



## PROVINCIAL OUTLOOK UPDATE

April 28, 2010

Robert Hogue  
Senior Economist  
416-974-6192  
robert.hogue@rbc.com

## Preliminary estimates confirm widespread real GDP declines in 2009

This morning, Statistics Canada released its preliminary 2009 estimates for provincial real GDP by industry (the final and official growth numbers are usually those calculated from expenditures on a provincial accounts basis). These estimates confirmed that the contraction of activity last year was widespread across the country with all provinces but one (Prince Edward Island) experiencing a decline in total real GDP. However, there was a relatively wide dispersion of declining activity. Two provinces saw negligible contractions (Manitoba and Nova Scotia), whereas outsized drops were recorded in Newfoundland & Labrador, Saskatchewan and Alberta.

By and large, the broad picture emerging from the industry add-up is consistent with the most recent RBC estimates for 2009 (which track expenditure-based real GDP), except for Newfoundland & Labrador, Saskatchewan and Alberta, where the real GDP declines have been greater than we anticipated.

The preliminary numbers have prompted us to revise our 2009 estimates. Changes are generally small – typically less than 0.3 percentage points. The largest revisions are steeper declines of 5 percentage points in Newfoundland & Labrador to -9.5%, 2.4 percentage points in Saskatchewan to -5.4% and 0.8 percentage points in Alberta to -4.5%. Also of note are the switch from a small contraction (-0.1%) to a small growth of 0.2% in Prince Edward Island, the reverse in Manitoba (from up 0.2% to -0.1%), and from flat to a small negative in Nova Scotia (from 0% to -0.3%). Elsewhere, our estimates now show a slightly larger contraction in New Brunswick (from -0.2% to -0.5%) but weaker ones in Ontario (from -3.4% to -3.2%), Quebec (from -1.4% to -1.2%) and British Columbia (from -2.5% to -2.4%).

The tables that follow show our new, revised set of estimates for 2009 along with the 2010 and 2011 forecasts that were updated earlier in April.

The 2009 figures are still considered *estimates* because expenditure-based real GDP from the provincial accounts have yet to be released by Statistics Canada. Those numbers – which, in the past, were published at the same time as provincial industry real GDP – have been delayed until later this fall due to an overhaul of the provincial accounts statistical system currently underway. Expenditure-based real GDP and the add-up of industry real GDP can and do differ slightly from time to time (for up to 0.5 percentage points or more for some provinces). A case in point, at the national level, is the divergence of 0.3 percentage points in 2009 between the industry add-up (-2.9%) and expenditures-based estimate (-2.6%). The likelihood of some divergence at the provincial level, therefore, argues in favour of adjusting our estimates instead of adopting the industry real GDP add-up as actuals.

## Forecast detail

Average annual % change unless otherwise indicated

	Real GDP				Employment				Unemployment rate				Housing starts				Retail sales				CPI			
									%				Thousands											
	08	09	10	11	08	09	10	11	08	09	10	11	08	09	10	11	08	09	10	11	08	09	10	11
N. & L.	0.5	-9.5	4.1	2.3	1.5	-2.4	2.2	1.7	13.2	15.4	15.4	14.8	3.2	3.2	3.2	3.1	7.6	2.6	4.8	5.1	2.9	0.3	2.0	2.3
P.E.I.	0.5	0.2	2.1	2.8	1.3	-1.1	3.3	1.1	10.7	12.0	11.1	11.1	0.7	0.9	0.7	0.8	5.6	-0.3	5.2	4.2	3.4	-0.1	2.4	2.3
N.S.	2.2	-0.3	2.2	2.1	1.2	-0.1	0.7	1.8	7.7	9.2	9.0	8.7	4.3	3.4	3.8	4.1	4.2	0.4	4.6	4.3	3.0	-0.1	2.2	2.3
N.B.	0.0	-0.5	2.4	2.9	0.9	0.1	0.6	1.6	8.6	8.9	8.8	8.5	4.2	3.5	3.8	3.5	5.9	-0.1	3.7	4.0	1.7	0.3	2.5	2.3
QUE.	1.0	-1.2	3.2	3.3	0.8	-1.0	1.4	1.9	7.2	8.5	8.1	7.8	47.9	44.0	45.5	43.5	5.1	-0.9	4.8	5.0	2.1	0.6	2.0	2.2
ONT.	-0.5	-3.2	3.6	3.6	1.4	-2.4	1.5	2.5	6.5	9.0	8.9	8.1	75.6	50.1	64.2	66.8	3.5	-2.5	4.2	5.4	2.3	0.4	2.1	2.3
MAN.	2.0	-0.1	2.7	3.7	1.7	0.0	1.4	2.2	4.1	5.2	5.4	4.8	5.6	4.0	5.3	5.5	7.2	-0.9	5.5	5.7	2.2	0.6	1.8	2.2
SASK.	4.2	-5.4	3.8	4.4	2.2	1.5	1.8	2.8	4.1	4.8	4.8	4.5	6.8	3.8	4.4	4.4	10.6	-2.3	5.0	6.0	3.2	1.1	2.1	2.9
ALTA.	0.0	-4.5	2.9	4.2	2.7	-1.3	0.7	3.1	3.6	6.6	6.8	6.0	29.0	20.0	27.6	30.8	-0.1	-8.4	5.2	6.7	3.2	-0.1	1.8	2.0
B.C.	0.0	-2.4	3.5	3.3	2.1	-2.4	1.7	1.8	4.6	7.6	7.7	6.9	34.3	16.0	25.6	26.5	0.3	-5.1	5.6	4.5	2.1	0.0	1.4	2.2
CANADA	0.4	-2.6	3.4	3.6	1.5	-1.6	1.4	2.3	6.1	8.3	8.2	7.5	212	149	184	189	3.4	-3.0	4.8	5.3	2.4	0.3	1.9	2.2

## Key provincial comparisons

2008 unless otherwise indicated

	<u>N. &amp; L.</u>	<u>P.E.I.</u>	<u>N.S.</u>	<u>N.B.</u>	<u>QUE</u>	<u>ONT</u>	<u>MAN</u>	<u>SASK</u>	<u>ALTA</u>	<u>B.C.</u>
Population (000s) (2009)	509	141	938	749	7,829	13,069	1,222	1,030	3,688	4,455
Gross domestic product (\$ billions)	31.3	4.6	34.2	27.4	302.2	587.8	50.8	63.5	291.3	197.9
Real GDP (\$2002 billions)	20.0	4.1	29.2	23.4	269.7	532.2	42.4	41.6	185.8	164.5
Share of Canada real GDP (%)	1.5	0.3	2.2	1.8	20.4	40.3	3.2	3.1	14.1	12.5
Real GDP growth (CAR, last five years 03-08, %)	2.8	1.9	1.2	1.4	2.0	1.9	2.7	3.0	3.6	3.1
Real GDP per capita (\$)	39,206	29,422	31,140	31,157	34,445	40,722	34,704	40,367	50,379	36,928
Real GDP growth rate per capita (CAR, last five years 03-08, %)	3.2	1.6	1.3	1.5	1.3	0.8	2.0	2.6	1.1	1.8
Personal disposable income per capita (\$)	24,683	22,917	25,466	25,010	25,258	28,481	26,018	28,321	35,978	27,914
Employment growth (CAR, last five years 04-09, %)	0.1	0.8	0.5	0.9	0.9	0.7	1.0	1.6	2.5	1.8
Employment rate (January 2010, %)	50.7	61.6	57.7	58.5	59.7	61.1	65.9	66.2	68.5	60.9
CPI (% yoy, January 2010)	3.2	4.0	3.1	3.9	2.2	1.9	1.7	1.6	1.7	0.7
Manufacturing industry output (% of real GDP)	4.6	9.5	9.6	11.2	17.6	17.0	12.2	7.8	8.9	9.4
Personal expenditures goods & services (% of real GDP)	54.7	71.4	71.8	69.0	64.1	60.1	64.5	58.6	53.2	69.5
International exports (% of real GDP)	37.8	29.7	23.4	41.5	33.6	42.5	32.3	37.6	36.9	26.8

## British Columbia

		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Real GDP	\$2002 millions	146,541	153,489	159,916	164,519	164,520	160,572	166,192	171,742
	% change	3.6	4.7	4.2	2.9	0.0	-2.4	3.5	3.3
Employment	thousands	2,063	2,131	2,195	2,266	2,314	2,259	2,298	2,339
	% change	2.4	3.3	3.0	3.2	2.1	-2.4	1.7	1.8
Unemployment rate	%	7.2	5.9	4.8	4.2	4.6	7.6	7.7	6.9
Retail sales	\$ millions	47,217	49,286	52,837	56,365	56,562	53,666	56,650	59,211
	% change	6.3	4.4	7.2	6.7	0.3	-5.1	5.6	4.5
Housing starts	units	32,925	34,667	36,443	39,195	34,250	16,042	25,600	26,500
	% change	25.8	5.3	5.1	7.6	-12.6	-53.2	59.6	3.5
Consumer price index	2002=100	104.2	106.3	108.1	110.0	112.3	112.3	113.9	116.3
	% change	2.0	2.0	1.7	1.7	2.1	0.0	1.4	2.2

## Alberta

		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Real GDP	\$2002 millions	163,564	170,872	181,418	185,870	185,780	177,420	182,565	190,233
	% change	5.3	4.5	6.2	2.5	0.0	-4.5	2.9	4.2
Employment	thousands	1,757	1,784	1,871	1,959	2,013	1,988	2,002	2,064
	% change	2.4	1.5	4.8	4.7	2.7	-1.3	0.7	3.1
Unemployment rate	%	4.6	3.9	3.4	3.5	3.6	6.6	6.8	6.0
Retail sales	\$ millions	43,372	48,493	55,942	61,160	61,069	55,954	58,863	62,832
	% change	10.3	11.8	15.4	9.3	-0.1	-8.4	5.2	6.7
Housing starts	units	36,270	40,847	48,962	48,336	28,967	19,983	27,600	30,800
	% change	0.3	12.6	19.9	-1.3	-40.1	-31.0	38.1	11.6
Consumer price index	2002=100	105.9	108.1	112.3	117.9	121.6	121.5	123.7	126.1
	% change	1.4	2.1	3.9	4.9	3.2	-0.1	1.8	2.0

## Saskatchewan

		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Real GDP	\$2002 millions	37,741	38,904	38,520	39,896	41,583	39,338	40,832	42,629
	% change	5.1	3.1	-1.0	3.6	4.2	-5.4	3.8	4.4
Employment	thousands	480	483	492	502	513	521	530	545
	% change	0.8	0.8	1.7	2.1	2.2	1.5	1.8	2.8
Unemployment rate	%	5.3	5.1	4.7	4.2	4.1	4.8	4.8	4.5
Retail sales	\$ millions	10,259	10,796	11,495	12,984	14,360	14,035	14,740	15,624
	% change	4.1	5.2	6.5	13.0	10.6	-2.3	5.0	6.0
Housing starts	units	3,781	3,437	3,715	6,007	6,792	3,792	4,400	4,400
	% change	14.1	-9.1	8.1	61.7	13.1	-44.2	16.0	0.0
Consumer price index	2002=100	104.6	106.9	109.1	112.2	115.9	117.1	119.5	123.0
	% change	2.2	2.2	2.0	2.9	3.2	1.1	2.1	2.9

## Manitoba

		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Real GDP	\$2002 millions	37,861	38,860	40,158	41,593	42,407	42,365	43,508	45,136
	% change	2.2	2.6	3.3	3.6	2.0	-0.1	2.7	3.7
Employment	thousands	577	580	587	596	607	607	615	629
	% change	1.1	0.6	1.1	1.6	1.7	0.0	1.4	2.2
Unemployment rate	%	5.3	4.8	4.3	4.4	4.1	5.2	5.4	4.8
Retail sales	\$ millions	11,692	12,381	12,870	14,008	15,017	14,878	15,700	16,590
	% change	6.7	5.9	3.9	8.8	7.2	-0.9	5.5	5.7
Housing starts	units	4,440	4,731	5,028	5,738	5,550	4,042	5,300	5,500
	% change	5.6	6.6	6.3	14.1	-3.3	-27.2	31.1	3.8
Consumer price index	2002=100	103.8	106.6	108.7	110.9	113.4	114.1	116.2	118.8
	% change	1.9	2.7	1.9	2.1	2.2	0.6	1.8	2.2

## Ontario

		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Real GDP	\$2002 millions	496,780	510,509	522,845	534,880	532,209	515,178	533,931	553,366
	% change	2.6	2.8	2.4	2.3	-0.5	-3.2	3.6	3.6
Employment	thousands	6,317	6,398	6,493	6,594	6,687	6,526	6,622	6,788
	% change	1.7	1.3	1.5	1.6	1.4	-2.4	1.5	2.5
Unemployment rate	%	6.8	6.6	6.3	6.4	6.5	9.0	8.9	8.1
Retail sales	\$ millions	129,086	135,321	140,808	146,252	151,375	147,611	153,859	162,158
	% change	3.2	4.8	4.1	3.9	3.5	-2.5	4.2	5.4
Housing starts	units	85,114	78,795	73,417	68,123	75,567	50,050	64,200	66,800
	% change	-0.1	-7.4	-6.8	-7.2	10.9	-33.8	28.3	4.0
Consumer price index	2002=100	104.6	106.9	108.8	110.8	113.3	113.7	116.1	118.7
	% change	1.9	2.2	1.8	1.8	2.3	0.4	2.1	2.3

## Quebec

		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Real GDP	\$2002 millions	251,028	255,559	259,853	267,033	269,665	266,429	275,061	284,138
	% change	2.7	1.8	1.7	2.8	1.0	-1.2	3.2	3.3
Employment	thousands	3,680	3,717	3,765	3,852	3,882	3,844	3,897	3,972
	% change	1.4	1.0	1.3	2.3	0.8	-1.0	1.4	1.9
Unemployment rate	%	8.5	8.3	8.0	7.2	7.2	8.5	8.1	7.8
Retail sales	\$ millions	78,518	82,533	86,709	90,663	95,321	94,440	99,018	103,954
	% change	4.2	5.1	5.1	4.6	5.1	-0.9	4.8	5.0
Housing starts	units	58,448	50,910	47,877	48,553	47,925	44,008	45,500	43,500
	% change	16.2	-12.9	-6.0	1.4	-1.3	-8.2	3.4	-4.4
Consumer price index	2002=100	104.5	106.9	108.7	110.4	112.7	113.4	115.7	118.2
	% change	1.9	2.3	1.7	1.6	2.1	0.6	2.0	2.2

## New Brunswick

		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Real GDP	\$2002 millions	22,366	22,638	23,254	23,356	23,351	23,234	23,780	24,470
	% change	2.8	1.2	2.7	0.4	0.0	-0.5	2.4	2.9
Employment	thousands	350	351	355	363	366	366	369	375
	% change	2.0	0.1	1.4	2.1	0.9	0.1	0.6	1.6
Unemployment rate	%	9.8	9.7	8.8	7.5	8.6	8.9	8.8	8.5
Retail sales	\$ millions	7,963	8,326	8,814	9,318	9,872	9,866	10,232	10,642
	% change	1.7	4.6	5.9	5.7	5.9	-0.1	3.7	4.0
Housing starts	units	3,947	3,959	4,085	4,242	4,175	3,483	3,800	3,500
	% change	-12.1	0.3	3.2	3.8	-1.6	-16.6	9.1	-7.9
Consumer price index	2002=100	104.9	107.4	109.2	111.3	113.2	113.5	116.3	119.0
	% change	1.4	2.4	1.7	1.9	1.7	0.3	2.5	2.3

## Nova Scotia

		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Real GDP	\$2002 millions	27,710	28,016	28,254	28,598	29,215	29,127	29,754	30,378
	% change	0.9	1.1	0.8	1.2	2.2	-0.3	2.2	2.1
Employment	thousands	442	443	442	448	453	453	456	464
	% change	2.6	0.2	-0.3	1.3	1.2	-0.1	0.7	1.8
Unemployment rate	%	8.8	8.4	7.9	8.0	7.7	9.2	9.0	8.7
Retail sales	\$ millions	10,297	10,527	11,163	11,636	12,129	12,173	12,738	13,289
	% change	2.8	2.2	6.0	4.2	4.2	0.4	4.6	4.3
Housing starts	units	4,717	4,775	4,896	4,750	4,267	3,408	3,800	4,100
	% change	-7.4	1.2	2.5	-3.0	-10.2	-20.1	11.5	7.9
Consumer price index	2002=100	105.3	108.2	110.4	112.5	115.9	115.7	118.3	121.0
	% change	1.8	2.8	2.1	1.9	3.0	-0.1	2.2	2.3

## Prince Edward Island

		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Real GDP	\$2002 millions	3,877	3,921	4,026	4,126	4,148	4,156	4,244	4,362
	% change	2.6	1.1	2.7	2.5	0.5	0.2	2.1	2.8
Employment	thousands	67	68	69	69	70	69	72	73
	% change	1.3	1.9	0.6	1.1	1.3	-1.1	3.3	1.1
Unemployment rate	%	11.2	10.8	11.1	10.3	10.7	12.0	11.1	11.1
Retail sales	\$ millions	1,385	1,424	1,512	1,629	1,721	1,715	1,804	1,879
	% change	0.1	2.8	6.2	7.7	5.6	-0.3	5.2	4.2
Housing starts	units	919	862	738	750	700	858	720	780
	% change	12.9	-6.2	-14.4	1.6	-6.7	22.6	-16.1	8.3
Consumer price index	2002=100	105.8	109.1	111.6	113.6	117.5	117.3	120.2	123.0
	% change	2.2	3.2	2.2	1.8	3.4	-0.1	2.4	2.3

## Newfoundland & Labrador

		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Real GDP	\$2002 millions	17,209	17,593	18,201	19,856	19,953	18,057	18,789	19,221
	% change	-1.2	2.2	3.5	9.1	0.5	-9.5	4.1	2.3
Employment	thousands	214	214	216	217	220	215	220	223
	% change	1.0	-0.1	0.7	0.7	1.5	-2.4	2.2	1.7
Unemployment rate	%	15.7	15.2	14.8	13.6	13.2	15.4	15.4	14.8
Retail sales	\$ millions	5,755	5,826	6,026	6,567	7,063	7,244	7,589	7,979
	% change	0.3	1.2	3.4	9.0	7.6	2.6	4.8	5.1
Housing starts	units	2,870	2,498	2,234	2,649	3,233	3,167	3,200	3,100
	% change	6.6	-13.0	-10.6	18.6	22.1	-2.1	1.1	-3.1
Consumer price index	2002=100	104.8	107.6	109.5	111.1	114.3	114.6	116.9	119.6
	% change	1.8	2.6	1.8	1.4	2.9	0.3	2.0	2.3

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

**@Registered trademark of Royal Bank of Canada.  
©Royal Bank of Canada.**