Laurentian Bank Securities
ECONOMIC RESEARCH AND STRATEGY

The Provincial Monitor – February 2019

As usual, we offer in this edition of *The Provincial Monitor*, our insights on the overall economic situation, housing market conditions, and key fundamentals to monitor regarding public finances.

Our detailed economic forecasts for 2019 and 2020 can be found at the end of the report.

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LAURENTIAN BANK SECURITIES

British Columbia: Big LNG boost and concerns about the Vancouver housing market

The slowing Chinese economy and developments relative to the US-China trade war are the key external concerns for BC's outlook. This being said, we still forecast BC's economic growth to stay robust in 2019 and 2020 because of the massive $40B LNG project announced last October, even if several key components of the facility will be imported. The construction of the first phase, pegged at $25B, is underway, with a pickup in activity planned during the next two years. Northern BC will experience an economic boom. The LNG export terminal is projected to be completed by 2023. The second phase of the LNG project, tagged at $15B, is not confirmed and will depend on future energy market conditions. Overall, bond investors should take notice that the Province is well positioned to benefit from the global transition to a low-carbon economy. In our view, the LNG project implies an economic decoupling between BC, where growth is expected to remain strong, and the U.S. and China, where the momentum is fading. Of course, the situation is far from perfect as the past increase in interest rates have taken a larger bite out of household spending in BC relative to other Canadian Provinces. This trend is expected to continue in 2019. Nominal retail sales declined on a year-over-year basis in late 2018. Also, at the end of last year, MLS residential transactions reached their lowest level since 2013. Furthermore, the number of new unsold condo units in Vancouver was closer to a record high in late 2018 according to our calculations, a trend in place since the 15% foreign tax rate on resale home purchases was introduced in August 2016. At this stage, the biggest risk to Vancouver's housing market is tied to the small retrenchment in home prices observed since mid-2018. This small decline in home prices could become self-reinforcing and aggravate the slowdown in housing activity in 2019, if some potential buyers wait further on the sidelines. In contrast to the new and resale segments, the rental market remains extremely tight. Altogether, the general cooling in housing activity could weigh further on the Province's revenues (property transfer taxes were already revised down by $0.4B in FY 2018-19 in the second quarter fiscal update).

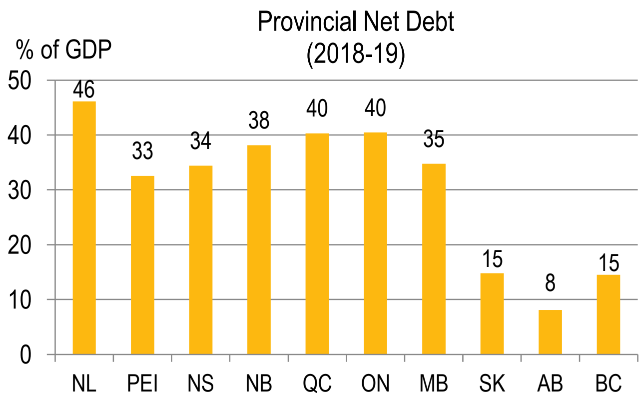
On the fiscal front, the financial challenges at the Insurance Corporation of British Columbia (ICBC), the Province's public auto insurer, do not seem to be over. After reporting a $1.3B loss in FY 2017-18, due in part to higher-than-anticipated costs from injury claims, the Province expects ICBC to lose another $890M in FY 2018-19, $206M more than originally tabled in Budget 2018. Moreover, the forecast allowance has been increased from $600M to $950M, due in part to "*continued uncertainty in ICBC's net income forecast*". While the BC Utilities Commission temporarily approved a 6.3% increase in basic auto insurance rates for 2019, finding savings within ICBC or additional market funding by the Province could be necessary to fully restore the crown corporation's financial situation.

Despite external economic risks and ICBC's fragile financial situation, BC's fiscal situation should remain solid. In its 2018-19 second quarter fiscal update, the surplus estimate for FY 2018-19 improved to $1.35B (0.5% of NGDP), largely above the first quarter report ($0.7B) and the budget 2018 ($0.2B) estimates. This large improvement is mainly due to upward revisions of personal and corporate income taxes collected (+$1.7B). In our view, the government should be able to further reduce its taxpayer debt ratio in the future. At 14.5% in FY 2018-19, BC's net debt burden is among the lowest in the country and benefits from a more favourable economic environment (see chart in Alberta section). Finally, the 2019 Budget will be released on February 19st.

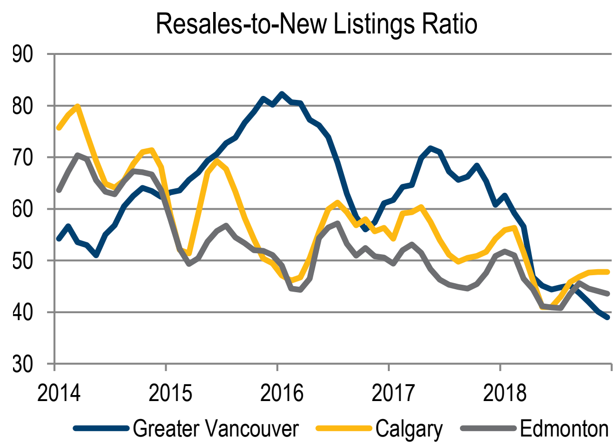
Alberta: The Province is successfully taking the bull by the horns to improve the oil and fiscal outlook

The mandatory curtailment of oil production announced in December and higher WTI crude oil prices provide a positive turnaround for the Province's fiscal situation. WCS crude oil prices rebounded from a multi-year low of US$13/bbl on November 16th to US$45/bbl on February 6th, a staggering 246% increase. The narrower WTI-WCS spread is based on the market expectation of a successful inventory drawdown to normal levels and additional rail capacity for transportation that will be available later this year. The WTI-WCS spread narrowed from a record high US$50 in October to less than US$10 in early February. Combining these improving dynamics with the Province's fiscal sensitivities, we estimate that the Province could generate $1.5B more in revenue than estimated in the second quarter fiscal update, all else equal. However, we revised down our real GDP forecast for 2019, in part due to companies announcing plans to cut back on investment in order to sustain profitability. Furthermore, the mandatory cuts should dampen wage growth. The new rail capacity will boost exports in late 2019, leading us to forecast a acceleration in real GDP growth for 2020. A positive momentum in other sectors of Alberta's economy, such as agriculture and manufacturing, are also supportive of stronger activity in 2020. Even if the oil outlook improves, housing market conditions are likely to remain soft in the medium-term. The unsold inventory of units available on the resale and new markets is higher in Edmonton than Calgary, according to our metrics. Builders have adjusted to some extent, as the pace of housing starts in the Province fell close to a decade low of 20K units annualized in late 2018.

Altogether, we see a net positive fiscal impact from all these economic fundamentals. The FY 2018-19 deficit, estimated at $7.5B (2.1% of GDP) in the second quarter update, could shrink closer to $6B and to less than 2% relative to GDP. This would mark a significant improvement from the record high $10.8B shortfall (3.6% of GDP) registered in 2016-17. Despite the upward trend in the provincial debt, Alberta still has the lowest provincial debt ratio in Canada (see chart).Lastly, a provincial election will be held before May 31st.The latest polls favor the United Conservative Party, merged from the former Progressive Conservative and the Wildrose Parties, to replace the NDP as the new government. The UCP leader is Jason Kenney. He has committed to hold a referendum, if elected, on equalization payments. He wants to renegotiate the equalization formula that he deems unfair to Alberta. For Québec and Provinces located in the Atlantic region that are receiving equalization transfers, developments on this front could have large fiscal ramification.



Notes: Fiscal data gathered from provincial/federal latest Budget/Fiscal Update. Nominal GDP forecasts from LBS Econ. Res. and Strategy.
Sources: Provincial Governments, Government of Canada and LBS Econ. Res. and Strategy calculations.



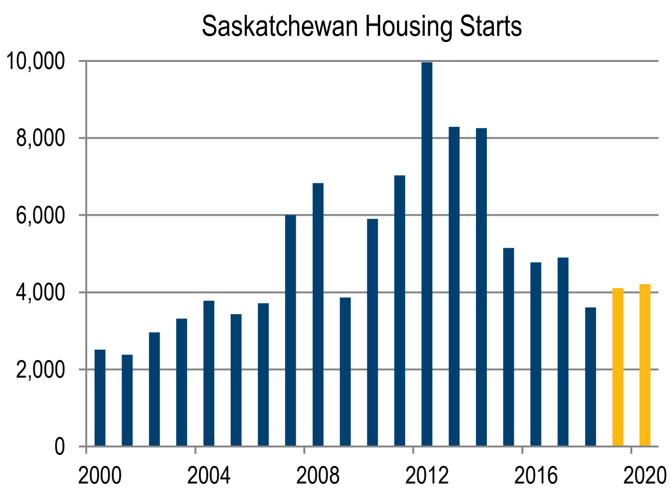
Note: Shown as a 3-month moving average.
Sources: CREA, LBS Economic Research and Strategy.

Saskatchewan: On track towards a balanced budget

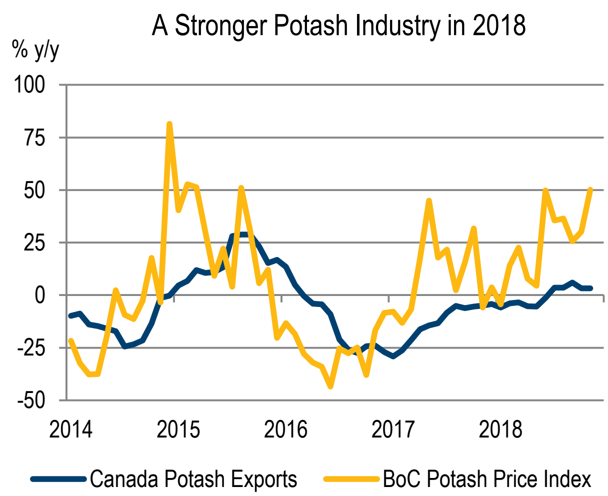
Real GDP growth in Saskatchewan slowed temporarily in 2018. First, higher interest rates led to a stagnation in retail sales. Second, MLS resale transactions fell for a fourth consecutive year in 2018 to reach a 12-year low. The sales-to-listings ratio still indicates the presence of a buyer's market. We expect the relatively low pace of residential homebuilding to continue (see chart). Housing starts in 2018 stood at a 15-year low and we forecast them to stay in the same ballpark in 2019. Also, according to the government's mid-year financial report, the permanent closure of the McArthur River uranium mine, the world's largest high-grade uranium mine, lowered economic activity in 2018.

Despite the softness in housing activity, real GDP growth is still poised to accelerate to a moderate pace in 2019. Potash prices increased by about 3% from a year earlier, boosting the Province's international exports. Canada's potash exports were up by almost 50% year-over-year in November (see chart). Furthermore, a rebound in agricultural output is in the cards in 2019, assuming weather conditions will not be as dry as last year.

Oil production stood at around 250K barrels per day in 2018. Despite the brief but deep widening of the WTI-WCS spread observed in late 2018, higher WTI crude oil prices are likely to translate into a net positive impact for the Province's fiscal revenues according to the mid-year financial report. Net income for crown corporations and federal transfers were also revised up relative to Budget 2018. Also, nearly half of the revised increase in expenditure is due to pension expenses. Altogether, a $348M (0.4% of GDP) deficit is expected for FY 2018-19. The Province is in a good position to erase its deficit in FY 2019-20, a target originally presented to investors in the 2017 budget.



Source: CMHC, LBS Econ. Res. and Strategy.



Source: Statistics Canada, Bank of Canada.

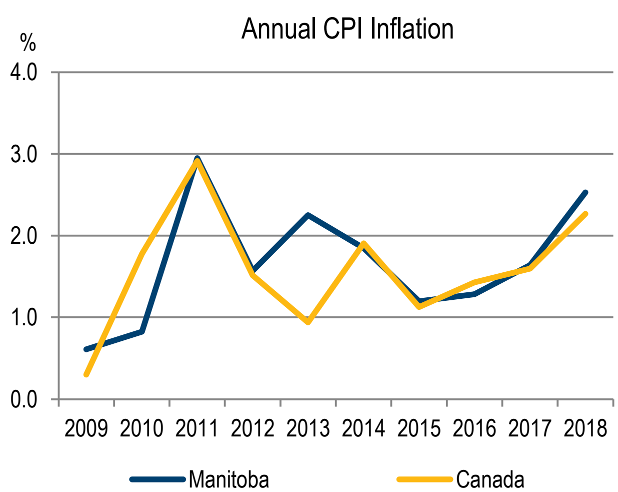
Manitoba: Good economic momentum and financial challenges for Manitoba Hydro

The impacts of climate change make economic forecasting more difficult. After a very good year for the agricultural sector in 2017, drought conditions in 2018 resulted in an average year in terms of crop quality and yield. This is one of the reasons why real GDP growth in 2018 softened after the sub-par performance of 2017. The Vale's nickel factory also closed in mid-2018. On a more positive note, growth in manufacturing shipments continues to accelerate.

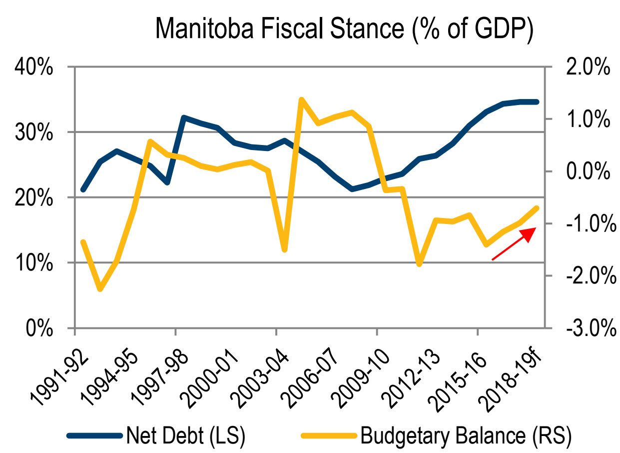
Job growth slowed from 1.7% in 2017 to a still respectable 0.6% in 2018. MLS residential transactions reached a 9-year low in 2018 and nominal retail sales have been flat over the last few months, signs that consumers in Manitoba are feeling the pinch of higher interest rates. We expect housing starts to ease in 2019 and 2020 from extremely high levels reached in 2017 and 2018. In fact, 2017 was the best year for residential construction in three decades.

At 2.5% in 2018, CPI inflation was the second highest in the country in part because Manitoba Hydro's rates went up by 3.6% (see chart). Additional electricity rate hikes are possible in 2019. The core issue is Manitoba Hydro's elevated long-term debt, estimated at about $19B at the end of FY 2017-18 (representing 25% of the Province's nominal GDP). The Crown Corporation's fragile financial situation is the single most important item to monitor for bond investors. First, Manitoba Hydro's financed debt is guaranteed by the Province. Second, Manitoba Hydro's borrowing needs represent about two-thirds of the Province's total borrowing requirements of $6.418B for FY 2018-19.

Otherwise, the fiscal situation continues to improve. The second quarter fiscal update showed that Budget 2018 targets were on track to be achieved. Lower expenditures, notably in health and senior care, came in line with targets in Budget 2018. Overall, the deficit for FY 2018-19 is expected to be $3M smaller than in Budget 2018, at $521M, a minor improvement. Unless the global economic slowdown worsens, the Province is expected to continue to post manageable deficits representing less than 1% of GDP. Further improvement will depend on the government's ability to maintain spending under control (see chart). Finally, the 2019 Budget will be released on March 7th.



Source: Statistics Canada.



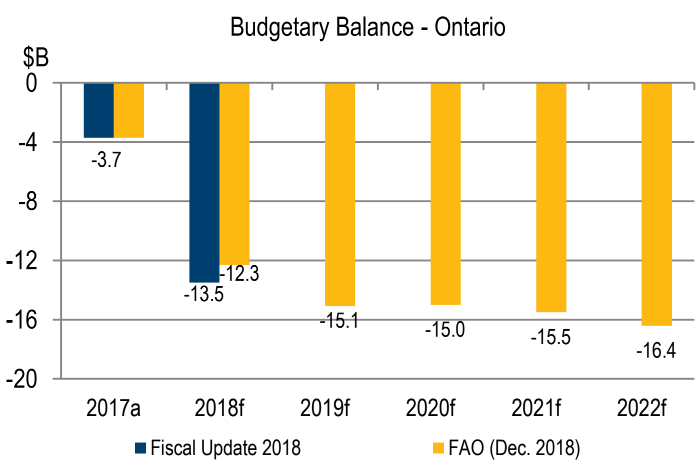
Source: Government of Canada, Government of Manitoba and LBS Econ. Res. and Strategy.

Ontario: A pivotal 2019 Budget

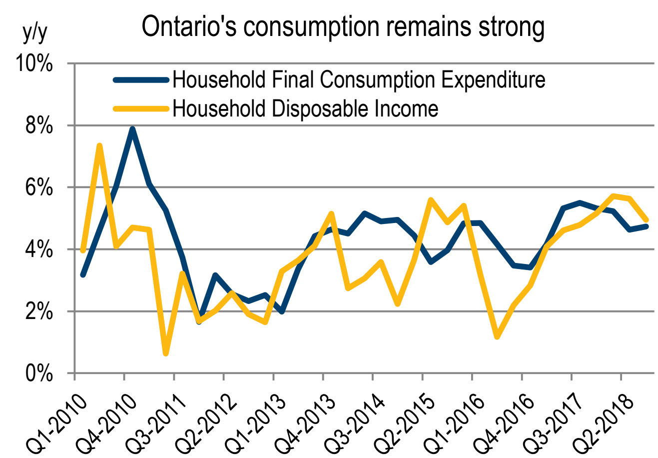
As the 2018 Update did not provide the usual 3-year financial outlook, market participants remain in wait-and-see mode. We expect the 2019 budget to provide details on how the government intends to bring back the province's fiscal situation on a sustainable track. The latest deficit estimate for the FY 2018-19 is $14.5B (1.7% of GDP). For its part, the Financial Accountability Office of Ontario estimated last December that, including the government's policy actions since taking office, and *assuming no policy action to rein in the deficit*, annual budget deficits will range between $15.1B and $16.4B over the next four years (see chart). As a share of GDP, those deficits would stay around 1.7%. Also, net debt would increase to an all-time high of 45% after 4 years. While the process to balance the budget, such as a recently announced review of regional governments, has started, generating savings will require in our view a delicate and ingenious approach. Indeed, as the Institute of Fiscal Studies and Democracy demonstrated, 80% of Ontario's expenditures are made of transfers to other levels or government, entities and individuals. Of that 80%, 46% goes to the health care sector and 23% to the education. It is unlikely that the majority of the savings needed could be found in the remaining 20% of expenditures that fund the Ontario Public Service. In the 2019 budget, the government could use some of the proposals made in the Line-by-line Review of expenditures conducted by EY earlier last year to identify inefficiencies.

Credit Ratings agencies, especially Moody's (AA3), Fitch (AA-) and DBRS (AA low) will keep a close eye on the release of the 2019 Budget as their respective long-term debt rating for Ontario are a notch above S&P's (A+). Notably, Fitch has a negative perspective on the outlook.

Finally, the economic momentum remains generally supportive for fiscal revenue growth. Household disposable income and spending are both advancing near the fastest pace observed in the current business cycle (see chart). Housing starts are strong, in line with the robust household formation observed in the Province. The export sector has not showed signs of weakening despite the slower global economic momentum.



Note: Excluding the $1B reserve.
Source: Financial Accountabilitty Office of Ontario and Government of Ontario.



Source: Ontario Ministry of Finance.

Quebec: Recent slowdown in economic growth not a threat to the fiscal outlook

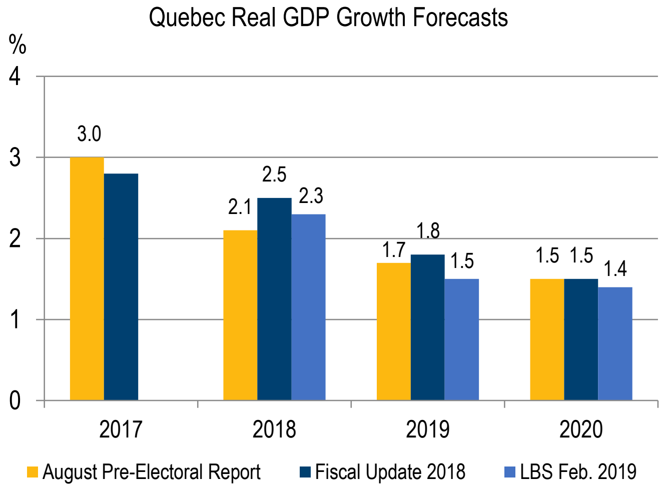
The Quebec government is in the envious position of managing surpluses rather than deficits. The mandate is to strike a balanced approach to properly fund new spending measures to improve the Province's long-term economic potential and the delivery of public services, manage the large cushion available in the stabilization reserve and further reduce the debt burden.

The 2018 Fiscal Update was presented in early December, less than two months after the CAQ government, led by Premier Francois Legault, took office. Thus, a handful of fiscal measures were introduced, the most important in being the accelerated depreciation rate on business capital investment (costing $729M in FY 2019-20 in foregone revenues). This initiative is more generous than Ottawa's lagged response to Trump's major U.S. corporate tax reform.

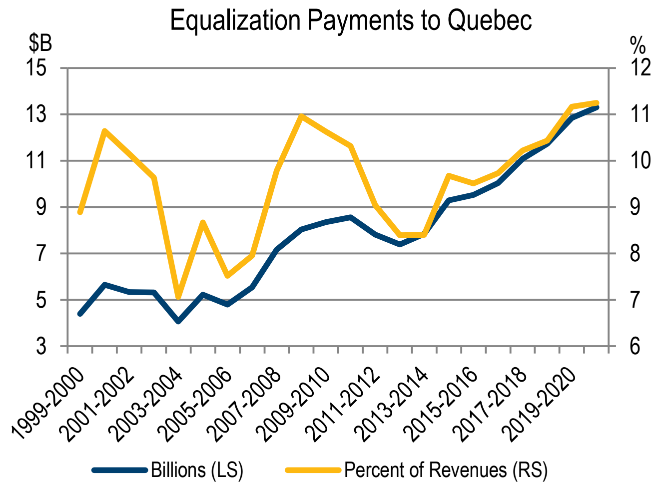
Strong economic momentum in the last few years allowed the CAQ government to announce a $1.7B surplus for 2018-19 in the December Fiscal Update, up from the balanced budget projected in the pre-electoral August report.[1] The outstanding of the stabilization reserve is also elevated at $8.8B. However, despite the rebound in economic activity in October, a back-to-back surprising contraction in real GDP during the months of August and September leads us to revise down our real GDP growth estimate for 2018 from 2.5% to 2.3% (see chart). In particular, activity in the construction and manufacturing industries recently weakened. Since the GDP deflator (the price component also determining the tax base) could surprise to the upside, we believe that the fiscal effect of the slowdown in real GDP is unlikely to have a material negative effect on Quebec's fiscal position. The maintaining of a balanced budget in 2019-20 will be supported by the $1.4B increase in equalization payments relative to 2018-19. Quebec will receive a record high $13B in equalization payments next year, representing nearly 11% of total revenues (see chart). The government decided to accelerate public debt repayment, from $2B per year for five years to $10B in the current fiscal year, by redeeming maturities with money from the Generation Funds. This could turn out to be a good market timing decision considering the decline in global equities observed in late 2018. Since 35% of the Fund was invested in equities as of January 2018, any sales of those assets should have isolated in some ways the market value of the Generation Funds.

Finally, the wedge between Montreal and the rest of the Province in terms of economic performance continues. For instance, a new report from *L'Institut du Québec* revealed that 85% of the Province's total job creation observed during the last three years occurred in the Montreal area. This stellar job creation explains why Montreal is one of the rare housing markets in Canada where activity picked up some steam lately despite higher interest rates and the B20 mortgage regulation.

[1] References to the budgetary balance are made *after* transfers to the Generations Fund.



Sources: Government of Quebec and LBS Econ. Res. and Strategy.



Sources: Government of Quebec and LBS Econ. Res. and Strategy.

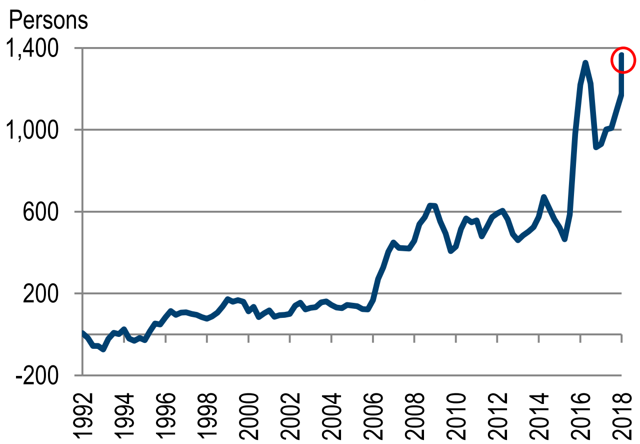
New Brunswick: A new government and an improving fiscal path

Last November, the progressive conservative party took power as a minority government. The new government comes at a time when the Province's economic momentum is slightly slowing. Similar to several jurisdictions, higher interest rates have started to put a dent in household spending. Nominal retail sales in 2018 were up by only 1.5% relative to 2017. The Province's international exports lost momentum over the second half of the year, notably industrial and chemical, energy and consumer goods products. On a more positive note, the unemployment rate averaged 7.9% last year, the lowest level since 2007. Total employment rose by 0.3% in 2018, a second consecutive yearly increase.

Structurally, population aging will continue to restrain growth prospects. In 2018, the median age of New Brunswick's population was 46, 5 years older than the national average. The good news is that interprovincial out-migration has slowed and net international migration is now more than twice what it was two years ago (see chart). However, more work needs to be done to improve the province's pool of available workers. Based on a Public Policy Forum report, New Brunswick's five-year immigrant retention rate was only 52% in 2015, the second lowest in Canada after Prince Edward Island (see chart).

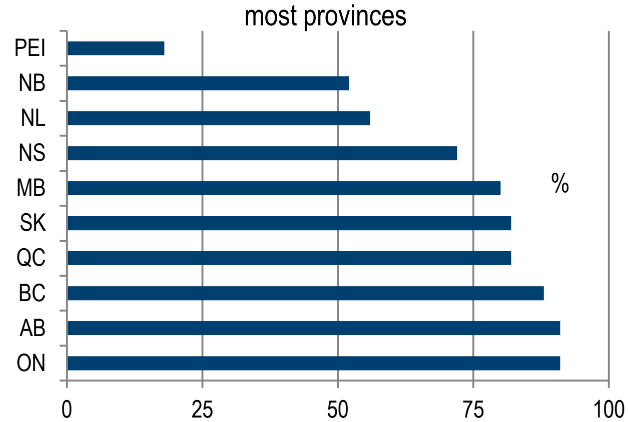
On the fiscal front, the Department of Finance released its Second Quarter Economic and Fiscal Update last December. A very small $132M (0.4% of GDP) deficit is expected for FY 2018-19. This marks a $57.3M improvement from Budget 2018 driven by higher-than-expected revenues. On the expenditure side, most departmental budgets are on target, except Justice and Safety spending which was revised up after the severe 2018 spring flood. Finally, the new Premier Blaine Higgs recently mentioned that the 2019 budget, to be released on March 19th, will be balanced. This would represent an improvement relative to the previous Liberal government's objective of balancing the books two years later in FY 2020-21.

Spike in NB international migration



Source: Statistics Canada.

N.B. immigrant retention rate is lower than in most provinces

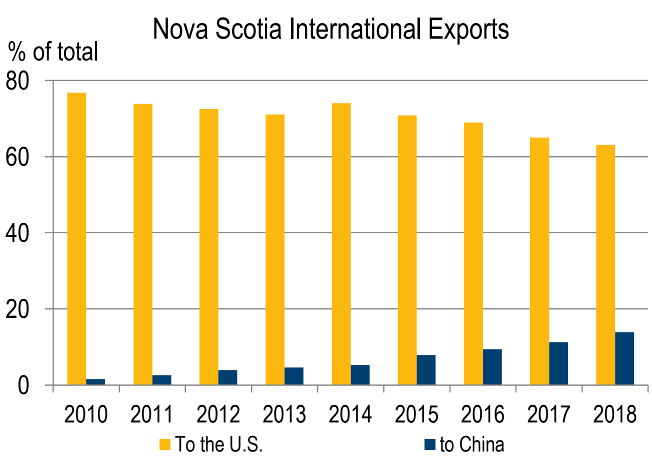


Note: 5-Year retention rate between 2011 and 2015.
Source: *The People Imperative,* Public Policy Forum, March 2018.

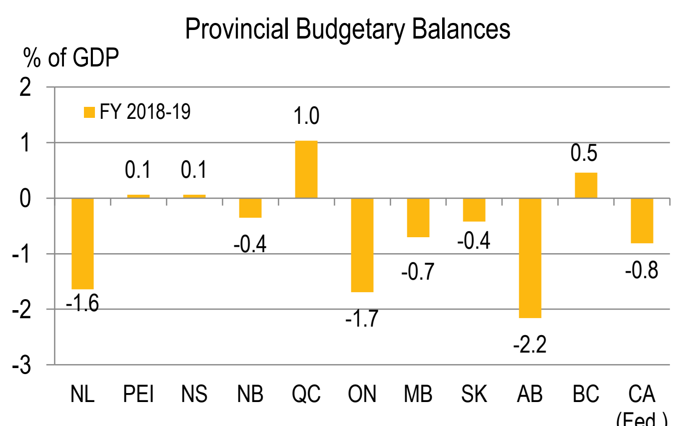
Nova Scotia: Strong export diversification and a continued positive fiscal trend

We forecast Nova Scotia's real GDP growth to edge down closer to the 1% mark in 2019 and 2020. Modest wage growth and the recent increase in interest rates have started to put a dent in discretionary spending. For instance, motor vehicle sales were down by about 10% in 2018 relative to 2017. MLS resale transactions fell consistently since last Fall. Still, Halifax is one of the most vibrant housing markets in the country, in part because the average value of a new mortgage loan is lower than in other Canadian cities. It costs about 1,100$ per month for an insured mortgage loan, according to the Canada Mortgage and Housing Corporation. The pace of residential construction is projected to ease this year given the recent increase in new inventories. The rental market is very tight however, as the vacancy rate in traditional apartments declined to a record-low of 1.5% (even though about a quarter of the province's immigrants, which are more likely to rent in their first years of residency, leave the Province after five years, according to a report released by the Public Policy Forum). Among other good news, new capital investment and hiring at one of the Michelin tire plants is likely to strengthen manufacturing exports. Also, a majority of workers that were abruptly laid off in December by ServiCom are already back to work at the new Sydney Call Centre. Furthermore, the seafood industry, which exports primarily to Asia, will soon benefit from an enhancement of the cargo facilities at the Halifax airport. This will allow the Province's excellent export diversification to continue. For instance, the share of the Province's nominal exports to China (see chart) and Japan have been rising steadily in the past several years (from 3% in 2010 to 15% in 2018) while the U.S. exports to total exports ratio has been declining (from 77% in 2010 to 63% in 2018, see chart).

On the fiscal front, a $27.3M (0.1% of GDP) surplus position is estimated for FY 2018-19 according to the December Fiscal Update, broadly on track with the 2018 budget (see chart). Nothing major to report as total revenues and total expenses were both revised up by 0.5% relative to the budget estimates. Borrowing requirements stand at $1.363B, with about 50% remaining with less than 2 months to go in FY 2018-19. As we mentioned in our previous edition of the *Provincial Monitor*, the Province remains solidly on track to achieve its objective of reducing the net debt-to-GDP ratio to less than 30% by 2024. As a reminder, S&P upgraded the Province's long-term credit rating to its highest ever (from A+ to AA-, with a stable outlook). According to S&P, Nova Scotia has one of the highest credit rating among Canadian Provinces.



Source: Statistics Canada, LBS Econ. Res. and Strategy.

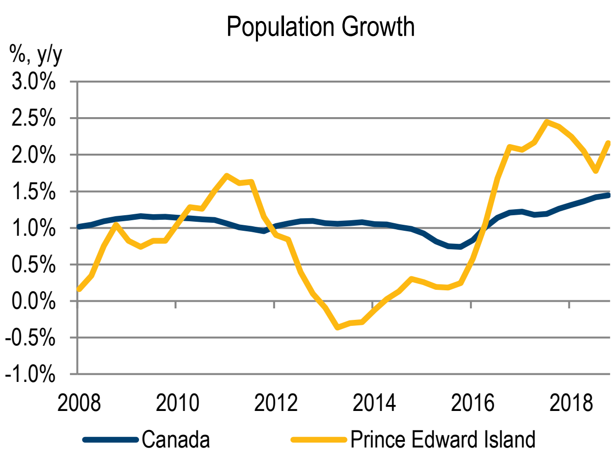


Notes: Fiscal data gathered from provincial/federal latest Budget/Fiscal Update. Nominal GDP forecasts from LBS Econ. Res. and Strategy.
Sources: Provincial Governments, Government of Canada and LBS Econ. Res. and Strategy calculations.

Prince Edward Island: Positive economic and fiscal trends continue

The Province's export sector is expanding despite the fading global economic momentum. Tourism activity also remains vibrant. These factors notably led to a second consecutive year of strong job creation. The unemployment rate averaged 9.4% in 2018, the lowest figure since 1976. The island's population continues to increase faster than in the rest of the country (see chart), contributing to tighter housing market conditions. For instance, the rental vacancy rate fell below 1% in 2018 according to CMHC. Housing starts are likely to hit the 1K mark again in 2019. However, PEI has the lowest immigrant retention rate in the country at 18% (see chart in New Brunswick section). This erodes the province's long run economic potential. According to the Public Policy Form report, 92% of PEI's international immigration was classified as "economic". These economic immigrants exhibit the lowest tendency to settle in Atlantic Provinces where they first immigrate (see table). This could be explained by a higher-than-average unemployment rate in PEI and the reduced growth opportunity for businesses given the smaller market and population, among other factors.

On the fiscal front, the second quarter fiscal update showed a $4.4M (0.1% of GDP) expected surplus in FY 2018-19. This represents a $3M improvement from Budget 2018, driven by higher taxation income. Also, at 33%, PEI has the lowest public debt burden east of Saskatchewan (see the chart in the Alberta section).



Source: Statistics Canada and LBS Econ. Res. and Strategy.

Retention Rate by Immigrant Category

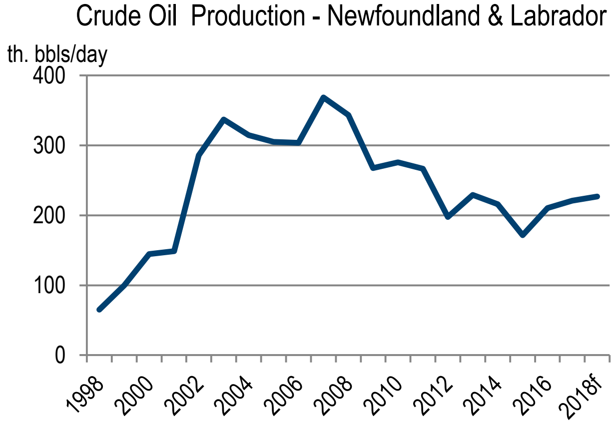
Immigrant Category	NL	PEI	NS	NB
Family Class	65%	50%	75%	70%
Economic class, principal applicants	58%	16%	64%	52%
Economic class, spouses and dependents	60%	14%	70%	46%
Refugee class	33%	62%	89%	38%

Note: 5-Year retention rate between 2011 and 2015.
Source: *The People Imperative* , Public Policy Forum, March 2018.

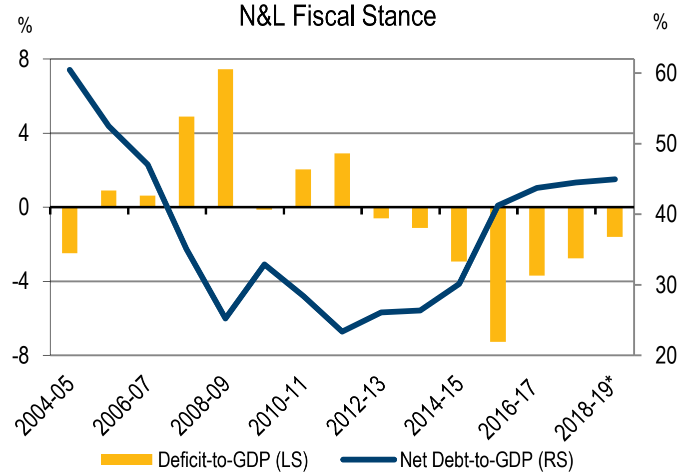
Newfoundland & Labrador: Positive outlook in the oil and gas industry but fiscal challenges persist

After declining by 7.7% between 2013 and 2017, total employment advanced by 0.4% in 2018. The 900 net job gains observed last year came mostly from service-oriented industries, although job creation was observed in natural resources industries for the first time since 2014. With the start of the construction phase of the Bay du Nord Project, a major deep-water oil platform project in which the Province is a partnered with operators Equinor and Husky, the energy sector could develop further and support employment in the Province.[2] In 2018, the government estimates that oil production rose by 5.1% as the Hebron platform became fully operational (see chart). However, real GDP contracted in 2018, partly due to the completion of the Hebron oilfield construction phase. In 2019, the completion of the Muskrat Falls hydro project will be offset by new capital investment at the West White Rose oil platform and the underground mine at Voisey's Bay.

The fiscal update for FY 2018-19 showed a moderate short-term improvement in public finances. The deficit estimate was revised down by $136M to $547M (1.6% of GDP) in FY 2018-19. If this estimate turns out to be right, it would mark a large improvement from the $911M deficit (2.8% of GDP) registered in FY 2017-18 (see chart). Almost all of the revision came from stronger revenues attributed to higher Brent oil prices for the current fiscal year. The Province was expecting Brent to average US$63/bbl at the time of Budget 2018. This estimate was revised up to US$74/bbl in the November fiscal update. However, based on our forecasts, Brent prices are likely to average around US$70/bbl for the entire FY 2018-19. Based on the government's fiscal sensitivity, this could cost the Province $40M in revenues, a manageable difference. This is likely to be partly offset by the lower Canadian dollar. On the expenditure side, the N&L government has been able to control spending with total expenditures for 2018-19 forecasted to be $5M lower than originally planned. Meeting targets on the expense side adds credibility to the Government's *Way Forward* goal of presenting a budget surplus in FY 2022-23. Indeed, with expenditures planned to be reduced by 1.4% annually for four years starting in 2019-20, a great deal of the deficit-reduction plan relies on fiscal discipline.



Source: C-NLOPB., Statistics Canada and LBS Econ. Res. and Strategy.



Source: N&L government and LBS Econ. Res. and Strategy.

[2] The $10.9B Bay du Nord project final approval is expected in 2020 with oil production starting in 2025.

Nominal GDP Growth (%)	2015	2016	2017	2018	2019	2020
Canada	-0.2	1.9	5.6	3.9	4.4	3.8
N&L	-9.2	1.8	4.3	0.8	3.4	3.4
PEI	3.9	4.5	4.8	4.5	3.9	3.5
NS	2.2	2.2	2.9	3.4	3.1	3.1
NB	3.1	3.6	4.3	3.6	2.6	2.5
Quebec	2.9	2.8	5.0	4.2	3.6	3.4
Ontario	4.6	4.4	4.1	3.9	3.7	3.9
Manitoba	2.6	2.3	5.4	3.9	4.0	3.9
Sask	-3.9	-4.8	4.8	4.0	3.6	3.8
Alberta	-14.0	-6.8	10.0	4.8	4.5	5.3
BC	2.9	6.0	6.9	4.7	4.8	4.4

Source: Statistics Canada, LBS Econ. Research and Strategy

Real GDP Growth (%)	2015	2016	2017	2018	2019	2020
Canada	0.7	1.1	3.0	2.0	1.6	1.8
N&L	-1.2	1.8	0.9	-2.0	1.0	1.2
PEI	1.3	1.8	3.5	2.5	2.0	1.8
NS	0.7	1.5	1.5	1.3	1.1	1.3
NB	0.7	1.4	1.8	1.1	1.0	1.0
Quebec	0.9	1.4	2.8	2.3	1.5	1.4
Ontario	2.5	2.3	2.8	2.4	1.5	1.7
Manitoba	1.2	1.6	3.2	1.7	1.8	1.7
Sask	-0.9	-0.4	2.2	1.2	1.4	2.0
Alberta	-3.7	-4.2	4.4	2.2	2.0	2.4
BC	2.1	3.2	3.8	2.3	2.8	2.4

Source: Statistics Canada, LBS Econ. Research and Strategy

Unemployment Rate (%)	2015	2016	2017	2018	2019	2020
Canada	6.9	7.0	6.3	5.8	5.8	5.8
N&L	12.8	13.4	14.7	13.9	12.6	11.5
PEI	10.4	10.8	9.9	9.4	9.5	9.6
NS	8.6	8.4	8.4	7.6	7.4	7.3
NB	9.8	9.6	8.1	7.9	7.3	6.8
Quebec	7.7	7.0	6.0	5.4	5.4	5.4
Ontario	6.7	6.6	6.0	5.6	5.8	5.8
Manitoba	5.6	6.2	5.4	6.0	5.9	5.9
Sask	5.0	6.3	6.3	6.1	5.9	6.1
Alberta	6.0	8.1	7.8	6.7	6.3	6.0
BC	6.1	6.0	5.1	4.7	4.6	4.8

Source: Statistics Canada, LBS Econ. Research and Strategy

Employment (annual change in %)	2015	2016	2017	2018	2019	2020
Canada	0.9	0.7	1.9	1.3	1.1	0.9
N&L	-1.0	-1.4	-3.7	0.4	0.3	0.2
PEI	-1.0	-2.2	3.0	3.0	1.6	1.2
NS	0.1	-0.4	0.7	1.5	0.7	0.6
NB	-0.4	-0.1	0.4	0.3	0.3	0.1
Quebec	1.0	0.9	2.2	0.9	0.6	0.5
Ontario	0.7	1.1	1.8	1.6	0.9	1.0
Manitoba	1.5	-0.5	1.6	0.6	1.0	0.9
Sask	0.6	-0.9	-0.1	0.4	0.7	0.4
Alberta	1.2	-1.6	1.0	1.9	0.9	0.9
BC	1.3	3.1	3.7	1.1	1.3	1.0

Source: Statistics Canada, LBS Econ. Research and Strategy

Employment (annual change in 000s)	2015	2016	2017	2018	2019	2020
Canada	153.8	134.0	336.9	235.6	205.2	169.8
N&L	-2.4	-3.4	-8.5	0.9	0.7	0.5
PEI	-0.7	-1.6	2.1	2.2	1.2	0.9
NS	0.4	-1.9	3.0	6.6	3.2	2.8
NB	-1.6	-0.4	1.4	1.0	1.1	0.4
Quebec	40.2	38.6	90.1	39.1	25.6	21.5
Ontario	47.0	75.3	127.7	111.2	65.1	73.0
Manitoba	9.5	-2.9	10.4	3.8	6.5	5.9
Sask	3.2	-4.9	-0.5	2.4	4.0	2.3
Alberta	28.3	-36.5	23.4	42.5	21.0	21.2
BC	29.9	71.7	87.6	26.0	32.4	25.3

Source: Statistics Canada, LBS Econ. Research and Strategy

CPI Inflation (%)	2015	2016	2017	2018	2019	2020
Canada	1.1	1.4	1.6	2.3	2.1	1.9
N&L	0.4	2.7	2.4	1.7	1.6	1.6
PEI	-0.6	1.2	1.8	2.3	2.0	2.0
NS	0.4	1.2	1.1	2.2	2.0	1.9
NB	0.5	2.2	2.3	2.2	2.0	1.9
Quebec	1.1	0.7	1.1	1.7	1.5	1.6
Ontario	1.2	1.8	1.7	2.4	2.1	2.0
Manitoba	1.2	1.3	1.6	2.5	2.2	2.0
Sask	1.6	1.1	1.7	2.3	2.0	2.0
Alberta	1.2	1.1	1.5	2.5	2.0	2.0
BC	1.1	1.9	2.1	2.7	2.2	2.1

Source: Statistics Canada, LBS Econ. Research and Strategy

Retail Sales Growth (%)	2015	2016	2017	2018	2019	2020
Canada	2.6	5.2	7.1	2.8	3.0	3.0
N&L	0.7	0.4	2.4	-2.0	1.5	1.5
PEI	2.6	7.3	6.3	4.0	3.0	2.8
NS	0.2	4.7	7.8	1.5	2.0	2.0
NB	2.2	2.1	6.8	1.5	2.3	2.3
Quebec	1.9	6.6	5.5	3.5	2.5	2.5
Ontario	5.3	6.9	7.7	3.8	2.5	2.5
Manitoba	1.3	3.7	7.8	0.5	2.5	2.0
Sask	-3.3	1.5	4.1	0.0	2.2	2.9
Alberta	-4.0	-1.1	7.1	2.0	3.5	3.7
BC	7.0	7.7	9.3	2.2	5.4	5.3

Source: Statistics Canada, LBS Econ. Research and Strategy

Housing Starts (000s of units)	2015	2016	2017	2018	2019	2020
Canada	196	198	220	213	196	192
N&L	1.7	1.4	1.4	1.1	1.2	1.0
PEI	0.6	0.6	0.9	1.1	0.8	0.6
NS	3.8	3.8	4.0	4.8	3.8	3.8
NB	2.0	1.8	2.3	2.3	1.9	1.9
Quebec	37.9	38.9	46.5	46.9	41.0	38.0
Ontario	70.2	75.0	79.1	78.7	74.0	72.0
Manitoba	5.5	5.3	7.5	7.4	6.2	6.2
Sask	5.1	4.8	4.9	3.6	4.1	4.2
Alberta	37.3	24.5	29.5	26.1	25.0	26.5
BC	31.4	41.8	43.7	40.9	38.0	38.0

Source: CMHC, LBS Econ. Research and Strategy

Residential Transactions - Resale Market (000s of units)	2015	2016	2017	2018	2019	2020
Canada	511	541	515	458	474	486
N&L	4.2	4.2	3.9	3.7	3.7	3.7
PEI	1.7	2.1	2.1	2.1	1.9	1.9
NS	9.4	10.1	10.6	11.1	10.6	10.2
NB	6.8	7.6	8.1	8.2	8.0	7.9
Quebec	74.1	78.1	82.5	86.6	85.0	82.0
Ontario	226.5	245.4	221.1	190.8	204.0	215.0
Manitoba	14.0	14.6	14.4	13.6	13.8	14.1
Sask	12.0	11.3	11.1	10.3	10.5	10.7
Alberta	59.5	54.9	57.3	53.2	54.5	55.5
BC	102.5	112.2	103.8	78.3	82.0	85.0

Source: CREA, LBS Econ. Research and Strategy