

The Laurentian and Rocky Mountain Consensus

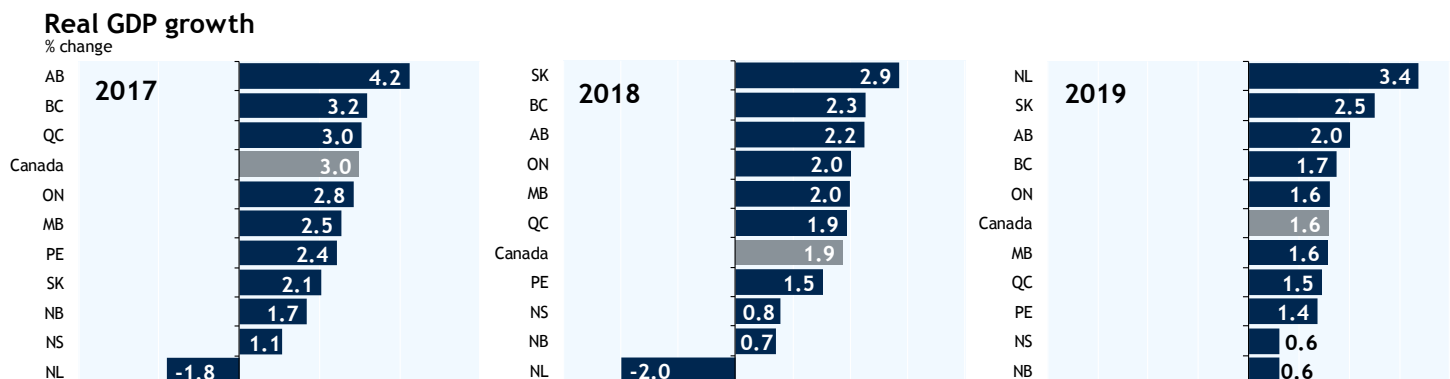
Canada's economic expansion is entering its 9th year and growth is becoming more balanced across the country. Since our *December Provincial Outlook*, we upgraded our view on economic growth in several provinces in the wake of stronger-than-expected data — most conspicuously in Quebec where growth continued to surprise to the upside in 2017. Yet as the economy reaches capacity constraints over the next two years, we expect growth to slow across the country toward its long-run potential rate. For Central Canada, the Maritimes, and British Columbia this means growth will soon ratchet lower, whereas for oil producers growth will remain stronger for longer as they continue to take up the slack that developed during the recent oil price shock.

Towering economies in the Rockies

We forecast the long boom in British Columbia's economy to abate gradually over the next two years. Far from being a sign of weakness however, it reflects the economy's strength: there is little slack left to take up in an economy which boasts a record low unemployment rate, strong consumer spending, and a buoyant housing market. Our forecast has growth clocking in at 2.3% in 2018 and 1.7% in 2019 as new spending from the provincial government provides additional lift. Across the Rockies, Alberta's economic recovery remains well in hand. After rocketing ahead by an estimated 4.2% in 2017, we are expecting somewhat slower growth in 2018 and 2019 but at a pace above the national average. Rising oil production will add to growth and help with an eye-watering provincial deficit, and a pickup in jobs portends stronger growth ahead. While the auspices are generally good for Wild Rose Country, a Statistics Canada survey suggesting that investment spending may drop in 2018 is a reminder that the economy has not fully righted. The province's difficulty getting its oil to market may be affecting the investment outlook as highlighted by a widening spread between the price of Albertan oil and international benchmarks.

A solid performance on the prairie

We expect Saskatchewan to buck the national trend this year as growth picks up to a chart-topping 2.9% followed by another solid year in 2019. A number of tailwinds are propelling the province's economy including rising oil production, a recovery from weather-related weakness in agricultural production in 2017, and greater momentum in the manufacturing sector heading into this year. A dark spot on an otherwise bright outlook is a pullback in capital spending. Our view on Manitoba is largely unchanged from last quarter with growth gradually slowing to 2.0% in 2018 and 1.6% in 2019. Partly, this represents payback for rapid gains in the grain and oilseed harvest and manufacturing in 2017 and growth in these areas is likely to continue at a more moderate pace in 2018. Weakening construction activity will also weigh on the outlook for the next two years as a drop in housing starts adds to the winding down of work on major projects including the Keeyask Generating Station.



Source: Statistics Canada, RBC Economics Research

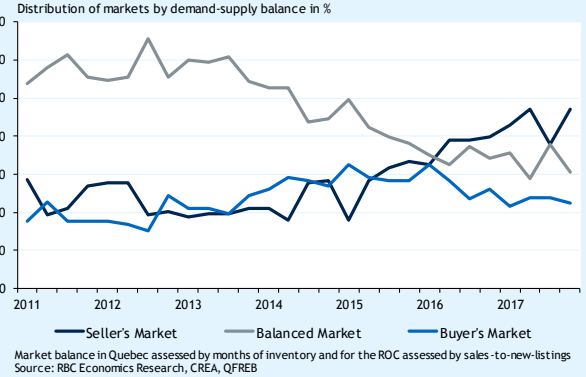


Box 1

Tight housing markets are becoming widespread

The Bank of Canada has raised interest rates three times since mid-2017 and continues to signal that monetary policy normalization will be gradual. The Bank flags labour markets, still-low inflation, and NAFTA risks as reasons for a cautious path, but one argument for a faster pace is easy financial conditions may be stoking asset prices – especially housing prices. Once a concern primarily for Vancouver and Toronto, a growing number of markets in Canada have begun to see supply and demand conditions tilt in favour of sellers.

Canada's local housing markets by balance



The Laurentian engines are firing

We estimate that Ontario's economy delivered 2.8% growth in 2017 on the back of consumers and public-sector and residential investments. Going forward, we think recent regulations which are putting a chill in the housing market will flow through to new building and 2017's rapid expansion of retail sales and employment are unlikely to continue at their current pace. That said, a healthy job market, solid wage gains, and accelerating capital spending will power Ontario's economy in the years ahead. We are forecasting growth of 2.0% in 2018 before slowing to the national average of 1.6% in 2019. Neighbouring Quebec looks better still and we expect the final numbers to show real GDP grew by 3.0% in 2017, more than twice the average growth rate of 1.3% over the past five years. While we don't expect this swift pace to continue, the auspices for Quebec's economy remain good. Vibrant consumer spending will be supported by accelerating wage gains and a record low unemployment rate, exports are up on the back of metals and minerals, and the province's housing market supports new building. We are forecasting Quebec's economic growth to slow to near the national average in 2018 and 2019 at 1.9% and 1.5% respectively.

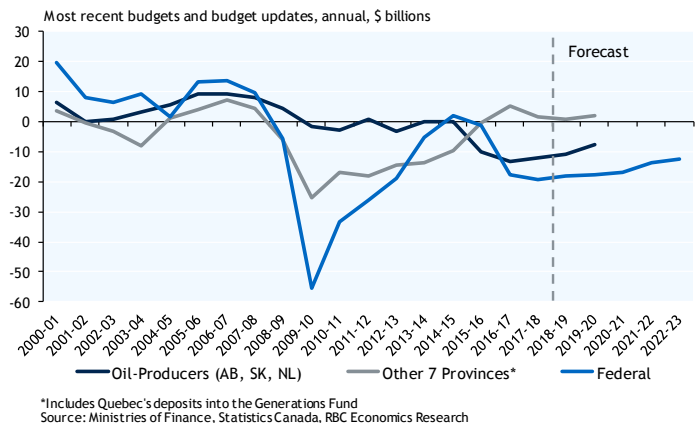
Sluggish growth in the East

After a fairly strong 2017, we expect growth in the three Maritime Provinces in 2018 and 2019 that is more in line with their lower long-run potential. While this may seem unwelcome, the outlook for individual workers is improving. In both New Brunswick and Nova Scotia, economic growth is driving down the unemployment rate as modest job gains accompany a shrinking workforce. With fewer potential workers on the sidelines, workers' bargaining position is improving and both provinces have solid gains in employee compensation with positive implications for residential investment, retail sales and consumer spending. On Prince Edward Island, we expect the economy to create enough jobs to absorb a recent uptick in immigration and make the province the fastest growing in the Maritimes through 2019. Outside of the Maritimes, Newfoundland and Labrador, by contrast, remains in the grip of an economic contraction. Rising oil production is staving off a deeper decline in headline growth figures as the province faces the double whammy of fiscal austerity and a severe drop in capital spending.

Some are loosening the purse strings...

The federal government is keeping its plan for deficits through 2023 and intends to spend the rising revenues delivered by a growing economy. Adding to stimulative fiscal policy from the top is rising spending by the provinces. As a group, Canada's non-oil producing provinces have achieved budgetary balance and are leaning into a strong national economy by loosening their purse strings to boost infrastructure and program spending. For Ontario and British Columbia this means billions in new investment amid

Canada fiscal balances





an already tight labour market. Quebec is paying down debt and squirreling its surpluses into its Generations Fund, but it has also found room to boost its strong spending growth profile. The finances of the Maritime Provinces and Manitoba are less rosy and leave little room for increased spending.

...though oil-rich provinces face tougher choices

Oil-producing provinces are less fortunate. For them, the post-financial crisis years were less strenuous as high oil prices gave them room to maneuver, but today they face significant budgetary shortfalls as they gradually come to grips with lower resource royalty revenues. The structure of oil and gas royalties coupled with a widened spread between Western Canadian Select (WCS) and global oil prices (WTI) implies that resource royalties will remain depressed even as global oil prices and domestic production rise. Each province has taken a somewhat different tack in response. Alberta chose deficits over major cuts to programs, Saskatchewan took a more balanced approach, and Newfoundland and Labrador was left with no option other than austerity. Given our generally flat forecast for WCS prices through 2019, the governments of Saskatchewan and Alberta may continue to grapple with budgetary shortfalls in the coming years. Newfoundland and Labrador may get some respite as global oil prices rise because they have better access to world markets, but the province's previous reliance on oil royalties (29% of revenues in 2014-15) will necessitate several more austere budgets.

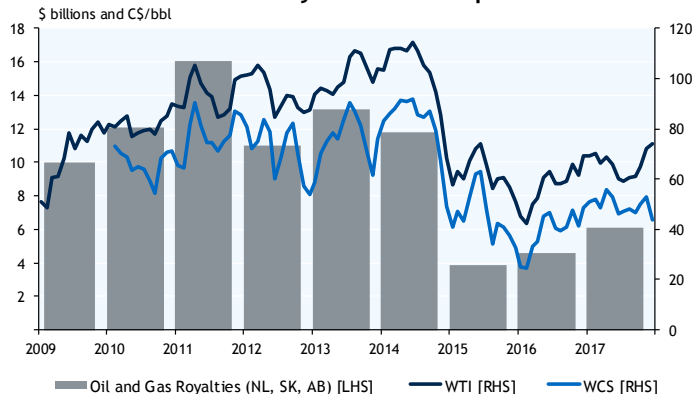
Investment disappoints and reveals a provincial split

Investment spending has been a weak point in Canada's overall outlook for several years and the most recent CAPEX survey from Statistics Canada gives little comfort with planned national spending remaining essentially unchanged in 2018. Yet the low headline number masks a split between oil-producing provinces where capital spending intentions are weak and central Canada where they are strengthening. The decline in investment in Newfoundland and Labrador is well attested (see Box 2), but in Alberta there are reasons to be skeptical. A number countervailing indicators for the oil and gas sector (e.g. rising rig counts) suggest that investment activity may not be as weak as this survey suggests. By contrast, planned capital investment spending in Quebec and Ontario is up substantially led by increases in provincial capital budgets fueled, in part, by federal infrastructure money.

Jobs abound and unemployment rates fall

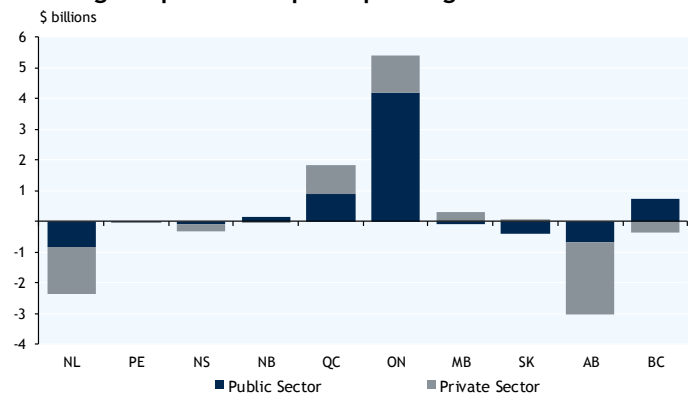
Until January, Canada's economy delivered 17 straight months of job gains. Employment rose by over 600,000 and pushed the unemployment rate to multi-decade lows. Yet new jobs have been shared unevenly across provinces. Labour markets tightened significantly in Ontario, Quebec and British Columbia over the past year as each saw a pick up in job creation. We expect sustained economic

Provincial resource royalties and oil prices



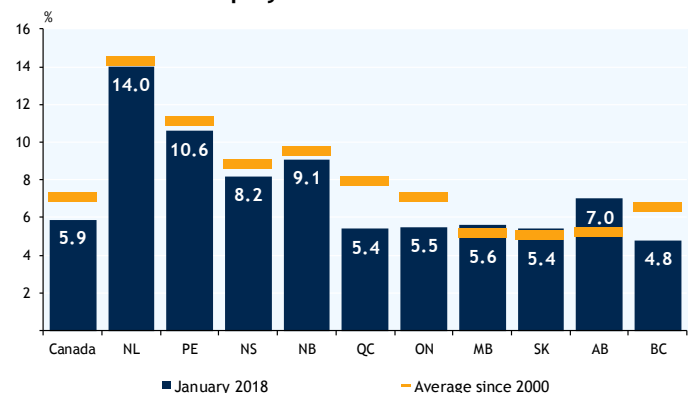
Source: Statistics Canada, Ministries of Finance, RBC Economics Research

Change in planned capital spending 2017 to 2018



Source: Statistics Canada, RBC Economics Research

Provincial unemployment rates



Source: Statistics Canada, RBC Economics Research



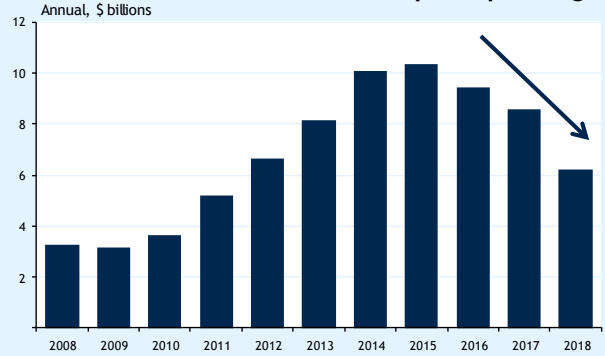
growth will push unemployment rates still lower in these provinces (on an annual basis) as the pool of available labour dries up. In Alberta and Saskatchewan, the jobs outlook is similarly encouraging as an economic rebound puts these provinces at the top of the growth tables over the next two years. We think job growth has more upside in these provinces because they have more potential workers to absorb given that unemployment rates remain elevated. In the Maritime Provinces and Manitoba job growth is more moderate, though demographic factors will contribute to tightening labour markets. An exception to the nationwide trend is Newfoundland and Labrador where the fallout from low oil prices is coinciding with a precipitous drop in investment spending with negative implications for employment.

Box 2

The decline of infrastructure on the Rock

Newfoundland and Labrador is nearing the end of a decade-long wave of capital investment spending. As a number of giant, multi-billion dollar projects moved through the pipeline, it caused a material impact on GDP: upward as work ramps up and downward as it ends. We are now firmly in the downward phase with planned capital spending dropping 28% in 2018. Major work ended on the \$14-billion Hebron offshore platform in late 2017 and peak investment activity has now passed on the Muskrat Falls hydroelectric project. For the province this means a substantial drop in GDP and employment in both 2017 and 2018. Looking ahead, a number of announced and prospective projects may brighten the investment outlook, but the bulk of work on those projects remains years away.

Newfoundland and Labrador capital spending

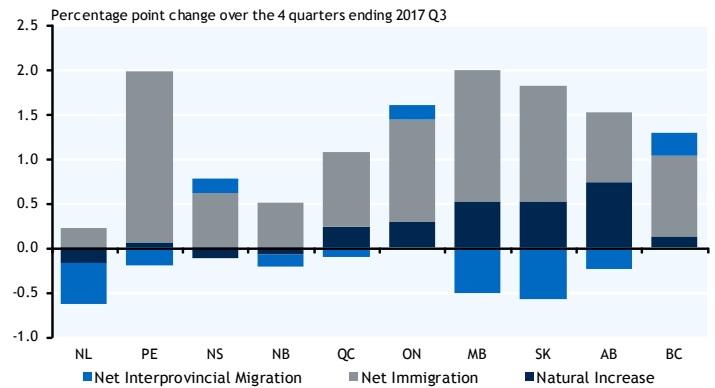


Source: Statistics Canada, RBC Economics Research

Immigration rises and becomes more broadly shared

Last year the federal government announced “the most ambitious immigration levels in recent history” aiming to welcome one million new immigrants over three years. Accompanying the rising overall rate of immigration are efforts by provincial governments to share new immigrants out more broadly across the country. Most provinces and territories can nominate immigrants through the *Provincial Nominee Program* but some have gone further to promote immigrant arrivals and there are signs that these efforts are bearing fruit. Over the past two years, the share of immigrants destined for Ontario and Alberta has declined and the share destined for all other provinces has increased. The increase in immigrant share has been fastest in the Maritimes, a region which has historically taken in relatively few immigrants. As international migration grows and diversifies, interprovincial migration is shifting. Not only have net interprovincial migration

Components of population growth by province



Source: Statistics Canada, RBC Economics Research

flows become smaller, reflecting more balanced national economic growth, British Columbia and Ontario have dethroned Alberta as the top destinations. Migration of all types adds to a gradually slowing natural rate of population increase. Yet this too is not shared equally across the country. For example, Alberta, which has attracted younger Canadians for years, has a sunnier outlook for natural population growth than does the Atlantic region. In the long run, an expanding population underpins an expanding workforce and is therefore a key driver of potential economic growth. With this in mind, a higher rate of population growth in Western Canada heralds faster trend economic growth in that region, whereas a slower pace in the east indicates that over time those provinces will tend to lag. For slower-growing provinces, attracting and retaining a larger number of immigrants — as Prince Edward Island has done recently — points the way toward raising population and economic growth.



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 | -1.8 | -2.0 | 3.4 | 2.6 | 1.7 | 0.7 | 5.0 | -1.5 | -3.7 | -2.3 | -1.1 | 13.5 | 14.8 | 15.6 | 15.9 | 1.4 | 1.4 | 1.1 | 1.0 | 0.2 | 2.8 | 1.0 | 1.5 | 2.7 | 2.4 | 1.5 | 1.7 |
| PE | 2.3 | 2.4 | 1.5 | 1.4 | 4.0 | 4.4 | 3.8 | 3.4 | -2.2 | 3.1 | 0.8 | 0.4 | 10.8 | 9.8 | 9.6 | 9.3 | 0.6 | 0.9 | 0.8 | 0.7 | 7.7 | 7.2 | 3.9 | 4.1 | 1.2 | 1.8 | 1.8 | 1.9 |
| NS | 0.8 | 1.1 | 0.8 | 0.6 | 2.8 | 2.4 | 2.7 | 2.6 | -0.4 | 0.6 | 0.0 | -0.1 | 8.3 | 8.4 | 8.0 | 7.7 | 3.8 | 4.0 | 3.5 | 3.1 | 4.6 | 6.2 | 3.4 | 3.2 | 1.2 | 1.1 | 1.7 | 1.9 |
| NB | 1.2 | 1.7 | 0.7 | 0.6 | 3.6 | 3.5 | 2.4 | 2.3 | -0.1 | 0.4 | -0.1 | -0.3 | 9.6 | 8.1 | 7.8 | 7.5 | 1.8 | 2.3 | 2.0 | 1.7 | 1.8 | 7.1 | 3.2 | 2.9 | 2.2 | 2.3 | 2.0 | 1.8 |
| QC | 1.4 | 3.0 | 1.9 | 1.5 | 2.7 | 4.5 | 3.9 | 3.2 | 0.9 | 2.2 | 1.0 | 0.6 | 7.1 | 6.1 | 5.5 | 5.7 | 38.9 | 46.5 | 41.8 | 35.8 | 6.2 | 6.0 | 4.2 | 3.8 | 0.7 | 1.1 | 2.0 | 1.8 |
| ON | 2.6 | 2.8 | 2.0 | 1.6 | 4.3 | 4.6 | 4.3 | 3.5 | 1.1 | 1.8 | 1.4 | 0.8 | 6.5 | 6.0 | 5.7 | 5.6 | 75.0 | 79.1 | 72.3 | 70.0 | 7.1 | 6.4 | 4.9 | 4.3 | 1.8 | 1.7 | 2.2 | 1.9 |
| MB | 2.2 | 2.5 | 2.0 | 1.6 | 2.3 | 5.0 | 4.2 | 3.1 | -0.4 | 1.7 | 1.1 | 0.8 | 6.1 | 5.4 | 5.1 | 5.2 | 5.3 | 7.5 | 6.3 | 5.4 | 4.2 | 3.5 | 3.8 | 4.2 | 1.3 | 1.6 | 1.8 | 2.0 |
| SK | -0.5 | 2.1 | 2.9 | 2.5 | -4.0 | 5.8 | 5.4 | 4.2 | -0.9 | -0.2 | 0.5 | 0.9 | 6.3 | 6.3 | 6.1 | 5.8 | 4.8 | 4.9 | 5.1 | 5.4 | 2.2 | 4.0 | 4.4 | 4.9 | 1.1 | 1.7 | 2.2 | 2.3 |
| AB | -3.7 | 4.2 | 2.2 | 2.0 | -4.9 | 8.3 | 4.5 | 4.2 | -1.6 | 1.0 | 1.5 | 1.2 | 8.2 | 7.8 | 6.9 | 6.5 | 24.5 | 29.5 | 27.0 | 29.0 | -1.2 | 7.5 | 4.2 | 5.5 | 1.1 | 1.5 | 1.8 | 1.8 |
| BC | 3.5 | 3.2 | 2.3 | 1.7 | 4.8 | 5.8 | 4.6 | 3.6 | 3.2 | 3.7 | 1.0 | 0.9 | 6.0 | 5.2 | 5.0 | 5.0 | 41.8 | 43.7 | 42.3 | 38.0 | 7.4 | 9.6 | 4.4 | 3.7 | 1.9 | 2.1 | 2.2 | 2.0 |
| Canada | 1.4 | 3.0 | 1.9 | 1.6 | 2.0 | 5.3 | 4.2 | 3.5 | 0.7 | 1.9 | 1.1 | 0.7 | 7.0 | 6.3 | 5.9 | 5.9 | 198 | 220 | 202 | 190 | 5.1 | 6.7 | 4.4 | 4.2 | 1.4 | 1.6 | 2.1 | 1.9 |

Key Provincial comparisons

2016 unless otherwise indicated

| | Canada | NL | PE | NS | NB | QC | ON | MB | SK | AB | BC |
|--|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Population (000s, 2016) | 36,265 | 530 | 149 | 949 | 757 | 8,322 | 13,976 | 1,318 | 1,149 | 4,236 | 4,758 |
| Gross domestic product (\$ billions) | 2,035.5 | 31.1 | 6.3 | 41.7 | 34.2 | 394.8 | 794.8 | 67.9 | 75.3 | 314.9 | 263.7 |
| Real GDP (\$2007 billions) | 1,801.4 | 27.9 | 5.2 | 36.7 | 29.4 | 343.3 | 685.0 | 60.4 | 62.5 | 302.8 | 240.8 |
| Share of provincial GDP of Canadian GDP (%) | 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, 2011-16, %) | 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, 2011-16, %) | 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 (\$) | 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, 2012-17, %) | 1.1 | -1.4 | 0.2 | -0.4 | 0.0 | 1.1 | 1.2 | 0.7 | 0.7 | 1.0 | 1.7 |
| Employment rate (Jan. 2018, %) | 61.7 | 50.6 | 60.2 | 57.0 | 56.0 | 61.3 | 60.8 | 63.0 | 64.6 | 67.1 | 62.1 |
| Discomfort index (inflation + unemp. rate, Jan. 2018.) | 7.6 | 15.1 | 12.2 | 9.6 | 10.9 | 6.7 | 7.3 | 7.7 | 7.9 | 8.4 | 6.9 |
| Manufacturing industry output (% of GDP, 2016) | 10.4 | 4.0 | 10.3 | 7.9 | 11.2 | 13.4 | 11.9 | 9.6 | 7.0 | 6.3 | 7.0 |
| Personal expenditures on goods & services (% of GDP) | 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) | 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 | 3.2 | 2.3 | 1.7 |
| Nominal GDP | 5.7 | 2.1 | 3.4 | 5.7 | 4.0 | 4.8 | 5.8 | 4.6 | 3.6 |
| Employment | 0.2 | 1.6 | 0.1 | 0.6 | 1.2 | 3.2 | 3.7 | 1.0 | 0.9 |
| Unemployment Rate (%) | 7.5 | 6.8 | 6.6 | 6.1 | 6.2 | 6.0 | 5.2 | 5.0 | 5.0 |
| Retail Sales | 3.2 | 2.1 | 2.8 | 6.3 | 6.9 | 7.4 | 9.6 | 4.4 | 3.7 |
| Housing Starts (Thousands of Units) | 26.4 | 27.5 | 27.1 | 28.4 | 31.4 | 41.8 | 43.7 | 42.3 | 38.0 |
| Consumer Price Index | 2.3 | 1.1 | -0.1 | 1.0 | 1.1 | 1.9 | 2.1 | 2.2 | 2.0 |

Alberta

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017F | 2018F | 2019F |
|-------------------------------------|------|------|------|------|-------|------|-------|-------|-------|
| Real GDP | 6.4 | 3.9 | 5.7 | 6.2 | -3.7 | -3.7 | 4.2 | 2.2 | 2.0 |
| Nominal GDP | 10.9 | 4.3 | 9.6 | 10.0 | -12.0 | -4.9 | 8.3 | 4.5 | 4.2 |
| Employment | 3.7 | 3.5 | 2.5 | 2.2 | 1.2 | -1.6 | 1.0 | 1.5 | 1.2 |
| Unemployment Rate (%) | 5.4 | 4.6 | 4.6 | 4.7 | 6.0 | 8.2 | 7.8 | 6.9 | 6.5 |
| Retail Sales | 6.8 | 7.1 | 7.1 | 7.9 | -4.0 | -1.2 | 7.5 | 4.2 | 5.5 |
| Housing Starts (Thousands of Units) | 25.7 | 33.4 | 36.0 | 40.6 | 37.3 | 24.5 | 29.5 | 27.0 | 29.0 |
| Consumer Price Index | 2.4 | 1.1 | 1.4 | 2.6 | 1.2 | 1.1 | 1.5 | 1.8 | 1.8 |

Saskatchewan

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017F | 2018F | 2019F |
|-------------------------------------|------|------|------|------|------|------|-------|-------|-------|
| Real GDP | 5.3 | 1.7 | 6.3 | 2.1 | -1.0 | -0.5 | 2.1 | 2.9 | 2.5 |
| Nominal GDP | 18.1 | 4.2 | 6.7 | -0.4 | -5.4 | -4.0 | 5.8 | 5.4 | 4.2 |
| Employment | 0.9 | 2.4 | 3.1 | 1.0 | 0.5 | -0.9 | -0.2 | 0.5 | 0.9 |
| Unemployment Rate (%) | 4.9 | 4.8 | 4.1 | 3.8 | 5.0 | 6.3 | 6.3 | 6.1 | 5.8 |
| Retail Sales | 7.3 | 7.5 | 5.4 | 5.0 | -2.9 | 2.2 | 4.0 | 4.4 | 4.9 |
| Housing Starts (Thousands of Units) | 7.0 | 10.0 | 8.3 | 8.3 | 5.1 | 4.8 | 4.9 | 5.1 | 5.4 |
| Consumer Price Index | 2.8 | 1.6 | 1.4 | 2.4 | 1.6 | 1.1 | 1.7 | 2.2 | 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 | 2.5 | 2.0 | 1.6 |
| Nominal GDP | 5.4 | 6.4 | 4.2 | 3.1 | 3.3 | 2.3 | 5.0 | 4.2 | 3.1 |
| Employment | 0.4 | 1.6 | 0.7 | 0.1 | 1.6 | -0.4 | 1.7 | 1.1 | 0.8 |
| Unemployment Rate (%) | 5.5 | 5.3 | 5.4 | 5.4 | 5.6 | 6.1 | 5.4 | 5.1 | 5.2 |
| Retail Sales | 4.3 | 1.3 | 3.9 | 4.4 | 1.6 | 4.2 | 3.5 | 3.8 | 4.2 |
| Housing Starts (Thousands of Units) | 6.1 | 7.2 | 7.5 | 6.2 | 5.5 | 5.3 | 7.5 | 6.3 | 5.4 |
| Consumer Price Index | 2.9 | 1.6 | 2.3 | 1.8 | 1.2 | 1.3 | 1.6 | 1.8 | 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 | 2.8 | 2.0 | 1.6 |
| Nominal GDP | 4.6 | 3.1 | 2.2 | 4.4 | 5.0 | 4.3 | 4.6 | 4.3 | 3.5 |
| Employment | 1.8 | 0.7 | 1.8 | 0.8 | 0.7 | 1.1 | 1.8 | 1.4 | 0.8 |
| Unemployment Rate (%) | 7.9 | 7.9 | 7.6 | 7.3 | 6.8 | 6.5 | 6.0 | 5.7 | 5.6 |
| Retail Sales | 3.6 | 1.8 | 2.8 | 5.8 | 5.5 | 7.1 | 6.4 | 4.9 | 4.3 |
| Housing Starts (Thousands of Units) | 67.8 | 76.7 | 61.1 | 59.1 | 70.2 | 75.0 | 79.1 | 72.3 | 70.0 |
| Consumer Price Index | 3.1 | 1.4 | 1.1 | 2.3 | 1.2 | 1.8 | 1.7 | 2.2 | 1.9 |



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 | 1.9 | 1.5 |
| Nominal GDP | 5.1 | 2.7 | 3.0 | 3.0 | 2.4 | 2.7 | 4.5 | 3.9 | 3.2 |
| Employment | 1.0 | 0.8 | 1.4 | 0.0 | 0.9 | 0.9 | 2.2 | 1.0 | 0.6 |
| Unemployment Rate (%) | 7.9 | 7.8 | 7.6 | 7.7 | 7.6 | 7.1 | 6.1 | 5.5 | 5.7 |
| Retail Sales | 3.0 | 1.4 | 2.9 | 2.4 | 1.8 | 6.2 | 6.0 | 4.2 | 3.8 |
| Housing Starts (Thousands of Units) | 48.4 | 47.4 | 37.8 | 38.8 | 37.9 | 38.9 | 46.5 | 41.8 | 35.8 |
| Consumer Price Index | 3.0 | 2.1 | 0.8 | 1.4 | 1.1 | 0.7 | 1.1 | 2.0 | 1.8 |

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 | 1.7 | 0.7 | 0.6 |
| Nominal GDP | 4.3 | 0.7 | 0.3 | 1.8 | 2.0 | 3.6 | 3.5 | 2.4 | 2.3 |
| Employment | -0.7 | -0.7 | 0.4 | -0.2 | -0.6 | -0.1 | 0.4 | -0.1 | -0.3 |
| Unemployment Rate (%) | 9.5 | 10.2 | 10.3 | 10.0 | 9.8 | 9.6 | 8.1 | 7.8 | 7.5 |
| Retail Sales | 4.8 | -0.7 | 0.6 | 3.6 | 2.1 | 1.8 | 7.1 | 3.2 | 2.9 |
| Housing Starts (Thousands of Units) | 3.5 | 3.3 | 2.8 | 2.3 | 2.0 | 1.8 | 2.3 | 2.0 | 1.7 |
| Consumer Price Index | 3.5 | 1.7 | 0.8 | 1.5 | 0.5 | 2.2 | 2.3 | 2.0 | 1.8 |

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 | 1.1 | 0.8 | 0.6 |
| Nominal GDP | 2.2 | 0.5 | 2.1 | 2.9 | 2.1 | 2.8 | 2.4 | 2.7 | 2.6 |
| Employment | 0.4 | 1.0 | -1.1 | -1.1 | 0.1 | -0.4 | 0.6 | 0.0 | -0.1 |
| Unemployment Rate (%) | 9.0 | 9.1 | 9.1 | 8.9 | 8.6 | 8.3 | 8.4 | 8.0 | 7.7 |
| Retail Sales | 3.5 | 1.1 | 3.2 | 2.7 | 0.2 | 4.6 | 6.2 | 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 | 1.7 | 1.9 |

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 | 2.4 | 1.5 | 1.4 |
| Nominal GDP | 3.8 | 2.7 | 3.3 | 1.7 | 3.9 | 4.0 | 4.4 | 3.8 | 3.4 |
| Employment | 3.1 | 1.7 | 1.4 | -0.1 | -1.2 | -2.2 | 3.1 | 0.8 | 0.4 |
| Unemployment Rate (%) | 11.1 | 11.2 | 11.6 | 10.7 | 10.5 | 10.8 | 9.8 | 9.6 | 9.3 |
| Retail Sales | 5.4 | 3.2 | 1.0 | 3.6 | 2.8 | 7.7 | 7.2 | 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 | 0.7 |
| Consumer Price Index | 2.9 | 2.0 | 2.0 | 1.6 | -0.6 | 1.2 | 1.8 | 1.8 | 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 | -1.8 | -2.0 | 3.4 |
| Nominal GDP | 15.3 | -4.5 | 7.6 | -0.5 | -11.5 | 2.6 | 1.7 | 0.7 | 5.0 |
| Employment | 4.1 | 3.8 | 0.8 | -1.7 | -1.0 | -1.5 | -3.7 | -2.3 | -1.1 |
| Unemployment Rate (%) | 12.6 | 12.3 | 11.6 | 12.0 | 12.8 | 13.5 | 14.8 | 15.6 | 15.9 |
| Retail Sales | 5.1 | 4.5 | 5.1 | 3.6 | 0.6 | 0.2 | 2.8 | 1.0 | 1.5 |
| Housing Starts (Thousands of Units) | 3.5 | 3.9 | 2.9 | 2.1 | 1.7 | 1.4 | 1.4 | 1.1 | 1.0 |
| Consumer Price Index | 3.4 | 2.1 | 1.7 | 1.9 | 0.4 | 2.7 | 2.4 | 1.5 | 1.7 |