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Laurentian Bank Securities | Economic Research

The Provincial Monitor

Provincial outlook update:

The gap between resource-rich provinces and the others is narrowing

- **British-Columbia**: The resource sector will save the day;
- **Alberta**: Economic growth to lose momentum;
- **Saskatchewan**: The province will remain in top gear despite flagging domestic demand;
- **Manitoba**: A lot of rain, but the economy will hold up;
- **Ontario**: Still waiting for a stronger recovery south of the border;
- **Quebec**: 2013 gets off to a strong start, but to fizzle out;
- **Atlantic**: A rosy outlook after dark days.

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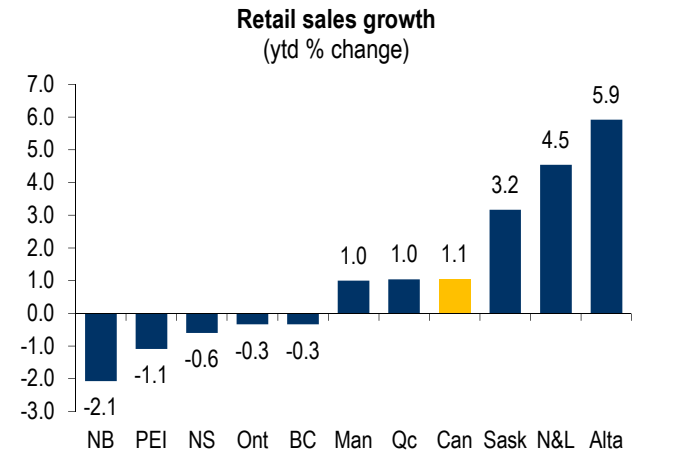
The gap between resource-rich provinces and the others is narrowing

This report presents an update to the provincial forecasts made by *LBS Economic Research*. Since the last report (published in March), the provinces' economic activity has moved as expected. However, the poor weather and concerns about pipeline capacity have prompted us to downgrade the 2013 outlook for Alberta and Saskatchewan, while the outlook for Quebec and some of the Atlantic Provinces has edged up. All in all, with the exclusion of Newfoundland and Labrador, the gap between resource-rich provinces and the other provinces observed during the last years should fade in 2013 and 2014 (see charts on the next page). At the national level, *LBS Economic Research* still expects real GDP to grow just 1.5% in 2013 and 2.2% in 2014.

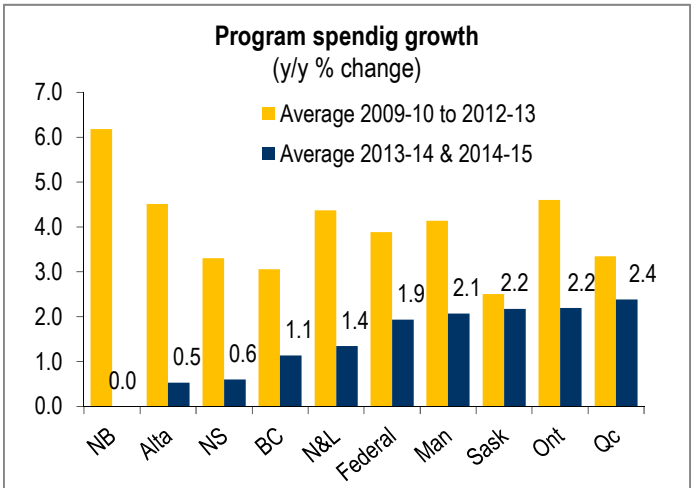
Most of the factors that will affect the provinces' economic growth in the next two years are listed below.

- Provincial domestic demand will be reined in by contracting residential investment. Some provinces (B.C., Ontario and Quebec), will be harder hit due to the ongoing imbalances in their markets.
- A shift in consumer behaviour, favouring savings over credit, will affect provinces in which personal consumption has a larger weight in GDP (60% or more), that is B.C., Ontario, Quebec., N.B., N.S. and P.E.I. Since the year began, retail sales growth in these provinces has been underperforming growth in resource provinces (see chart below).



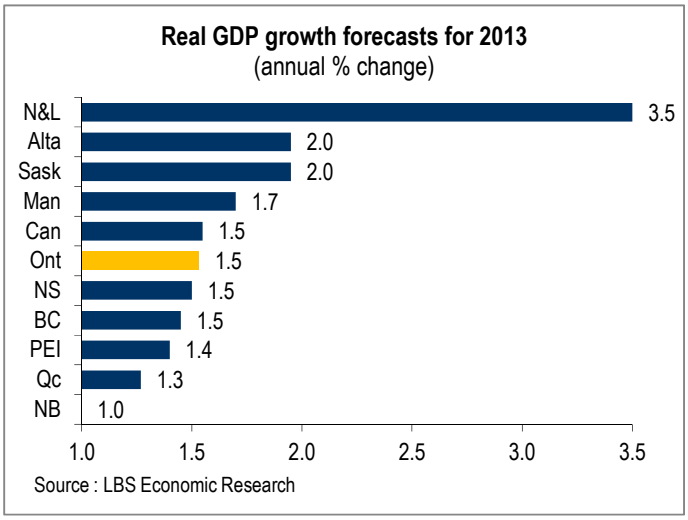
Source: Statistics Canada, LBS Economic Research

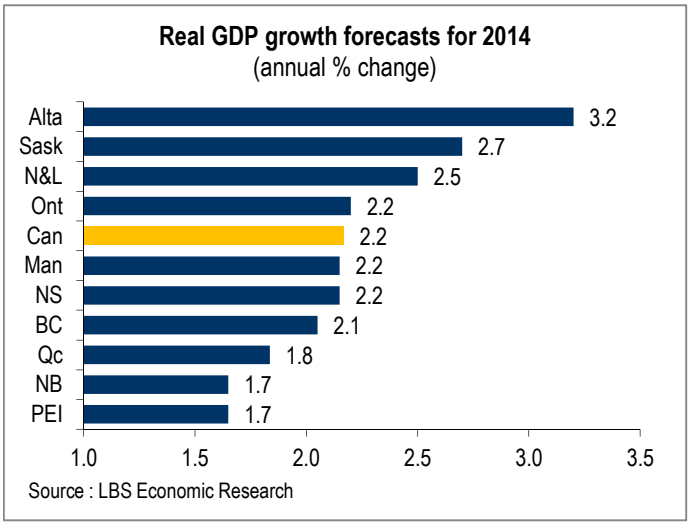
- Heavier snowfall and a delayed spring melt, with ground still frozen in April, along with heavy rain, triggered major flooding in May in southern Saskatchewan and Manitoba. At the end of June, Calgary and southern Alberta was paralyzed by heavy rain; damage is estimated at several billion dollars.
- Major investment projects in the Atlantic Provinces (Hebron, Muskrat Falls, Irving Shipbuilding) will stimulate economic growth over several years.
- The fight against budget deficits will continue, with several provinces (P.E.I., N.B., Manitoba and Quebec) increasing or poised to increase the burden on taxpayers and raising the personal and corporate tax rates. Other provinces (Ontario, Alberta, B.C., N.B. and N.S.) have opted to rein in or even reverse growth by program spending.



Source: provincial and federal budgetary documents

- The slowdown in China and recovery in the United States are risk factors that affect Canadian provinces' international trade. Still, economic activity south of the border is slowly strengthening, and export provinces will likely benefit in 2014. Simultaneously, Canadian exporters are benefiting from a dollar that has been holding just below parity since the year began. This should, in turn, foster investment and job creation by means of stronger profit margins.
- The real estate sector's recovery south of the border will continue to have positive repercussions for lumber and wood-derived product exports (beams, plywood, etc.), which are focused in B.C., Quebec, N.B. and Alberta.
- For Ontario, which is not getting as much out of the real estate sector's recovery south of the border, the waiting period is drawing out and the province's output of vehicles is not necessarily reflecting the higher sales in the United States.
- The upswing by natural gas prices that occurred over a year ago should persist throughout 2013 and favour output in B.C., Alberta and N.S.
- Despite the negative impacts of flooding on pipeline capacity, output of crude oil and bitumen should benefit from the rise by *Western Canadian Select (WCS)* prices. The discount that Alberta and Saskatchewan oil producers were fetching for their bitumen has dropped US$10 against WTI prices from the first to the second quarter.



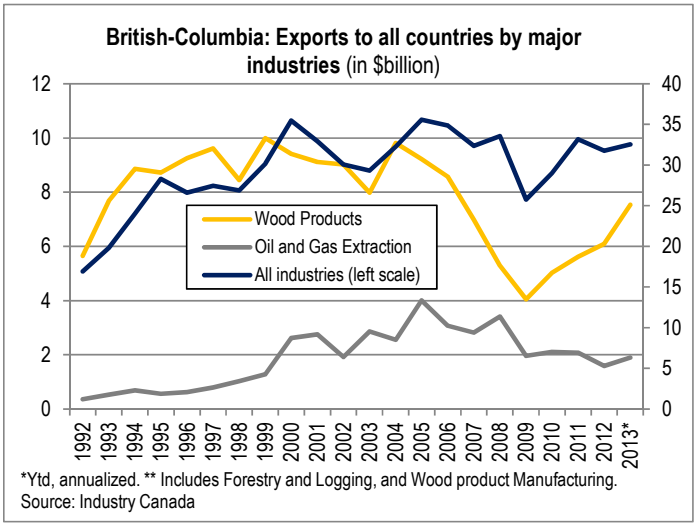


British Columbia: The resource sector will save the day

Though its own market will not grow in 2013, British Columbia will benefit from the entrenchment of the real estate recovery south of the border. Thanks to the rise in prices and growth in demand from China and especially the United States, the value of lumber and wood-derived product exports has jumped in March and April. While China's economy has entering a soft-patch and should show real GDP growth of about 7.5% in 2013 and 2014 (9.8% in 2011), its imports from British Columbia will remain strong. Their value is up 18% for the first four months of this year compared to the same period last year. In contrast, the province's exports to other Asian nations are down sharply, led by weaker Japanese demand. This situation should only be temporary since non-traditional monetary measure (QE) could boost BC's exports to Japan. Overall, exports to Asian markets represent 40% of the province's total exports; they should continue to grow.

In terms of energy resources, the government recently rejected the Enbridge Inc. project to build the Northern Gateway pipeline, designed to deliver Alberta heavy crude to the Kitimat area, for environmental reasons. This does not automatically shut the door on other projects and will not necessarily hurt the development of the liquefied natural gas (LNG) industry.

As mentioned in our last *Provincial Monitor*, the outlook for LNG looks promising for British Columbia since demand from Asia is expected to outpace supply over time. Projects have recently been announced to build a terminal to export to Asian markets, and major industry players are seeking authorization to export from the Kitimat and Prince Rupert areas. Lastly, natural gas prices started to trend up over a year ago and should continue to rise in 2013, without however hitting the levels reached prior to the last recession. Moreover, the province's natural gas exports advanced 40% (y/y) over the first four months of this year.



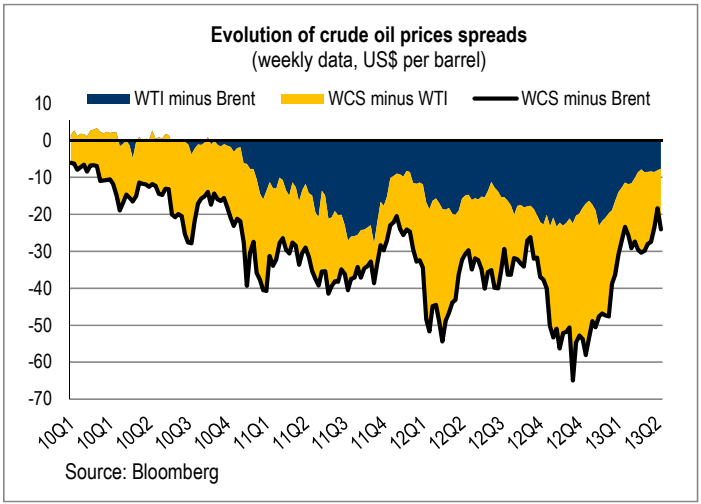
As for real estate activity, the market there can be expected to stabilize in the second half of the year. In Vancouver, the trend for sales hit its last peak in spring 2011 and is currently down by more than 30%. For prices, the pullback started much later and should therefore stabilize in 2014. The resale market's retreat pushed new dwellings construction down. The short-term supply of new homes remains high, but should shrink this year due to the drop in the number of projects delivered.

In addition, job creation is flat compared with 6 months ago, while the employment level is currently lower than it was in summer 2012. The slump is due to cuts in the construction and manufacturing sectors; the service sector though is showing positive net hires, however modest. As a result, the housing sector should continue to suffer from weak domestic demand. That said, housing starts will most likely retreat by more than 20% this year and a little less next year.

In the public sector, the May 14 vote resulted in a fourth consecutive Liberal majority. A budget update has been tabled on June 27th (see our report for more details); program spending growth will remain soft (1.4%), though the public sector's capital spending is expected to increase this year. The slight surplus projected for 2013–2014 in the budget tabled in February will be maintained in spite of a smaller population inflow, bringing down taxation revenue. However, this will be partially off-set by higher natural gas prices compared to the budget's projections. Royalties on natural resources represent only 6% of the government's revenue, a proportion that should increase significantly with the development of the LNG sector. All in all, we anticipate the province to record real GDP growth of 1.6% in 2013 and 2.0% in 2014, primarily buoyed by the international sector.

Alberta: Economic growth to lose momentum

Compared with previous years, Alberta's economic growth will sag in 2013 (2.0%). Firstly, we have trimmed our forecasts since the uncertainty surrounding the approval of the Keystone XL project, which continues to soar, reducing the enthusiasm in the energy sector. Washington is keeping up the suspense; a final decision is not expected until the fall, although many had been anticipating it this summer. In the meantime, the differential between WTI and WCS prices continued to narrow: the discount that Alberta and Saskatchewan oil producers were fetching for their bitumen has dropped US$10 against WTI prices from the first to the second quarter. See pages 4 and 5 of our last *Provincial Monitor* for more details on this matter.



Then, at the time of writing this report, Calgary and its vicinity and southern Alberta were experiencing massive floods that forced the evacuation of more than 100,000 people. Accordingly, service-producing industries will be severely impacted, but the output level among goods-producing industries, accounting for over 50% of total GDP, will also be disrupted. Indeed, Suncor has announced a temporary reduction in oil production following the precautionary shutdown of the Enbridge pipeline system in the Fort McMurray area. This natural disaster, one of the largest in the country ever, will require reconstruction efforts that could take several years. However, although the economy should benefit of massive investment in reconstruction in the short run, the impact on crude oil extraction (24% of GDP in 2012) and exports are still difficult to assess. So, for now, the net effects of this natural disaster on economic growth remain ambiguous, but likely negative for 2013. However, for 2014, we expect economic growth to edge higher than we had anticipated in March (3.2%).

As a result of these uncertainties, job growth should drop below 2% this year after having done very well over the last two years. Therefore, the unemployment rate will not diminished significantly (4.5%), supported by a rising labour force. Despite the pause in its downward trajectory, this rate still points to tight market conditions and will continue to foster strong wage growth and international and interprovincial immigration. These factors will also prevent a major drop in housing construction. Among other things, the inventory of homes for sale on the resale market is low, another factor that will keep Alberta housing starts off the national trajectory.

The province's economy is heavily dependent on activity in the oil industry, as is its fiscal policy. The government should therefore make a smaller contribution to economic growth in 2013 and 2014 (excluding the aid fund recently approved to help the province and people recover from the floods), as is also being reflected in the public sector's investment intentions. However, the narrowing of the spread between WCS and WTI prices to an average of 18% in the first quarter of this fiscal year (April-May-June) augurs well for royalties. In fact, in its February budget, the Alberta government predicted a spread of 27%. According to its calculations, a 1% drop in the differential yields a $140 million increase in revenue; this increase could double if WTI prices rise by US$1. Note that the $6B tumble by royalty income compared with the 2012 projection put the province into deficit last year. Although the spread is not expected to narrow further, we can expect royalties to be higher this year than projected in the budget.

Finally, the Premier announced few days ago that the government had approved a $1-billion preliminary emergency fund to help the victims. Although the government has put aside contingency reserves in its budget, it may be not enough to offset to the total amount of aid needed. Usually, the federal government pays up to 90% of the costs of such disasters, but as of yet no cost-sharing between the two levels of government has been established. Nevertheless, Alberta enjoys a strong fiscal capacity to help its residents and ultimately, public finances should not suffer too much.

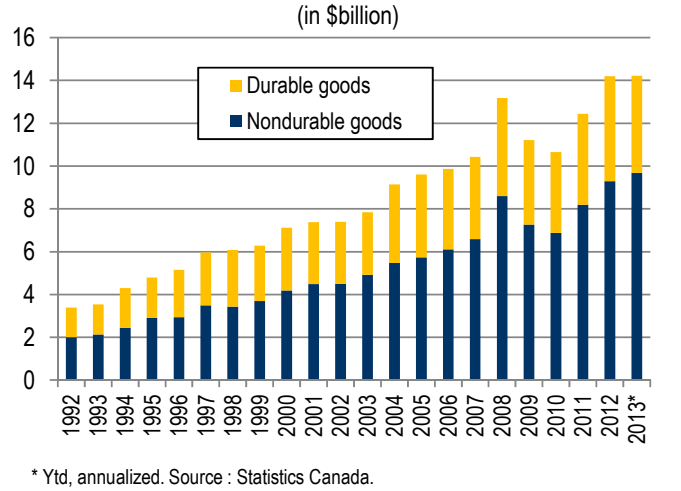
Saskatchewan: The province will remain in top gear despite flagging domestic demand

This Prairie province will continue to stand out in 2013 (2.0%) and 2014 (2.7%) with economic growth well above the national average. This is due to a sound budget situation, to a strong domestic demand, though slower than its exceptional performance in 2012 and, above all, to a slow acceleration by the economy south of the border that will encourage the province's exports to rise.

However, the agriculture sector could run into some trouble. Seeding intentions for 2013 indicated an increase in wheat areas from 2012. Saskatchewan is Canada's largest producer (50% of Canadian output), followed by Alberta and Manitoba. However, the poor weather this spring could change the situation. In fact, heavier snowfall and a delayed spring melt, with ground still frozen in April, along with heavy rain, triggered major flooding in southern Saskatchewan and Manitoba in May. Aside from the weather's impact on sowing, farmers could see the value of their harvest decline this year due to larger crops in North America. Last year's drought in the U.S Midwest caused heavy damage to the supply of cereals and drove prices up. This drought also forced U.S. livestock producers to cull some of their stock early. Canadian producers should therefore see prices for their stock rise, given the small inventory in the U.S. market.

With these conditions in the North American market, the focus on crop yields become more important than ever, favouring demand for potash. After 2012's pullback, potash production should rebound in 2013, supported by the recent signing of accords with Chinese and Indian buyers. What's more, metal ore extraction should advance in 2013 and jump in 2014, the first full year of operation for the uranium mine in Cigar Lake, one of the world's largest uranium deposits. Demand should be solid from China and India, major uranium consumers.

For the manufacturing sector, the pullback recorded at the end of 2012 seems to be stabilizing. The trend should reverse, as the outlook remains positive for food manufacturing (the largest sub-sector in terms of shipments) and machine manufacturing (the second largest sub-sector). The recovery south of the border will be a major contributing factor. A faster pace in manufacturing would no doubt prompt a reversal by investment intentions for this sector, which are down for 2013.



* Ytd, annualized. Source : Statistics Canada.

As we stressed in March's *Provincial Monitor,* the construction sector had a boom year in 2012. In the first quarter of 2013, however, investment in construction fell from the peak reached in the second half of 2012, in both the residential and non-residential sectors. The pullback that began early this year should continue, particularly in the housing sector. A less tight resale market in Regina and Saskatoon will limit the number of housing starts. However, the forecast decline will not be steep, given the strong population growth resulting from positive net migration. Moreover, an unemployment rate that is less than 5% and stronger competition with Alberta for labour guarantees relatively high wage growth. It is therefore not surprising that the province posted the strongest retail sales growth in the country in 2012 (7.6%). That being said, 2012's remarkably strong domestic demand should lose some steam in 2013, making a smaller contribution to economic growth.

As for the public sector's contribution, the budget documents are showing a surplus, but the government has opted to remain conservative. Among other things, it postponed the cut to corporate tax (from 12% to 10%) slated for 2015 to an undetermined date. The province's budgetary revenues are largely dependent on the highly volatile resource prices, more so than in Alberta.

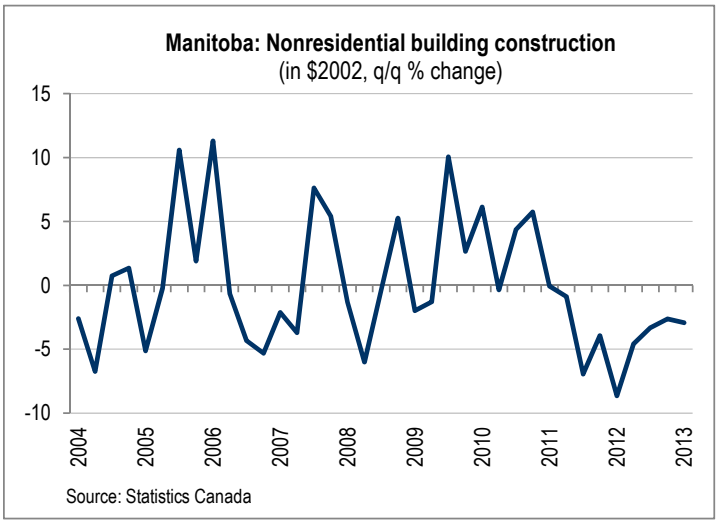
Manitoba: A lot of rain, but the economy will hold up

The smallest, but well-diversified, Prairie province should see the pace of its real economy slow in 2013 (1.7%) after solidly outstripping the national average in 2012 (2.7%). Despite its usually stable growth, a major asset for the province, economic activity will once again be hurt by Mother Nature this year after she held off in 2012. As mentioned above for Saskatchewan, the flooding could hurt harvests in the end.

As for the other industries, the energy sector is trending up, with oil production slowly growing. In 2011, economic growth had been buoyed by a major surge in activity in the oil and gas sector. The Wuskwatim hydro power plant in northern Manitoba came online in the second half of 2012 and will certainly boost the energy sector's 2013 output.

For its part, the manufacturing sector continues to moderate, luckily slowed by the aerospace industry's solid performance. Manufacturers in this sector can boast of being the only ones to see exports beat pre-recession levels, slowly closing in on the peak recorded before September 11, 2011. Lastly, one other industry will stand out in 2013: wood product manufacturing. As is the case with British Columbia, New Brunswick, Quebec and Alberta, the real estate market recovery south of the border has positive repercussions for Manitoba's lumber and wood-derived product exports (beams, plywood, etc.).

Consumers should also remain important players in economic growth. In 2012, population growth beat the national average for a third straight year. Positive net migration, buoyed by the Provincial Nominee Program and the third lowest unemployment rate in the country, made a big contribution. However, the unemployment rate should not drop (5.3%) in 2013, as growth by the labour force will be essentially the same as employment growth; a net 6,000 jobs are forecast to be added in 2013. This will power demand for housing. After hitting their highest point in 25 years, housing starts should retreat in 2013, although not by as much as in the rest of the country: the resale market is one of the country's tightest markets, especially in Winnipeg. This city will also see heavy activity in the non-residential sector.



Source: Statistics Canada

Retail sales growth should pick up (2.8%), but it will be temporarily reined in by the 1 percentage point increase to the provincial sales tax, effective July 1. The tax hike was one of the measures announced when the budget was tabled in April. The provincial government's contribution to economic growth will be very small in 2013 and 2014. It still has a long way to go to eliminate its deficit, a target that is only forecast to be reached in fiscal year 2016–2017.

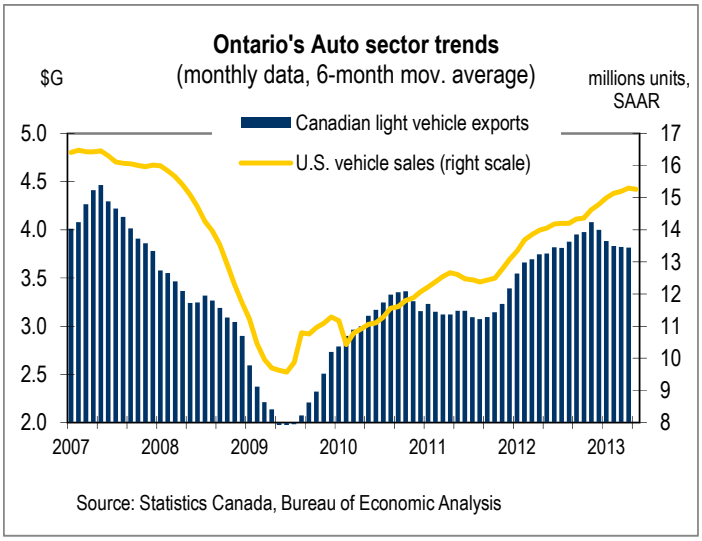
Ontario: Still waiting for a stronger recovery south of the border

In light of what happened in Canada, Ontario's real GDP growth slowed in the second half of 2012; growth was 0.2% (quarterly annualized) in the last quarter, according to the economic accounts released in May. This means that economic activity stagnated due to deterioration in international trade, with exports down again, and a correction by inventories that was large enough to wipe out the positive contribution from domestic demand. Real GDP thus ended with modest 1.6% growth in 2012, slightly lower than we anticipated.

In 2013, the real estate correction should take a bigger bite out of domestic demand growth. Residential investment should contract in 2013 and 2014. The short-term supply of new housing is large in Toronto and still rising, putting the brakes on construction development projects. Fewer such projects got off the ground, and housing starts province-wide should drop below the 60,000-unit mark and stay there in 2013 and 2014. Toronto's resale market is less balanced than last year, but this situation is not as worrying as it is in Vancouver and Montreal, where the number of resales posted a larger drop. Although they have grown, Toronto's delays to sale (months of inventory) remain small and manageable, lowering risks of a sharp correction. As for the consumers, the weakness in retail sales observed since the beginning of the year—they are down for the first four months of the year compared with the same period in 2012—stems from changing household behaviour. Across Canada, the savings rate is up and household debt ratios retreated in the first quarter of 2013. Lastly, the situation for public spending has not changed much: the fight against the deficit and public indebtedness is forcing the government to tighten its belt.

As for the performance by international trade, exporters are still waiting for good winds from the south. Such winds have been felt in Quebec, and in western and eastern Canada, but has not yet affected Canada's largest province, where exports barely changed in the first four months of 2013 (see chart on the next page). The situation in Ontario's automotive sector does not seem to have changed since our last update. After recovering for several quarters, Canadian exports of light vehicles are not showing a clear trend. Canada-wide, real production of motor vehicles strengthened a little in February and March. We still expect demand from the United States to finally stimulate Canadian exports, a situation that should materialize in the second half of the year. For now, the value of Canadian light vehicle exports and sales are on an opposite track (see chart). Note that, even if sales in the United States go up, Ontario's production will not benefit directly: remember that General Motors has scheduled to close operations at one of its Oshawa assembly plant at the end of June.

Lastly, to add to what we mentioned in the last *Provincial Monitor* on Ontario's auto industry and its challenges, the OECD forecasts that, in the near term, demand for light vehicles should keep rising in the United States and Canada, but at a slower pace than in the last two years.



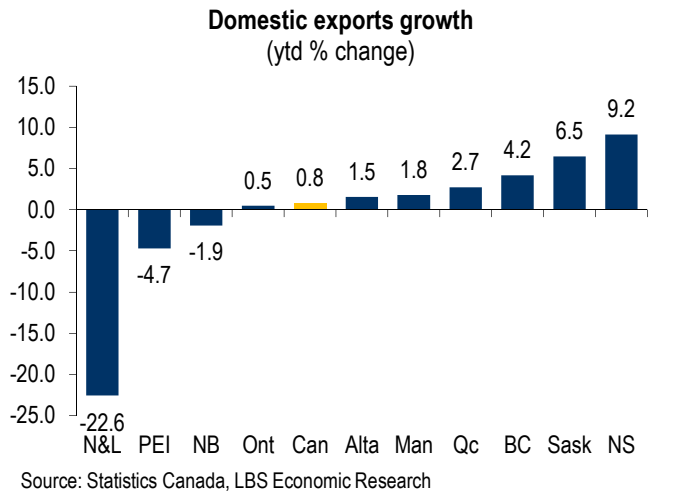
2012 was a tough year for the employment market, and job creation should be stronger this year although not surprising. The labour market seems to have strengthened this spring, but given how volatile monthly employment data are, we must not put too much importance on May's jump in employment. The unemployment rate should decline but, as we specified earlier, what matters the most is that the employment rate is having difficulty increasing, with the trend oscillating around 61.3%, which is lower than the national average. Lastly, our forecast for Ontario's economic growth has not changed for 2013: we still think that real activity will rise at the same pace as nationwide, 1.5%, and a push by exports should take it to 2.2% in 2014.

Quebec: 2013 gets off to a strong start, but to fizzle out

In La Belle Province, the economic accounts for the first quarter of 2013 indicate a slowdown in domestic demand driven by a contraction in government spending, business investment and residential investment. Accordingly, this has pushed down imports which have declined more sharply than exports. In short, had it not been for the drop in imports and the sharp increase in consumption, the economic activity would have stalled, or even declined, during the first quarter. Nonetheless, real GDP has grown at a good pace, though not sustainable (1.8% q/q annualized). Adding a quarterly GDP growth of at most 1% for the rest of the year, forced us to raise our forecast to 1.3% for 2013. Also, one-off factors that lasted several months in 2012, such as the Rio Tinto Alcan lockout and student protests, had negative impacts on real output and will no longer act as a drag on growth in 2013. Before continuing, it should be noted that nominal GDP growth was weak in the first quarter (1.6%), which will certainly have implications on budgetary revenues. In its economic and financial update published on March 28, the Ministry of Finance expects a nominal GDP growth of 3.6% for 2013, which will be difficult to achieve in our view.

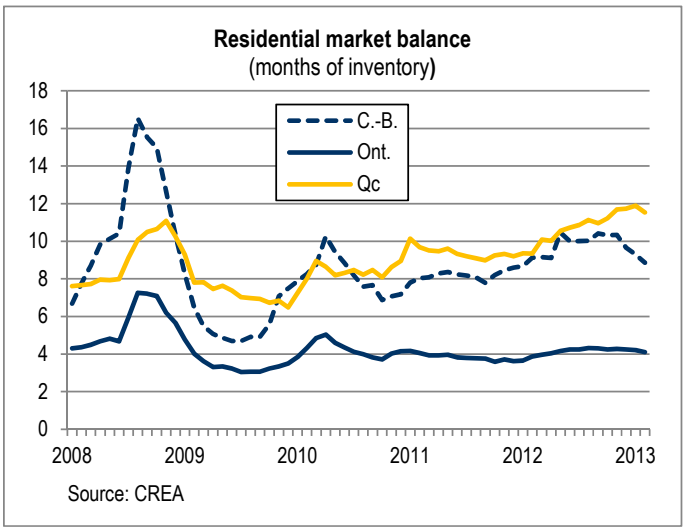
Akin to the picture nationwide, Quebec's economy is going through a transition period. The province did not suffer as much in the last recession and was quick to recover; however, in 2012 and 2013, it is short on ammunition to stimulate economic performance. After having provided strong support to economic growth during the recession, the government is still being more timid. At the end of this fiscal year, the budget deficit should be at zero. While efforts to stimulate revenue and rein in growth by budget spending are ongoing, the government's contribution to economic growth should remain positive. Moreover, in the institutional and governmental sector, as well as in the commercial and industrial sector, investment in non-residential construction shot up in the first quarter, a strong start given that investment intentions had only called for slight growth (1%) in 2013.

What's more, international trade should also make a stronger contribution to economic growth. Merchandise exports posted attractive growth in the first quarter (see chart below), but in terms of volume, exports has declined softly during the first quarter. The slowing economic growth in emerging countries, particularly China, the second biggest destination for the province's exports, does not augur well. The increase in exports should thus result from the strengthening recovery south of the border.



Pending significant impacts from that recovery, performance by the Quebec employment market remains disappointing. After a strong end to 2012, the decline by full-time employment that started in January is worrisome, and nothing points to an upswing by demand in the real estate market. Despite the steep slowdown in 2013, the lull in the real estate market should persist in 2014, putting the brakes on economic growth. After beating household formation for 10 years, housing starts should drop below the 40,000-unit mark, a pullback primarily powered by the Montreal area condo sector. Many projects got underway in 2012 and others should be launched in 2013, especially downtown, but given weaker demand, market conditions do not justify developing all of the projects at once. Besides, months of inventory on the province's resale market are still increasing, having touched a higher level than registered during the last recession (see chart). This is clearly a buyer's market and competition is fierce; some developers are offering appealing incentives to boost sales.

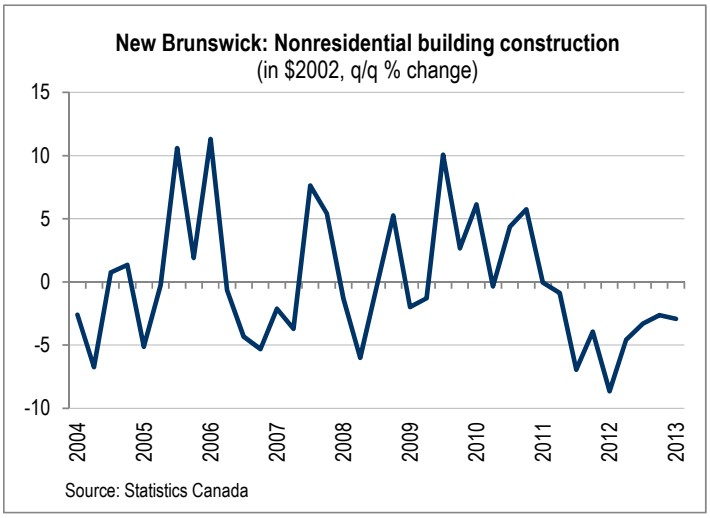
Consumer caution is not just showing in residential investment: they are being cautious about personal spending as well. As in Ontario (see the previous section), Quebecers should limit consumption growth in favour of savings and debt repayment. They are also working fewer hours on average each week, with the resulting impact on earnings. Small consolation, the cost of living should remain around 1% (y/y), limiting the impact on purchasing power despite slower growth by payroll income since the start of the year.



Atlantic Provinces: A rosy outlook after dark days

2012 was a tough year for Atlantic Canada, with the economies of New Brunswick (-0.6%) and Newfoundland and Labrador (-4.8%) plunging back into recession. In Nova Scotia, the economy was essentially stagnant (0.2%), while Prince Edward Island stood out with a slight 1.2% increase. As we noted in our last update, the pullback by commodity prices and temporary production stoppages curbed oil and natural gas extraction in eastern Canada. 2013 promises better days. Since our last *Provincial Monitor* was published, the Atlantic Provinces' economies have been behaving as expected and we have not made any major changes to our forecasts. Some factors are worthy of mention, however.

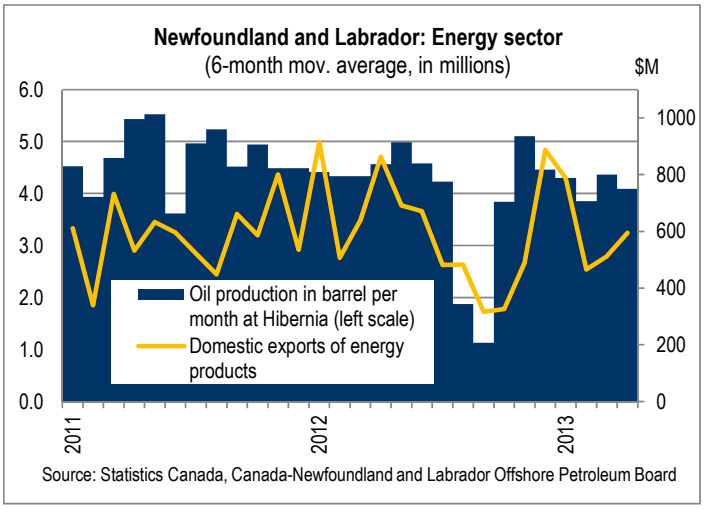
Some New Brunswick construction projects wrapped up in 2012—refurbishing the Point Lepreau nuclear power plant and the expansion of the Sussex mine—so, while construction is slowing, output will notch up. Nonetheless, investment in non-residential construction contracted again in the first quarter. This sharp slowdown means we must lower our outlook for 2013 real GDP growth to 1.0% and raise the outlook for 2014 (1.7%). Among other things, the restrictive fiscal policy unveiled in the 2013 Budget could have negative impacts on real output. In fact, workers and businesses will see their purchasing power trimmed: starting July 1, personal incomes tax rate will be increased for all tax brackets and the corporate income tax rate will rise by 2 percentage points to 12%. These sizable measures are intended to achieve revenue gains, but they will not come at any price for the economy.



In Nova Scotia, the outlook is more encouraging than it is for its neighbours to the north. The supply of natural gas will be more abundant with the much-awaited launch of production at the Deep Panuke field, expected within the next few weeks, and return to normal output at the Sable Island field after planned maintenance work. The rise by natural gas prices is also good for both output and the government's budgetary situation. The government is even expecting a slight budget surplus at the end of this fiscal year. In other words, having retreated since 2008, natural gas production should be back on track for growth in 2013. Together, these factors, with the preparations at Irving Shipbuilding's Halifax shipyard, will help real GDP growth accelerate to 1.5% in 2013 and 2.2% in 2014, according to our latest forecasts.

In Prince Edward Island, growth should accelerate in 2013 and 2014. The labour market is showing solid employment gains to date this year, in both the public and private sectors, and this should persist. The province's exports should post good growth for the second year in a row, despite a smaller contribution from the aerospace industry after an exceptional year. As and when the recovery takes hold in the United States, more and more consumer products should cross the border. The only sour note is the contraction by non-residential investment in all sectors at the beginning of the year. Nonetheless, the government's capital spending should shoot up this fiscal year, after dropping more than 25% in 2012.

Lastly, Newfoundland and Labrador should see a stronger rebound than anticipated in 2013 (4%). Several factors reflect the economy's strength: employment growth is strong, making the unemployment rate drop to record lows, while weekly earnings posted substantial gains in February and March. This should buoy consumer consumption, and retailers have already seen their sales rise over the first four months of the year (an annualized change of 4.5%, see chart on page 2). In the oil and hydro power sectors, the Hebron and Muskrat Falls projects are going well and will contribute to economic growth this year and in the years to come. The economic contribution made by these major projects will reach beyond Newfoundland and Labrador's borders, affecting businesses and workers in the other Atlantic Provinces. All in all, the future looks great for the Atlantic Canada.



Marie-Claude Guillotte | Economist

Nominal GDP growth in Canada and the provinces

	2008	2009	2010	2011	2012e	2013	2014
Canada	5.1	-4.9	6.4	5.9	3.4	3.1	4.0
N&L	5.8	-20.5	14.5	17.5	-1.0	6.0	4.5
PEI	3.1	3.0	5.1	3.7	3.0	3.6	3.8
NS	4.6	-1.3	4.1	1.8	2.0	3.0	3.7
NB	2.0	1.7	6.6	4.0	1.2	2.2	3.3
Quebec	2.6	0.7	4.5	4.7	3.7	2.6	3.5
Ontario	1.0	-1.7	5.2	4.7	2.9	3.0	3.9
Manitoba	5.4	-2.1	4.8	4.9	4.0	3.6	4.1
Sask	30.1	-9.8	8.4	13.2	3.8	3.8	4.5
Alberta	13.9	-16.9	10.7	9.0	4.5	4.0	5.2
BC	3.5	-4.0	6.5	4.5	3.2	2.8	4.0

Source: Statistics Canada, LBS Economic Research

Real GDP growth in Canada and the provinces

	2008	2009	2010	2011	2012e	2013	2014
Canada	1.1	-2.8	3.2	2.6	1.7	1.5	2.2
N&L	-1.0	-10.3	6.3	3.0	-4.8	3.5	2.5
PEI	0.9	0.3	2.6	1.6	1.2	1.4	1.7
NS	2.5	-0.3	1.9	0.5	0.1	1.5	2.2
NB	0.9	-0.6	3.1	0.0	-0.6	1.0	1.7
Quebec	1.4	-0.4	2.7	1.9	0.9	1.3	1.8
Ontario	-0.2	-3.5	3.2	1.8	1.6	1.5	2.2
Manitoba	4.0	-0.4	2.5	2.0	2.7	1.7	2.2
Sask	5.4	-4.0	4.4	4.9	2.2	2.0	2.7
Alberta	1.6	-4.4	4.0	5.1	3.9	2.0	3.2
BC	1.1	-2.5	3.2	2.8	1.7	1.6	2.0

Note: 2012 = GDP at basic prices, except for Quebec and Ontario.
Prior 2012 = GDP expenditure-based.
Source: Statistics Canada, LBS Economic Research

Unemployment rate in Canada and the provinces

	2008	2009	2010	2011	2012	2013	2014
Canada	6.2	8.3	8.0	7.5	7.3	7.1	6.9
N&L	13.3	15.6	14.4	12.6	12.5	12.0	12.2
PEI	10.7	12.0	11.2	11.4	11.4	11.5	11.3
NS	7.6	9.1	9.3	8.8	9.0	9.4	9.0
NB	8.5	8.8	9.3	9.5	10.3	10.2	10.1
Quebec	7.3	8.5	7.9	7.7	7.8	7.6	7.3
Ontario	6.6	9.0	8.6	7.8	7.9	7.6	7.4
Manitoba	4.1	5.3	5.4	5.4	5.3	5.3	5.2
Sask	4.1	4.8	5.2	4.9	4.7	4.4	4.2
Alberta	3.6	6.6	6.5	5.5	4.6	4.5	4.2
BC	4.7	7.7	7.6	7.5	6.8	6.6	6.3

Source: Statistics Canada, LBS Economic Research

Employment growth in Canada and the provinces

	2008	2009	2010	2011	2012	2013	2014
Canada	1.7	-1.6	1.4	1.5	1.2	1.1	1.0
N&L	1.0	-2.9	3.5	2.7	2.1	1.6	0.4
PEI	1.2	-1.4	3.1	1.9	1.0	2.2	0.3
NS	0.9	-0.1	0.2	0.0	0.6	0.1	1.0
NB	0.6	0.2	-1.0	-1.2	-0.2	0.1	0.4
Quebec	1.2	-0.8	1.8	1.0	0.8	0.9	0.8
Ontario	1.5	-2.4	1.6	1.8	0.8	1.3	1.2
Manitoba	1.7	0.0	1.9	0.7	0.9	1.0	0.5
Sask	1.7	1.3	0.9	0.3	2.2	2.9	0.9
Alberta	3.1	-1.3	-0.4	3.8	2.6	1.6	1.7
BC	2.0	-2.1	1.8	0.8	1.6	0.4	0.9

Source: Statistics Canada, LBS Economic Research

Retail sales growth in Canada and the provinces

	2008	2009	2010	2011	2012	2013	2014
Canada	3.8	-2.8	5.6	4.1	2.5	2.6	3.6
N&L	7.4	1.5	4.5	5.3	4.6	4.0	3.7
PEI	5.1	-1.2	5.3	5.4	3.2	1.5	3.2
NS	4.1	0.2	4.5	3.6	1.0	1.6	3.4
NB	6.5	0.8	5.0	4.8	-0.7	2.0	3.5
Quebec	4.9	-1.1	6.2	3.0	1.1	3.0	3.4
Ontario	4.0	-2.2	5.4	3.6	1.6	2.0	3.5
Manitoba	7.2	-0.1	6.0	4.5	1.6	2.8	3.8
Sask	12.1	-0.3	3.6	7.5	7.6	2.2	4.0
Alberta	0.2	-8.3	5.9	6.8	6.9	3.0	5.0
BC	1.6	-4.2	5.3	3.2	1.9	1.5	3.2

Source: Statistics Canada, LBS Economic Research

Housing starts in Canada and the provinces (000s of units)

	2008	2009	2010	2011	2012	2013	2014
Canada	211.2	148.3	190.9	193.2	215.0	173.3	167.5
N&L	3.1	3.0	4.1	3.6	4.0	3.2	3.1
PEI	0.7	0.9	0.8	1.0	0.9	0.8	0.8
NS	4.0	3.4	4.4	4.7	4.5	4.3	4.6
NB	4.5	3.5	4.5	3.2	3.3	2.7	2.6
Quebec	47.9	43.9	50.9	48.2	47.1	38.0	37.0
Ontario	75.1	49.7	60.7	67.7	77.0	57.0	55.0
Manitoba	5.6	4.1	6.1	5.9	7.4	6.7	6.1
Sask	6.8	3.8	6.0	7.1	10.0	8.0	7.6
Alberta	29.3	20.0	26.9	25.5	33.3	31.0	31.5
BC	34.2	16.0	26.7	26.3	27.5	21.5	19.8

Source: Statistics Canada, LBS Economic Research

Inflation in Canada and the provinces (%)

	2008	2009	2010	2011	2012	2013	2014
Canada	2.4	0.3	1.8	2.9	1.5	1.0	1.7
N&L	2.9	0.3	2.4	3.4	2.1	1.7	1.8
PEI	3.4	-0.1	1.8	2.9	2.0	1.2	2.0
NS	3.0	-0.1	2.2	3.8	1.9	1.2	1.7
NB	1.7	0.3	2.1	3.5	1.7	0.7	1.7
Quebec	2.1	0.6	1.3	3.0	2.1	1.0	1.7
Ontario	2.3	0.4	2.4	3.1	1.4	1.1	1.7
Manitoba	2.2	0.6	0.8	2.9	1.6	2.0	1.9
Sask	3.2	1.1	1.3	2.8	1.6	1.4	1.8
Alberta	3.2	-0.1	1.0	2.4	1.1	1.5	1.9
BC	2.1	0.0	1.4	2.3	1.1	0.2	1.6

Source: Statistics Canada, LBS Economic Research