

PROVINCIAL OUTLOOK UPDATE

April 28, 2011

All provinces exited from the recession in 2010

The preliminary real GDP estimates for 2010, released this morning by Statistics Canada, showed that all provincial economies grew in 2010, as expected. The numbers therefore confirmed that last year's recovery has been as widespread across Canada as the contraction of activity had been in 2009. This morning's estimates are those calculated from industry output and do not constitute the 'official' real GDP numbers for provinces – the final and official growth numbers are those calculated from expenditures on a provincial accounts basis and will be published in November – but provide a reasonably reliable first glance at the most recent annual performance of provincial economies.

Based on the GDP by industry add-up, Newfoundland and Labrador led the way in 2010 with growth of 4.8%, followed by Alberta with 4.0% and British Columbia with 3.8%. At the lower end of the scale, Manitoba and Saskatchewan posted the slowest growth at 1.4% each, and Prince Edward Island came in just slightly higher at 1.8%. All other provinces advanced at rates between 2.3% and 3.3%. Real GDP measured in this manner yielded an overall growth rate of 3.3% for Canada, overall, which is slightly stronger than the official 3.1% rate from the national accounts.

The general picture emerging from the industry add-up is broadly consistent with our latest real GDP estimates for 2010 (which track expenditure-based real GDP): the composition of the three groups of provinces – those having displayed above average, near average and below average growth – was mostly the same, notwithstanding some variations in the specific ranking of provinces within each group. The notable exception was Saskatchewan, where the preliminary estimate came in lower than expected, as the boost from the strong 16% rebound in mining activity in the province did not provide as great a lift to growth in the province as we had assumed. Growth can and does swing widely from year to year in Saskatchewan due to high sensitivity of major industrial sectors to weather conditions and global demand for key commodities.

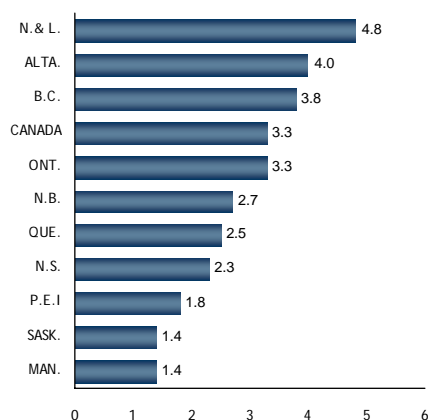
In light of this morning's data release, we have revised our 2010 estimates for provincial real GDP; however, we are not showing the growth rates from the industry real GDP add-up at face value. 'Official' expenditure-based real GDP usually differ slightly from the add-up of industry real GDP (for up to 0.5 percentage points or more for some provinces) and we assume that some divergences likely occurred again in 2010.

Nevertheless, the changes we made brought our estimates fairly close to the preliminary, industry-based numbers. Our revised provincial ranking still shows Newfoundland & Labrador as the top growth performer last year, advancing at a rate of 5.2% (down from our earlier 5.5%), followed by Alberta (3.7%, up from 3.3%) and British Columbia (3.6%, up from 3.4%). Manitoba (1.8%, down from 2.2% previously) and Saskatchewan (2.0%, down from 4.5%) now close the field.

The tables that follow show the revised set of estimates for 2010 along with the 2011 and 2012 forecasts that were updated in March.

Real GDP by industry growth 2010

% change from 2009



Source : Statistics Canada, RBC Economics Research

Forecast detail

Average annual % change unless otherwise indicated

	Real GDP				Employment				Unemployment rate				Housing starts				Retail sales				CPI			
									%				Thousands											
	09	10	11	12	09	10	11	12	09	10	11	12	09	10	11	12	09	10	11	12	09	10	11	12
N. & L.	-10.2	5.2	4.5	1.5	-3.0	3.4	2.9	2.2	15.5	14.4	13.4	12.5	3.1	3.6	3.1	3.2	1.6	4.6	3.4	3.8	0.3	2.4	2.2	2.3
P.E.I.	-0.1	2.1	2.2	2.2	-1.4	3.0	1.2	1.6	12.0	11.1	11.1	10.4	0.9	0.8	0.8	0.7	-1.3	5.2	3.5	4.3	-0.1	1.8	2.3	2.3
N.S.	-0.1	2.1	1.5	2.0	-0.1	0.2	1.1	1.3	9.2	9.3	9.3	9.0	3.4	4.3	3.8	3.6	0.1	4.6	3.3	3.9	-0.1	2.2	2.7	2.3
N.B.	-0.3	2.5	1.9	2.3	0.1	-1.0	0.4	1.3	8.8	9.3	8.9	8.4	3.5	4.1	3.3	3.2	0.7	4.9	3.2	3.8	0.3	2.1	2.1	2.3
QUE.	-0.3	2.8	2.6	2.7	-0.8	1.7	1.9	1.8	8.5	8.0	7.8	7.6	43.4	51.4	46.2	44.3	-1.1	6.3	3.9	3.8	0.6	1.3	2.2	2.2
ONT.	-3.6	2.9	3.1	3.1	-2.5	1.7	2.1	2.1	9.0	8.7	8.0	7.5	50.4	60.4	53.7	53.5	-2.5	5.4	4.2	4.3	0.4	2.4	3.0	2.1
MAN.	0.0	1.8	3.5	3.2	0.0	1.9	1.9	1.7	5.2	5.4	4.9	4.8	4.2	5.9	5.4	5.4	-0.4	5.6	4.9	5.2	0.6	0.8	2.2	2.2
SASK.	-3.9	2.0	4.9	4.3	1.3	0.9	1.9	2.5	4.8	5.2	5.0	4.6	3.9	5.9	5.1	5.3	-0.5	3.1	5.2	4.7	1.1	1.3	2.8	2.8
ALTA.	-4.5	3.7	4.3	3.8	-1.4	-0.4	2.3	2.5	6.6	6.5	5.8	5.5	20.3	27.1	28.1	33.3	-8.3	6.0	5.7	5.8	-0.1	1.0	1.6	2.0
B.C.	-1.8	3.6	2.9	3.2	-2.1	1.7	1.5	2.4	7.7	7.6	7.4	6.8	16.1	26.5	27.9	25.3	-4.4	5.3	4.2	4.9	0.0	1.4	2.5	2.0
CANADA	-2.5	3.1	3.2	3.1	-1.6	1.4	1.9	2.2	8.3	8.0	7.6	7.2	149	190	177	178	-2.9	5.5	4.3	4.5	0.3	1.8	2.4	2.1

Key provincial comparisons

2009 unless otherwise indicated

	N. & L.	P.E.I.	N.S.	N.B.	QUE	ONT	MAN	SASK	ALTA	B.C.
Population (000s) (2010)	510	142	943	752	7,907	13,211	1,235	1,046	3,721	4,531
Gross domestic product (\$ billions)	25.0	4.8	34.3	27.5	303.7	578.2	51.0	56.6	247.2	191.0
Real GDP (\$2002 billions)	18.1	4.2	28.9	23.3	267.5	509.4	42.1	39.8	178.2	161.9
Share of Canada real GDP (%)	1.4	0.3	2.3	1.8	20.8	39.6	3.3	3.1	13.9	12.6
Real GDP growth (CAR, 2004-09, %)	1.0	1.4	0.9	0.8	1.3	0.5	2.1	1.1	1.7	2.0
Real GDP per capita (\$ 2002)	35,657	29,512	30,806	31,113	34,168	38,992	34,502	38,683	48,553	36,287
Real GDP growth rate per capita (CAR, 2004-09, %)	1.4	0.9	0.9	0.8	0.5	-0.6	1.4	0.4	-0.8	0.6
Personal disposable income per capita (\$)	25,957	24,054	26,183	26,105	26,031	28,565	26,915	29,426	36,818	28,038
Employment growth (CAR, 2005-10, %)	0.6	0.8	0.5	0.5	1.1	0.7	1.3	1.6	2.0	1.5
Employment rate (Mar. 2011, %)	53.3	60.4	58.2	57.2	60.3	61.5	66.0	65.8	69.0	60.1
Discomfort index (inflation + unemp. rate, Mar. 2011)	15.6	13.6	12.9	12.7	11.0	11.7	8.3	8.2	7.7	11.2
Manufacturing industry output (% of real GDP)	4.8	9.5	9.2	11.6	16.4	15.6	11.1	7.2	8.0	8.5
Personal expenditures on goods & services (% of real GDP)	62.0	72.6	74.4	70.4	65.0	63.0	65.9	62.1	55.1	70.9
International exports (% of real GDP)	36.8	28.9	22.9	41.2	30.2	36.0	30.9	33.5	33.7	23.9

British Columbia

		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Real GDP	\$2002 millions	153,489	159,729	164,496	164,869	161,851	167,742	172,607	178,130
	% change	4.7	4.1	3.0	0.2	-1.8	3.6	2.9	3.2
Employment	thousands	2,092	2,147	2,223	2,266	2,218	2,257	2,290	2,344
	% change	2.9	2.6	3.5	2.0	-2.1	1.7	1.5	2.4
Unemployment rate	%	5.8	4.8	4.3	4.6	7.7	7.6	7.4	6.8
Retail sales	\$ millions	49,379	53,133	56,930	57,783	55,222	58,145	60,600	63,595
	% change	4.6	7.6	7.1	1.5	-4.4	5.3	4.2	4.9
Housing starts	units	34,667	36,443	39,195	34,321	16,077	26,479	27,900	25,300
	% change	5.3	5.1	7.6	-12.4	-53.2	64.7	5.4	-9.3
Consumer price index	2002=100	106.3	108.1	110.0	112.3	112.3	113.8	116.7	119.0
	% change	2.0	1.7	1.7	2.1	0.0	1.4	2.5	2.0

Alberta

		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Real GDP	\$2002 millions	170,872	180,852	184,008	186,528	178,225	184,891	192,841	200,169
	% change	4.5	5.8	1.7	1.4	-4.5	3.7	4.3	3.8
Employment	thousands	1,826	1,916	1,991	2,054	2,025	2,017	2,063	2,116
	% change	2.7	5.0	3.9	3.1	-1.4	-0.4	2.3	2.5
Unemployment rate	%	4.0	3.4	3.5	3.6	6.6	6.5	5.8	5.5
Retail sales	\$ millions	48,486	55,972	61,487	61,614	56,478	59,856	63,283	66,934
	% change	11.9	15.4	9.9	0.2	-8.3	6.0	5.7	5.8
Housing starts	units	40,847	48,962	48,336	29,164	20,298	27,088	28,100	33,300
	% change	12.6	19.9	-1.3	-39.7	-30.4	33.5	3.7	18.5
Consumer price index	2002=100	108.1	112.3	117.9	121.6	121.5	122.7	124.6	127.0
	% change	2.1	3.9	4.9	3.2	-0.1	1.0	1.6	2.0

Saskatchewan

		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Real GDP	\$2002 millions	38,904	38,266	39,626	41,434	39,810	40,622	42,613	44,445
	% change	3.1	-1.6	3.6	4.6	-3.9	2.0	4.9	4.3
Employment	thousands	484	492	504	513	519	524	534	547
	% change	0.3	1.8	2.4	1.7	1.3	0.9	1.9	2.5
Unemployment rate	%	5.1	4.7	4.2	4.1	4.8	5.2	5.0	4.6
Retail sales	\$ millions	10,795	11,554	13,129	14,673	14,598	15,050	15,836	16,574
	% change	5.4	7.0	13.6	11.8	-0.5	3.1	5.2	4.7
Housing starts	units	3,437	3,715	6,007	6,828	3,866	5,907	5,100	5,300
	% change	-9.1	8.1	61.7	13.7	-43.4	52.8	-13.7	3.9
Consumer price index	2002=100	106.9	109.1	112.2	115.9	117.1	118.7	122.0	125.4
	% change	2.2	2.0	2.9	3.2	1.1	1.3	2.8	2.8

Manitoba

		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Real GDP	\$2002 millions	38,860	40,181	41,263	42,057	42,077	42,851	44,351	45,770
	% change	2.6	3.4	2.7	1.9	0.0	1.8	3.5	3.2
Employment	thousands	582	589	599	608	608	620	632	643
	% change	0.5	1.2	1.7	1.7	0.0	1.9	1.9	1.7
Unemployment rate	%	4.7	4.3	4.4	4.2	5.2	5.4	4.9	4.8
Retail sales	\$ millions	12,372	12,874	14,016	14,980	14,915	15,752	16,526	17,386
	% change	5.9	4.1	8.9	6.9	-0.4	5.6	4.9	5.2
Housing starts	units	4,731	5,028	5,738	5,537	4,174	5,888	5,400	5,400
	% change	6.6	6.3	14.1	-3.5	-24.6	41.1	-8.3	0.0
Consumer price index	2002=100	106.6	108.7	110.9	113.4	114.1	115.0	117.6	120.2
	% change	2.7	1.9	2.1	2.2	0.6	0.8	2.2	2.2

Ontario

		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Real GDP	\$2002 millions	510,509	522,998	533,233	528,635	509,421	524,398	540,654	557,415
	% change	2.8	2.4	2.0	-0.9	-3.6	2.9	3.1	3.1
Employment	thousands	6,371	6,449	6,564	6,666	6,502	6,610	6,749	6,890
	% change	1.0	1.2	1.8	1.6	-2.5	1.7	2.1	2.1
Unemployment rate	%	6.6	6.3	6.4	6.5	9.0	8.7	8.0	7.5
Retail sales	\$ millions	135,128	140,591	145,965	151,672	147,920	155,889	162,494	169,431
	% change	4.8	4.0	3.8	3.9	-2.5	5.4	4.2	4.3
Housing starts	units	78,795	73,417	68,123	75,076	50,370	60,433	53,700	53,500
	% change	-7.4	-6.8	-7.2	10.2	-32.9	20.0	-11.1	-0.4
Consumer price index	2002=100	106.9	108.8	110.8	113.3	113.7	116.5	120.0	122.5
	% change	2.2	1.8	1.8	2.3	0.4	2.4	3.0	2.1

Quebec

		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Real GDP	\$2002 millions	255,559	260,033	265,585	268,406	267,477	275,073	282,225	289,845
	% change	1.8	1.8	2.1	1.1	-0.3	2.8	2.6	2.7
Employment	thousands	3,701	3,743	3,834	3,880	3,848	3,915	3,988	4,060
	% change	0.8	1.1	2.4	1.2	-0.8	1.7	1.9	1.8
Unemployment rate	%	8.3	8.1	7.2	7.2	8.5	8.0	7.8	7.6
Retail sales	\$ millions	82,456	86,505	90,406	94,806	93,740	99,631	103,517	107,451
	% change	5.1	4.9	4.5	4.9	-1.1	6.3	3.9	3.8
Housing starts	units	50,910	47,877	48,553	47,901	43,403	51,363	46,200	44,300
	% change	-12.9	-6.0	1.4	-1.3	-9.4	18.3	-10.1	-4.1
Consumer price index	2002=100	106.9	108.7	110.4	112.7	113.4	114.8	117.3	119.9
	% change	2.3	1.7	1.6	2.1	0.6	1.3	2.2	2.2

New Brunswick

		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Real GDP	\$2002 millions	22,638	23,174	23,439	23,392	23,314	23,897	24,351	24,911
	% change	1.2	2.4	1.1	-0.2	-0.3	2.5	1.9	2.3
Employment	thousands	347	350	357	359	360	356	357	362
	% change	-0.5	1.0	1.9	0.6	0.1	-1.0	0.4	1.3
Unemployment rate	%	9.6	8.7	7.5	8.5	8.8	9.3	8.9	8.4
Retail sales	\$ millions	8,344	8,858	9,407	10,018	10,093	10,592	10,928	11,338
	% change	4.7	6.2	6.2	6.5	0.7	4.9	3.2	3.8
Housing starts	units	3,959	4,085	4,242	4,274	3,521	4,101	3,300	3,200
	% change	0.3	3.2	3.8	0.8	-17.6	16.5	-19.5	-3.0
Consumer price index	2002=100	107.4	109.2	111.3	113.2	113.5	115.9	118.3	121.1
	% change	2.4	1.7	1.9	1.7	0.3	2.1	2.1	2.3

Nova Scotia

		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Real GDP	\$2002 millions	28,016	28,174	28,611	28,969	28,931	29,539	29,982	30,581
	% change	1.1	0.6	1.6	1.3	-0.1	2.1	1.5	2.0
Employment	thousands	442	441	448	452	451	452	458	464
	% change	0.1	-0.1	1.6	0.9	-0.1	0.2	1.1	1.3
Unemployment rate	%	8.4	7.9	7.9	7.7	9.2	9.3	9.3	9.0
Retail sales	\$ millions	10,527	11,141	11,616	12,089	12,102	12,656	13,074	13,590
	% change	2.2	5.8	4.3	4.1	0.1	4.6	3.3	3.9
Housing starts	units	4,775	4,896	4,750	3,982	3,438	4,309	3,800	3,600
	% change	1.2	2.5	-3.0	-16.2	-13.7	25.3	-11.8	-5.3
Consumer price index	2002=100	108.2	110.4	112.5	115.9	115.7	118.2	121.4	124.2
	% change	2.8	2.1	1.9	3.0	-0.1	2.2	2.7	2.3

Prince Edward Island

		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Real GDP	\$2002 millions	3,921	4,077	4,149	4,167	4,164	4,251	4,345	4,441
	% change	1.1	4.0	1.8	0.4	-0.1	2.1	2.2	2.2
Employment	thousands	68	68	69	70	69	71	71	73
	% change	2.0	0.6	0.7	1.2	-1.4	3.0	1.2	1.6
Unemployment rate	%	10.9	11.0	10.3	10.7	12.0	11.1	11.1	10.4
Retail sales	\$ millions	1,424	1,509	1,621	1,703	1,681	1,769	1,831	1,910
	% change	2.7	6.0	7.4	5.1	-1.3	5.2	3.5	4.3
Housing starts	units	862	738	750	712	877	756	800	700
	% change	-6.2	-14.4	1.6	-5.1	23.2	-13.8	5.8	-12.5
Consumer price index	2002=100	109.1	111.6	113.6	117.5	117.3	119.5	122.2	125.1
	% change	3.2	2.2	1.8	3.4	-0.1	1.8	2.3	2.3

Newfoundland & Labrador

		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Real GDP	\$2002 millions	17,593	18,129	19,791	20,186	18,119	19,061	19,919	20,218
	% change	2.2	3.0	9.2	2.0	-10.2	5.2	4.5	1.5
Employment	thousands	213	215	216	219	212	219	226	231
	% change	-0.3	0.8	0.8	1.1	-3.0	3.4	2.9	2.2
Unemployment rate	%	15.1	14.7	13.5	13.2	15.5	14.4	13.4	12.5
Retail sales	\$ millions	5,824	6,012	6,528	7,009	7,120	7,449	7,699	7,994
	% change	1.1	3.2	8.6	7.4	1.6	4.6	3.4	3.8
Housing starts	units	2,498	2,234	2,649	3,261	3,057	3,606	3,100	3,200
	% change	-13.0	-10.6	18.6	23.1	-6.3	18.0	-14.0	3.2
Consumer price index	2002=100	107.6	109.5	111.1	114.3	114.6	117.4	120.0	122.7
	% change	2.6	1.8	1.4	2.9	0.3	2.4	2.2	2.3

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

®Registered trademark of Royal Bank of Canada.
©Royal Bank of Canada.