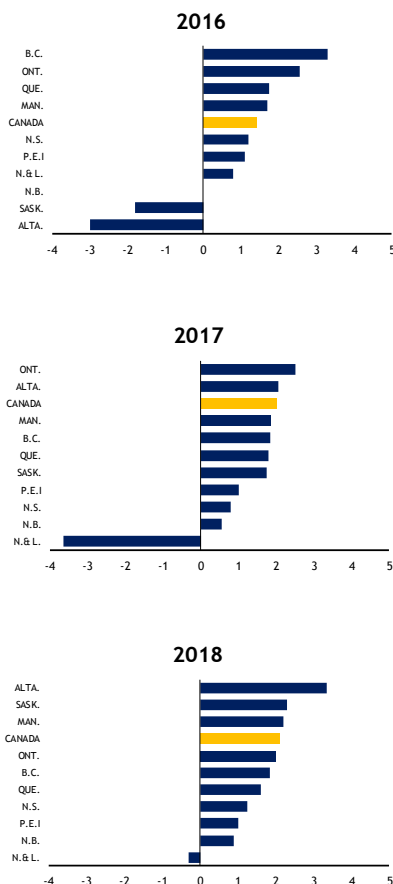


## PROVINCIAL OUTLOOK

March 2017

### Real GDP growth

% change



Source: Statistics Canada, RBC Economics Research

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## More provinces to participate in the expansion in 2017

- 2017 is set to mark the return to positive growth for two of Canada’s oil-producing provinces—Alberta and Saskatchewan—after back-to-back economic contractions in 2015 and 2016.
- Canada’s third oil-producing province—Newfoundland and Labrador—is unlikely to meet a similar upbeat fate. Quite the contrary, we expect economic activity in the province to decline the most (-3.6%) since 2012 as a result of a winding down of construction on capital projects.
- The outlook for other provincial economies is generally bright (by today’s lower standards) with growth still quite modest in the Maritime Provinces but comparatively more vigorous in the central and western parts of the country.
- We expect Ontario to lead all provinces in growth in 2017 for the first time since 2000 with a rate of 2.5%, followed by Alberta with a rate of 2.1%.
- Manitoba (1.9%), British Columbia (1.9%), Quebec (1.8%) and Saskatchewan (1.8%) are projected to grow at rates just shy of the national average of 2.0%.
- In the Atlantic region, we expect the Prince Edward Island economy to expand by 1.0% in 2017, Nova Scotia by 0.8% and New Brunswick by 0.6%.
- The swing to positive growth by Alberta and Saskatchewan will account for most of the acceleration in growth in Canada from 1.4% to 2.0% between 2016 and 2017, with small contributions from slightly faster paces in Manitoba and New Brunswick. We expect growth to either moderate or remain unchanged in all other provinces in 2017 relative to 2016.
- Our forecast includes a number of mostly small revisions compared to our forecast published in December. We have boosted 2017 growth for Quebec, British Columbia, Ontario, Saskatchewan and New Brunswick to reflect greater-than-expected strength in recent indicators. On the other hand, we have marked down growth in Newfoundland and Labrador, Manitoba, Nova Scotia and Alberta in light of less favourable data and developments.
- A key risk to many provincial economies is the potential emergence of trade impediments with the US market.

### Positive swings in Alberta and Saskatchewan to be the highlight of 2017

Continued expected recovery in global energy prices—RBC projects the WTI benchmark to average US\$56 per barrel in 2017 compared to US\$43 per barrel in 2016—in our view will bring about the biggest change in provincial economic performance between 2016 (or 2015 for that matter) and 2017. We expect improved prospects for the energy sector to contribute strongly to significant positive growth swings in Alberta and Saskatchewan in 2017. There was evidence of such in Statistics Canada’s CAPEX survey published at the end of February, which showed increases in capital investment intentions in the oil and gas extraction industry in both provinces in 2017, following two years of dramatic declines. These growth swings in Alberta and Saskatchewan, in fact, explain almost entirely the projected acceleration in growth at the national level between 2016 and 2017.

### Ontario to take the lead

For the first time since 2000, we expect Ontario to lead all other provinces in the provincial growth rankings in 2017. Ontario will benefit from a many sources of growth, including a ramping up of capital investment by public administration. We expect British Columbia’s economy—Canada’s provincial growth leader in the past two year—to slow down its pace somewhat amid a significant cooling in the provincial housing market.

**Starting 2017 (mostly) on a strong footing**

By most accounts, British Columbia’s economy continued to carry a lot of momentum as it entered 2017. The labour market, in particular, showed little signs of straying from its impressive trajectory in 2016 when employment grew by 3.2%—by far the strongest rate of increase among the provinces. Nonetheless, the significant cooling of Vancouver’s housing market that began last spring in our view is a pivotal element that will grind down economic momentum during the course of 2017. We expect weaker home resale activity and a more muted ‘wealth effect’ arising from sharp deceleration in property appreciation (or possibly outright housing price declines) to contribute to a slowing of growth in the province from an estimated rate of 3.3% in 2016 to 1.9% in 2017. This moderation would re-position British Columbia from the top spot it held for the past two years in the provincial growth rankings to the middle of the pack in 2017, just marginally below the national average of 2.0%. We expect this slower pace in the province to be largely maintained in 2018 at 1.8%.

**Still firing on many cylinders,...**

The majority of economic indicators paint a vibrant economy in British Columbia in the late stages of 2016 and early-2017. Labour market statistics remain strong with employment gains totaling 31,200 between September, 2016, and January, 2017; and the jobless rate (5.6% in January) still the lowest among the provinces. Sales by provincial retailers, wholesalers, manufacturers, and restaurants and drinking places continue to grow briskly—either leading the country in annual growth or ranking close to the top. Manufacturers of food products, primary metals and machinery posted their highest sales ever as 2016 drew to a close. For their part, wood product manufacturers enjoyed their strongest sales since 2006. Clearly, large parts of the BC economy remain in full upswing at this juncture.

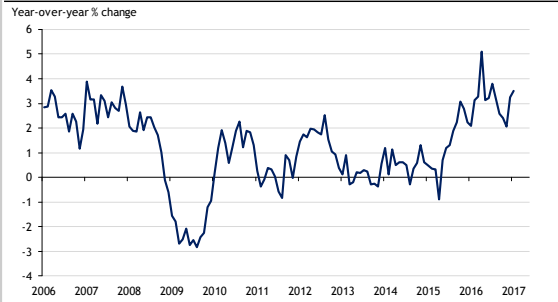
**...although housing is no longer one of them**

That being said, one key economic sector in the province is moving in the opposite direction: housing—or more precisely the Vancouver-area housing market. Home resales in the Vancouver area have dropped dramatically by 43% since reaching an all-time high in February 2016, and still trended downwardly at the start of 2017. We expect policymakers at all three levels of government to remain committed to addressing housing market risks in Vancouver and keeping policy geared toward tempering housing demand during 2017. Ultimately, we expect this policy-engineered cooldown to rein in the flow of foreign wealth into the province and slow down the rate of home price increases significantly—both factors working to temper the so-called ‘wealth effect’ that, in our view, has fueled much economic activity in the province in recent years. British Columbia is the provincial economy most dependent on residential investment.

**Provincial government to boost capital expenditures**

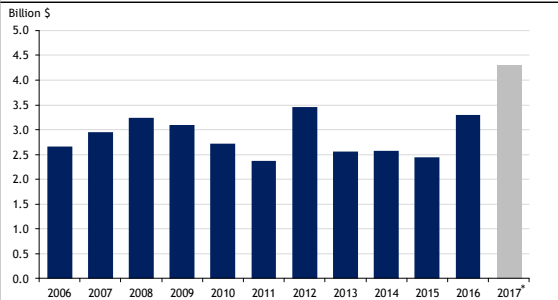
In its 2017 budget presented in February—which projected a fifth consecutive surplus in 2017-2018—the BC government announced a series of stimulative measures that will put more money to spend in the pockets of British Columbians and boost expenditures on programs such as education, mental health and affordable housing. These measures marked a shift from recent years’ focus on fiscal restraint. The budget also announced a substantial rise (of 16.5%) to capital spending in 2017-2018. The recently-released CAPEX report show that public administrations at all levels of government plan to ramp up capital spending in the province by almost 31% in 2017.

**BC: Employment**



Source: Statistics Canada, RBC Economics Research

**BC: Public administration capital expenditure**



\*Intentions  
Source: Statistics Canada Non-residential Capital and Repair Expenditures Survey, RBC Economics Research

**British Columbia forecast at a glance**

% change unless otherwise indicated

	2013	2014	2015	2016F	2017F	2018F
Real GDP	2.5	3.3	3.3	3.3	1.9	1.8
Nominal GDP	3.4	5.2	3.8	5.0	4.2	3.9
Employment	0.1	0.6	1.2	3.2	1.4	0.6
Unemployment rate (%)	6.6	6.1	6.2	6.0	6.1	6.3
Retail sales	2.4	5.6	6.0	6.4	3.5	3.4
Housing starts (units)	27,054	28,356	31,446	41,843	29,000	30,500
Consumer price index	-0.1	1.0	1.1	1.9	2.4	1.9

**Robert Hogue**  
Senior Economist



## On recovery watch

Economic indicators recently began to show early signs of recovery in Alberta’s economy. Following two very difficult years that saw a collapse in energy-sector investment and surge in unemployment that dragged several other economic sectors down in the province, seeing light at the end of a long and dark tunnel is certainly welcome news. Nonetheless, the kind of recovery that we anticipate for the province is unlikely to bring instant relief for all. We expect the economic turnaround to be gradual and uneven—which would be a departure from Alberta’s typical ‘boom-bust’ pattern exhibited in past economic cycles. We project positive growth to return in 2017 at a rate of 2.1%, in large part reflecting an expected increase in energy-sector spending in the province. Such a rate of growth would only partially reverse the cumulative 6.5% contraction that occurred in the previous two years. We expect the recovery to continue—and, in fact, accelerate—in 2018, with growth reaching 3.3%.

### A rebound in oil prices...

There have been a number of developments that bode well for an improvement in economic conditions in Alberta in 2017. Chief among them has been the notable increase in oil prices, in part the result of production cuts by OPEC countries. The Western Canada Select benchmark recently traded at its highest level since mid-2015 (US\$40 per barrel), and more importantly, at more than double the deeply depressed levels that prevailed at the start of 2016. The rebound in oil prices to date no doubt has been a key factor behind a pickup in drilling activity in the province since the start of winter, and a 2.3% rise in capital investment intentions in the oil and gas extraction industry in 2017 following two years of freefall. The federal government’s approval in November, 2016, of Kinder Morgan’s Trans Mountain pipeline and Enbridge’s Line 3 projects also likely have played a positive role.

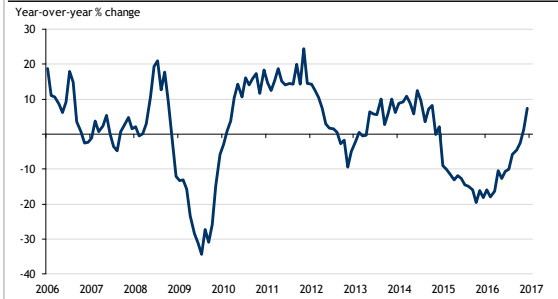
### ...helps ‘green shoots’ in other parts of the economy

Rising commodity prices at a time when provincial oil production continues to increase (thanks to past investment to expand production capacity) means that energy-sector revenues are getting a meaningful boost. Signs of increasing incomes can be seen in Alberta’s nominal merchandise exports and manufacturing sales statistics. Both indicators show clear upswings over the course of 2016. Beyond sectors immediately affected by commodity prices, we notice several ‘green shoots’ across Alberta’s economy. There are signs that bottoms may have been reached in the job market (where employment is up modestly since mid-2016), housing market (where the trend in home resales is no longer declining), and wholesale and retail trade (where sales have increased slightly in recent months). These signs are still tentative; however, we believe that they will mark turning points.

### Business investment still challenged

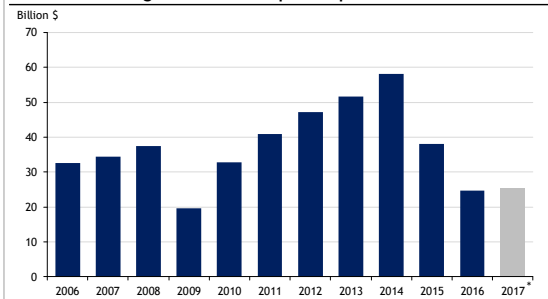
One sector of Alberta’s economy that is unlikely to turn a corner anytime soon is non-residential construction (excluding engineering projects) where spending remains firmly on a downward trajectory. This sector continues to be hampered by excess capacity in commercial and industrial real estate. Sky-high office vacancy rates in Calgary’s downtown, for instance, clearly will continue to discourage investment in new office buildings in the period ahead. Evidence of such was visible in the recent CAPEX report which showed a 23% plummet in capital investment intentions in 2017 by firms in the real estate industry.

Alberta: Manufacturing sales



Source: Statistics Canada, RBC Economics Research

Alberta: Oil and gas extraction capital expenditures



\*Intentions  
Source: Statistics Canada Non-residential Capital and Repair Expenditures Survey, RBC Economics Research

Alberta forecast at a glance

% change unless otherwise indicated						
	2013	2014	2015	2016F	2017F	2018F
Real GDP	5.7	5.0	-3.6	-3.0	2.1	3.3
Nominal GDP	9.6	8.9	-12.5	-4.9	9.2	8.4
Employment	2.5	2.2	1.2	-1.6	0.3	1.1
Unemployment rate (%)	4.6	4.7	6.0	8.1	8.4	7.5
Retail sales	6.9	7.5	-4.6	-1.6	2.8	3.8
Housing starts (units)	36,011	40,590	37,282	24,533	23,100	24,800
Consumer price index	1.4	2.6	1.2	1.1	2.6	2.0

Robert Hogue  
Senior Economist

### Growth projected to turn positive

We forecast the Saskatchewan economy to return to positive growth both this year and next with activity rising 1.8% and 2.3%, respectively. This follows two years of negative growth including an expected 1.8% drop in 2016. The contraction last year largely reflected weakness in both energy and non-energy mining.

#### Energy sector expected to recover in 2017

The return to positive growth in 2017 is premised on our expectation of a recovery in energy mining brought about by strengthening oil prices. Other segments of the provincial mining sector are unlikely to experience a similar turnaround, however. In particular, we expect potash mining to continue to decline this year by around 3%. Still, this would represent an improvement from indications of a 6% drop in 2016 and consistent with anecdotal reports of some easing in the pressure on the potash sector lately. We project overall mining activity to grow by approximately 2% in the province both this year and next following indications of a likely 10% decline in 2016.

#### Capital expenditures to rise

Weakness in the mining sector has weighed on capital expenditures in the province over the past two years. The recently released CAPEX survey by Statistics Canada provided some optimism that such weakness will start to ease in 2017, consistent with a recovery in the energy sector. According to the survey, private firms and public-sector organizations intend to boost their capital expenditures by 3.4% this year. While modest, this increase is a marked improvement from steep declines of 16.6% and 15.9% in 2016 and 2015, respectively. The overall improvement is mainly attributable to a sharp rebound in the oil and gas sector, where capital expenditures are projected to rise by 50% after declines of 40% in each of the past two years. Excluding this sector, expenditures are expected to drop by close to 5% in 2017 after a 9% decline in 2016, reflecting in part continued weakness in non-energy mining.

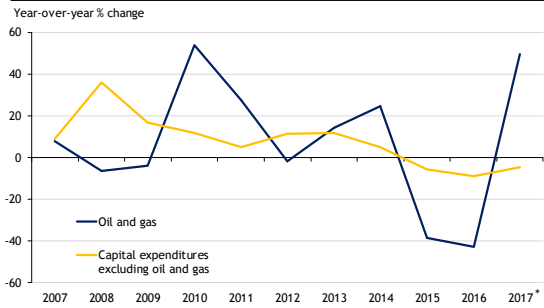
#### Quality of the grain harvest to improve

Our projected growth turnaround in 2017 in the province also assumes greater support from the agricultural sector. It was the case that the volume of Saskatchewan's three major crops (wheat, canola and barley) was up by a solid 9% in 2016. However, late rains weighed on the quality of the harvest and thus prices received by the sector were negatively impacted. Our assumption is that weather conditions will be 'average' in 2017, which implies higher quality crops relative to 2016. This would result in some improvement in farm incomes because our projection is based on the volume of the grain and oilseed harvest remaining little changed relative to 2016.

#### Strengthening labour markets to support household spending

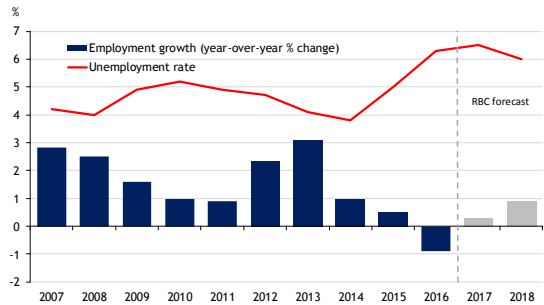
We expect that strengthening overall GDP growth in the province will help employment growth return to the positive column in 2017 and being sustained there in 2018, rising by 0.3% and 0.9%, respectively, following a decline of 0.9% in 2016. While it will likely take until 2018 for this gradual return to positive growth in employment to curb Saskatchewan's rising unemployment rate on an annual basis, the resumption of job creation in 2017 will be positive for overall household income and consumer spending in the province. We project retail sales to rise by 3.0% in 2017 and 4.0% in 2018 from the modest 1.1% gain recorded in 2016 and a 3.5% decline in 2015.

Saskatchewan: Non-residential capital expenditures



\*Intentions  
Source: Statistics Canada Non-residential Capital and Repair Expenditures Survey, RBC Economics Research

Saskatchewan: Employment growth and unemployment rate



Source: Statistics Canada, RBC Economics Research

#### Saskatchewan forecast at a glance

% change unless otherwise indicated

	2013	2014	2015	2016F	2017F	2018F
Real GDP	6.3	2.4	-1.3	-1.8	1.8	2.3
Nominal GDP	6.7	1.3	-5.7	-5.2	7.0	5.4
Employment	3.1	1.0	0.5	-0.9	0.3	0.9
Unemployment rate (%)	4.1	3.8	5.0	6.3	6.5	6.0
Retail sales	5.1	4.6	-3.5	1.1	3.0	4.0
Housing starts (units)	8,290	8,257	5,149	4,775	4,600	4,800
Consumer price index	1.4	2.4	1.6	1.1	2.2	2.8

**Paul Ferley**  
Assistant Chief Economist





**Bumps on the road**

We have lowered our forecasted growth profile slightly for Manitoba’s economy in light of recent indicators for capital expenditures, manufacturing and employment disappointing on the downside. However, our view remains that a strengthening US economy and a recovery in energy-sector activity in Manitoba’s neighbouring provinces will help to support an acceleration of growth relative to 2016. We project Manitoba’s economy to grow by 1.9% and 2.2% this year and next, respectively, up from 1.7% in 2016. Our updated forecast profile represents downward revisions of between 0.2 percentage points (in both 2016 and 2018) and 0.4 percentage points (in 2017) from our December 2016 *Provincial Outlook* report.

**Capital expenditure survey for 2017 disappointing**

Statistics Canada’s recently released its annual capital expenditure survey for 2017 which indicated a disappointing 4.2% drop in spending intentions in Manitoba this year. Construction activity had been a mainstay of growth in the province over the past two years and such was confirmed with these survey numbers showing non-residential capital expenditures rising 7.6% and 9.9% in 2016 and 2015, respectively. It is of note that the 2016 increase represented a significant upward revision from the previously-estimated increase of 3.4%. The decline expected in 2017—concentrated in the utilities and wholesale trade industries—flies in the face of indications of ongoing expenditure for a number of projects being undertaken by Manitoba Hydro. As well, there have been a number of announced commercial/residential projects for the Winnipeg area.

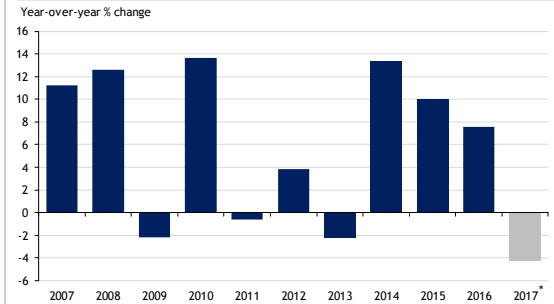
**Factors favourable for manufacturing activity**

Manufacturing sales rose in 2016; however, the 1.2% increase was relatively minimal and represented only a modest improvement from the 1.5% decline recorded in 2015. Nonetheless, the fourth quarter saw the strongest increase in the year which implies growing momentum going into 2017. The biggest improvement in 2016 was in the food processing industry where sales climbed by 4% after declining by 11% in 2015. Sales by fabricated metal product manufacturers also recovered sharply from a 13% decline recorded in 2015 with a gain of 1.5% in 2016. Another wide positive swing took place in machinery manufacturing (from a steep 13% drop in 2015), although it came short of returning this industry’s sales to positive growth (they fell 1% in 2016). The failure of Manitoba’s manufacturing sector to experience stronger positive growth in 2016 in the face of a more competitively valued Canadian dollar likely reflected greater than expected weakness in sales to the energy sector in Saskatchewan and Alberta. We expect that a gradual recovery in Canada’s energy sector along with further strengthening US economy and a still low-valued currency will contribute to the volume of manufacturing output rising 4.0% in both 2017 and 2018 after a projected 1.5% gain in 2016. Our forecast assumes no material protectionist measures from the new US administration.

**Recent weakness in employment not expected to persist**

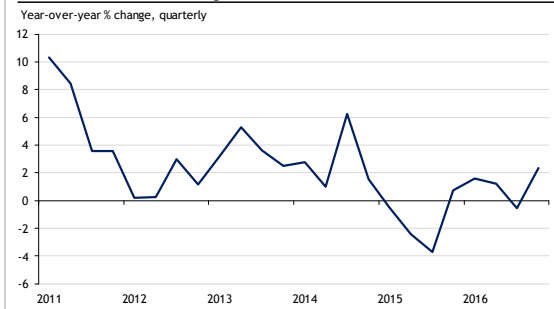
An additional downside risk to our Manitoba outlook is the surprising 0.4% decline in employment that occurred in 2016 after rising at an above-average 1.6% increase in 2015. The drop in employment last year contributed to the unemployment rate increasing to 6.3% in the fourth quarter from 5.8% a year earlier. Our forecast assumes that this weakness was payback for 2015’s unexpected strength, and will reverse through the forecast. Employment is projected to rise 1.0% and 0.9% in 2017 and 2018, respectively, with the unemployment rate dropping back down to 5.8% in 2018.

**Manitoba: Non-residential capital expenditure**



\*Intentions  
Source: Statistics Canada Non-residential Capital and Repair Expenditures Survey, RBC Economics Research

**Manitoba: Manufacturing sales**



Source: Statistics Canada, RBC Economics Research

**Manitoba forecast at a glance**

	% change unless otherwise indicated					
	2013	2014	2015	2016F	2017F	2018F
Real GDP	2.8	1.5	2.2	1.7	1.9	2.2
Nominal GDP	4.2	2.5	3.1	2.6	4.0	4.3
Employment	0.7	0.1	1.6	-0.4	1.0	0.8
Unemployment rate (%)	5.4	5.4	5.6	6.1	6.0	5.8
Retail sales	3.9	4.3	1.5	4.5	3.1	4.1
Housing starts (units)	7,465	6,220	5,501	5,319	6,400	6,300
Consumer price index	2.3	1.8	1.2	1.3	2.1	2.3

**Paul Ferley**  
Assistant Chief Economist

**Taking centre stage**

In a world of slower economic growth, Ontario’s performance in the past three years—an average of growth rate of 2.6% annually—is probably as good as it gets for a large, mature and diversified economy. Yet, such performance was greeted with little fanfare in part because it was overshadowed by British Columbia putting out even stronger numbers (average growth rate of 3.3% over the same period). We believe that Ontario will get more attention in 2017 as it poised to lead the country in growth this year for the first time since 2000. Ironically, this would coincide with a projected easing of growth in the province relative to the past three years to 2.5% (we anticipate the slowing to be comparatively more pronounced in British Columbia). We expect the pace of Ontario’s economy to be restrained by a moderation in housing market activity in 2017 and increased uncertainty with respect to trade with the United States. Our outlook calls for further modest deceleration in growth to 2.0% in 2018.

**Positive tone remains as 2017 gets underway**

The tone of economic indicators has been generally positive recently, consistent with our view that most sectors of Ontario’s economy firmly remain in expansion mode. Sustained job creation—employment has risen by more than 100,000 in the six months ending in January 2017—and a downwardly trending unemployment rate—to an eight-year low of 6.2% in recent months—instill a fair degree of confidence among households. This can be seen in retail sales, which continue to grow at one of the faster rates (3.9% year-over-year in the fourth quarter of 2016) in the country. Ontario consumers are especially fond of new motor vehicles—auto dealer sales are off to a strong start in 2017 following a record year in 2016. Data on the provincial manufacturing sector continue to show that the recovery remains on track overall, albeit at a measured pace. Strength in residential construction is unrelenting as housing starts continue to surprise us on the upside—prompting us to revise our forecast for 2017 starts upwardly to 79,300 units from 72,500 units previously. Clearly, the scarcity of homes available for sale in the Greater Toronto Area (GTA) maintains intense pressure on home builders to boost supply. A wave of in-migration in the past year no doubt has contributed to such pressure.

**Rising capital expenditures to add support;...**

The economic expansion in Ontario will get added support from capital investment in 2017. The 2017 CAPEX survey indicated that private firms and public-sector organizations intend to boost their spending by 4.0% this year, thanks in large part to a strong 10.3% increase by public administrations (led by municipal and region governments). Firms in the real estate and manufacturing sectors also plan to ramp up their capital spending noticeably by 19.8% and 8.3%, respectively.

**...slower housing market activity to take some away**

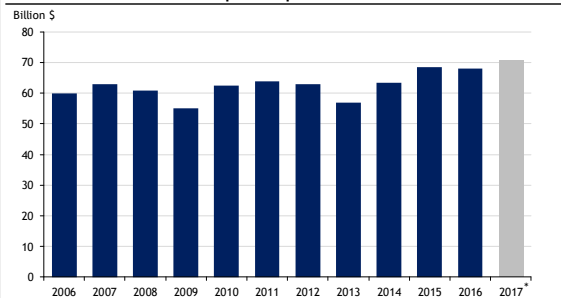
Despite only tenuous evidence of a slowdown in activity since the fall of 2016, we continue to expect that the pace of home resales will moderate in Ontario in 2017. We believe that intense affordability stress in the GTA and prospects for higher interest rates are bound cool demand down. Should these factors fail and GTA home prices accelerate further out of control as a result, we would expect policy makers to intervene.

**Ontario: Housing starts**



Source: Canadian Mortgage Housing Corporation, RBC Economics Research

**Ontario: Non-residential capital expenditures**



\*Intensions  
Source: Statistics Canada Non-residential Capital and Repair Expenditures Survey, RBC Economics Research

**Ontario forecast at a glance**

% change unless otherwise indicated

	2013	2014	2015	2016F	2017F	2018F
Real GDP	1.5	2.7	2.5	2.6	2.5	2.0
Nominal GDP	2.2	4.7	4.9	4.4	4.3	3.7
Employment	1.8	0.8	0.7	1.1	1.3	0.9
Unemployment rate (%)	7.6	7.3	6.8	6.5	6.3	6.1
Retail sales	2.3	5.0	4.2	4.7	4.0	3.8
Housing starts (units)	61,085	59,134	70,156	74,952	79,300	68,000
Consumer price index	1.1	2.3	1.2	1.8	2.4	2.1

**Robert Hogue**  
Senior Economist



## Labour market strength sends a positive signal

Economic data generally has come in a little stronger than we expected in Quebec since our December *Provincial Outlook* report. Most impressive has been Quebec's labour market, which has sustained a remarkable run in the past half-year with solid job creation helping to bring down the provincial unemployment rate to its lowest level (6.2% as of January 2017) in more than 40 years. This development, along with recent rebounds in international trade and manufacturing sales, as well as strengthening monthly GDP figures prompted us to revise our growth estimate for 2016 to 1.8% from 1.5% previously. These factors also bode well for the rate of expansion to be sustained in 2017 at 1.8%—upwardly from our previous forecast of 1.6%—when we expect fiscal restraint to ease in the province. Our forecast would represent the strongest back-to-back periods of growth since 2010–2011 for the Quebec economy. Our outlook for 2018 remains quite positive with growth projected at 1.6%.

### Lowest jobless rate in more than 40 years!

Considering that economic performance often boils down to the state of the labour market, it has been very encouraging to see strong employment gains and sharp drop in the jobless rate in Quebec since the middle of 2016. There have been 89,000 net new jobs created in the six months ending in January 2017, 80% of which were full-time positions, two-thirds were in the private sector and 100% were in the service sector. Quebec accounted for almost four out of ten new jobs created during this period in Canada—surpassed only by Ontario. Quebec's unemployment rate fell from 6.9% in July, 2016, to 6.2% in January, 2017—the lowest level in the province since Statistics Canada began publishing the statistics in the current format in 1976. Also worthy of note is the fact that Quebec's employment rate (the share of the working-age population that is employed) has risen to nearly 61%, which matches Ontario's rate for the first time ever. The best labour market conditions in memory send a positive message about the state of the Quebec economy as 2017 begins.

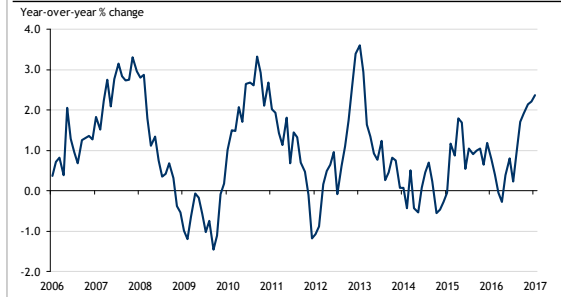
### Stronger momentum in the latter half of 2016

This positive message is echoed by other indicators such as international merchandise trade (where a meaningful surplus emerged) and manufacturing sales (where broadly-based gains were registered) in the closing months of 2016. Industry GDP estimates to November from the Institut de la statistique du Québec suggest a modest easing in growth in the fourth quarter relative to the third quarter's brisk pace of 2.1% (annualized); however, they still point to a slightly accelerating trend between the first and second halves of 2016. Driving growth in the latter half of last year were advances in residential construction, wholesale and retail trade, transportation services, finance and insurance, real estate services and public administration.

### Easing fiscal restraint to keep wind in the economy's sail

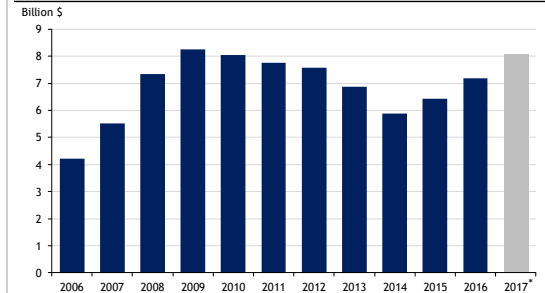
Going forward, we expect that the Quebec economy will benefit from more stimulative fiscal policy thanks to a much improved fiscal situation at the provincial level and federal infrastructure funding flowing to projects. The recently-released CAPEX report from Statistics Canada indeed shows that public administrations intend to boost their capital expenditures strongly by 12.5% in the province this year, with municipalities representing the lion's share of the spending.

Quebec: Employment



Source: Statistics Canada, RBC Economics Research

Quebec: Public administration capital expenditures



\*Intentions  
Source: Statistics Canada Non-residential Capital and Repair Expenditures Survey, RBC Economics Research

Quebec forecast at a glance

	% change unless otherwise indicated					
	2013	2014	2015	2016F	2017F	2018F
Real GDP	1.4	1.3	1.2	1.8	1.8	1.6
Nominal GDP	3.0	1.9	2.6	2.9	3.6	3.4
Employment	1.4	0.0	0.9	0.9	1.4	0.7
Unemployment rate (%)	7.6	7.7	7.6	7.1	6.6	6.5
Retail sales	2.5	1.7	0.5	4.3	3.8	3.8
Housing starts (units)	37,758	38,810	37,926	38,935	36,300	33,500
Consumer price index	0.8	1.4	1.1	0.7	2.3	2.3

Robert Hogue  
Senior Economist

**A little more vigour on the way**

The final tally of economic indicators confirms that New Brunswick’s economy stalled in 2016. A major mine closure set back the mining industry, exports have slumped, and overall employment edged lower. Heading into 2017, however, recent indicators show early signs that a turnaround is taking place in labour markets with positive implications for domestically-oriented industries. While the outlook for other economic sectors including exports, investment and government spending remains dim, we expect positive economic growth to make a (quiet) return in New Brunswick through our forecast horizon. After an estimated zero growth (0.0%) in 2016, we expect economic growth to accelerate to 0.6% in 2017 and 0.9% in 2018.

**Lower capital spending despite a rise in public-sector investment**

Statistics Canada’s recently released survey of investment intentions revealed that overall non-residential investment is expected to decline modestly by 1.5% in New Brunswick in 2017. Driving this easing is a 36% plummet in manufacturing investment intentions—the second-consecutive year of substantial decline. By way of partial offset, utilities and public administrations plan to spend more than they did in 2016, reflecting in large part the provincial government’s elevated capital spending plan. Leveraging funding from the federal government, the province plans to increase capital spending by 23% from fiscal 2016-2017 to 2018-2019.

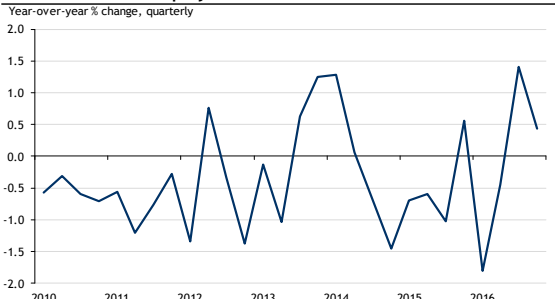
**Labour market on the mend**

After several gloomy years, New Brunswick’s labour market has been improving modestly in the past half-year. Employment has been on an upswing since mid-2016 and the province is expected to see 0.4% job growth in 2017 and 0.3% in 2018, thereby reversing a protracted downward trend. Declining public-sector employment drove job losses in 2016, as the government grappled with its deficit, and we expect little relief on that front in the period ahead. Rather, we expect job creation to be concentrated in the private sector, where expected growth in consumer spending is poised to stimulate employment in service and other consumer-related industries. Recent job gains have put downward pressure on the unemployment rate which we project to fall through the forecast horizon. The province’s demographics also appear to be turning a corner. A recent spike in immigration and less interprovincial outmigration has slowed the decline in New Brunswick’s population with positive implications for the tax base and domestically-oriented industries. This also may also help address the steady fall in the province’s working-age population, which has been a thorn in the side of the province’s labour force, as well as consumer spending and the local housing market in the past several years.

**Some upside seen in mining and forestry**

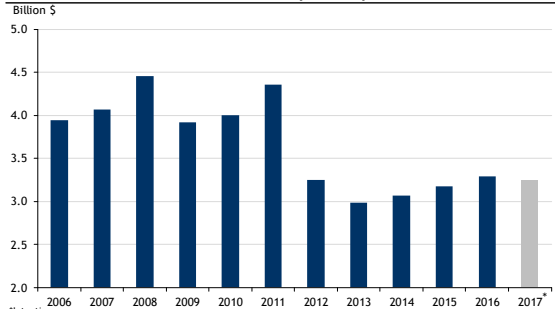
Barring any trade actions resulting from the expiry of the Softwood Lumber Agreement between Canada and the United States, we expect the provincial forestry sector to do well as US residential investment continues to grow steadily. This would build on a 14% growth in wood product exports in 2016. Low potash prices caused the closing of the Picadilly mine in 2016, wiping out a large component of New Brunswick’s mining sector and dealing a serious blow to mining exports. We expect some positive offset to come in 2017 from a full year of metal production at the Caribou mine near Bathurst, with further potential mining gains over a longer horizon as the Sisson tungsten mine moves through the approval process.

**New Brunswick: Employment**



Source: Statistics Canada, RBC Economics Research

**New Brunswick: Non-residential capital expenditures**



\*Intentional Source: Statistics Canada Non-residential Capital and Repair Expenditures, RBC Economics Research

**New Brunswick forecast at a glance**

% change unless otherwise indicated							
	2013	2014	2015	2016F	2017F	2018F	
Real GDP	-0.3	-0.1	2.3	0.0	0.6	0.9	
Nominal GDP	0.3	1.0	2.9	1.3	2.3	2.9	
Employment	0.4	-0.2	-0.6	-0.1	0.4	0.3	
Unemployment rate (%)	10.3	10.0	9.8	9.6	9.7	9.2	
Retail sales	0.7	3.8	2.4	3.2	2.2	2.2	
Housing starts (units)	2,843	2,276	1,995	1,838	1,900	2,000	
Consumer price index	0.8	1.5	0.5	2.2	3.0	2.4	

**Gerard Walsh**  
Economist





# Nova Scotia

## Maintaining steady growth

Nova Scotia’s economy has delivered consistent, if modest, growth rates for the past three years. Shipbuilding and a spate of building construction centred on Halifax has helped offset an otherwise weak investment and export performance, fiscal retrenchment and shrinking payrolls. While we expect ebbing construction activity to dampen a rebound in employment in the coming years, immigration-fuelled population growth will support consumer spending, housing activity and the tax base. After growing by an estimated rate of 1.2% in 2016, we forecast that Nova Scotia’s economy will expand by 0.8% in 2017 and 1.2% in 2018.

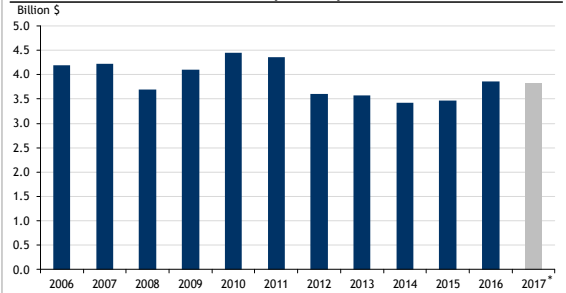
### Capital investment to weaken slightly in 2017

For the past several years, Nova Scotia has seen a boom in new building centred on Halifax that included the \$500 million dollar Nova Centre, headed for completion late this year, and a handful of condo developments. Looking ahead, investment activity associated with these projects will decline in the coming years and there are few new comparable projects coming down the pike. On the non-residential side, re-decking work on the Macdonald Bridge and construction work on the Maritime Link will wrap up this year, thereby depressing investment and construction activity. Some offset is expected from the provincial government which is poised to leverage federal infrastructure dollars to boost investment. While overall capital investment intentions mark a decline of 1% in 2017 according to Statistics Canada, public-sector investment spending is slated to rise by 10%. Most of the increase in public-sector investment spending is in the education sector where school construction and renovation is boosting expenditures by 51%.

### Labour market to improve modestly

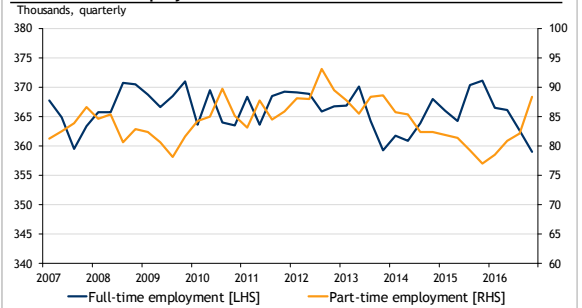
Nova Scotia joined the rest of Atlantic Canada in posting job losses for 2016. Alongside the shedding of jobs, there has been an increasing shift into part-time work for those finding employment. Nova Scotia saw full-time employment drop by 1.2% in 2016 and part-time employment surge by 3.2%. This shift partly reflected falling investment in structures, which has negatively impacted construction employment. It also partly reflected weakness in service-sector industries amid eroding consumer confidence and signs of softening household income. While we expect labour market trends to improve in the province in 2017, changes are likely to be subtle for the most part given the slow projected pace of growth in the Nova Scotia economy. In recent years, a shrinking working-age population led to a falling unemployment rate even as the number of jobs in the province declined. However, a recent spike in immigration has bolstered Nova Scotia’s population growth, and we expect this increase to flow gradually through to the labour force, thereby applying increasing resistance to any further decline in the provincial unemployment rate. That being said, a pickup in immigration is a positive development for a province facing severe long-run demographic challenges, although much of the benefits will depend on the province’s ability to retain those immigrants. Nova Scotia’s five-year retention rate for immigrants has climbed in recent years, but has averaged only 60% since 2000 compared with 90% in Ontario.

**Nova Scotia: Non-residential capital expenditures**



\*Intentions  
Source: Statistics Canada Non-residential Capital and Repair Expenditures, RBC Economics Research

**Nova Scotia: Employment**



Source: Statistics Canada, RBC Economics Research

**Nova Scotia forecast at a glance**

% change unless otherwise indicated

	2013	2014	2015	2016F	2017F	2018F
Real GDP	-0.1	0.8	1.0	1.2	0.8	1.2
Nominal GDP	2.1	1.7	2.4	2.4	2.7	3.2
Employment	-1.1	-1.1	0.1	-0.4	0.2	0.2
Unemployment rate (%)	9.1	8.9	8.6	8.3	8.2	8.1
Retail sales	2.9	2.3	-0.6	4.2	2.6	2.5
Housing starts (units)	3,919	3,056	3,825	3,767	3,400	3,100
Consumer price index	1.2	1.7	0.4	1.2	2.5	2.5

**Gerard Walsh**  
Economist

Fewer jobs in a slow-growing Island economy

The end of a long boom in manufacturing exports and a declining labour force has meant Prince Edward Island’s economic growth has ratcheted lower over the past several years. The outlook for the year ahead is not much changed. A bump in migration will stall working-age population decline; however, challenging overall demographic trends and a negative outlook for investment will keep growth restrained in the province. We project that the rate of 1.1% in 2016 will decelerate to 1.0% in both 2017 and 2018.

Capital spending to drop

Statistics Canada in February released its survey of capital spending intentions for 2017, which showed a 20% decline in non-residential capital investment plans for 2017. This steep decline is primarily the unwinding of a 2016 spike in investment in the utilities sector reflecting the end of investment spending on two multi-million dollar power cables linking Prince Edward Island’s power grid to New Brunswick. Despite weather-related delays, over 90% of the project’s land-based portion was complete as of January 2017. The hard-pressed construction sector, which saw a 10% decline in employment in 2016, is unlikely to get relief from the residential side in the period ahead. Modest numbers of new housing starts in recent months signaled little scope for a rebound in residential investment following sizeable drops in new housing construction and renovations in 2016.

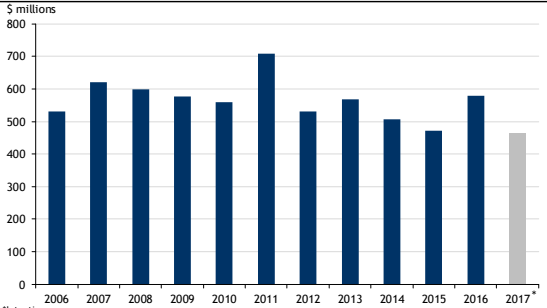
Turnaround in the job market in sight

The final data for 2016 revealed that employment declined significantly by 2.2% in the province last year. This sharp decline in employment—the sharpest among the provinces—was accompanied by other grim developments in the labour market: Prince Edward Island’s unemployment rate went up, the participation rate for prime-age adults came down, and the labour force contracted by the largest amount in decades. However, we see indications that the job market will turn a corner in 2017. First, the population growth has picked up noticeably in the past year. While net out-migration to other provinces increased through 2016, international immigration more than doubled in the province, reversing the decline of the working-age population. We expect that, over time, this will flow through to the labour force and employment, which we expect will rise modestly in both 2017 and 2018. However, a rising number of people looking for work will prevent a meaningful reduction in the unemployment rate which we project to remain above 10% until 2018.

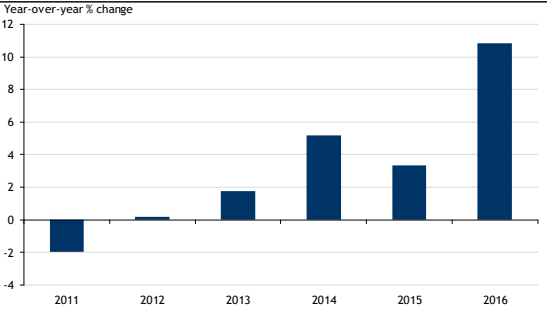
Tourism reaching a high note

2016 saw a boom in tourism with an 11% increase in overnight stays propelled by an 18% increase in US visitors who enjoyed greater spending power arising from the rise in value of the US dollar. Gradually rising employment, solid gains in employee compensation, and a supportive environment for tourism—including events celebrating Canada’s 150th anniversary—will continue to support the service sector on the island where we expect further gains in retail sales through 2018.

Prince Edward Island: Non-residential capital expenditure



Prince Edward Island: Overnight stays at hotels



Prince Edward Island forecast at a glance

% change unless otherwise indicated	2013	2014	2015	2016F	2017F	2018F
Real GDP	2.0	1.5	1.3	1.1	1.0	1.0
Nominal GDP	3.2	3.5	3.9	2.4	2.0	3.1
Employment	1.4	-0.1	-1.2	-2.2	0.6	0.5
Unemployment rate (%)	11.5	10.6	10.5	10.8	10.8	10.6
Retail sales	0.8	3.3	2.3	6.6	3.1	2.5
Housing starts (units)	636	511	558	556	730	700
Consumer price index	2.0	1.6	-0.6	1.2	3.0	2.4

Gerard Walsh  
Economist



# Newfoundland & Labrador

## A deep economic contraction in 2017

As the final indicators came in for 2016, they completed a grim picture of the state of Newfoundland and Labrador's economy: employment is down, the unemployment rate is up, consumers are retrenching and investment is falling. The one bright spot has been a 22% leap in oil production, which given the significant size of the industry in the province, forestalled a contraction in the overall economy. Unfortunately, a shrinking economy is likely to become the norm in the years ahead in Newfoundland and Labrador, as investment spending plunges and high taxes and fiscal restraint weighs on the labour market and disposable income. We estimate that the provincial economy edged out a small advance in 2016 (+0.8%) on the back of higher oil production, but forecast that growth will turn significantly negative at -3.6% this year before easing somewhat to -0.3% in 2018.

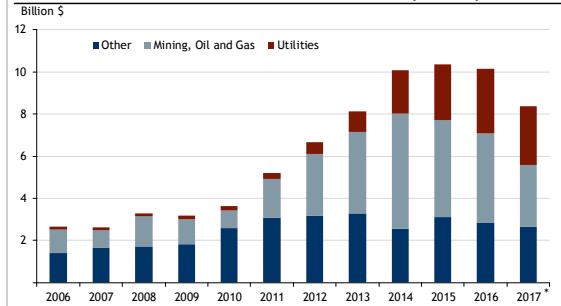
### A plunge in capital spending...

Recently released investment intentions surveyed by Statistics Canada showed that capital spending is expected to decline by 18% in Newfoundland and Labrador in 2017. Falling investment spending is most salient in the oil and gas extraction industry (-\$1.4 billion, or -36%) as the Hebron offshore oil platform moves from the construction to the production stages this year, and in the utilities industry (-\$300 million, or -10%) as peak construction activity passes at the Muskrat Falls hydroelectric project. With no similar-sized investment projects coming down the pike to offset the completion of these major projects, Newfoundland and Labrador's construction industry – which accounts for 10% of all workers – is expected to shed large numbers of jobs in the coming years, thereby pushing the unemployment rate up to 16.5% by 2018 from 13.4% in 2016. There will be some offset as work gets underway expanding and constructing new mines in the province, including Wabush 3 iron ore mine in Labrador and an underground nickel mine at Voisey's Bay. There are also rumours that the shelved West White Rose offshore oil project may go forward in the years ahead, although there have been no official confirmation to date. This latter project potentially would bring substantial economic benefits to the province as it may require a gravity-based platform like Hebron and Hibernia offshore facilities, and therefore may entail significant investment spending and labour input within the province.

### ...and fiscal headwinds face the provincial economy

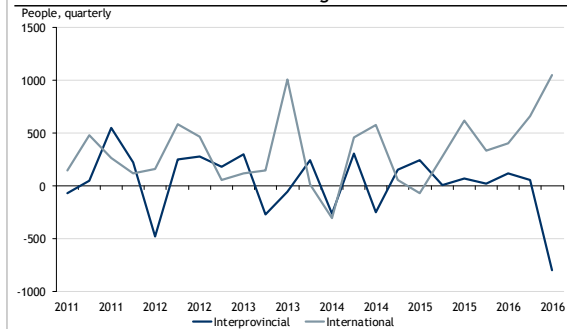
As falling investment spending prompts a large contraction in the provincial economy and a steep decline in revenues, the provincial government faces an outsized \$1.6 billion deficit in 2016-2017 (5.4% of GDP). While rising oil prices should provide some relief in 2017 and beyond, the government has announced hundreds of job cuts as part of its efforts to stem the tide of red ink. These cuts are partly a reversal of a trend that emerged during the oil boom when the number of employees in the provincial public administration rose significantly as a share of the population amid rapidly rising revenues for the provincial government. Nevertheless, declining government employment will add to private-sector job losses which are expected to result in overall employment falling by over 5% by 2018 compared with 2016. Facing bleak job prospects at home, Newfoundlanders and Labradoreans have begun to migrate to other provinces in the largest numbers since before the recession, tilting net interprovincial migration toward outflows and offsetting a pickup in international migration.

Newfoundland and Labrador: Non-residential capital expenditures



\*Intentions  
Source: Statistics Canada Non-residential Capital and Repair Expenditures, RBC Economics Research

Newfoundland and Labrador: Net migration



Source: Statistics Canada, RBC Economics Research

Newfoundland forecast at a glance

% change unless otherwise indicated						
	2013	2014	2015	2016F	2017F	2018F
Real GDP	5.2	-1.0	-2.0	0.8	-3.6	-0.3
Nominal GDP	7.6	-1.3	-11.5	-0.9	1.2	4.5
Employment	0.8	-1.7	-1.0	-1.5	-2.5	-3.0
Unemployment rate (%)	11.6	11.9	12.8	13.4	14.8	16.3
Retail sales	5.0	3.4	0.2	0.9	-0.8	-1.3
Housing starts (units)	2,862	2,119	1,697	1,398	1,300	1,300
Consumer price index	1.7	1.9	0.4	2.7	3.5	1.9

Gerard Walsh  
Economist

## Forecast detail

Average annual % change unless otherwise indicated

	Real GDP				Nominal GDP				Employment				Unemployment rate %				Housing starts Thousands				Retail sales				CPI			
	15	16F	17F	18F	15	16F	17F	18F	15	16F	17F	18F	15	16F	17F	18F	15	16F	17F	18F	15	16F	17F	18F	15	16F	17F	18F
N.& L.	-2.0	0.8	-3.6	-0.3	-11.5	-0.9	1.2	4.5	-1.0	-1.5	-2.5	-3.0	12.8	13.4	14.8	16.3	1.7	1.4	1.3	1.3	0.2	0.9	-0.8	-1.3	0.4	2.7	3.5	1.9
P.E.I.	1.3	1.1	1.0	1.0	3.9	2.4	2.0	3.1	-1.2	-2.2	0.6	0.5	10.5	10.8	10.8	10.6	0.6	0.6	0.7	0.7	2.3	6.6	3.1	2.5	-0.6	1.2	3.0	2.4
N.S.	1.0	1.2	0.8	1.2	2.4	2.4	2.7	3.2	0.1	-0.4	0.2	0.2	8.6	8.3	8.2	8.1	3.8	3.8	3.4	3.1	-0.6	4.2	2.6	2.5	0.4	1.2	2.5	2.5
N.B.	2.3	0.0	0.6	0.9	2.9	1.3	2.3	2.9	-0.6	-0.1	0.4	0.3	9.8	9.6	9.7	9.2	2.0	1.8	1.9	2.0	2.4	3.2	2.2	2.2	0.5	2.2	3.0	2.4
QUE.	1.2	1.8	1.8	1.6	2.6	2.9	3.6	3.4	0.9	0.9	1.4	0.7	7.6	7.1	6.6	6.5	37.9	38.9	36.3	33.5	0.5	4.3	3.8	3.8	1.1	0.7	2.3	2.3
ONT.	2.5	2.6	2.5	2.0	4.9	4.4	4.3	3.7	0.7	1.1	1.3	0.9	6.8	6.5	6.3	6.1	70.2	75.0	79.3	68.0	4.2	4.7	4.0	3.8	1.2	1.8	2.4	2.1
MAN.	2.2	1.7	1.9	2.2	3.1	2.6	4.0	4.3	1.6	-0.4	1.0	0.8	5.6	6.1	6.0	5.8	5.5	5.3	6.4	6.3	1.5	4.5	3.1	4.1	1.2	1.3	2.1	2.3
SASK.	-1.3	-1.8	1.8	2.3	-5.7	-5.2	7.0	5.4	0.5	-0.9	0.3	0.9	5.0	6.3	6.5	6.0	5.1	4.8	4.6	4.8	-3.5	1.1	3.0	4.0	1.6	1.1	2.2	2.8
ALTA.	-3.6	-3.0	2.1	3.3	-12.5	-4.9	9.2	8.4	1.2	-1.6	0.3	1.1	6.0	8.1	8.4	7.5	37.3	24.5	23.1	24.8	-4.6	-1.6	2.8	3.8	1.2	1.1	2.6	2.0
B.C.	3.3	3.3	1.9	1.8	3.8	5.0	4.2	3.9	1.2	3.2	1.4	0.6	6.2	6.0	6.1	6.3	31.4	41.8	29.0	30.5	6.0	6.4	3.5	3.4	1.1	1.9	2.4	1.9
<b>CANADA</b>	<b>0.9</b>	<b>1.4</b>	<b>2.0</b>	<b>2.1</b>	<b>0.2</b>	<b>2.0</b>	<b>5.0</b>	<b>4.5</b>	<b>0.8</b>	<b>0.7</b>	<b>1.1</b>	<b>0.7</b>	<b>6.9</b>	<b>7.0</b>	<b>6.9</b>	<b>6.6</b>	<b>196</b>	<b>198</b>	<b>186</b>	<b>175</b>	<b>1.7</b>	<b>3.7</b>	<b>3.5</b>	<b>3.6</b>	<b>1.1</b>	<b>1.4</b>	<b>2.5</b>	<b>2.2</b>

## Key provincial comparisons

2015 unless otherwise indicated

	N. & L.	P.E.I.	N.S.	N.B.	QUE	ONT	MAN	SASK	ALTA	B.C.
Population (000s, 2016)	530	149	950	757	8,326	13,983	1,318	1,151	4,253	4,752
Gross domestic product (\$ billions)	30.1	6.2	40.2	33.1	381.0	763.3	65.9	79.4	326.4	250.0
Real GDP (\$2007 billions)	27.3	5.2	36.2	28.9	337.9	665.0	59.4	62.9	310.6	231.3
Share of provincial GDP of Canadian GDP (%)	1.5	0.3	2.0	1.7	19.2	38.4	3.3	4.0	16.4	12.6
Real GDP growth (CAGR, 2010-15, %)	0.1	1.6	0.3	0.2	1.4	2.1	2.4	2.8	3.4	2.9
Real GDP per capita (\$ 2007)	51,595	35,411	38,339	38,368	40,912	48,201	45,830	55,528	74,322	49,286
Real GDP growth rate per capita (CAGR, 2010-15, %)	-0.2	0.9	0.2	0.2	0.5	1.1	1.2	1.3	1.1	1.9
Personal disposable income per capita (\$)	32,668	27,280	28,002	28,222	26,857	30,980	28,400	33,142	40,704	33,011
Employment growth (CAGR, 2011-16, %)	0.1	-0.1	-0.3	-0.2	0.8	1.0	0.7	1.2	1.5	1.3
Employment rate (Jan. 2017, %)	51.5	59.3	57.3	56.4	60.8	61.0	63.0	65.0	66.5	61.2
Discomfort index (inflation + unemp. rate, Jan. 2017)	18.5	12.3	9.5	12.2	7.5	8.7	8.2	8.0	11.3	7.9
Manufacturing industry output (% of GDP)	5.0	9.4	7.9	11.3	14.0	12.1	10.2	6.4	6.9	7.2
Personal expenditures on goods & services (% of GDP)	53.9	68.0	72.0	66.6	59.1	56.7	57.5	45.4	45.3	64.4
International exports (% of GDP)	34.1	20.9	18.4	48.4	28.4	35.8	25.7	39.3	32.3	22.1



## Tables

## British Columbia

		2009	2010	2011	2012	2013	2014	2015	2016F	2017F	2018F
Real GDP	Chained \$2007 millions	194,987	200,324	206,360	211,427	216,716	223,852	231,299	238,932	243,352	247,830
	% change	-2.4	2.7	3.0	2.5	2.5	3.3	3.3	3.3	1.9	1.8
Nominal GDP	\$ millions	196,250	205,117	216,786	221,414	228,973	240,900	249,981	262,418	273,420	284,020
	% change	-4.0	4.5	5.7	2.1	3.4	5.2	3.8	5.0	4.2	3.9
Employment	thousands	2,192	2,223	2,228	2,262	2,266	2,278	2,306	2,380	2,413	2,428
	% change	-2.2	1.4	0.2	1.6	0.1	0.6	1.2	3.2	1.4	0.6
Unemployment rate	%	7.7	7.6	7.5	6.8	6.6	6.1	6.2	6.0	6.1	6.3
Retail sales	\$ millions	55,288	58,251	60,090	61,255	62,734	66,273	70,272	74,754	77,339	79,961
	% change	-4.3	5.4	3.2	1.9	2.4	5.6	6.0	6.4	3.5	3.4
Housing starts	units	16,077	26,479	26,400	27,465	27,054	28,356	31,446	41,843	29,000	30,500
	% change	-53.2	64.7	-0.3	4.0	-1.5	4.8	10.9	33.1	-30.7	5.2
Consumer price index	2002=100	112.3	113.8	116.5	117.8	117.7	118.9	120.2	122.4	125.4	127.8
	% change	0.0	1.4	2.3	1.1	-0.1	1.0	1.1	1.9	2.4	1.9

## Alberta

		2009	2010	2011	2012	2013	2014	2015	2016F	2017F	2018F
Real GDP	Chained \$2007 millions	250,510	262,720	279,655	290,544	306,998	322,237	310,640	301,321	307,498	317,768
	% change	-5.5	4.9	6.4	3.9	5.7	5.0	-3.6	-3.0	2.1	3.3
Nominal GDP	\$ millions	245,690	270,049	299,521	312,485	342,415	372,880	326,433	310,354	338,887	367,506
	% change	-17.0	9.9	10.9	4.3	9.6	8.9	-12.5	-4.9	9.2	8.4
Employment	thousands	2,030	2,024	2,100	2,172	2,226	2,275	2,301	2,264	2,270	2,294
	% change	-1.2	-0.3	3.7	3.5	2.5	2.2	1.2	-1.6	0.3	1.1
Unemployment rate	%	6.5	6.6	5.4	4.6	4.6	4.7	6.0	8.1	8.4	7.5
Retail sales	\$ millions	56,489	59,849	63,945	68,408	73,109	78,582	74,989	73,786	75,829	78,713
	% change	-8.3	5.9	6.8	7.0	6.9	7.5	-4.6	-1.6	2.8	3.8
Housing starts	units	20,298	27,088	25,704	33,396	36,011	40,590	37,282	24,533	23,100	24,800
	% change	-30.4	33.5	-5.1	29.9	7.8	12.7	-8.1	-34.2	-5.8	7.4
Consumer price index	2002=100	121.5	122.7	125.7	127.1	128.9	132.2	133.7	135.2	138.6	141.5
	% change	-0.1	1.0	2.4	1.1	1.4	2.6	1.2	1.1	2.6	2.0

## Saskatchewan

		2009	2010	2011	2012	2013	2014	2015	2016F	2017F	2018F
Real GDP	Chained \$2007 millions	52,195	54,647	57,545	58,514	62,191	63,680	62,872	61,740	62,821	64,266
	% change	-5.3	4.7	5.3	1.7	6.3	2.4	-1.3	-1.8	1.8	2.3
Nominal GDP	\$ millions	60,080	63,368	74,821	77,957	83,159	84,201	79,415	75,249	80,547	84,872
	% change	-11.1	5.5	18.1	4.2	6.7	1.3	-5.7	-5.2	7.0	5.4
Employment	thousands	526	531	536	548	565	571	574	568	570	576
	% change	1.6	1.0	0.9	2.4	3.1	1.0	0.5	-0.9	0.3	0.9
Unemployment rate	%	4.9	5.3	4.9	4.7	4.1	3.8	5.0	6.3	6.5	6.0
Retail sales	\$ millions	14,605	15,103	16,199	17,405	18,301	19,143	18,477	18,682	19,249	20,019
	% change	-0.5	3.4	7.3	7.4	5.1	4.6	-3.5	1.1	3.0	4.0
Housing starts	units	3,866	5,907	7,031	9,968	8,290	8,257	5,149	4,775	4,600	4,800
	% change	-43.4	52.8	19.0	41.8	-16.8	-0.4	-37.6	-7.3	-3.7	4.3
Consumer price index	2002=100	117.1	118.7	122.0	123.9	125.7	128.7	130.8	132.2	135.1	138.8
	% change	1.1	1.3	2.8	1.6	1.4	2.4	1.6	1.1	2.2	2.8

**Manitoba**

		2009	2010	2011	2012	2013	2014	2015	2016F	2017F	2018F
Real GDP	Chained \$2007 millions	51,464	52,736	54,045	55,674	57,248	58,117	59,395	60,405	61,522	62,876
	% change	-0.2	2.5	2.5	3.0	2.8	1.5	2.2	1.7	1.9	2.2
Nominal GDP	\$ millions	50,804	53,308	56,197	59,781	62,314	63,855	65,862	67,592	70,288	73,343
	% change	-2.6	4.9	5.4	6.4	4.2	2.5	3.1	2.6	4.0	4.3
Employment	thousands	601	609	612	622	626	626	636	634	640	645
	% change	-0.2	1.4	0.4	1.6	0.7	0.1	1.6	-0.4	1.0	0.8
Unemployment rate	%	5.2	5.4	5.5	5.3	5.4	5.4	5.6	6.1	6.0	5.8
Retail sales	\$ millions	14,920	15,770	16,443	16,652	17,297	18,034	18,297	19,115	19,699	20,506
	% change	-0.4	5.7	4.3	1.3	3.9	4.3	1.5	4.5	3.1	4.1
Housing starts	units	4,174	5,888	6,083	7,242	7,465	6,220	5,501	5,319	6,400	6,300
	% change	-24.6	41.1	3.3	19.1	3.1	-16.7	-11.6	-3.3	20.3	-1.6
Consumer price index	2002=100	114.1	115.0	118.4	120.3	123.0	125.3	126.8	128.4	131.1	134.2
	% change	0.6	0.8	2.9	1.6	2.3	1.8	1.2	1.3	2.1	2.3

**Ontario**

		2009	2010	2011	2012	2013	2014	2015	2016F	2017F	2018F
Real GDP	Chained \$2007 millions	582,904	600,131	614,606	622,717	631,871	648,890	665,034	681,992	699,042	713,023
	% change	-3.1	3.0	2.4	1.3	1.5	2.7	2.5	2.6	2.5	2.0
Nominal GDP	\$ millions	597,882	630,989	659,743	680,084	695,349	727,962	763,276	797,020	831,650	862,704
	% change	-1.7	5.5	4.6	3.1	2.2	4.7	4.9	4.4	4.3	3.7
Employment	thousands	6,433	6,538	6,658	6,703	6,823	6,878	6,923	7,000	7,089	7,150
	% change	-2.7	1.6	1.8	0.7	1.8	0.8	0.7	1.1	1.3	0.9
Unemployment rate	%	9.1	8.7	7.9	7.9	7.6	7.3	6.8	6.5	6.3	6.1
Retail sales	\$ millions	148,109	156,276	161,859	164,503	168,253	176,719	184,143	192,813	200,544	208,165
	% change	-2.4	5.5	3.6	1.6	2.3	5.0	4.2	4.7	4.0	3.8
Housing starts	units	50,370	60,433	67,821	76,742	61,085	59,134	70,156	74,952	79,300	68,000
	% change	-32.9	20.0	12.2	13.2	-20.4	-3.2	18.6	6.8	5.8	-14.2
Consumer price index	2002=100	113.7	116.5	120.1	121.8	123.0	125.9	127.4	129.7	132.8	135.6
	% change	0.4	2.4	3.1	1.4	1.1	2.3	1.2	1.8	2.4	2.1

**Quebec**

		2009	2010	2011	2012	2013	2014	2015	2016F	2017F	2018F
Real GDP	Chained \$2007 millions	309,359	315,708	321,647	324,993	329,433	333,830	337,911	343,824	350,013	355,613
	% change	-0.8	2.1	1.9	1.0	1.4	1.3	1.2	1.8	1.8	1.6
Nominal GDP	\$ millions	314,541	328,138	344,735	354,040	364,531	371,311	380,972	392,140	406,384	420,318
	% change	0.1	4.3	5.1	2.7	3.0	1.9	2.6	2.9	3.6	3.4
Employment	thousands	3,854	3,938	3,976	4,006	4,061	4,060	4,097	4,133	4,189	4,219
	% change	-0.7	2.2	1.0	0.8	1.4	0.0	0.9	0.9	1.4	0.7
Unemployment rate	%	8.6	8.0	7.9	7.7	7.6	7.7	7.6	7.1	6.6	6.5
Retail sales	\$ millions	93,759	99,590	102,556	103,753	106,301	108,137	108,727	113,403	117,754	122,226
	% change	-1.1	6.2	3.0	1.2	2.5	1.7	0.5	4.3	3.8	3.8
Housing starts	units	43,403	51,363	48,387	47,367	37,758	38,810	37,926	38,935	36,300	33,500
	% change	-9.4	18.3	-5.8	-2.1	-20.3	2.8	-2.3	2.7	-6.8	-7.7
Consumer price index	2002=100	113.4	114.8	118.3	120.8	121.7	123.4	124.7	125.6	128.4	131.4
	% change	0.6	1.3	3.0	2.1	0.8	1.4	1.1	0.7	2.3	2.3

## Tables

## New Brunswick

		2009	2010	2011	2012	2013	2014	2015	2016F	2017F	2018F
Real GDP	Chained \$2007 millions	28,080	28,643	28,702	28,417	28,332	28,304	28,941	28,941	29,100	29,362
	% change	-1.5	2.0	0.2	-1.0	-0.3	-0.1	2.3	0.0	0.6	0.9
Nominal GDP	\$ millions	28,857	30,213	31,500	31,723	31,809	32,112	33,052	33,480	34,237	35,236
	% change	0.3	4.7	4.3	0.7	0.3	1.0	2.9	1.3	2.3	2.9
Employment	thousands	360	358	356	353	355	354	352	352	353	354
	% change	-0.2	-0.5	-0.7	-0.7	0.4	-0.2	-0.6	-0.1	0.4	0.3
Unemployment rate	%	8.7	9.2	9.5	10.2	10.3	10.0	9.8	9.6	9.7	9.2
Retail sales	\$ millions	10,094	10,595	11,103	11,028	11,107	11,528	11,808	12,183	12,447	12,727
	% change	0.8	5.0	4.8	-0.7	0.7	3.8	2.4	3.2	2.2	2.2
Housing starts	units	3,521	4,101	3,452	3,299	2,843	2,276	1,995	1,838	1,900	2,000
	% change	-17.6	16.5	-15.8	-4.4	-13.8	-19.9	-12.3	-7.9	3.4	5.3
Consumer price index	2002=100	113.5	115.9	120.0	122.0	123.0	124.8	125.4	128.2	132.0	135.2
	% change	0.3	2.1	3.5	1.7	0.8	1.5	0.5	2.2	3.0	2.4

## Nova Scotia

		2009	2010	2011	2012	2013	2014	2015	2016F	2017F	2018F
Real GDP	Chained \$2007 millions	34,721	35,693	35,884	35,567	35,524	35,812	36,168	36,602	36,895	37,352
	% change	0.3	2.8	0.5	-0.9	-0.1	0.8	1.0	1.2	0.8	1.2
Nominal GDP	\$ millions	34,931	36,849	37,652	37,835	38,614	39,271	40,225	41,190	42,308	43,647
	% change	-1.4	5.5	2.2	0.5	2.1	1.7	2.4	2.4	2.7	3.2
Employment	thousands	450	451	453	458	453	448	448	446	447	448
	% change	-0.5	0.4	0.4	1.0	-1.1	-1.1	0.1	-0.4	0.2	0.2
Unemployment rate	%	9.2	9.6	9.0	9.1	9.1	8.9	8.6	8.3	8.2	8.1
Retail sales	\$ millions	12,105	12,651	13,098	13,223	13,605	13,915	13,827	14,406	14,786	15,155
	% change	0.1	4.5	3.5	1.0	2.9	2.3	-0.6	4.2	2.6	2.5
Housing starts	units	3,438	4,309	4,644	4,522	3,919	3,056	3,825	3,767	3,400	3,100
	% change	-13.7	25.3	7.8	-2.6	-13.3	-22.0	25.2	-1.5	-9.7	-8.8
Consumer price index	2002=100	115.7	118.2	122.7	125.1	126.6	128.8	129.3	130.9	134.2	137.5
	% change	-0.1	2.2	3.8	1.9	1.2	1.7	0.4	1.2	2.5	2.5

## Prince Edward Island

		2009	2010	2011	2012	2013	2014	2015	2016F	2017F	2018F
Real GDP	Chained \$2007 millions	4,695	4,800	4,895	4,952	5,050	5,128	5,196	5,253	5,306	5,359
	% change	0.3	2.2	2.0	1.2	2.0	1.5	1.3	1.1	1.0	1.0
Nominal GDP	\$ millions	4,927	5,222	5,424	5,573	5,752	5,955	6,186	6,332	6,459	6,660
	% change	3.6	6.0	3.9	2.7	3.2	3.5	3.9	2.4	2.0	3.1
Employment	thousands	68	70	72	73	74	74	73	72	72	72
	% change	-1.3	2.3	3.1	1.7	1.4	-0.1	-1.2	-2.2	0.6	0.5
Unemployment rate	%	11.9	11.4	11.1	11.1	11.5	10.6	10.5	10.8	10.8	10.6
Retail sales	\$ millions	1,682	1,770	1,866	1,925	1,940	2,005	2,052	2,187	2,254	2,310
	% change	-1.3	5.3	5.4	3.2	0.8	3.3	2.3	6.6	3.1	2.5
Housing starts	units	877	756	940	941	636	511	558	556	730	700
	% change	23.2	-13.8	24.3	0.1	-32.4	-19.7	9.2	-0.4	31.3	-4.1
Consumer price index	2002=100	117.3	119.5	123.0	125.5	128.0	130.1	129.3	130.8	134.7	138.0
	% change	-0.1	1.8	2.9	2.0	2.0	1.6	-0.6	1.2	3.0	2.4

## Newfoundland &amp; Labrador

		2009	2010	2011	2012	2013	2014	2015	2016F	2017F	2018F
Real GDP	Chained \$2007 millions	25,740	27,164	27,946	26,719	28,106	27,838	27,277	27,495	26,494	26,415
	% change	-10.1	5.5	2.9	-4.4	5.2	-1.0	-2.0	0.8	-3.6	-0.3
Nominal GDP	\$ millions	25,001	29,085	33,539	32,032	34,462	34,022	30,100	29,842	30,194	31,548
	% change	-20.8	16.3	15.3	-4.5	7.6	-1.3	-11.5	-0.9	1.2	4.5
Employment	thousands	215	223	232	241	243	239	236	233	227	220
	% change	-2.7	3.6	4.1	3.8	0.8	-1.7	-1.0	-1.5	-2.5	-3.0
Unemployment rate	%	15.5	14.7	12.6	12.3	11.6	11.9	12.8	13.4	14.8	16.3
Retail sales	\$ millions	7,121	7,453	7,833	8,182	8,589	8,882	8,900	8,982	8,909	8,794
	% change	1.6	4.7	5.1	4.5	5.0	3.4	0.2	0.9	-0.8	-1.3
Housing starts	units	3,057	3,606	3,488	3,885	2,862	2,119	1,697	1,398	1,300	1,300
	% change	-6.3	18.0	-3.3	11.4	-26.3	-26.0	-19.9	-17.6	-7.0	0.0
Consumer price index	2002=100	114.6	117.4	121.4	123.9	126.0	128.4	129.0	132.5	137.2	139.8
	% change	0.3	2.4	3.4	2.1	1.7	1.9	0.4	2.7	3.5	1.9

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