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Laurentian Bank Securities

# The Provincial Monitor

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### LBS Economic Research

Carlos Leitao  
Chief Economist  
(514) 350-3000  
[leitao@lb-securities.ca](mailto:leitao@lb-securities.ca)

Sébastien Lavoie  
Assistant Chief Economist  
(514) 350-2931  
[lavoies@lb-securities.ca](mailto:lavoies@lb-securities.ca)

Marie-Claude Guillotte  
Economist  
(514) 350-2924  
[guillottmc@lb-securities.ca](mailto:guillottmc@lb-securities.ca)

Emir Coskun  
(514) 350-2941  
[coskune@lb-securities.ca](mailto:coskune@lb-securities.ca)

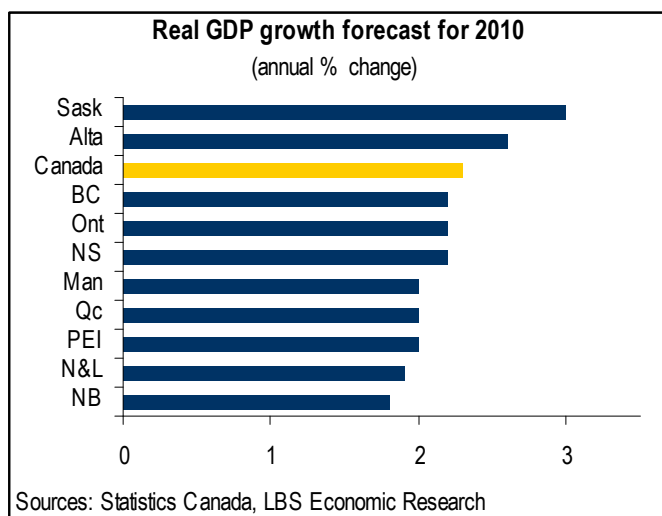
**Subscription:**  
Martine Bérubé  
Coordinator  
(514) 350-3006  
[berubem@lb-securities.ca](mailto:berubem@lb-securities.ca)



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Pulled by exceptionally low interest rates and renewed consumer confidence, the Canadian economy began its recovery phase in mid-2009. This recovery, however, has been unevenly spread across the country due to regional differences in industrial structure and in the responses by households and businesses to the financial crisis.

This new edition of the Provincial Monitor highlights several of the key factors that will influence the Canadian province's medium-term economic performance. Firstly, even if new, more conservative mortgage rules were recently announced and the Bank of Canada policy rate will eventually rise (albeit only slightly), household spending will remain the main driver of economic growth. That said, provincial economic performance will vary due to uneven pent-up demand and labour market performance. In Quebec, for example, after waiting for job and economic-related uncertainties to dissipate, households have resumed spending on consumer goods; housing market activity has also reaccelerated. In the western provinces, pent-up consumer demand is even stronger while in Ontario labour market woes went deeper.



Secondly, provinces can no longer count as much on the US economy as they did in the past to stimulate export demand. A poor employment outlook and elevated household debt levels imply a weak US economic recovery. Exporters to the US will also continue to be hampered by a strong loonie – which is expected to flirt with parity during the coming years. As a result, companies will need to develop new markets and to diversify their economic base, a long-term task. More specifically, Canadian provinces will need to look more closely at the emerging BRIC (Brazil, Russia, India, China) markets, which are likely to provide their best growth opportunities. Resource-rich provinces, such as Alberta and Saskatchewan, are presently better positioned to leverage these possibilities.

Furthermore, since several sectors will not bounce back to their previous cruising speed, provinces such as Ontario have begun a transition into making their economies more green-technology friendly. This diversification should eventually bear fruit. At the other end of the spectrum, Alberta's economic future is getting more and more related to oil sands.

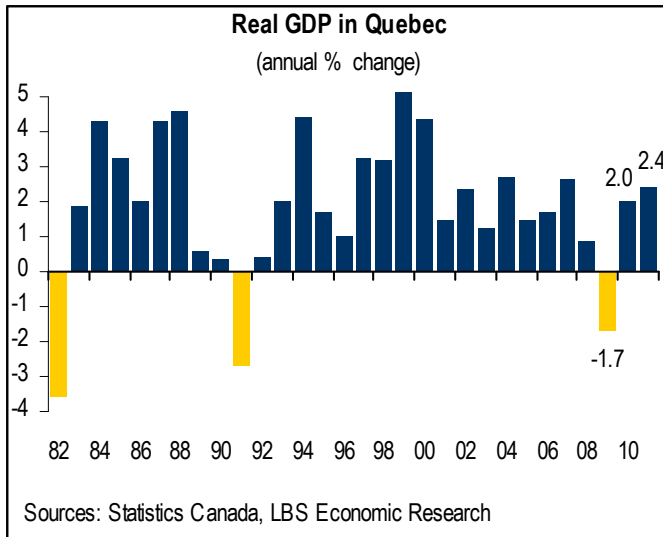
On the public finances front, finance ministers will eventually have to address their deficits, caused by the recession and hefty infrastructure plans. Provinces with higher deficits, such as Ontario, or with a heavier debt burden, such as Quebec, will be under greater pressure to rapidly bring their budgets into balance. This will risk slowing growth starting in 2011. In short, restrictive fiscal policy will put a dent in the expansion.

In light of a better fiscal position, stronger pent-up demand, and greater reliance to BRIC countries, Saskatchewan will lead all provinces in terms of real GDP growth this year, followed by Alberta. LBS Economic Research's outlook regarding Central Canada remains unchanged. Both recession and recovery were modest in Quebec, as will be future economic expansion. In Ontario, until the province's industrial diversification efforts bear fruit, the appearance of structural unemployment will lead to moderate growth. Better job market conditions in Manitoba will enable the province to perform well despite a lack of pent-up demand. In British Columbia, sluggishness in traditional sectors will keep growth below its Western neighbours. In the Atlantic region, employment gains will be weak in New Brunswick due to a lack of large non-residential construction projects. The expansion will be a bit more vigorous in Nova Scotia, which can count on a greater number of private and public sector investment projects to support its economy. In Prince Edward Island, various infrastructure projects will compensate for increasingly tough times in the tourism sector. And finally, Newfoundland and Labrador will see modest growth, as the province awaits development of new oil fields in a few years.

The following sections of this new edition of the *Provincial Monitor* will provide more detailed portraits of each province's prospects. Forecasts are available in the tables at the end of the report.

## Quebec: Modest Recovery In Sight

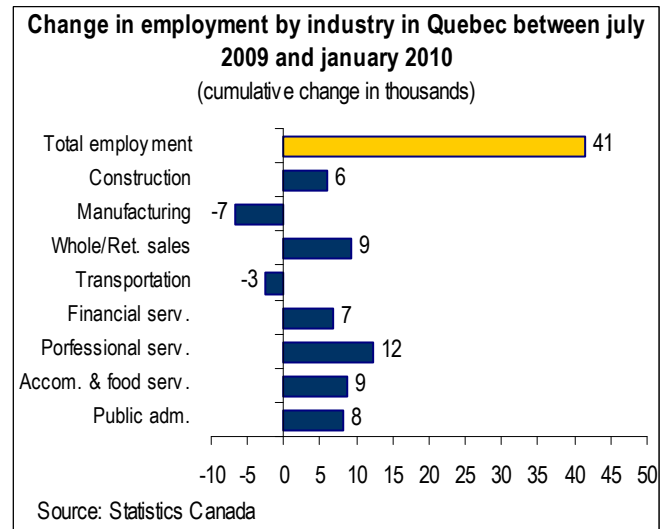
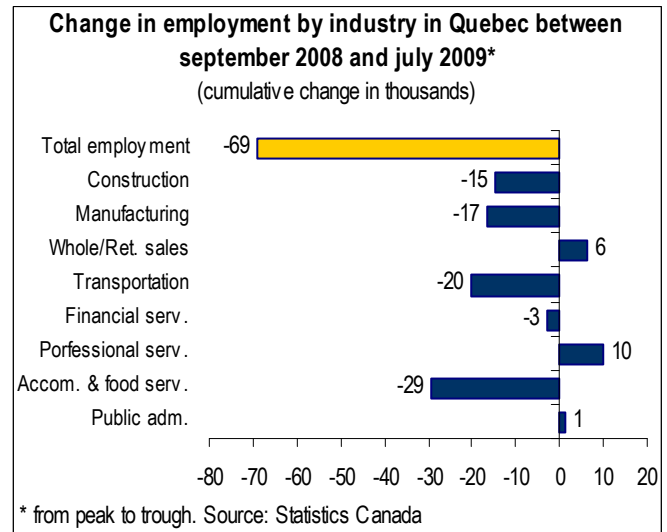
The recession in Quebec was relatively short and mild. Though it was not necessarily obvious for all individuals and businesses, the recovery began in the third quarter of last year. Our outlook for the Quebec economy remains unchanged since publication of the previous *Provincial Monitor*: The pullback and recovery were both modest; future growth will be too. We only have revised our forecasts for real GDP growth upwards slightly for 2010 (2.0%) and 2011 (2.4%).



Quebec's labour market has been relatively resilient. On the jobs front, 41,400 new posts were added since July. This represents 60% of all jobs lost since the September 2008 employment peak, a level that *LBS Economic Research* expects to see again before year-end. This recent improvement is due to several factors:

- Businesses, for the most part, have stopped cutting jobs. Layoffs, which hit during the middle of the global financial crisis, have since then tapered off.
- According to the recent rise in the Conference Board's index of available jobs, - which tracks jobs posted on the Internet - a large number of businesses are now hiring. This recent increase in employment thus seems tied in large part to the creation of new posts, as opposed to a re-hiring of laid-off workers.
- Workforce retention was relatively modest, which in turn pushed businesses to rehire staff faster as soon as the first signs of recovery became apparent. The pullback in employment was less pronounced during the recession (approximately 1.5% from peak to trough) than was the pullback in hours worked (-3.0% from peak to trough). This practice of businesses retaining staff, by cutting the number of hours that they work, is an effective worker retention strategy (labour hoarding), though this practice was less widespread during the recent recession than it was during the 1990s in the case of Quebec. The upshot is that we should see job growth during 2010.

Finally, it should be noted that this recent increase in total employment does not appear to have been concentrated in sectors in which jobs were lost during the recession. Three quarters of all jobs lost between September 2008 and July 2009 were in the manufacturing, construction and transport sectors. However the jobs gains made since August of 2009 were concentrated in the services sector (commerce, professional services, financial services and real estate). Accordingly, the financial position of many households deteriorates.



## Domestic Demand, The Impetus To Quebec's Growth

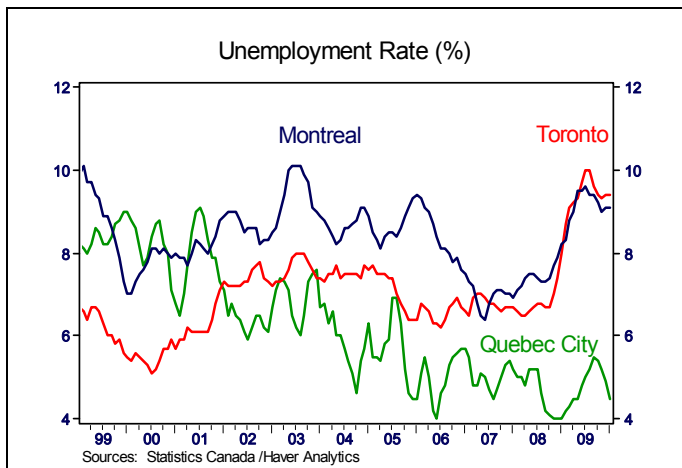
Quebec's resilient job market and its stable real estate market have helped to quickly rebuild the mood of consumers (the Conference Board's index of consumer confidence has returned to levels reached before the economic crisis hit). All these key elements continue to point to increased household consumption, expected to be the cornerstone of the province's expansion during the two coming years. In terms of the housing market, both residential construction and existing home sales should see one last spike in early 2010 before slowing down in late 2010 and 2011. Housing starts should edge down from 43,300 units in 2009 to 40,000 units in 2010, 35,000 units in 2011, follow by a steep pullback.

Quebec Economy	2007	2008	2009	2010	2011
<b>Real GDP growth</b>	<b>2.6</b>	<b>1.0</b>	<b>-1.8</b>	<b>2.0</b>	<b>2.4</b>
Consumer spending	4.3	3.3	0.6	2.5	2.5
Business Investment	6.3	-0.8	-10.9	3.0	5.0
Residential Construction	5.2	-2.3	-0.3	-1.8	-1.5
Government spending	3.7	6.4	3.5	2.3	1.4
Exports	1.2	-3.4	-14.2	3.9	5.0
Imports	4.0	0.5	-9.0	4.7	4.5
Change inventories (\$ millions)	2054	670	-900	0	700
Employment growth	2.3	0.8	-0.9	0.3	1.0
Unemployment rate	7.2	7.3	8.5	8.3	8.0
Housing starts (units)	48675	47925	43275	40000	35000
Retail sales growth	4.6	5.1	-1.5	3.5	4.2
CPI Inflation	1.6	2.1	0.6	1.9	2.2

Sources: Statistics Canada, CMHC, LBS Economic Research

On the investment front, the picture is mixed. Despite the global economic recovery, several private sector projects are having a hard time getting off the ground, though federal and provincial government investments continue to increase. Only business investment in machinery & equipment shows little signs of recovery.

As for trade, exports have fallen in 20 of the 25 of the province's main categories, during 2009. With the US consumer expected to remain weak for some time, exports are unlikely to be the key driver of Quebec's economic growth. In fact, if Quebec wants to return to robust export growth, the province will need to develop new markets. Active participation by the provincial government in trade missions to emerging nations – such as the recent mission to India by the Quebec government – could prove to be an excellent investment.



Following a 1.8% pullback last year, Quebec's real GDP is expected to bounce back to 2.0% during 2010 and a further 2.4% during 2011. On a regional note, we believe that the Quebec City region, which benefits from excellent sector diversification and from one of the lowest unemployment rates in the country (4.5%), will stand out due to the strength and stability of its expansion. Numerous residential and commercial construction projects will continue to stimulate the region's economy during the two coming years.

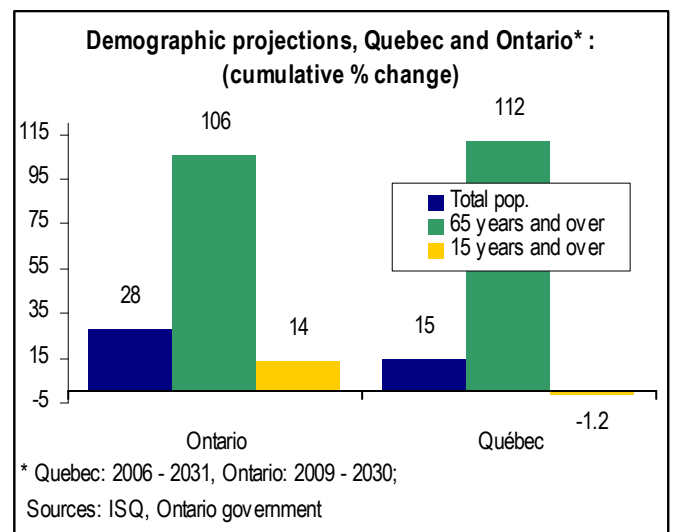
As for the Montreal region, recent news surrounding its refining and aerospace sectors have been less than encouraging. That coupled with a high unemployment rate, softer increases in housing prices and increasing municipal taxation, will combine to keep the region's economic performance below that of the Quebec City area.

### Demographic Projections Pose Greater Challenges For Quebec Than Ontario

But what happens after Quebec's economy returns to its pre-recession speed? Although economic prospects during the 2010-2011 period are encouraging, the longer term outlook is less so. Profound demographic changes will eventually cool off economic growth (possibly under 2.0%) if current and future efforts to boost productivity and the labor force do not produce the desired results.

This demographic challenge will hit Quebec much harder than other provinces, notably Ontario. *LBS Economic Research* decided to compare demographic projections from the *l'Institut de la Statistique du Québec* (ISQ)'s with the McGuinty government's projections unveiled in the 2010 edition of Ontario's *Long-Term Report on the Economy*:

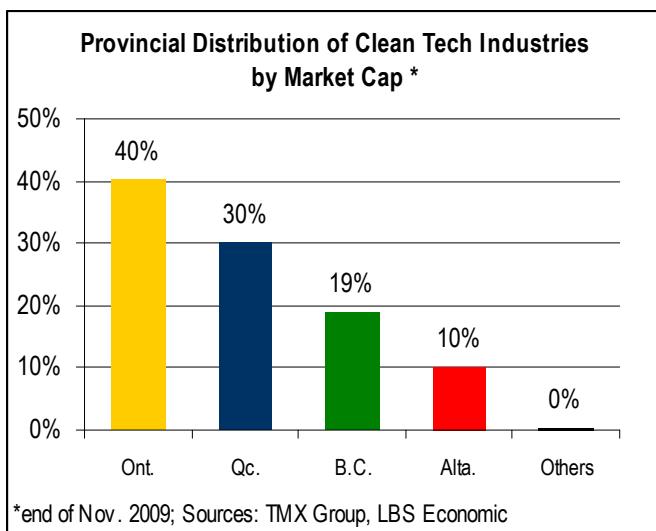
- Ontario's population should grow by 28% - or close to 3.7 million persons – between 2009 and 2030 to 16.7 million. Projected population growth in Quebec is less than half that (15% growth between 2006 and 2031 to 8.8 million people).
- In the two provinces, the number of people aged over 65 years old is expected to approximately double during the next 20 years (+112% between 2006 and 2031 in Quebec; and by 106% between 2009 and 2030 in Ontario).
- The big difference between the two provinces relates to their working age populations. In Ontario, the working age population (between 15 and 65 years old) will increase by about 14% to 10 million between now and 2030. In Quebec, the working age population (between 20 and 64) will remain practically unchanged (at 4.84 million in 2006 and 4.78 million in 2031). The notable difference between the two provinces relates to the fact that Ontario is able to attract more qualified immigrants. According to the Ontario government, the percentage of its population increase related to immigration will rise from 62% to 71% between now and 2030.



- From an economic standpoint, the increase in hours worked will provide fuel to Ontario's GDP growth. From a fiscal standpoint, pressures related to increases in healthcare spending will increase in the two provinces; however Queen's Park will be able to draw revenues from a larger and richer labour pool to help pay for those costs than will the province of Quebec.

### Ontario: The Start Of A Shift Towards "Green" Diversification

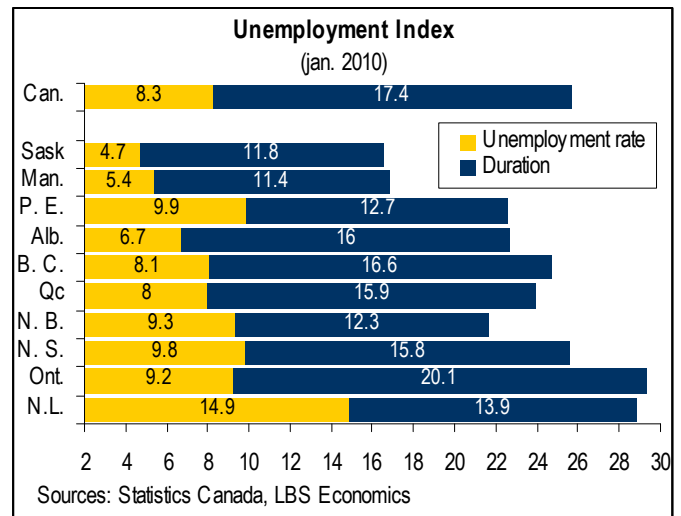
The economic model which spurred a long period of prosperity in Ontario is no longer functioning as well as it once did. Too much reliance on the US market and the auto sector was costly during the last recession. Going forward, prospects of moderate US economic growth and a strong loonie will continue to be at play, forcing Ontario to look for something new. New initiatives will be needed to reinvigorate its economy. The sales tax harmonization is one step in the right direction. Also, the McGuinty government has spared no effort in taking a green turn, to help re-launch and diversify the province's economy. Implementation of green energy legislation more than a year ago is now beginning to bear fruit. For example, an agreement between Queen's Park and a foreign consortium will lead to the construction of solar and wind farms which will produce 2,500 megawatts of renewable energy (the objective is to close the province's coal fired electricity plants by 2014). Ontario is well positioned: The province accounts for more than 40% of the net revenues, jobs, and market capitalization of all Canadian publicly traded technology companies listed. Ontario is not alone in this race. Green technology clusters, which are developing with venture capital and government assistance, also start to emerge in Quebec and in the western provinces.



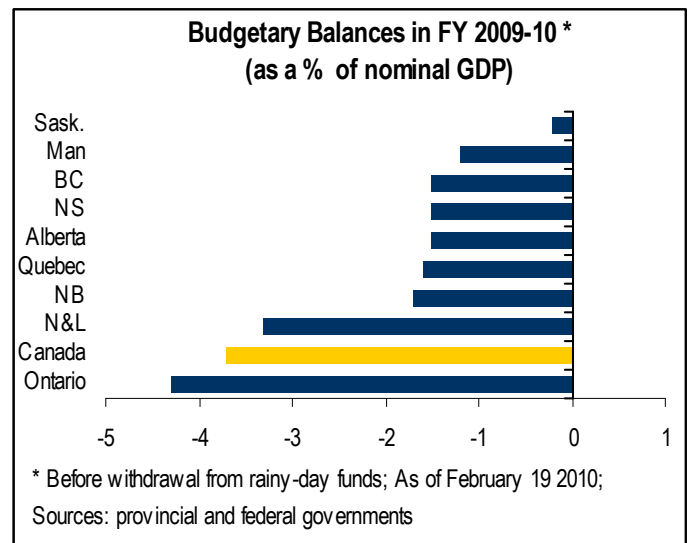
### Chronic Unemployment To Put A Dent In The Short-Term

A more diversified green economy may lie in Ontario's long-term economic future. But for the short-term, Ontario will not be flying to any new highs. After having gone through a severe recession, Ontario began its recovery during the third quarter of last year, registering annualized q/q real GDP growth of 1.9%, on the heels of rebounds in a majority of its key sectors.

Several small factors could slow real GDP growth in the short run, including the continued downward adjustments in inventories. One that particularly caught our attention was the appearance of chronic unemployment, leading us to forecast a moderate expansion in 2010 (2.0%) and 2011 (2.5%).



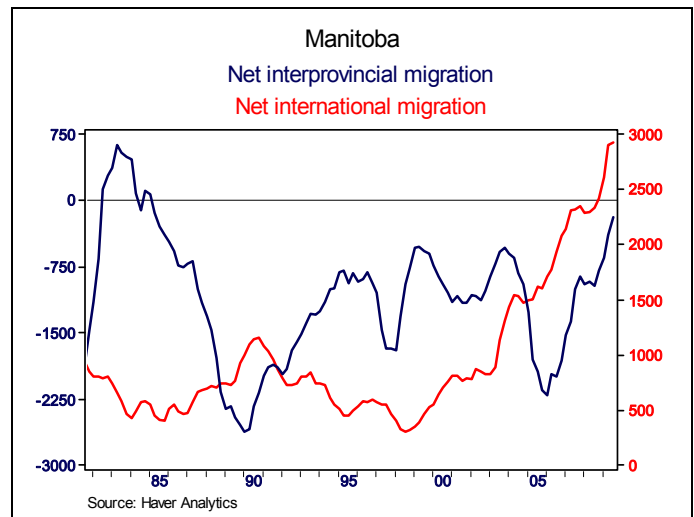
As we noted in past issues of the *Provincial Monitor*, the number of unemployed Ontarians rose rapidly during the height of the recession. Labour hoarding was also prevalent in Ontario, but not as much as in Western Canada. And in many cases, businesses went through such hard times that they absolutely needed to permanently cut staff, often full-time positions. Ontario's unemployment situation appears to be more structural than elsewhere: The average duration of unemployment there has reached close to 20 weeks, the highest among all provinces. Many of the unemployed are unable to occupy new jobs available because they lack the appropriate skill sets.



LBS Economic Research recently published a simple “Unemployment Index,” based on the sum of the unemployment rate and the average duration of unemployment (this index was inspired by the US “misery index,” of the 1970s combining the inflation and unemployment rates). The Unemployment Index sits at 30 in Ontario, the highest in the country. Accordingly, personal bankruptcies per thousand working age Ontarians (15-64 years old) reached a historic high (approximately 4.6 per 1,000 persons) at the end of 2009. The bottom line is that some Ontarians will have to change their consumption habits.

### Manitoba: Resiliency Pays Off

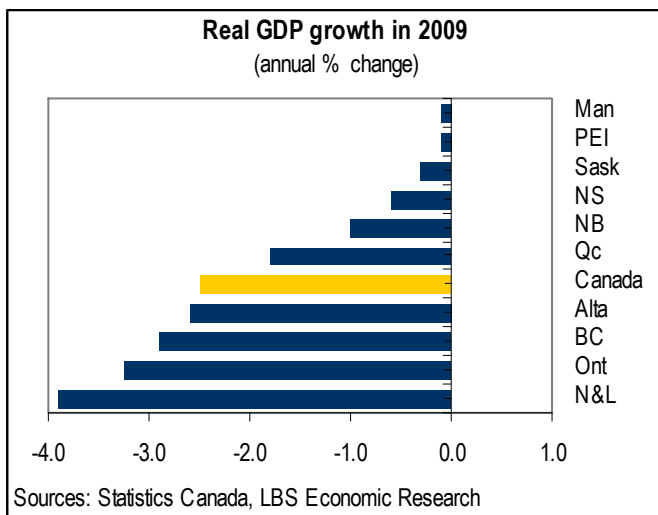
Manitoba’s economy, which does not often make big headlines, is doing well, due in part to its strong industrial diversification. During 2009, Manitoban businesses and households did not put off investment and consumption decisions to the same degree as their counterparts in other provinces did. Interruption in Manitoban real GDP growth was very short-lived. As such, we cannot count on any major rebound this year. Nevertheless we forecast a respectable real GDP growth of 2.0% in 2010 and 2.8% in 2011 since underlying fundamentals are solid. Due to the province’s remarkable economic stability, as evidenced by the availability of full time work there, less Manitobans are leaving for Saskatchewan, Alberta and Ontario. Net inter-provincial migration from Manitoba has fallen to close to zero, a level unseen since the mid-1980s. In addition, the *Provincial Nominee Program* proved to be a net plus for Manitoba (approximately 3,000 new arrivals during 2009, compared to an outflow of 1,000 during 2000).



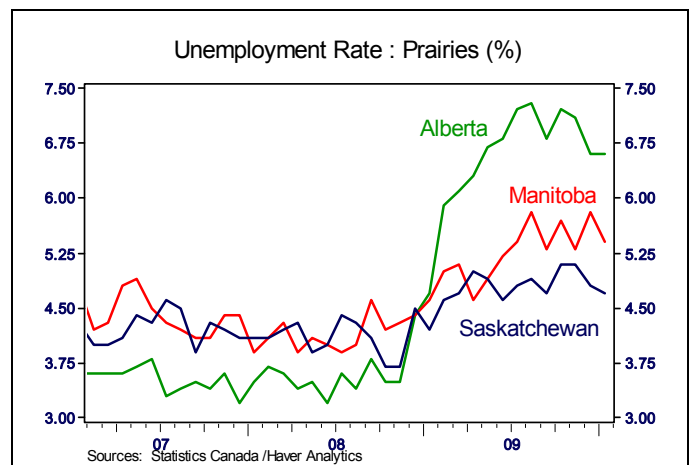
Despite Manitoba’s resilient economy, its premier Greg Selinger had no choice at the end of last year but to announce a \$592 million deficit for 2009-10, from the \$48 million surplus initially projected. This downward revision stems primarily from a drop in Manitoba Hydro-related royalties and rising healthcare expenses. Since the deficit is small, the province’s new finance minister Rosann Wowchuck won’t need to implement a largely restrictive fiscal policy over the medium term, thus avoiding provoking an economic slowdown.

### Saskatchewan: Back On Top Of The Leaderboard

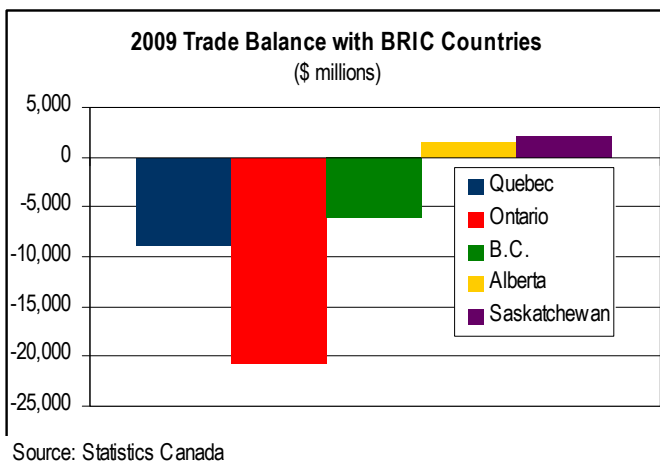
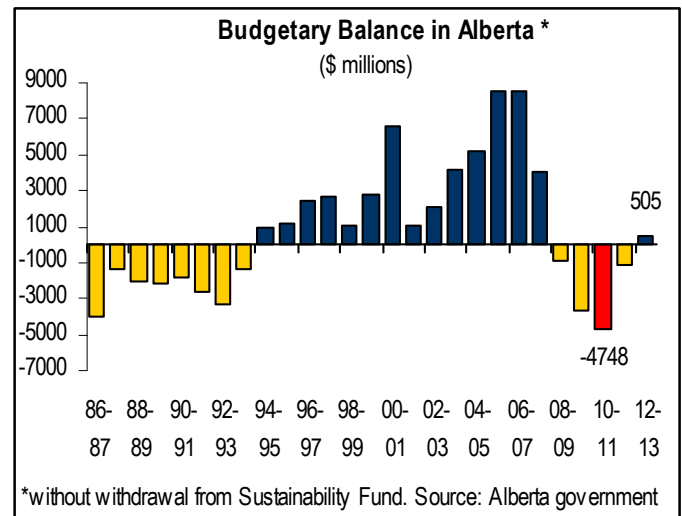
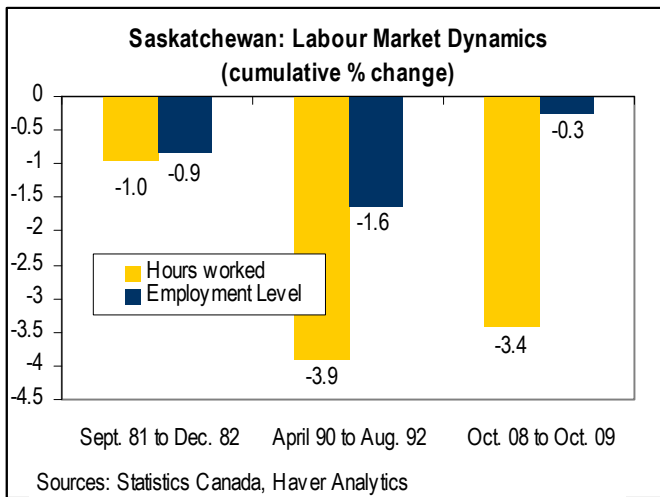
Saskatchewan’s labour indicators are looking good. The province’s unemployment rate is the lowest in the country (4.7% in January overall and just 4.0% for workers between the ages of 25 and 54). The average duration of unemployment is also very short (less than 12 weeks). The province is experiencing a skilled labor shortage to such a degree that labor hoarding became a major practice during the last recession.



On top of continued rise in the province’s population and employment, rental apartment vacancy rates are extremely low (1.1% in October, according to the CMHC). In this context, the construction of houses, condos and apartments is expected to be one of the key pillars of Manitoban growth despite the stricter mortgage rules just announced. Retail sales growth is also expected to be vigorous. Things are also looking up from a business perspective too: Manufacturing shipments have bounced back recently, and the value of non-residential building permits issued remains elevated, sign that business investment should be firm.



In addition to its strong job market, the province is also benefiting from an improved global potash market; both prices and demand for fertilizers are on a renewed ascent. In fact, abundant agricultural, uranium and potash resources put the province in an excellent position to profit from increases in global demand. That’s particularly true with regards to BRIC nations, with whom the province already has a strong trade surplus, and where future consumption outlooks are promising.



Overall, the plan proposed by Alberta's new finance minister Ted Morton seems credible to us amid the healthy economic outlook. The recession had harmful impacts on the economy in 2009, but also helped to bring down the province's expensive labour and construction costs.

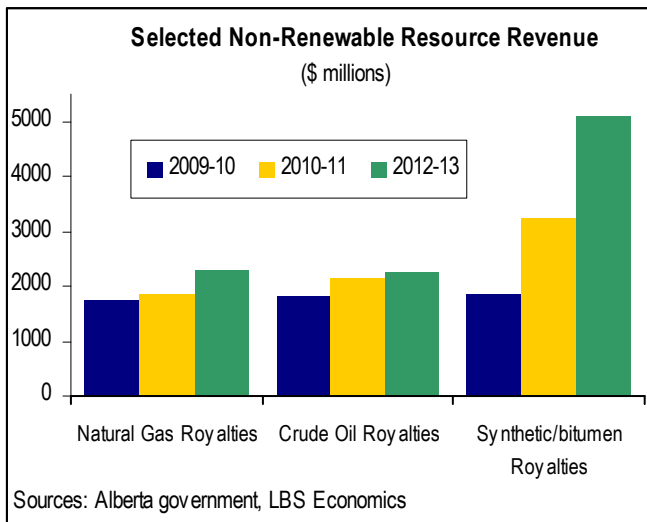
Oil prices for their part, should remain at a high enough level to justify further development of the province's oil sector. In addition, the federal government's objective to reduce carbon emissions by 17% between now and 2020, will not present a major obstacle to tar sands development. In short, the economic climate and the environmental dossier are for the moment quite favourable; renewal of both exploration and extraction investments confirm this. This rebound in investments, coupled with a moderate recovery in consumption expenditures should help spark real GDP growth in the province of about 3.0% this year. The pace of housing construction is also anticipated to be slightly less robust than in the past, due to the fact that gains from inter-provincial migration have largely faded. Furthermore, Alberta's high apartment vacancy rate (5.5%) and mortgage payment arrears (one borrower in 140) imply that residential construction will not be the growth pillar that it has been previously.

Despite this encouraging scenario, it should be noted that Alberta's economy is increasingly dependent on oil sands production. Oil sands extraction volumes will increase, and conventional oil and natural gas extraction will slow. This increased dependence could prove to be a mixed blessing if new global economic shocks were to materialize or if stricter environmental rules were adopted on a global scale. Already in 2010-11, oil sands royalties will be the government's largest non-renewable revenue source, adding volatility to already volatile revenues.

In short, robust domestic demand and a dynamic export sector should put the province back on its feet fairly quickly. Real GDP growth in Saskatchewan (projected at 3.0% this year and 3.5% next year) will be the strongest of all provinces.

### Alberta: An Increasingly "Sandy" Economy

In its recently published 2010 budget, the Alberta government forecast a \$0.5 billion surplus for the 2012-13 fiscal year. In a stark contrast with previous years, the government plans to keep spending growth below the combined inflation and population growth rates. Thus, the record \$4.7 billion deficit forecast for the 2010-11 fiscal year will not be repeated. The cumulative deficit for the coming four years is expected to be \$10.4 billion. They will be financed by withdrawing money from the Sustainability Fund. Capital expenses during the coming years will be financed by issuing debt (\$4.1 billion in 2010-11, \$2.5 billion in 2011-12, and \$1.3 billion in 2012-13).



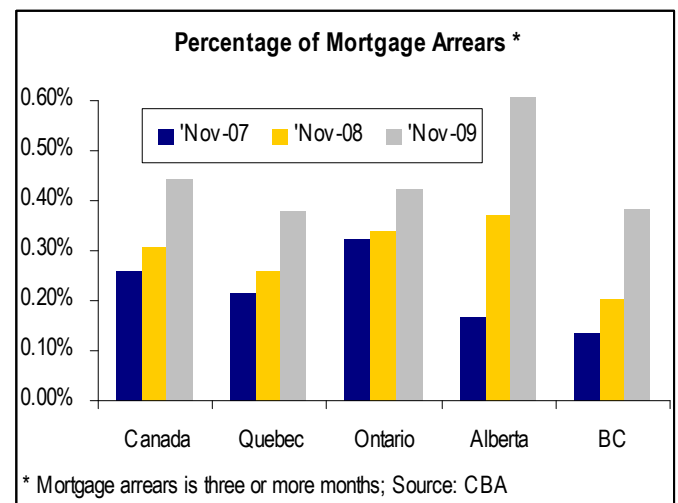
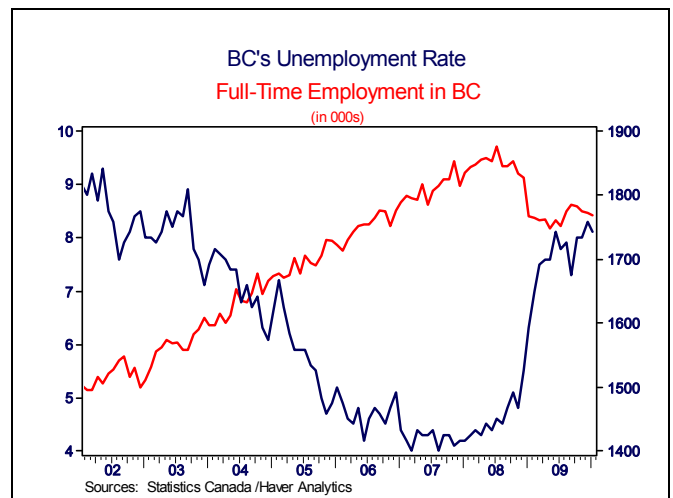
## British Columbia: Losing A Bit Of Luster Despite The Olympics

British Columbia has turned the page on what was its worst recession since the 1980s. The province benefited from a strong recovery in its volatile real estate market lately. Housing prices have bounced back to where they were before the financial crisis. The value of properties on the market moves in step with consumer confidence. As is the case in Ontario, implementation of the province's Harmonized Sales Tax in July has push forward some major expenditures and residential construction projects during the first half of the year.

That said, starting in the second half of 2010, some calm should return. Key indicators imply that the residential construction sector and consumer spending will not play as dominant roles during the current recovery as they did during the expansion of the last ten years:

- British Columbia experienced one of the highest increases in average rental vacancy rates last year (from 1.0% to 2.8%). This reduces the zeal of new home builders.
- British Columbia has been slow to see renewed hiring of full-time workers. Many of those who lost full time jobs in traditional sectors since the fall of 2008 are having a hard time finding new ones. Without full-time employment gains, any pickup in housing demand will be lukewarm.
- The financial health of households continues to deteriorate. At the end of 2009, one borrower in 250 was more than 90 days in arrears on his mortgage payments. During 2007 and 2008, that ratio was one in 500. In addition, the rise in personal bankruptcies in British Columbia during 2009 (close to 50%) was the second highest in the country.
- Considering the underperformance of the province's job market and financial tensions, the Harmonized Sales Tax, (which will increase British Columbians' cost of living) does not arrive at the best of times.
- The accumulation of completed, though vacant, housing units remains relatively high in Vancouver.

- The "reset risk" is higher in BC. Due to the higher average price of housing in British Columbia, the value of mortgage debt contracted is higher. As a result, any eventual rise in interest rates, could put pressure on fragile borrowers, particularly those who hold variable rate mortgages, and those with mortgage rates up for renewal.
- Tougher mortgage requirements announced in mid-February by the federal government will squeeze relatively more the purchasing power of potential buyers in BC amid higher home prices. The scaled-down effect could therefore prove to be greater in BC. The new rule to increase the minimum down payment from 5% to 20% will have a larger impact in Vancouver, reducing the magnitude of ups and downs in this particular market.



Although household demand could prove less strong, the picture for businesses will be more mixed. Sales tax harmonization will reduce the tax burden for business investments in the long run. The private and public sector infrastructures built before the Olympic Games will help to improve productivity. On the export front, the strong Canadian loonie coupled with weak American demand will continue to hurt traditional industries, such as pulp and paper, softwood lumber, and motion picture production. With US households heavily indebted and jobs hard to find, a major pickup in new home construction is not in the cards any time soon.

We forecast that US housing starts will languish slightly below the one million mark over the medium term. This in turn will slow recovery in British Columbia's forestry sector. In addition, Japan, the province's other key trading partner, is slow to show signs of a recovery in its domestic consumption.

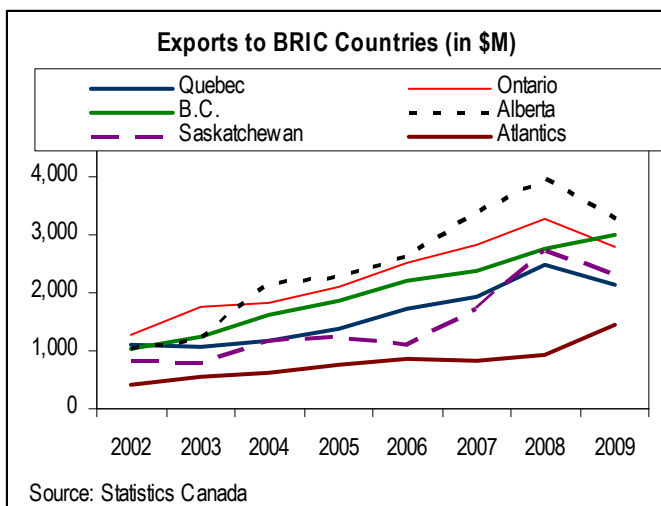
British Columbia, with its numerous ports, is well positioned for a bounce back in trade between North America and the rest of the world – particularly Asia – following its implosion during 2009. The province exports a great deal to China (pulp, softwood lumber, minerals such as copper, nickel, etc.). Over the longer term, the possibility that Chinese demand for these strategic raw materials weakens momentarily does not present a major obstacle.

On the fiscal front, the Campbell government's 2010 budget will be tabled on March 2<sup>nd</sup>. British Columbia currently benefits from modest deficits and one of the lowest debt burdens of all Canadian provinces. As a result, its finance minister Colin Hansen will not need to implement draconian measures in order to bring the budget back into balance in 2013-14. Last November, the Moody's credit rating agency confirmed British Columbia's AAA rating.

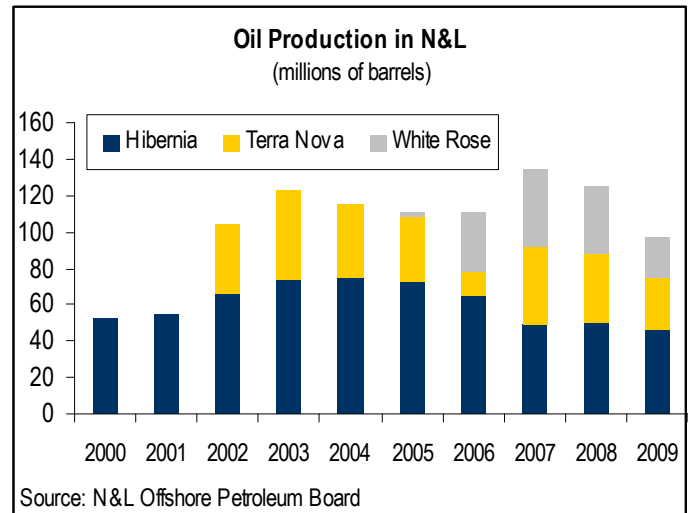
In summary, a slower pace of residential construction, a less shining job market, and continued restructuring in key sectors leads us to forecast an underperforming BC economy. Look for real GDP to advance by 2.2% this year.

### Atlantic Canada: Less Robust Domestic Demand

Atlantic Canada's economic prospects are on balance less rosy those in the rest of Canada. Retail sales in the region fell only slightly last year, which means that there will only be a limited pent-up demand. Atlantic Canada's unemployment rate also remains higher than the Canadian average, (between 9% and 10% in New Brunswick, Nova Scotia and Prince Edward Island, and close to 15% in Newfoundland and Labrador). This implies below-average domestic demand growth too. Atlantic Canada has only slightly increased its exports to the BRIC nations during the last decade, and will not benefit as much from rapid growth in their economies.

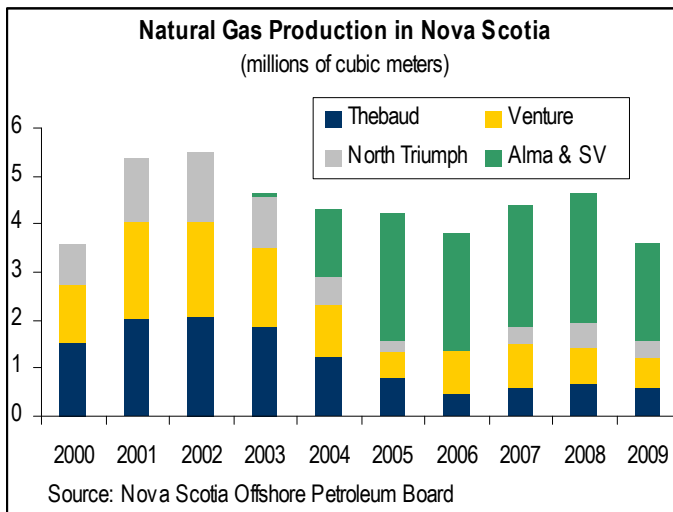


Newfoundland and Labrador is the only province that saw a rise in retail sales during 2009. However falling exports confirm that the province went through a rough 2009. Recent increases in oil and nickel prices augur well for the province's petroleum and mining industries this year. The start of the first construction phase of the Hibernia South (2010) and Hebron (2012) projects in particular, should also help sustain growth. Output from the three oil fields will continue to fall. This slide will moderate once the Hebron field goes into production between 2016 and 2018.



The year 2009 was easier on Prince Edward Islanders than it was on their regional counterparts. Among factors playing in the island's favor are demographic growth, which is at its highest level since the mid-1990s. Both residential and non-residential construction also gained ground. And, despite the global recession and strong Canadian currency, PEI's exports pulled back by only 2% during 2009. This year, Prince Edward Island's economy will benefit from public and private sector infrastructure spending on wind farm expansion, improvements in road networks and building construction. Meanwhile, look for the strong loonie to continue to put a dent on the province's tourism and agricultural sectors.

Real GDP growth in Nova Scotia will depend in part on natural gas extraction at Deep Panuke (starting at the end of 2010) and the recovery in global merchandise trade. Personal consumption in Nova Scotia will perform less well, due to a job market that is slow to improve. Last fall, the province's new finance minister Graham Steele tabled a \$592 million deficit for fiscal 2009-10. The province's 2010 budget should shed further light on the approach used by the government to put its fiscal books in order.



Finally, in New Brunswick, the 2010 budget tabled in December of last year projected a deficit during 2010-11 (\$749 million) similar to that of 2009-10 (\$754 million). The province's tax reduction plan continues to do its work. Tax abatements will reduce the fiscal burden on New Brunswick's individuals and businesses by \$400 million between now and 2012-13. Nevertheless, the tax relief efforts will not be enough to push New Brunswick into a mode of robust growth. For one, there is a lack of major investment projects on the horizon. As a result, the employment picture will stagnate. With slower real GDP growth on the horizon, New Brunswick's finance minister Greg Byrne has opted not to tighten spending, preferring instead to delay balancing the budget a little later than other provinces (by 2014-15).

*Sébastien Lavoie*  
*Assistant Chief Economist*

Population growth in Canada and the provinces											
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Canada	1.1	1.1	0.9	1.0	1.0	1.0	1.1	1.2	1.0	0.9	0.9
N&L	-0.5	-0.5	-0.2	-0.2	-0.6	-0.8	-0.8	0.3	0.4	0.4	0.4
PEI	0.2	0.2	0.3	0.4	0.2	-0.1	0.1	1.2	0.3	0.3	0.3
NS	0.2	0.2	0.2	0.2	-0.2	-0.1	-0.2	0.2	-0.1	-0.1	-0.1
NB	0.1	0.1	0.1	0.1	-0.1	-0.3	0.0	0.3	-0.1	-0.1	-0.1
Quebec	0.7	0.7	0.7	0.7	0.6	0.7	0.7	0.8	0.7	0.6	0.6
Ontario	1.7	1.7	1.3	1.3	1.2	1.1	1.0	1.1	0.8	0.7	0.7
Manitoba	0.4	0.4	0.5	0.7	0.3	0.4	0.8	1.2	0.4	0.4	0.4
Sask.	-0.4	-0.4	-0.1	0.0	-0.5	-0.3	0.8	1.6	2.0	1.5	1.5
Alberta	1.9	1.9	1.4	1.5	2.3	2.7	2.6	2.1	1.5	1.4	1.4
BC	0.9	0.9	1.0	1.2	1.3	1.4	1.6	1.7	1.4	1.3	1.3
Sources: Statistics Canada, LBS Economic Research											

Real GDP growth in Canada and the provinces											
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Canada	1.8	2.9	1.9	3.1	3.1	2.8	2.7	0.5	-2.5	2.3	2.7
N&L	1.6	15.6	5.8	-1.7	0.2	3.3	9.1	-0.1	-3.9	1.9	2.9
PEI	-1.1	4.8	2.1	3.0	1.3	2.6	2.0	0.9	-0.1	2.0	2.4
NS	3.2	4.0	1.4	1.4	1.8	0.9	1.6	2.0	-0.6	2.2	2.8
NB	1.7	4.5	2.8	1.4	0.5	3.0	1.6	0.0	-1.0	1.8	2.1
Quebec	1.5	2.4	1.2	2.6	2.0	1.7	2.4	1.0	-1.8	2.0	2.4
Ontario	1.8	3.1	1.4	2.5	2.9	2.1	2.1	-0.4	-3.3	2.2	2.5
Manitoba	0.8	1.6	1.4	2.6	2.7	3.2	3.3	2.4	-0.1	2.0	2.8
Sask.	-1.0	-0.4	4.6	3.8	3.5	-0.4	2.8	4.4	-0.3	3.0	3.5
Alberta	1.7	2.2	3.2	5.2	5.3	6.6	3.3	-0.2	-2.6	2.6	3.3
BC	0.6	3.6	2.3	3.7	4.5	3.3	3.1	-0.3	-2.9	2.2	2.7
Sources: Statistics Canada, LBS Economic Research											

Unemployment rate in Canada and the provinces											
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Canada	7.2	7.6	7.6	7.2	6.8	6.3	6.0	6.2	8.3	8.4	8.0
N&L	16.1	16.6	16.5	15.7	15.2	14.8	13.6	13.3	15.5	15.2	13.5
PEI	12.0	11.9	10.9	11.2	10.9	11.1	10.3	10.7	12.1	11.4	10.2
NS	9.8	9.6	9.1	8.8	8.5	7.9	8.0	7.7	9.2	9.2	8.7
NB	11.1	10.2	10.3	9.8	9.7	8.7	7.6	8.6	8.9	9.3	9.0
Quebec	8.8	8.6	9.1	8.6	8.3	8.0	7.2	7.3	8.5	8.3	8.0
Ontario	6.3	7.1	6.9	6.8	6.6	6.3	6.4	6.5	9.1	9.1	8.7
Manitoba	5.1	5.1	5.0	5.3	4.8	4.3	4.4	4.1	5.2	5.2	4.7
Sask.	5.8	5.7	5.6	5.3	5.1	4.7	4.2	4.1	4.8	5.1	5.0
Alberta	4.7	5.3	5.1	4.6	3.9	3.4	3.5	3.6	6.5	6.4	6.1
BC	7.8	8.5	8.1	7.2	5.9	4.8	4.2	4.6	7.6	8.1	7.6
Sources: Statistics Canada, LBS Economic Research											

Employment growth in Canada and the provinces											
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Canada	1.2	2.4	2.4	1.8	1.4	1.9	2.3	1.5	-1.6	0.4	1.3
N&L	2.9	1.8	2.2	1.0	-0.1	0.7	0.7	1.4	-2.4	0.2	1.3
PEI	1.4	1.8	2.0	1.3	2.0	0.5	1.2	1.2	-1.2	0.1	0.8
NS	0.9	1.8	2.0	2.6	0.2	-0.3	1.3	1.2	0.0	0.3	0.8
NB	-0.3	3.9	0.0	2.1	0.1	1.4	2.1	0.9	0.0	0.0	0.3
Quebec	1.1	3.8	1.6	1.5	1.0	1.3	2.3	0.8	-0.9	0.3	1.0
Ontario	1.9	1.8	3.0	1.7	1.3	1.5	1.5	1.4	-2.4	0.4	1.0
Manitoba	0.3	2.3	0.6	1.1	0.6	1.2	1.6	1.7	0.1	0.5	1.5
Sask.	-2.8	1.7	1.7	0.8	0.8	1.7	2.1	2.2	1.5	1.1	1.5
Alberta	2.9	2.5	2.7	2.4	1.5	4.8	4.7	2.7	-1.1	0.6	1.6
BC	-0.5	2.3	2.5	2.4	3.3	3.0	3.2	2.1	-2.4	0.4	1.0

Sources: Statistics Canada, LBS Economic Research

Retail sales growth in Canada and the provinces											
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Canada	4.4	6.3	3.6	4.7	5.6	6.4	5.8	3.4	-3.8	3.5	4.4
N&L	9.3	4.0	6.1	0.3	1.2	3.4	9.0	7.6	2.3	2.8	5.2
PEI	4.0	3.4	1.0	0.1	2.8	6.2	7.7	5.6	-1.1	3.3	3.8
NS	3.6	6.1	1.8	2.8	2.2	6.0	4.2	4.3	-0.4	3.2	3.8
NB	3.0	3.9	0.5	1.7	4.6	5.9	5.7	6.0	-0.8	2.9	3.4
Quebec	4.2	6.1	4.5	4.2	5.1	5.1	4.6	5.1	-1.5	3.5	4.2
Ontario	2.5	5.9	3.4	3.2	4.8	4.1	3.9	3.5	-3.3	3.1	3.9
Manitoba	5.8	7.0	3.6	6.7	5.9	3.9	8.8	7.2	-1.6	3.8	4.9
Sask.	4.4	7.6	5.0	4.1	5.2	6.5	13.0	10.6	-2.8	5.0	5.8
Alberta	8.9	9.0	4.4	10.3	11.8	15.4	9.3	-0.2	-9.4	4.8	5.2
BC	5.9	6.3	2.7	6.3	4.4	7.2	6.7	0.4	-6.1	3.0	4.5

Sources: Statistics Canada, LBS Economic Research

Housing starts in Canada and the provinces (000s of units)											
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Canada	163.1	205.3	219.5	232.7	224.0	229.1	227.9	212.6	147.6	162.5	145.0
N&L	1.6	2.5	2.5	2.9	2.6	2.3	2.6	3.1	3.1	3.5	3.5
PEI	0.7	0.7	0.8	0.9	0.9	0.8	0.7	0.7	0.8	0.8	0.7
NS	4.1	4.9	5.4	4.8	4.7	5.2	4.8	4.3	3.4	3.5	3.3
NB	3.6	3.7	4.4	3.8	3.9	4.0	4.1	4.2	3.5	3.4	3.0
Quebec	27.8	42.6	50.4	58.6	50.9	48.0	48.7	47.9	43.3	40.0	35.0
Ontario	73.9	83.9	85.9	84.5	77.8	74.4	68.0	75.5	50.1	62.0	54.0
Manitoba	3.0	3.6	4.2	4.4	4.7	5.0	5.8	5.5	4.1	4.5	4.2
Sask.	2.4	2.9	3.3	3.7	3.3	3.7	5.9	6.9	3.7	4.3	4.2
Alberta	29.0	38.9	36.4	36.2	40.6	49.1	48.1	30.0	19.8	21.5	19.0
BC	17.2	21.7	26.2	32.9	34.5	36.6	39.3	34.4	15.9	19.0	20.0

Sources: Statistics Canada, LBS Economic Research