, and firms are hiring at a good clip again. However, a dearth in new oil sands investment and slack in the housing market shows the province's economy has ground to recover. After growing at an estimated 4.7% in 2017, we expect Alberta's economy to expand by 2.4% in both 2018 and 2019.

Alberta endured a two-year long recession in 2015 and 2016 caused by a dramatic pullback in oil and gas investment. Since that time, eyes have been on oil prices and investment intentions as a bellwether for Alberta's full economic recovery and, so far, the news has been mixed. While oil production has continued to grow, investment spending in the oil and gas sector is expected to be broadly flat in 2018. There are tentative indications of a modest recovery beginning in 2019, but to a level far below the highs of 2013 and 2014. Future investment plans may be affected by concerns about pipeline and other transportation constraints. A number of multi-billion dollar projects are in the pipeline, including Keystone XL, which will alleviate those supply constraints over time, and will add to GDP as they are built. However, according to RBC Equity Research, it will be several years before new pipelines obviate the need for expensive rail transport to ship oil out of the province. Alberta's manufacturing sector – hard hit during 2015-16 due to its strong connection to oil and gas – shows welcome signs of rebounding. Manufacturing shipments, when petroleum and coal products are excluded, is up more than 4% so far this year and manufacturing employment is up 14% year to date.

The doldrums in oil and gas investment notwithstanding, Alberta's economy is on the upswing. We expect the province to lead the country in job growth this year and remain on track for a substantial decline in its unemployment rate over time. The ongoing recovery in the labour market will occur despite a rapidly growing labour force as the province remains a top destination for immigrants and once again becomes a favored destination for Canadians moving from other provinces. Over time, a growing population and increasingly healthy labour market will help take up the slack in the housing market. Housing inventories are high, giving buyers an advantage in the province's housing markets and keeping price growth and new construction muted.

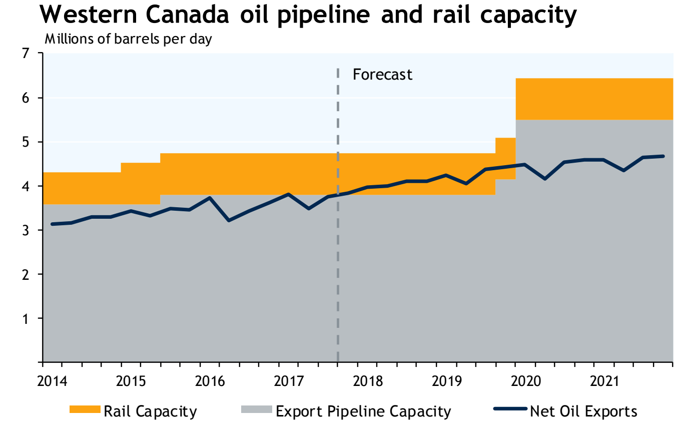
The provincial government is leaning into the province's economic recovery through an expansive fiscal policy. While government capital spending has been scaled back, the province's most recent budget continues to project a large deficit of $8.8 billion in 2018-19, little changed from $9.1 billion in 2017-18.

Real GDP growth



Source: Statistics Canada, RBC Economics Research

Western Canada oil pipeline and rail capacity



Source: RBC Global Energy Research

Alberta forecast at a glance

% change unless otherwise specified

	2015	2016	2017F	2018F	2019F
Real GDP	-3.7	-3.7	4.7	2.4	2.4
Nominal GDP	-12.0	-4.9	8.8	6.5	4.6
Employment	1.2	-1.6	1.0	1.9	1.7
Unemployment Rate (%)	6.0	8.2	7.8	6.6	6.5
Retail Sales	-4.0	-1.1	7.1	4.0	5.0
Housing Starts (thous of units)	37.3	24.5	29.5	27.2	29.0
Consumer Price Index	1.2	1.1	1.5	2.4	2.0

Gerard Walsh | Economist | 416-974-6525 | gerard.walsh@rbc.com

SASKATCHEWAN – Strength in natural resource sectors converge

Growth in the Saskatchewan economy is expected to remain above the national average this year and next rising to 2.4% and 2.8%, respectively. This above-average strength results from a number of key natural resource sectors showing solid growth over the next two years.

Growth in the Saskatchewan economy is expected to remain above the national average this year and next rising to 2.4% and 2.8%, respectively. This would represent slight moderation from the 2.8% gain recorded in 2017. This above-average strength results from a number of key natural resource sectors showing solid growth over the next two years. However, indications of continued weakness in employment imply some downside risk as the sizeable job losses through 2016 have been slow to reverse.

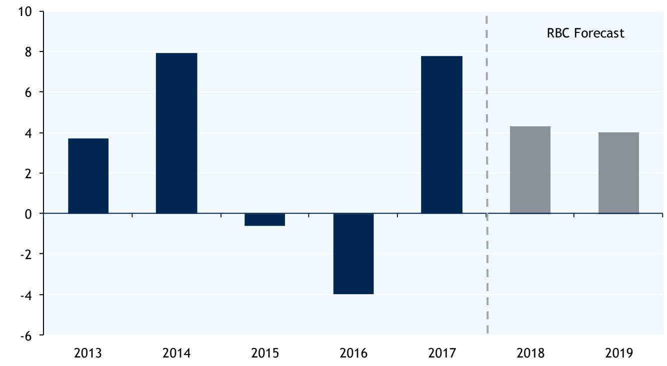
The solid growth in 2017 was driven in large part by a recovery in the mining sector with activity up almost 8% after a 4% decline in 2016. This in part reflected crude oil production turning higher with the slight improvement in oil prices last year. However, it is of note that Saskatchewan's energy sector did not rebound as quickly as Alberta's. The mining sector was also helped in 2017 by a strong rebound in potash production. With oil prices projected to trend modestly higher in the period ahead, our forecast assumes that oil production will continue to rise at a solid rate this year and next. As well, we are assuming that potash production will strengthen further with demand being abetted by current low prices and an expected modest strengthening in agricultural production globally.

The solid increase in 2017 GDP occurred despite a decline in agricultural production with dry growing conditions weighing on last year's harvest. Our forecast for 2018 and 2019 assumes more normal growing conditions that allow the agricultural sector to return to positive growth. That said, reports of dry conditions at the start of the crop year have resulted in our forecast assuming less of a rebound than what was assumed last quarter. This was a key factor contributing to our projected 2018 growth forecast being lowered from a 2.9% rate assumed last quarter.

An additional factor contributing to a slightly lower 2018 GDP growth outlook are indications of flat to declining employment growth. The pace of decline slowed last year to just 0.2% though it implies no reversal of any of the almost 1% drop recorded in 2016 where labour markets were buffeted by weakness in the energy sector. Despite the recovery in oil production in 2017, labour markets failed to reverse any of those job losses with this pattern continuing into early 2018. However our forecast assumes that the sustained strength in the mining sector should start to contribute to increased hiring with employment for all of 2018 expected to eke out a 0.3% gain. The increase is expected to strengthen further in 2019 with employment rising 0.8%. A failure of labour markets to show greater strength would imply a downside risk to our forecasted GDP growth outlook.

Saskatchewan: Mining sector output

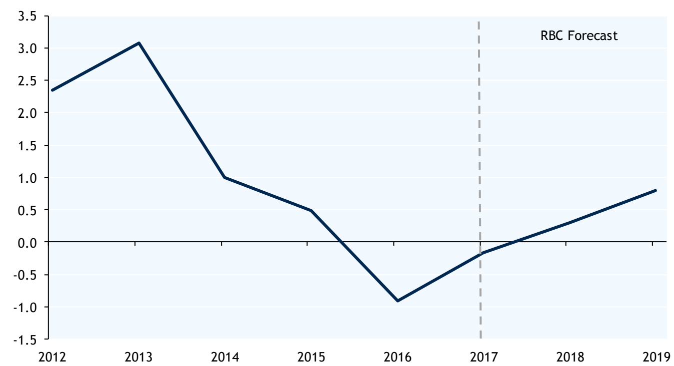
Year-over-year % change, constant $



Source: Statistics Canada, RBC Economics Research

Saskatchewan: Employment

Year-over-year % change



Source: Statistics Canada, RBC Economics Research

Saskatchewan forecast at a glance

% change unless otherw ise specified

	2015	2016	2017F	2018F	2019F
Real GDP	-1.0	-0.5	2.8	2.4	2.8
Nominal GDP	-5.4	-4.0	6.4	5.9	4.5
Employment	0.5	-0.9	-0.2	0.3	0.8
Unemployment Rate (%)	5.0	6.3	6.3	6.1	5.7
Retail Sales	-3.3	1.5	4.1	4.4	4.5
Housing Starts (thous of units)	5.1	4.8	4.9	4.4	5.4
Consumer Price Index	1.6	1.1	1.7	2.5	2.3

Paul Ferley | Assistant Chief Economist | 416-974-7231 | paul.ferley@rbc.com

MANITOBA – Welcome strength in manufacturing emerges

The Manitoba economy is expected to grow close to the national average over the forecast rising 1.9% and 1.7% this year and next, respectively. Offsetting indications of slowing growth in agriculture, mining and construction are signs that the recovery in the manufacturing sector continues to gain traction early in 2018.

The Manitoba economy is expected to grow close to the national average over the forecast rising 1.9% and 1.7% this year and next, respectively. This will, however, represent a slowing from the robust 2.7% gain recorded in 2017. The projected moderation in growth is consistent with indications of a slower pace of employment growth in the province.

In contrast to some adverse growing conditions in neighbouring provinces, Manitoba enjoyed a solid increase in agricultural production of almost 9% in 2017. However, an assumed return to more normal weather conditions is expected to result in this growth rate easing over the forecast. The projected increase in 2018 has in fact been trimmed relative to last quarter on some recent indications of dry growing conditions early in the crop year.

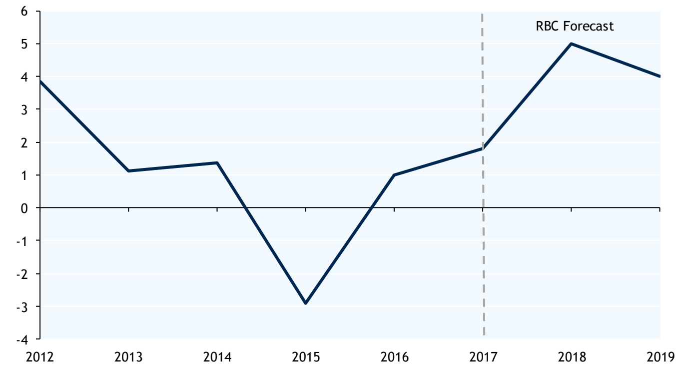
Growth in 2017 was also helped by solid gains in construction activity. This reflected ongoing spending on a number of projects in the Winnipeg downtown area. The strength was also a reflection of spending by Manitoba Hydro on various major capital projects such as the Bipole III Transmission Line. Though this expenditure will continue through the forecast, the dollar amounts will trend lower. The other key natural resource sector in the province, mining, is expected to provide an even greater drag on growth with declining activity expected both this year and next. This is a reflection of a number of earlier-announced mine shutdowns occurring through the forecast.

Offsetting indications of slowing growth in agriculture, mining and construction are signs that the recovery in the manufacturing sector continues to gain traction early in 2018. This strength reflected solid gains in a number of manufacturing sub-sectors including machinery, fabricated metals and food processing. Strengthening export growth through the first quarter of this year implies that the emergence of solid external demand is a factor in strengthening manufacturing activity. Projected solid growth in both the U.S. and Manitoba's neighbouring provinces bodes well for sustained external demand for the province's exports going forward. Our forecast assumes average growth in the sector of 4.5% this year and next. A key risk to the continued strength in this sector is the possibility of greater trade restrictions being imposed by the U.S. administration.

After an outsized 1.7% jump in employment growth last year, the pace is expected to slow to 0.5% and 0.8% in 2018 and 2019, respectively. However the increase will be sufficient to allow domestic demand to make a contribution to growth through the forecast. As well, it will be sufficient to keep Manitoba's unemployment rate near the national average at 5.9% this year and 5.8% in 2019 contributing to continued solid consumer confidence.

Manitoba: Manufacturing output

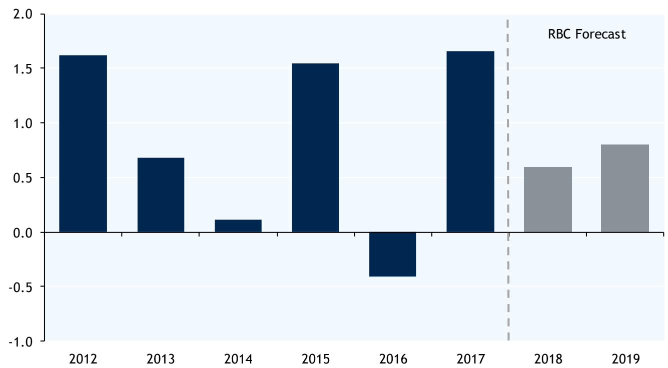
Year-over-year % change



Source: Statistics Canada, RBC Economics Research

Manitoba: Employment

Year-over-year % change



Source: Statistics Canada, RBC Economics Research

Manitoba forecast at a glance

% change unless otherwise specified

	2015	2016	2017F	2018F	2019F
Real GDP	1.3	2.2	2.7	1.9	1.7
Nominal GDP	3.3	2.3	4.8	3.7	3.6
Employment	1.6	-0.4	1.7	0.5	0.8
Unemployment Rate (%)	5.6	6.1	5.4	5.9	5.8
Retail Sales	1.3	3.7	7.8	3.5	4.2
Housing Starts (thous of units)	5.5	5.3	7.5	6.0	5.4
Consumer Price Index	1.2	1.3	1.6	2.3	2.0

Paul Ferley | Assistant Chief Economist | 416-974-7231 | paul.ferley@rbc.com

ONTARIO – Shifting down to cruising speed

Ontario's strong economic growth has been a fire under job growth and that flame has begun burning lower in recent months. Far from a sign of weakness however, this is a reflection of strength. Ontario's unemployment rate is 1.5 percentage points below its long-run average.

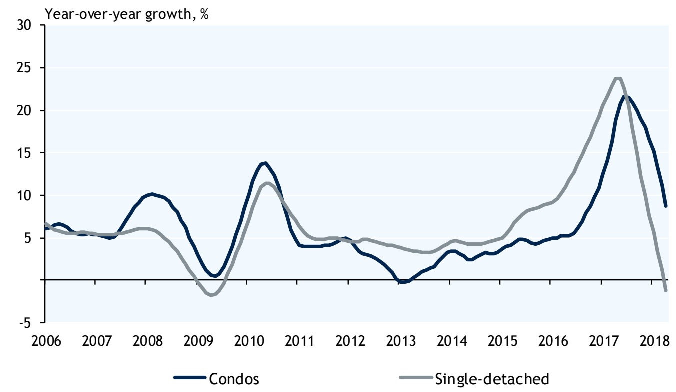
Ontario's economy is coming off four years of above-potential economic growth and going forward some of this strength will ebb as the economy reaches cruising speed. The provincial housing market, led by developments in Toronto, will be impacted by recent regulatory action and rising interest rates. Barring a major change in fiscal direction following the June 7 provincial election, the government sector will be adding to growth both through program and capital spending, forestalling economic growth slowing toward its potential rate. After growing at an estimated 2.7% in 2017, we expect Ontario's economy to grow near the national average at 2.0% and 1.7% in 2018 and 2019 respectively.

The province's housing market reacted sharply to a package of provincial and federal housing measures last year and early this year. Initially it caused a drop in listings and then prices, which have been concentrated among single-detached houses. More stringent mortgage rules may also be pushing buyers into cheaper options, namely condos, the prices of which are still up strongly year over year. This will also be reflected in homebuilding which will continue to shift from single-detached to multiple units. Residential investment is currently running at a very high rate, but is likely to slow over time as rising interest rates and poor affordability begin to bite into homebuyer demand.

By contrast, non-residential investment shows signs of a stronger profile in the coming years. As the pool of available labour dries up, firms show signs of turning to capital investment to boost output. Yet, the lion's share of new non-residential investment spending is in the public sector. The recently-passed 2018 provincial budget includes billions in new investment pushing expected spending up 13% over 2017. Still, the outlook is far from clear. NAFTA concerns may be causing firms to hold off on investment plans limiting their ability to respond to higher demand over time.

Ontario's strong economic growth has been a fire under job growth and that flame has begun burning lower in recent months. Far from a sign of weakness however, this is a reflection of strength. Ontario's unemployment rate is 1.5 percentage points below its long-run average and there are few potential workers left on the sidelines. In this context, government spending remains on track to add to employment growth over the next two years, as it pursues deficits. Barring an economic or policy shock, we expect employment to expand at the rate of the labour force keeping the unemployment rate stable at a low level. Prolonged tightness in the labour market will exert upward pressure on wages and employee compensation which are also getting a shot in the arm from legislated increases in the minimum wage.

Ontario: House prices



Source: Brookfield RPS, RBC Economics Research

Ontario: Unemployment rate

Source: Statistics Canada, RBC Economics Research

Ontario forecast at a glance

% change unless otherwise specified

	2015	2016	2017F	2018F	2019F
Real GDP	2.9	2.6	2.7	2.0	1.7
Nominal GDP	5.0	4.3	4.7	3.9	3.9
Employment	0.7	1.1	1.8	1.1	0.6
Unemployment Rate (%)	6.8	6.5	6.0	5.6	5.5
Retail Sales	5.3	6.9	7.7	4.7	4.3
Housing Starts (thous of units)	70.2	75.0	79.1	75.4	70.0
Consumer Price Index	1.2	1.8	1.7	2.5	2.0

Gerard Walsh | Economist | 416-974-6525 | gerard.walsh@rbc.com

QUEBEC – An economy on a roll

The elements are in place for the current expansion to continue at a brisk pace in 2018. We expect strong activity in the construction sector, still-solid household spending and a further upswing in business investment will keep the economy rolling along at a rate of 2.1% this year.

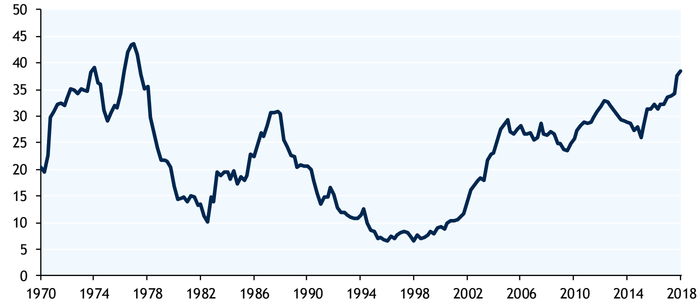
Pick your favourite reasons to feel good about the prospects for Quebec's economy. Full employment is certainly on our list. And so are indications of the strongest economic growth achieved in 17 years last year and the end of fiscal restraint following back-to-back provincial government budget surpluses. Yet the best reason could well be that the elements are in place for the current expansion to continue at a brisk pace in 2018. We expect strong activity in the construction sector, still-solid household spending and a further upswing in business investment will keep the economy rolling along at a rate of 2.1% this year. While slower than the impressive 3.0% rate we estimate for 2017, it would be the second-strongest rate since 2007 in the province. We expect the pace to moderate some more in 2019 to 1.7% as the sting from rising interest rates intensifies and supply-side constraints become more pervasive. Recently announced tariffs on aluminum exports to the Unites States pose a downside risk to growth.

Building activity is clearly on an upswing in Quebec. Non-residential construction and repair work contributed to growth in the past two years after declining substantially between 2013 and 2015. Publicly-funded work is poised to ramp up further this year with Quebec's Infrastructure Plan earmarking a 4.1% boost to provincial spending (and with federal money complementing this). Still more dramatic is the upswing in residential construction. New high-rise condo projects dot the Montreal landscape like never before and, along with new rental apartment projects, account for most of the 38,000 units under construction in the province at the moment—a 40-year high. Despite the housing market facing headwinds from tighter mortgage rules and rising interest rates, we believe that Quebec homebuilders will remain very busy this year. We forecast housing starts to rise from 46,500 units in 2017 to 47,800 units in 2018. In part, this would reflect an acceleration in population growth.

Quebec's labour market had a banner year in 2017 with 94,000 net new jobs created—all of them full-time—and the unemployment rate falling to 5.0% by the end of the year, its lowest level on record going back to 1976. For all intents and purposes, Quebec's economy finished 2017 at full employment. We expect that the labour force will remain fully employed throughout 2018. This is obviously good news for workers who will benefit from more job opportunities and stronger wage gains. This is also good news for household spending in the province. The flipside, though, is that it has become more challenging for employers to attract and retain workers, as evidenced by the surge in the number of unfilled positions last year. At the margin, growing labour shortages will encourage firms to boost investment in machinery and equipment.

Quebec: Housing units under construction

Thouand units



Source: CMHC, RBC Economic Research

Quebec: Job vacancies

Thousands, 3-month moving average, industrial aggregate

Source: Statistics Canda, RBC Economic Research

Quebec forecast at a glance

% change unless otherw ise specified

	2015	2016	2017F	2018F	2019F
Real GDP	1.0	1.4	3.0	2.1	1.7
Nominal GDP	2.4	2.7	4.8	3.8	3.8
Employment	0.9	0.9	2.2	1.1	0.6
Unemployment Rate (%)	7.6	7.1	6.1	5.5	5.5
Retail Sales	1.9	6.6	5.5	4.2	3.8
Housing Starts (thous of units)	37.9	38.9	46.5	47.8	37.8
Consumer Price Index	1.1	0.7	1.1	2.2	2.0

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

NEW BRUNSWICK – Current demand backdrop looks solid

The unemployment rate continues to trend downward toward decade lows. Indeed, labour shortages are seemingly becoming an issue in spots. About 40% of New Brunswick businesses reported skilled labour shortages were constraining production/sales over the last year.

The New Brunswick economy has had a decent run over the last three years and most measures of economic activity still look positive in early-2018. Wood product exports to-date are tracking sharply above year-ago levels despite U.S. tariffs being imposed on the province's softwood lumber since late last year. Year-to-date manufacturing sales are up a strong 13% boosted by an 18% surge in wood product sales. Home resales are down, but the 3% drop relative to a year ago is much more modest than the 15% decline in Canada as a whole in the wake of new mortgage stress tests implemented in January. And with the provincial market still firmly in 'balanced' territory, prices have continued to rise moderately.

Employment is running about 0.6% above year-ago levels so far in 2018. This is still modest to be sure, but nonetheless tracking a second-consecutive annual increase—something we haven't seen in almost a decade. The unemployment rate continues to trend downward toward decade lows. Indeed, labour shortages are seemingly becoming an issue in spots. About 40% of New Brunswick businesses reported skilled labour shortages were constraining production/sales over the last year, a rate only exceeded in Quebec and B.C. Workers have seemingly been taking advantage of a better bargaining position: hourly wage gains have accelerated to about 3% above year-ago levels to-date in 2018.

Like in much of the rest of the country, business investment indicators have been mixed. Planned capital expenditures in New Brunswick were up just 2% in 2018—and only because a big 9% increase in the public sector offset a decline in the private sector. Part of the issue could be uncertainty about the future of NAFTA and competitiveness challenges in the wake of large U.S. corporate tax rate cuts this year. More encouragingly, machinery and equipment imports are up solidly to-date in 2018 compared to 2017 levels.

A shrinking working-age population remains a major drag on economic growth in New Brunswick. Even with a tick higher in immigration over the last two years, the population aged 25-54 declined by 1% per year in both 2016 and 2017. 20% of New Brunswick's population is now over the age of 65, up from 15% just a decade ago. With labour markets already looking somewhat 'tight' from a historical perspective, we expect further gains in economic output will be harder to come by. We look for provincial GDP growth to slow to 0.6% in 2018 after averaging almost 2% over the past three years. Still, this would be sufficiently strong to keep the unemployment rate stable.

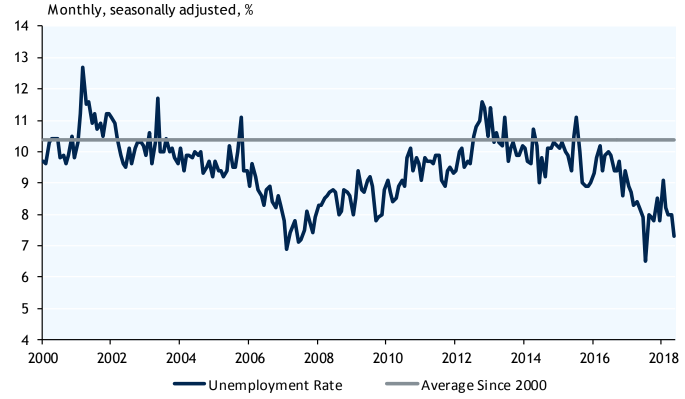
New Brunswick: Exports of forestry and building products

Millions, monthly, seasonally adjusted

Source: Statistics Canada, RBC Economics Research

New Brunswick: Unemployment rate

Monthly, seasonally adjusted, %



Source: Statistics Canada, RBC Economics Research

New Brunswick forecast at a glance

% change unless otherwise specified

	2015	2016	2017F	2018F	2019F
Real GDP	2.4	1.2	1.6	0.6	0.6
Nominal GDP	2.0	3.6	3.4	2.3	2.2
Employment	-0.6	-0.1	0.4	0.4	0.0
Unemployment Rate (%)	9.8	9.6	8.1	7.9	7.8
Retail Sales	2.2	2.1	6.8	3.2	2.9
Housing Starts (thous of units)	2.0	1.8	2.3	2.1	1.9
Consumer Price Index	0.5	2.2	2.3	2.3	2.0

Nathan Janzen | Senior Economist | 416-974-0579 | gerard.walsh@rbc.com

NOVA SCOTIA – Pillars of strength to erode somewhat

Steadily diminishing slack in the labour market bodes well for Nova Scotian workers to see some strengthening in wage gains. And, a welcome increase in immigration is boosting the number of consumers in the province.

Nova Scotia's economy shared in the country's strong growth in 2017, expanding at a healthy 1.2% rate according to our estimate. We expect the pillars of that strength – consumers, manufacturing, and housing – to erode somewhat in 2018, however. A dreary investment outlook further dims near-term prospects. Together, we believe that these factors will restrain economic growth back toward its long-run trend rate. We project Nova Scotia's economy to expand by 0.8% in 2018 and 0.7% in 2019.

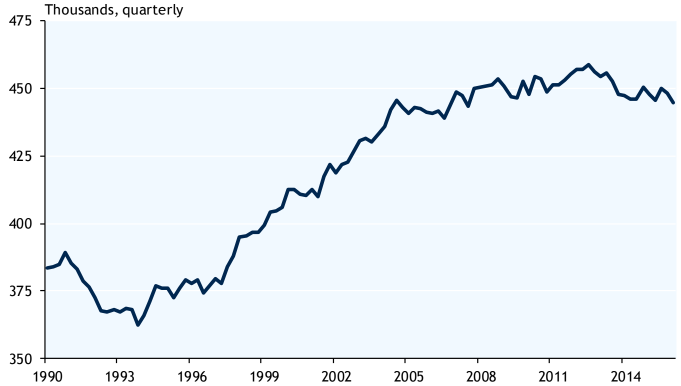
Consumer spending rose rapidly in 2017 as evidenced by a sharp 7.8% increase in retail sales. Early 2018 data shows some payback though, which isn't surprising because last year's pace in retail sales wasn't really sustainable. Still, the outlook for household spending remains positive. Steadily diminishing slack in the labour market bodes well for Nova Scotian workers to see some strengthening in wage gains. And, a welcome increase in immigration is boosting the number of consumers in the province.

On the other hand, stronger immigration may not forestall the return of a declining trend in Nova Scotia's labour force much longer. We expect that strengthening demand for workers in Alberta and other parts of Canada will once again lure a growing number of Nova Scotians to leave the province. This, together with a rapid rise in the number of workers retiring, will put renewed pressure on the labour force over the coming years.

Stronger residential and government investment compensated for a drop in non-residential private investment spending in 2017. However, overall investment is set to decline in all three categories this year. On the residential side, housing starts have begun to ease, especially in the multiples category, as the earlier boom in homebuilding in Halifax shows signs of slowing. Non-residential investment spending intentions show a nearly 10% decline in 2018 reflecting the completion of major projects like the Nova Centre and fewer new projects in the pipeline to replace them. Public investment is also forecast to drop in 2018 despite an ongoing infusion of federal infrastructure money. Overall government spending is not expected to have a major impact on economic growth over the next few years. The Nova Scotia government will maintain discipline as it generates modest budget surpluses amid slow revenue growth—which points to a predominantly neutral fiscal policy in the province.

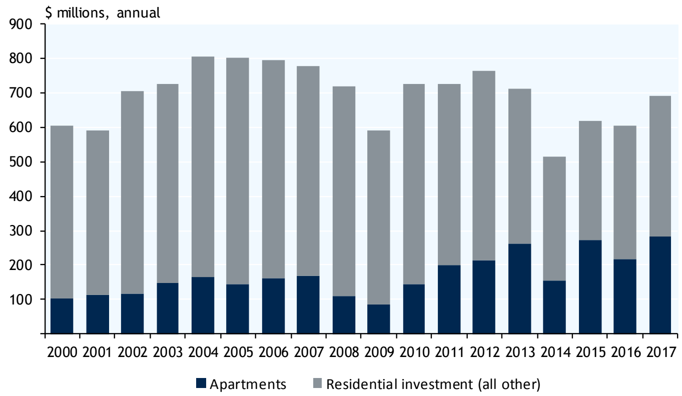
Nova Scotia's export sector has had a strong start to 2018 with most major export categories showing strong year-to-date growth. Metals and mineral products are up on the back of the ramping up of the Touquoy gold mine near Halifax, and nominal seafood exports are being supported by high prices. Over the medium term however, the end of natural gas production will deal a blow to Nova Scotia's primary sector. Decommissioning work at the Sable offshore facility and Deep Panuke will be complete by the early 2020s.

Nova Scotia: Employment



Source: Statistics Canada, RBC Economics Research

Nova Scotia: Residential investment



Source: Statistics Canada, RBC Economics Research

Nova Scotia forecast at a glance

% change unless otherwise specified

	2015	2016	2017F	2018F	2019F
Real GDP	1.4	0.8	1.2	0.8	0.7
Nominal GDP	2.1	2.8	2.9	3.3	2.6
Employment	0.1	-0.4	0.6	0.9	0.1
Unemployment Rate (%)	8.6	8.3	8.4	7.6	7.3
Retail Sales	0.2	4.7	7.8	3.4	3.2
Housing Starts (thous of units)	3.8	3.8	4.0	3.5	3.1
Consumer Price Index	0.4	1.2	1.1	2.2	2.0

Gerard Walsh | Economist | 416-974-6525 | gerard.walsh@rbc.com

PRINCE EDWARD ISLAND – Onward and upward

The average unemployment rate in 2017 fell below 10% for the first time in almost 40 years… Employment levels are running 2.4% above last year's so far in 2018 and wage growth has accelerated.

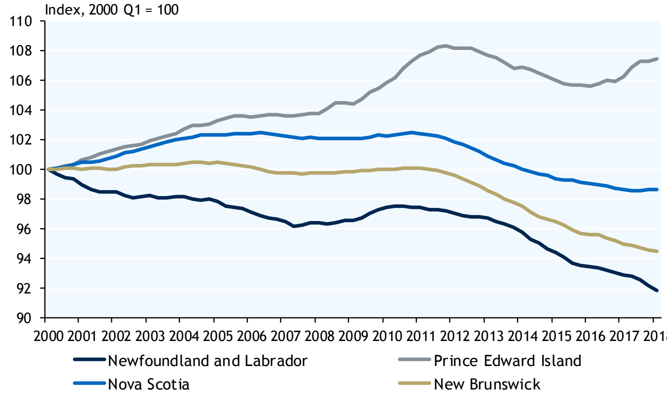
Prince Edward Island's economy has shown little sign of coming off an upswing that left the province with the strongest growth in Atlantic Canada in each of the last two years – and the third strongest growth of all provinces in 2017. The provincial labour market was able to absorb another big increase in international immigration last year with relative ease. The average unemployment rate in 2017 fell below 10% for the first time in almost 40 years. While it has ticked a bit higher to-date in 2018 alongside a rising labour force participation rate, the job market remains in good shape at this stage. Employment levels are running 2.4% above last year's so far in 2018 and wage growth has accelerated.

The stronger economic backdrop has boosted government revenues – allowing a second consecutive balanced provincial budget to be tabled in 2018 as well as modest tax cuts and higher expenditures. PEI is one of only four provincial governments running balanced budgets this year – alongside British Columbia, Nova Scotia, and Quebec.

A growing population and stronger-than-normal labour markets are fueling housing demand. The provincial housing market has held up well to-date – in contrast to markets in other parts of the country where home purchases have been more dramatically impacted by new mortgage stress test requirements this year. Home resales on PEI have sustained high levels so far in 2018 after rising sharply over the prior three years. Sellers have broadly retained negotiating power in real-estate transactions with the ratio of home resales to new listings ticking up to 0.76 year-to-date in 2018 – well-above the national average. Home prices have continued to increase and new building activity has remained similarly solid after jumping 80% last year.

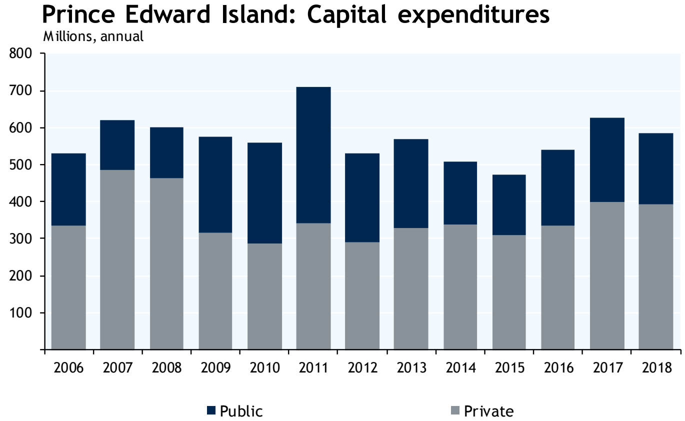
Generally good economic prospects both within Canada and outside of Canada's borders should continue to support PEI's tourism flows in 2018. The Charlottetown Port is expecting more than 100,000 cruise ship visitors this year and recently announced Federal/Provincial government investments will work to expand capacity at the port going forward. PEI businesses are doing well at this stage with sales of provincial manufacturers, wholesalers and retailers all running above year-ago levels. Business investment intentions are down 7% in 2018 though this primarily reflects the completion of the new electrical line between PEI and New Brunswick. It's important to note that the decline in capital investment intentions would only partially retrace big increases over the prior two years. It would do little to undermine what otherwise looks like a pretty solid economic backdrop in the province. That being said, we don't expect the outsized 3.1% rise in GDP in 2017—the strongest rate in 12 years—to be repeated. We look for growth to moderate to 1.4% in 2018 before inching slightly higher to 1.5% in 2019.

Atlantic Canada: working-age population



Source: Statistics Canada, RBC Economics Research

Prince Edward Island: Capital expenditures



Source: Statistics Canada, RBC Economics Research

Prince Edward Island forecast at a glance

% change unless otherw ise specified

	2015	2016	2017F	2018F	2019F
Real GDP	1.3	2.3	3.1	1.4	1.5
Nominal GDP	3.9	4.0	4.9	3.1	3.6
Employment	-1.2	-2.2	3.1	1.5	0.5
Unemployment Rate (%)	10.5	10.8	9.8	10.0	10.0
Retail Sales	2.6	7.3	6.3	3.9	4.1
Housing Starts (thous of units)	0.6	0.6	0.9	0.8	0.6
Consumer Price Index	-0.6	1.2	1.8	2.1	1.9

Nathan Janzen | Senior Economist | 416-974-0579 | gerard.walsh@rbc.com

NEWFOUNDLAND & LABRADOR - Less upside in the cards for 2018

Weakening capital investment trends, coupled with the provincial government's expenditure reduction plan to return its budget to balance will cause further attrition in employment.

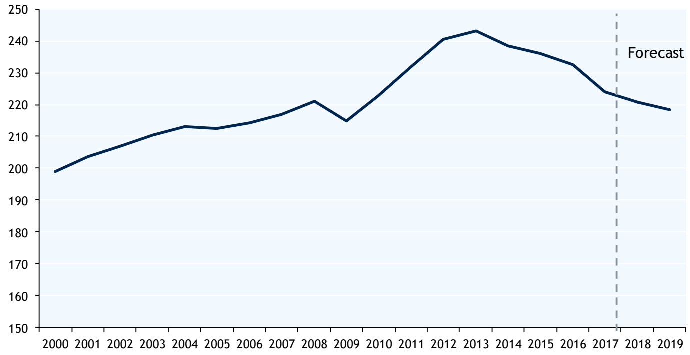
After achieving surprising positive growth in 2017, we expect Newfoundland and Labrador's economy to largely stand still in 2018. We project the province's GDP to advance slightly (0.2%) resulting from the offsetting forces of rising energy production and weaker construction activity. Several large scale projects will wind down and new projects won't replenish the construction pipeline. We therefore expect investment to weaken significantly in the province, which will drag employment down further in the process. As growth rebounds to a projected rate of 2.5% in 2019 and the labour force continues to shrink, we anticipate that the unemployment rate will stabilize at a high level next year.

The Newfoundland and Labrador's economy grew by an unexpectedly solid 2.1% last year. This contrasted with our expectations of a moderate contraction. Two main factors contributed to the upside surprise. First, oil production was stronger than we anticipated, contributing over 1 percentage point to GDP growth. Second, engineering and construction work on the Muskrat Falls Hydroelectric project continued to ramp up in 2017 contrary to our expectations of a decline. What's more, manufacturing activity picked up solidly supported by nickel production at the Long Harbour processing facility.

The Hebron offshore oil platform is now operating and production will rise gradually until reaching full capacity in 2022. Given the hefty scale of the project relative to the size of the economy, its production ramp up will provide substantial support to overall growth in 2019 and beyond. The downside of Hebron's completion is that capital investment will fall in the province. The winding down of construction at Nalcor's Muskrat Falls project – 90% completed as of April 2018 – will further weigh on capital spending over the medium term. A partial offset will come from work on Husky's White Rose field expansion which began in late 2017, along with work on an underground mine at Voisey's Bay which is scheduled to begin in the summer of 2018.

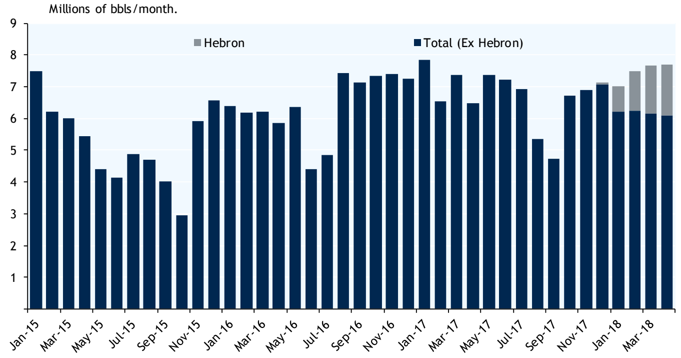
Weakening capital investment trends, coupled with the provincial government's expenditure reduction plan to return its budget to balance will cause further attrition in employment. According to its current budget, Newfoundland and Labrador expects outright declines in expenditures over the next few years, further lowering the public sector's contribution to GDP. We don't expect that other economic sectors will pick up the slack entirely. On the other hand, a shrinking labour force on account of an aging population and net out migration will eventually stabilize the provincial unemployment rate a high level by 2019.

Newfoundland and Labrador: Total employment



Source: Statistics Canada, RBC Economics Research

Newfoundland & Labrador: Monthly oil production



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

Newfoundland and Labrador forecast at a glance

% change unless otherwise specified

	2015	2016	2017F	2018F	2019F
Real GDP	-1.7	1.9	2.1	0.2	2.5
Nominal GDP	-11.5	2.6	6.0	3.2	3.9
Employment	-1.0	-1.5	-3.7	-1.3	-0.8
Unemployment Rate (%)	12.8	13.5	14.8	14.5	14.3
Retail Sales	0.7	0.4	2.4	1.0	1.7
Housing Starts (thous of units)	1.7	1.4	1.4	1.6	1.0
Consumer Price Index	0.4	2.7	2.4	1.5	1.7

Rannella Billy-Ochieng' | Economist | 416-974-8840 | rannella.billy-ochieng@rbc.com

Forecast details

% change unless otherwise indicated

	Real GDP				Nominal GDP				Employment				Unemployment Rate (%)				Housing Starts (Thous.)				Retail sales				CPI			
	16	17F	18F	19F	16	17F	18F	19F	16	17F	18F	19F	16	17F	18F	19F	16	17F	18F	19F	16	17F	18F	19F	16	17F	18F	19F
NL	1.9	2.1	0.2	2.5	2.6	6.0	3.2	3.9	-1.5	-3.7	-1.3	-0.8	13.5	14.8	14.5	14.3	1.4	1.4	1.6	1.0	0.4	2.4	1.0	1.7	2.7	2.4	1.5	1.7
PE	2.3	3.1	1.4	1.5	4.0	4.9	3.1	3.6	-2.2	3.1	1.5	0.5	10.8	9.8	10.0	10.0	0.6	0.9	0.8	0.6	7.3	6.3	3.9	4.1	1.2	1.8	2.1	1.9
NS	0.8	1.2	0.8	0.7	2.8	2.9	3.3	2.6	-0.4	0.6	0.9	0.1	8.3	8.4	7.6	7.3	3.8	4.0	3.5	3.1	4.7	7.8	3.4	3.2	1.2	1.1	2.2	2.0
NB	1.2	1.6	0.6	0.6	3.6	3.4	2.3	2.2	-0.1	0.4	0.4	0.0	9.6	8.1	7.9	7.8	1.8	2.3	2.1	1.9	2.1	6.8	3.2	2.9	2.2	2.3	2.3	2.0
QC	1.4	3.0	2.1	1.7	2.7	4.8	3.8	3.8	0.9	2.2	1.1	0.6	7.1	6.1	5.5	5.5	38.9	46.5	47.8	37.8	6.6	5.5	4.2	3.8	0.7	1.1	2.2	2.0
ON	2.6	2.7	2.0	1.7	4.3	4.7	3.9	3.9	1.1	1.8	1.1	0.6	6.5	6.0	5.6	5.5	75.0	79.1	75.4	70.0	6.9	7.7	4.7	4.3	1.8	1.7	2.5	2.0
MB	2.2	2.7	1.9	1.7	2.3	4.8	3.7	3.6	-0.4	1.7	0.5	0.8	6.1	5.4	5.9	5.8	5.3	7.5	6.0	5.4	3.7	7.8	3.5	4.2	1.3	1.6	2.3	2.0
SK	-0.5	2.8	2.4	2.8	-4.0	6.4	5.9	4.5	-0.9	-0.2	0.3	0.8	6.3	6.3	6.1	5.7	4.8	4.9	4.4	5.4	1.5	4.1	4.4	4.5	1.1	1.7	2.5	2.3
AB	-3.7	4.7	2.4	2.4	-4.9	8.8	6.5	4.6	-1.6	1.0	1.9	1.7	8.2	7.8	6.6	6.5	24.5	29.5	27.2	29.0	-1.1	7.1	4.0	5.0	1.1	1.5	2.4	2.0
BC	3.5	3.7	2.3	1.7	4.8	6.0	4.1	3.9	3.2	3.7	1.1	0.9	6.0	5.2	5.0	5.1	41.8	43.7	41.8	38.0	7.7	9.3	4.3	3.9	1.9	2.1	2.6	2.2
Canada	**1.4**	**3.0**	**2.0**	**1.8**	**2.0**	**5.4**	**4.2**	**4.1**	**0.7**	**1.9**	**1.1**	**0.7**	**7.0**	**6.3**	**5.8**	**5.8**	**198**	**220**	**211**	**192**	**5.2**	**7.1**	**4.3**	**4.1**	**1.4**	**1.6**	**2.5**	**2.1**

Key Provincial Comparisons

	Canada	NL	PE	NS	NB	QC	ON	MB	SK	AB	BC
Population (000s, 2017)	**36,708**	529	152	954	760	8,394	14,193	1,338	1,164	4,286	4,817
Gross Domestic Product ($ billions, 2016)	**2,036**	31	6	42	34	395	795	68	75	315	264
Real GDP (Billions of chained 2007 $, 2016)	**1,801**	28	5	37	29	343	685	60	63	303	241
Provincial share of Canadian GDP (%, 2016)	**100.0**	1.5	0.3	2.0	1.7	19.4	39.0	3.3	3.7	15.5	13.0
Real GDP Growth (%, CAGR, 2011-2016)	**1.9**	0.0	1.4	0.4	0.4	1.3	2.2	2.3	1.7	1.6	3.1
Real GDP per capita ($ 2007)	**49,673**	52,519	35,037	38,639	38,786	41,248	49,012	45,857	54,442	71,469	50,618
Real GDP growth rate per capita (%, CAGR, 2011-2016)	**0.8**	-0.2	0.6	0.3	0.4	0.5	1.1	0.9	0.2	-0.7	2.0
Personal Disposable Income per Capita ($, 2016)	**31,781**	32,561	28,112	28,519	29,168	27,723	32,093	29,076	32,717	37,298	34,395
Employment growth (%, CAGR, 2012-2017)	**1.1**	-1.4	0.2	-0.4	0.0	1.1	1.2	0.7	0.7	1.0	1.7
Employment Rate (%, May-18)	**61.5**	50.3	60.5	56.9	56.9	61.2	60.7	63.1	63.8	67.2	61.4
Inflation (YoY, %, Apr-18)	**2.2**	1.5	2.2	2.8	2.2	1.7	2.1	2.9	2.5	2.3	2.7
Unemployment Rate (%, May-18)	**5.8**	14.5	9.3	7.2	7.3	5.3	5.7	6.5	6.8	6.2	4.8
Discomfort index (inflation + unemp. rate, Apr-18)	**8.0**	16.0	13.4	9.5	10.2	7.1	7.7	9.0	8.8	9.0	7.7
Personal expenditures (% of GDP, 2016)	**56.7**	53.5	68.8	70.7	65.8	59.2	56.8	57.6	48.6	46.9	64.1
International exports (% of GDP, 2016)	**31.0**	31.8	22.5	16.9	37.7	28.0	35.6	24.1	38.7	31.0	22.8

Forecast Details

% change unless otherwise specified

British Columbia

	2011	2012	2013	2014	2015	2016	2017F	2018F	2019F
Real GDP	3.0	2.5	2.5	3.7	3.5	3.5	3.7	2.3	1.7
Nominal GDP	5.7	2.1	3.4	5.7	4.0	4.8	6.0	4.1	3.9
Employment	0.2	1.6	0.1	0.6	1.2	3.2	3.7	1.1	0.9
Unemployment Rate (%)	7.5	6.8	6.6	6.1	6.2	6.0	5.2	5.0	5.1
Retail Sales	3.2	1.9	2.8	6.3	7.0	7.7	9.3	4.3	3.9
Housing Starts (Thousands of Units)	26.4	27.5	27.1	28.4	31.4	41.8	43.7	41.8	38.0
Consumer Price Index	2.3	1.1	-0.1	1.0	1.1	1.9	2.1	2.6	2.2

Alberta

	2011	2012	2013	2014	2015	2016	2017F	2018F	2019F
Real GDP	6.4	3.9	5.7	6.2	-3.7	-3.7	4.7	2.4	2.4
Nominal GDP	10.9	4.3	9.6	10.0	-12.0	-4.9	8.8	6.5	4.6
Employment	3.7	3.5	2.5	2.2	1.2	-1.6	1.0	1.9	1.7
Unemployment Rate (%)	5.4	4.6	4.6	4.7	6.0	8.2	7.8	6.6	6.5
Retail Sales	6.8	6.9	7.2	7.9	-4.0	-1.1	7.1	4.0	5.0
Housing Starts (Thousands of Units)	25.7	33.4	36.0	40.6	37.3	24.5	29.5	27.2	29.0
Consumer Price Index	2.4	1.1	1.4	2.6	1.2	1.1	1.5	2.4	2.0

Saskatchewan

	2011	2012	2013	2014	2015	2016	2017F	2018F	2019F
Real GDP	5.3	1.7	6.3	2.1	-1.0	-0.5	2.8	2.4	2.8
Nominal GDP	18.1	4.2	6.7	-0.4	-5.4	-4.0	6.4	5.9	4.5
Employment	0.9	2.4	3.1	1.0	0.5	-0.9	-0.2	0.3	0.8
Unemployment Rate (%)	4.9	4.8	4.1	3.8	5.0	6.3	6.3	6.1	5.7
Retail Sales	7.3	7.3	5.2	4.7	-3.3	1.5	4.1	4.4	4.5
Housing Starts (Thousands of Units)	7.0	10.0	8.3	8.3	5.1	4.8	4.9	4.4	5.4
Consumer Price Index	2.8	1.6	1.4	2.4	1.6	1.1	1.7	2.5	2.3

Manitoba

	2011	2012	2013	2014	2015	2016	2017F	2018F	2019F
Real GDP	2.4	3.0	2.8	2.1	1.3	2.2	2.7	1.9	1.7
Nominal GDP	5.4	6.4	4.2	3.1	3.3	2.3	4.8	3.7	3.6
Employment	0.4	1.6	0.7	0.1	1.6	-0.4	1.7	0.5	0.8
Unemployment Rate (%)	5.5	5.3	5.4	5.4	5.6	6.1	5.4	5.9	5.8
Retail Sales	4.3	1.0	3.8	4.2	1.3	3.7	7.8	3.5	4.2
Housing Starts (Thousands of Units)	6.1	7.2	7.5	6.2	5.5	5.3	7.5	6.0	5.4
Consumer Price Index	2.9	1.6	2.3	1.8	1.2	1.3	1.6	2.3	2.0

Ontario

	2011	2012	2013	2014	2015	2016	2017F	2018F	2019F
Real GDP	2.4	1.3	1.5	2.7	2.9	2.6	2.7	2.0	1.7
Nominal GDP	4.6	3.1	2.2	4.4	5.0	4.3	4.7	3.9	3.9
Employment	1.8	0.7	1.8	0.8	0.7	1.1	1.8	1.1	0.6
Unemployment Rate (%)	7.9	7.9	7.6	7.3	6.8	6.5	6.0	5.6	5.5
Retail Sales	3.6	1.6	2.7	5.7	5.3	6.9	7.7	4.7	4.3
Housing Starts (Thousands of Units)	67.8	76.7	61.1	59.1	70.2	75.0	79.1	75.4	70.0
Consumer Price Index	3.1	1.4	1.1	2.3	1.2	1.8	1.7	2.5	2.0

Forecast Details

% change unless otherwise specified

Quebec

	2011	2012	2013	2014	2015	2016	2017F	2018F	2019F
Real GDP	1.9	1.0	1.4	1.8	1.0	1.4	3.0	2.1	1.7
Nominal GDP	5.1	2.7	3.0	3.0	2.4	2.7	4.8	3.8	3.8
Employment	1.0	0.8	1.4	0.0	0.9	0.9	2.2	1.1	0.6
Unemployment Rate (%)	7.9	7.8	7.6	7.7	7.6	7.1	6.1	5.5	5.5
Retail Sales	3.0	1.2	3.0	2.6	1.9	6.6	5.5	4.2	3.8
Housing Starts (Thousands of Units)	48.4	47.4	37.8	38.8	37.9	38.9	46.5	47.8	37.8
Consumer Price Index	3.0	2.1	0.8	1.4	1.1	0.7	1.1	2.2	2.0

New Brunswick

	2011	2012	2013	2014	2015	2016	2017F	2018F	2019F
Real GDP	0.3	-1.1	-0.3	0.1	2.4	1.2	1.6	0.6	0.6
Nominal GDP	4.3	0.7	0.3	1.8	2.0	3.6	3.4	2.3	2.2
Employment	-0.7	-0.7	0.4	-0.2	-0.6	-0.1	0.4	0.4	0.0
Unemployment Rate (%)	9.5	10.2	10.3	10.0	9.8	9.6	8.1	7.9	7.8
Retail Sales	4.8	-0.9	0.7	3.7	2.2	2.1	6.8	3.2	2.9
Housing Starts (Thousands of Units)	3.5	3.3	2.8	2.3	2.0	1.8	2.3	2.1	1.9
Consumer Price Index	3.5	1.7	0.8	1.5	0.5	2.2	2.3	2.3	2.0

Nova Scotia

	2011	2012	2013	2014	2015	2016	2017F	2018F	2019F
Real GDP	0.6	-1.0	-0.1	1.1	1.4	0.8	1.2	0.8	0.7
Nominal GDP	2.2	0.5	2.1	2.9	2.1	2.8	2.9	3.3	2.6
Employment	0.4	1.0	-1.1	-1.1	0.1	-0.4	0.6	0.9	0.1
Unemployment Rate (%)	9.0	9.1	9.1	8.9	8.6	8.3	8.4	7.6	7.3
Retail Sales	3.5	0.9	3.2	2.8	0.2	4.7	7.8	3.4	3.2
Housing Starts (Thousands of Units)	4.6	4.5	3.9	3.1	3.8	3.8	4.0	3.5	3.1
Consumer Price Index	3.8	1.9	1.2	1.7	0.4	1.2	1.1	2.2	2.0

Prince Edward Island

	2011	2012	2013	2014	2015	2016	2017F	2018F	2019F
Real GDP	2.1	1.0	2.0	0.3	1.3	2.3	3.1	1.4	1.5
Nominal GDP	3.8	2.7	3.3	1.7	3.9	4.0	4.9	3.1	3.6
Employment	3.1	1.7	1.4	-0.1	-1.2	-2.2	3.1	1.5	0.5
Unemployment Rate (%)	11.1	11.2	11.6	10.7	10.5	10.8	9.8	10.0	10.0
Retail Sales	5.4	3.0	0.9	3.5	2.6	7.3	6.3	3.9	4.1
Housing Starts (Thousands of Units)	0.9	0.9	0.6	0.5	0.6	0.6	0.9	0.8	0.6
Consumer Price Index	2.9	2.0	2.0	1.6	-0.6	1.2	1.8	2.1	1.9

Newfoundland and Labrador

	2011	2012	2013	2014	2015	2016	2017F	2018F	2019F
Real GDP	2.7	-4.4	5.2	-0.9	-1.7	1.9	2.1	0.2	2.5
Nominal GDP	15.3	-4.5	7.6	-0.5	-11.5	2.6	6.0	3.2	3.9
Employment	4.1	3.8	0.8	-1.7	-1.0	-1.5	-3.7	-1.3	-0.8
Unemployment Rate (%)	12.6	12.3	11.6	12.0	12.8	13.5	14.8	14.5	14.3
Retail Sales	5.1	4.3	5.2	3.7	0.7	0.4	2.4	1.0	1.7
Housing Starts (Thousands of Units)	3.5	3.9	2.9	2.1	1.7	1.4	1.4	1.6	1.0
Consumer Price Index	3.4	2.1	1.7	1.9	0.4	2.7	2.4	1.5	1.7