1   Q.   Produce the Provincial Outlook, Long-Term Forecast 2003 of the Conference

2   Board of Canada referred to at line 6 of page 10 of the Cost of Capital

3   Evidence.

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6   A.   Please see attached.

The Conference Board of Canada
Insights You Can Count On

Provincial Outlook Long-Term Forecast 2003

Economic

Forecast

ECONOMIC PERFORMANCE AND TRENDS

The Conference Board of Canada
Insights You Can Count On

Provincial Outlook Long-Term Forecast 2003: Economic Forecast
by *The Conference Board of Canada*

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Preface

The *Provincial Outlook Long-Term Forecast 2003* was prepared by Paul Darby, Director, under the general direction of James Frank, Vice-President and Chief Economist.

The report examines the long-term economic outlook for the provinces, including gross domestic product (GDP), output by industry, and labour market conditions. At the end of the report, there is a forecast for Canadian economic indicators and a comparison of GDP by province and industry.

The Provincial Outlook Long-Term Forecast is updated annually using the Conference Board's large econometric model of the provincial economies.

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NATIONAL OVERVIEW

Canadian economic performance, especially job growth, was stellar in 2002, with a recovery from the 2001 slowdown. Considerable monetary stimulus enabled the Canadian economy to rebound much more quickly than that of the United States. U.S. investor confidence was pummelled by corporate accounting scandals, the threat of war in Iraq, and the sluggish economic recovery. Consequently, U.S. corporations failed to ramp up investment and there was no net new job creation in 2002. The weak U.S. recovery is based mainly on consumer spending, and if household finances become increasingly stretched south of the border, there is some risk that the U.S. recovery could falter, hurting Canada's near-term prospects. However, if the U.S. expansion continues and corporate earnings grow, there will be a rebound in investment activity and hiring, triggering the U.S. recovery.

The life injected into U.S. domestic demand in 2003 will sustain Canadian export growth and maintain momentum in Canadian domestic demand. Growth is forecast to average 3.5 per cent from 2002 to 2004, enough to eliminate the output gap by the latter half of 2003. Worried about the possibility of inflationary pressures, the Bank of Canada is forecast to try to rein in growth to a sustainable pace during 2003 by removing the considerable monetary stimulus presently in the economy and raising short-term interest rates by 225 basis points. This monetary tightening and a somewhat lower U.S. growth pace will produce average growth of 2.6 per cent in 2005–07.

Growth in the Canadian economy will gradually decelerate over the long term. Constraining the outlook through 2020 will be the growth capacity of the economy, mainly because of slower population growth and the effects of an ageing population on income and spending patterns. At the same time, the pace of business investment in plant and equipment is expected to abate, a direct consequence of the slowing rate of technological change. A concomitant slowing in the productivity of capital will outweigh an increase in labour productivity over the long term. Over 2002–10, the Canadian economy is expected to match the average growth pace of 2.8 per cent attained during the previous decade but it will then post only 2.3 per cent growth on average in the final 10 years of the forecast.

The tremendous global surge in the penetration of digital technology has resulted in an enormous structural change in the Canadian economy.

The latter half of the 1990s saw a tremendous global surge in the penetration of digital technology. In the Canadian economy, this phenomenon has resulted in an enormous structural change over the past six years. Real private sector machinery and equipment expenditures, which stood at $47 billion in 1994, almost doubled in real terms by 2000, reaching $89 billion. Imports of office equipment, valued at an inflation-adjusted $6.8 billion in 1994, swelled to over $30 billion by 2000, vaulting into second place among major import categories. This pace of structural change is unprecedented in the postwar period.

The implications of this modern-day revolution are profound and far-reaching. While its effects have perhaps been most significant on recent U.S. economic activity, its implications for Canada have also been widespread. First, strong U.S. domestic demand has fuelled a decade-long surge in Canadian exports. Second, overall export growth has been enhanced by the rapid rise of Canada's high-technology manufacturing sector. By 2000, real exports of office equipment were almost five times their 1994 level, roughly equivalent to export activity in each of the primary metals, lumber, and pulp and paper industries. Third, the high-flying U.S. dollar, tied as it is to the tech boom, has lowered the relative price of Canadian exports and Canadian labour, the latter attracting foreign direct investment to such traditional

sectors as the auto industry. Finally, heavy investment in high-technology equipment has put downward pressure on the economy's cost structure and has enhanced Canada's total factor productivity growth, lifting medium-term potential growth.

The current long-term outlook explores the implications of this profound structural change as it unwinds over the long term. The prevailing excess capacity in the high-technology sector suggests that the heyday for high technology is already over, although current physical limits suggest a maturing of this technology in 2008 and a maturing of applications by 2014. Thus the current long-term forecast assumes that the extraordinary structural change of the past decade has already begun to wane and that it will unwind more fully between 2008 and 2014, with growth in investment and imports of equipment returning to trend levels.

The most striking development over the long term will be the ageing of the Canadian population. The postwar baby boom came to an end in the mid 1960s, and the fertility rate has been much lower since then. Consequently, the age distribution of the population will change considerably as the baby-boom generation progresses up the population pyramid. This will be particularly noticeable beyond 2010, with the share of the population over 65 climbing steeply. The most important implication of this demographic shift is an increasing constraint on labour force growth. Strong economic performance in recent years lowered the unemployment rate swiftly, and it currently hovers close to its 25-year low. Pressure on labour markets will intensify beyond 2005, when the oldest baby boomers turn 55. Given the historical patterns of labour force participation by age group and labour productivity growth, the result would be a significant shortfall of workers by 2020 even with the relatively conservative trend annual output growth embodied in the forecast. Skilled workers would be in even shorter supply.

Several changes will occur in the marketplace to relieve the rising pressures. The tightening labour market, especially after 2005, is assumed to produce high real wage growth that, in turn, will lead firms to substitute capital for labour wherever feasible. Therefore, although growth in investment will slow as the technology sector matures, it will remain robust over the next 20 years and labour productivity will

improve dramatically. Moreover, workers eligible to retire will remain in the workforce to take advantage of higher real wages. The result will be an unemployment rate that shrinks steadily to 5.4 per cent by 2020 and growth in labour productivity that accelerates from the current 1 per cent to 2 per cent by 2020.

The ageing population will place an additional burden on health care.

The ageing population will bring many more challenges and changes to the long-term outlook. One of the more significant challenges is the burden placed on the health care system, and thus on public finances, by the large number of people over 65. Even greater pressure will be added in the latter years of the forecast as costs rise significantly for the over-75 age group. In addition, the changing age structure will shrink the market for single-detached family dwellings through the entire forecast period. Yet, there will be a recovery in the number of people aged 0–14 beginning around 2012, as the grandchildren of the baby boomers begin to arrive in heavy numbers. Provincial governments will once again feel the pressure of a surge in elementary school enrolment near the end of the long-term forecast.

Other important structural changes over the long term include an ever-shrinking role for producers of raw materials but a real increase in the prices of certain raw materials, including crude oil and forest products, as they become scarcer. Financial markets will come under pressure as baby boomers move from the high-saving pre-retirement years to become low-saving senior citizens. Consumption of durable items such as autos and household furnishings will show little growth, while consumption of services will continue to expand in importance. For further details on the challenges that the Canadian economy will face over the next 20 years, see the full edition of *Canadian Outlook Long-Term Forecast 2003: Economic Forecast*.

PROVINCIAL OVERVIEW

Canada's four largest provinces and its smallest province will post the strongest economic growth over the long term; considerable hurdles will, in general, impede growth in the other provinces. In the top two

spots, Alberta and Ontario are expected to do particularly well. The strongest provincial growth rate in 2003 will be in Alberta, at 5 per cent, with the oil patch recovering from the 2001–02 cyclical downturn. The energy sector will remain one of the main driving forces in Alberta over the forecast horizon, as the province benefits from rising oil prices, an immense non-conventional oil supply, and better extraction technology. Ontario, Quebec, and British Columbia, the provinces most affected by the U.S. slowdown since the middle of 2000, will post better growth when the U.S. economy rebounds in 2003 and 2004. Over the longer term, with a significant number of Canada's ageing citizens expected to move to British Columbia and Prince Edward Island, population growth and service sector output will grow in these provinces. Thanks to oil projects and development at Voisey's Bay, Newfoundland and Labrador will post an annual average increase of 4 per cent in real gross domestic product (GDP) between 2002 and 2006. Nonetheless, continued population decline will severely slow growth in the province's overall economy in the second decade of the forecast, so much so that the average growth rate will be much weaker than in any other province over the entire forecast horizon. At first glance, the wedge of 1.7 percentage points separating the fastest and slowest growing provinces may not seem significant, but it becomes quite large when compounded over 20 years.

The provinces most affected by the U.S. slowdown will post better growth when the U.S. economy rebounds in 2003 and 2004.

The key factors influencing the long-term performance of an economy are population growth, labour force productivity, and investment patterns. Population growth will vary considerably from province to province, though all provinces will be dealing with a declining natural rate of increase. Moreover, although significant advances in communication technology have lessened the importance of location for many industries, the movement of population within and between provinces is expected to continue to be from smaller to larger centres, and net international migration will favour the larger provinces. These trends will lead to declining population in Newfoundland and New Brunswick in the last few years of the forecast and very weak population growth in Quebec, Manitoba, and Saskatchewan.

Estimates of potential output have been generated for most provinces by adding estimated long-term trend labour force growth to trend labour productivity growth. Detailed demographic analysis, an essential determinant of potential output, has been conducted for each province, taking into account the unique population characteristics of each over the long term. For Ontario and Quebec, more detailed calculations of potential output take into account growth in potential employment, the capital stock, and total factor productivity. One clear result emerges from these estimates of potential output: potential output growth will decelerate in every province over the next 20 years. This general finding is attributable mainly to an ageing population, which will dampen growth in the trend labour force considerably in the second decade of the forecast.

AGRICULTURE

Canada's agriculture industry has been adapting to ongoing structural changes. Lower transportation subsidies have changed the cost structure for grain farmers in the Prairies since the mid 1990s, resulting in greater concentration of ownership, changes to the crop mix, and higher-value-added products at home. As livestock producers have taken advantage of economies of scale, production in this industry too has become increasingly concentrated. At the same time, the international agriculture subsidy war is forcing lower-subsidy jurisdictions to be more efficient. A gradual global movement away from protectionism in agriculture markets is expected to further enhance Canada's export potential. As a relatively low cost producer, Canada is generally on a sound footing heading into the future.

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Agricultural output will be shaped over the long term by developments in global demand and supply. The key factor determining demand will be population growth. The United Nations projects global annual population growth to trend downward from 1.2 per cent in 2000 to around 0.9 per cent by 2020[1]; over that span, Canadian exports are expected to shift to non-traditional, high population-growth markets. Moreover, upward pressure on agricultural commodity prices is expected to come from constraints on food supply and, by extension, on the supply of global arable land. This, in turn, is expected

to spur productivity-enhancing research and development, including a greater reliance on genetically modified food. In addition, a growing Mexican middle class, combined with greater Canadian access to the Mexican market under the North American Free Trade Agreement, will result in increased pork exports. China represents another potentially strong export market, especially when that country becomes part of the World Trade Organization. Consequently, growth in Canadian agriculture output is expected to exceed global population growth between 2003 and 2020, averaging 2 per cent per annum, compounded annually.

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FISHING

Fisheries on the east and west coasts are expected to face supply constraints over the long term. Mollusks and crustaceans dominate the east coast industry; but, while these species are more profitable than groundfish, on balance they generate fewer jobs. The east coast groundfish industry has shown little signs of improvement and appears to be a long way from a measurable recovery. Recent studies by the federal government indicate that cod stocks have not recovered appreciably since the moratorium on cod fishing was imposed. Meanwhile, the traditional west coast fishery is battling lower stocks, although it is unclear whether this phenomenon is temporary or permanent.

Four distinct phases of growth are expected during the forecast period, each driven primarily by developments on the east coast. First, the east coast shellfish industry is expected to enjoy favourable conditions over the medium term, generating overall annual growth of 2 per cent between 2003 and 2007. Growth will slow in the second phase, from 2008 to 2010, as the initial burst of activity in shellfish subsides and annual average expansion eases to 1.4 per cent. The moratorium on northern cod is expected to yield dividends when a viable cod fishery finally emerges, producing average growth of 2.8 per cent from 2011 to 2016. Thereafter, growth is forecast to ease back to just 1.1 per cent. The assumption of a recovery in the east coast groundfishery poses a risk to the forecast, as growth will clearly be much lower

without this feature. Continued growth of the aquaculture industry (which is classified under agriculture) is expected to buttress long-term job creation, but Canadian producers will face stiff competition from warm water aquaculture producers, particularly in South America.

FORESTRY

Among Canada's major industries, forestry is expected to experience the slowest growth over the forecast period. The full extent of this weakness will not be apparent in the first decade of the century, as the sector will advance by an average of 2.6 per cent from 2003 to 2008, with output boosted partly by a resolution of the softwood lumber dispute. However, supply and demand factors will limit growth to 0.6 per cent, compounded annually, from 2008 to 2020. With consistent deceleration through this period, forestry output will actually fall after 2018.

The most serious impediments to long-term growth in the forestry sector are on the supply side. The demands of an increasingly environmentally conscious public are expected to make regulators more restrictive, and annual total allowable cut will have to be reduced so that a sustainable level of harvest can be attained. British Columbia, Quebec, Ontario, and New Brunswick have all announced plans to constrain total allowable cut substantially over the long-term horizon.

On the demand side, decelerating population growth and falling rates of household formation paint a bleak outlook for housing, with starts declining steadily in Canada and remaining essentially constant in the United States. The poor housing outlook will translate into weak lumber demand. Slow population growth in the developed world is also expected to dampen the demand for paper products. Although not incorporated into the current forecast, the prospect of a virtually paperless society poses a significant risk to the output of pulp and paper products over the long term.

MINING

The mining sector faces a bright future. With average annual compound growth of 3.3 per cent between 2003 and 2020, it will be well ahead of national average performance. The mining sector is divided into four industry sub-groupings: metals, non-metallic minerals, mineral fuels, and services to the mining sector. Growth will be spread fairly evenly through the four categories over the long term.

Strong global demand for machinery and equipment, and construction materials, together with robust growth in domestic auto sector production, will help power metal mining to growth of 3.3 per cent over the length of the forecast. Worldwide depletion of uranium stocks and improving prospects for growth in the nuclear electricity generation sector will translate into improved growth for uranium output. Growth in metal mining is forecast to maintain a consistent pace over the long term. New mines in Canada are expected to sustain domestic supply, led by development of a significant mineral deposit at Voisey's Bay in Labrador. Tighter global environmental restrictions on new mine development and the discovery of more cost-effective mines in other parts of the world pose a risk to the current forecast.

Non-metal mining will grow by 2.4 per cent in 2003–20, driven primarily by the development of diamond mines in the Northwest Territories over the medium term. Long-term prospects for potash demand are also good, as the gradual erosion of soil nutrients will result in more intensive use of fertilizers.

Growth in metal mining is forecast to maintain a consistent pace over the long term.

Once the threat of an Iraqi war recedes, world oil markets are expected to experience downward price pressure. Supply is forecast to continue outstripping demand in the near term, keeping the lid on price growth through 2005. However, this situation will reverse over the longer term, as growing demand puts pressure on supply and as the Organization of Petroleum Exporting Countries accounts for an increasing share of world oil production. Crude oil demand growth is forecast to be especially strong in developing countries, which will increase their share of world oil consumption from 33 per cent currently to 44 per cent by 2020. After falling to U.S. $25.10 in 2004, the West Texas Intermediate crude oil price is projected to increase gradually to U.S. $45.40 by 2020.

Rising oil prices and dwindling supplies of conventional crude oil will shift the balance of Canadian energy markets toward non-conventional activities over the next 10 years. Significant new offshore production is scheduled in eastern Canada from the White Rose, Hebron, and Terra Nova fields. Moreover, as conventional crude oil reserves drop dramatically early in the next decade, the focus will switch to synthetic crude production. As a result, the outlook assumes that roughly $34 billion will be invested in western Canada's tar sands over the forecast period. Close to $16 billion has already been spent in this sector since 1995. This forecast was made before the ratification of the Kyoto Protocol, which could introduce some downside risk to the tar sands investment profile. The output from the tar sands and east coast offshore production, together with Canada's known conventional reserves, are expected to keep Canada a net exporter of crude oil over the forecast period.

Canada is expected to remain a net exporter of crude oil over the forecast period.

The Alberta Energy Company/Nova Inventory Transfer spot price for natural gas hit an average low of U.S. $1.6 per million British thermal units in February 2002 but quickly regained strength during the spring and has remained relatively high. Prospects for the natural gas industry will improve over the medium term, when the economic recovery in the United States gets fully under way in the last half of 2003. This will push up industrial demand for energy.

The North American natural gas market will continue to prosper over the long-term forecast horizon, with U.S. gas consumption growing on average by about 2 per cent per year until 2020. A large proportion of natural gas in the United States will be used for electricity generation, a sector expected to surpass industry as the largest consumer of natural gas in the country by the end of the forecast period. Plants fired by natural gas are being increasingly favoured over coal-fired plants as a result of lower cost and higher fuel efficiency, as well as lower emissions.

The addition of new pipeline capacity, together with Canada's cost advantage, is expected to lift Canada's share of the U.S. natural gas market from 16 per cent in 2002 to 23 per cent by 2020. Gas exports are expected to increase at an average annual compound rate of 3.4 per cent between 2001 and 2020. This increase is in part the result of the construction of the Mackenzie Delta pipeline in the Northwest Territories, new pipeline

capacity on the east coast, the environmental and efficiency advantages of natural gas over other competing fuels, and the enhanced substitution of gas and oil in the U.S. market.

Strong growth in energy investment over the long term will ensure steady growth of mineral fuels output. After increasing by 5.7 per cent annually from 2003 to 2007, mineral fuels output is expected to post average annual growth of 2.7 per cent for the remainder of the forecast period.

CONSTRUCTION

Business non-energy non-residential construction investment collapsed in the early 1990s, falling by 40 per cent between 1989 and 1993. Burned by excessive activity in the late 1980s, non-residential construction companies that remain in business have been much more cautious. Market conditions are currently balanced, and conditions will be ripe for strong non-residential investment activity when the economy recovers in 2003. Annual growth is forecast to average a solid 6.1 per cent in 2003–04. However, a decline in the pace of overall aggregate demand growth is expected to lead to a slowdown in the growth of these capital outlays, with average annual compound growth of 3.9 per cent forecast for 2004–20.

Canadian utilities are considering medium-term projects.

Recent energy supply shortages in parts of North America have prompted Canadian utilities to consider medium-term investment projects. Hydro-Québec has plans for three facilities by 2007, totalling $2.5 billion. The recent decline in industrial production has taken pressure off U.S. utilities for the moment, but the swift rebound forecast in 2003 will revive capacity concerns. In the long term, tighter continental capacity constraints and the U.S. transmission grids to Canadian power producers will create new investment requirements. As a result, the outlook includes additional spending of $5.3 billion by Hydro-Québec on five new generation projects, in addition to a facility on the Churchill River in Labrador totalling $3.7 billion and the $1.1 billion Wuskwatim project in Manitoba. These utility projects, plus significant tar sands and offshore oil and gas investment over the forecast period, together play a noticeable part in the long-term investment profile.

In contrast, the Canadian market for new housing is expected to decline steadily over the long term. This poor performance is a direct consequence of demographic developments between now and 2020. Alterations, renovations, and repairs to the existing housing stock will account for all of the 0.1 per cent annual growth in total real residential investment from 2003 to 2020.

MANUFACTURING

The manufacturing sector will post the highest average growth rate among Canada's major industry groupings over 2002–20, at 3.8 per cent per annum, compounded annually. Following a decline of 4 per cent in 2001, manufacturing output will rebound by 2.9 per cent in 2002 and will grow by a respectable 4 per cent, compounded annually, in 2003–10.

The Canadian market for new housing will decline steadily over the long term.

In the second decade of the forecast, North American demographic trends are expected to constrain growth in manufacturing: the ageing population will dissipate the appetite for durable goods, and output will expand more slowly for furniture, appliances, and autos. However, the low Canadian dollar, competitive cost structure, continued productivity gains, and the advantages of multilateral trading agreements will enable Canadian firms to continue increasing market share in the United States and to develop business in the Asia–Pacific region. All in all, the average rate of increase in the manufacturing sector will slow slightly to 3.8 per cent, compounded annually, over the last decade of the forecast.

SERVICE SECTOR

The shift in the age structure of the population is expected to boost domestic demand for services over the long term. With continued improvement in global communication technology, a significant portion of these services will be imported. Consequently, total imports of services are expected to outpace service exports, increasing the services trade deficit substantially. However, domestic service industries will also benefit from increased demand in the long term. Manufacturing sector performance is expected to drive growth in the transportation, wholesale trade, and business services industries. The trend toward outsourcing of key elements

of the business process will continue, ensuring steady growth in consulting services. The financial services industry is expected to post strong growth over the forecast, as a growing number of senior citizens will require wealth management services. However, demand for housing will wane at the same time, and the real estate sector is expected to suffer lower demand for services. Overall, service sector output is forecast to increase by 2.3 per cent over the 2002–20 period, compounded annually.

Output of government-provided services is expected to rebound following the belt-tightening of the late 1990s. Growth was just 0.3 per cent between 1992 and 1999, the worst eight-year growth period since the 1960s. However, growth is expected to rise to a 2.7 per cent annual average from 2000 to 2005, marking the return of public spending growth. Afterward, public sector output will expand at a slower pace to the end of the forecast period, averaging 1.8 per cent at compound annual rates from 2005 to 2020.

NEWFOUNDLAND AND LABRADOR

Newfoundland and Labrador is expected to lag behind all other provinces in real GDP growth over the long term, advancing at an average annual compound growth rate of 1.7 per cent from 2001 to 2020. The key to this weakness is a gloomy population outlook, featuring a consistent drop in the province's population. Steady net migration to other provinces, combined with a low and declining natural rate of population increase, will perpetuate the population decline that began in 1994. Further, the national trend of an ageing population will be amplified in Newfoundland, constraining labour force growth and putting pressure on provincial government spending.

Natural resource development will have an impressive influence on GDP growth early in the forecast period. The Terra Nova, White Rose, and Hibernia oil projects, along with the development of Voisey's Bay, will push real GDP growth to an average annual compound rate of 4 per cent between 2002 and 2006. Project construction and commissioning of the Terra Nova Floating Production Storage and Offloading (FPSO) facility was completed at the beginning of 2002 and production of oil ramped up quickly during the year, contributing significantly to real GDP growth in the province. Construction of the White Rose FPSO commenced at the end

of 2002 and production of oil is slated for the end of 2005. Falling crude oil production through the second half of the forecast period will slow the province's real GDP growth.

PRINCE EDWARD ISLAND

Prince Edward Island will experience favourable long-term growth, mainly as a result of positive demographics. Real GDP growth is expected to average 2.3 per cent, compounded annually, from 2001 to 2020. The growth will be driven by the province's food processing, aerospace, and tourism industries.

Prince Edward Island will post the highest average population growth rate in the Atlantic region.

Population growth will profit from positive interprovincial in-migration, reinforcing the province's image as a retirement haven. Prince Edward Island will post the highest average population growth rate of all the Atlantic provinces, a demographic trend that will help sustain consumption growth in the long term. Growth in services spending will be particularly strong, as an ageing population tends to purchase relatively more services, such as health care and travel.

NOVA SCOTIA

The Nova Scotia economy is anticipated to advance by an average of 2 per cent annually between 2002 and 2020, ranking it seventh among the 10 provinces. Apart from manufacturing and offshore mining-related activities, growth in most parts of the provincial economy is expected to soften during the forecast period. Mining will be the fastest growing sector, with growth exceeding the national average in the production of mineral fuels and services incidental to mining. The second phase of the Sable Offshore Energy Project (SOEP) is under way, and the $1.8 billion Deep Panuke gas project is expected to take off in 2004. Moreover, the provincial economy could benefit from over $1.45 billion in commitments in offshore exploratory licenses between now and 2007.

Nova Scotia will face a number of fundamental demographic challenges over the forecast period. First, there will be a gradual increase in the average age of the population as the baby boomers inch closer to retirement.

The ageing of the baby boomers will put enormous strain on the province's health care sector, as the cohort will require more government spending for facilities and services. The ageing of the population will also result in a compositional shift in consumer spending as people buy fewer durable goods and consume more services. Second, low fertility rates and negative interprovincial migration will slow population growth in the province.

Weak demographic fundamentals are expected to dominate the population outlook, exerting a profound impact on the province's labour market and economic performance. Overall, economic growth is projected to reach an average of 2.6 per cent in 2002–05 and to decelerate to 2.1 per cent between 2006 and 2010. The consequences of demographic change will add to the slowing of the economy in the last decade of the forecast. Growth in real GDP is expected to average 1.8 per cent between 2011 and 2015 and 1.6 per cent between 2016 and 2020.

NEW BRUNSWICK

Ranking eighth among the 10 provinces, New Brunswick's real GDP is projected to grow at a relatively slow average rate of 2 per cent between 2002 and 2020. Weakness in the construction industry will limit overall economic growth after 2008 as the province grapples with the completion of megaprojects. In the medium term, however, we expect construction in the province to be boosted by upgrades at the Canaport Irving Oil Refinery and the Coleson Cove thermal generation plant, and by the $400 million poured into Trans-Canada Highway construction between Fredericton and the Quebec border. In addition, sturdy growth in manufacturing in the long term, with spin-off benefits to the transportation industry, will provide an offset to weak construction, allowing the overall economy to expand during the entire forecast period.

Weak demographic dynamics will dominate the outlook over the long term. As the proportion of residents older than 65 increases, consumption patterns are expected to change for both government and consumers. Notably, spending on health care will have to rise to meet the changing needs of the ageing population. In addition, a rising net international inflow of migrants will be largely offset by a net interprovincial outflow of people to other parts of Canada. Finally,

New Brunswick's fertility rate, one of the lowest in the country, will be a drag on the growth of the province's population. Total population is projected to shrink every year between 2008 and 2020.

The weakening population outlook will have significant consequences for the province's labour market and overall economic growth. The Conference Board expects growth in real GDP to decelerate from an annual average of 2.3 per cent between 2002 and 2010 to 1.9 per cent in 2011–15 and 1.6 per cent from 2016 to 2020.

QUEBEC

Quebec's real GDP at market prices is expected to progress at a moderate 2.4 per cent compound annual rate from 2002 to 2020, just above underlying potential growth of 2.1 per cent. Helped by a booming U.S. economy and vigorous domestic demand, economic growth in Quebec jumped to 3.6 per cent in 1997–2000, up from a meagre 1.2 per cent between 1991 and 1995. After a slowdown in 2001, which hit the manufacturing and aerospace sectors especially hard, Quebec's economy bounced back strongly in 2002 as a result of a booming construction sector, despite the continuing slowdown in the United States. Between 2003 and 2007, the expected recovery in the United States should help produce a 2.6 per cent average annual growth rate.

Between 2003 and 2007, the expected recovery in the United States should help produce a 2.6 per cent average annual growth rate in Quebec.

Economic growth will slow over the long term as an ageing baby-boom generation and a low fertility rate weaken population growth, reducing consumer expenditures and housing demand. As the baby boomers reach retirement age, consumption will focus more on services, especially health care. Housing starts will fall steadily from 42,417 units in 2002 to approximately 20,600 units in 2020 as demographic factors weaken household formation. Real export growth, the pillar of robust economic activity in the late 1990s, will wane over the long term because of slowing U.S. growth and a stronger Canadian dollar. A slow decline in annual growth will characterize the last decade of the forecast, as average growth eases to 2.2 per cent.

ONTARIO

The Ontario economy will be one of the strongest among the provinces over the forecast period, expanding by a compound annual rate of 2.7 per cent. After narrowly avoiding a recession in 2001, the economy is expected to rebound strongly from 2002 to 2005 before stabilizing at or around the potential growth rate from 2006 onward.

In the late 1990s and 2000, the Ontario economy posted exceptional growth levels, fuelled by significant increases in consumption, exports, and investment in machinery and equipment. As a result, the output gap, which was negative throughout the 1990s, was closed by the end of 2000.

Ontario's real GDP will be well above potential from 2002 to 2004.

The slowdown in U.S. economic activity was a severe drag on the province's economic picture in 2001, opening another negative output gap. However, aggressive interest-rate cutting by both the Federal Reserve Board and the Bank of Canada throughout 2001 paid dividends in 2002 as consumption, particularly of housing and autos, soared on both sides of the border, providing a much-needed boost to the province's construction and export sectors. The strengthening of the U.S. economy should provide a further boost to growth in real GDP. It is expected to be well above potential from 2002 to 2004, allowing the output gap to close once again.

Potential output growth is estimated to grow by 2.9 per cent per year on average over 2002–16 and 2.5 per cent between 2017 and 2020. This compares to an annual average of 2.9 per cent from 2007 to 2016. Over the long term, two key factors will act to reduce the economy's capacity to expand. First, the proportion of retirees in the population will rise considerably, constraining long-term potential labour force growth. Second, the growth of total factor productivity is expected to slow, as it is assumed that the current pace of technological change will ease toward the end of the current decade.

MANITOBA

Several factors lead us to expect a relatively healthy economy in Manitoba over the long term, including a diversifying and expanding manufacturing sector, good employment growth, and a rebound in government spending. The average annual compound growth rate is expected to be 2.3 per cent between 2001 and 2020— less than the national rate of 2.6 per cent but slightly more than the 2.1 per cent expected in last year's long-term forecast.

Manitoba's long-term economic health will bring about a slowing in interprovincial out-migration and a strengthening of immigration, both of which will help offset a declining natural rate of increase. As a result, the population growth rate will hold steady over the forecast period. However, the low fertility rate of the baby boomers will result in an ageing population plus a sharp deceleration in labour force growth. The ageing of the population will further strain an already overburdened health care sector, forcing the government to focus spending increasingly in this area.

Manufacturing will be the strongest component of output in Manitoba between 2001 and 2020.

Manufacturing will remain the strongest component of output over 2001–20, with 3.6 per cent annual compound growth, slightly more than the 3.2 per cent expected last year. Mainly because of two major mine expansions in the province, annual compound mining output is expected to grow by 3.1 per cent. The agriculture outlook is not as robust, with an annual compound growth rate of 1.9 per cent, slightly less than anticipated in last year's long-term forecast. Nevertheless, support in the form of the federal government's Agricultural Policy Framework and increasing global food demand hold out promise for a secure future in the agriculture sector.

SASKATCHEWAN

Real compound annual GDP growth in Saskatchewan is forecast to be 1.9 per cent between 2001 and 2010 and 1.7 per cent between 2011 and 2020. This is well below the national growth rates of 2.7 per cent and 2.4 per cent during the two decades.

Since the elimination of the Crow rate subsidy in 1995, the agri-food industry has become increasingly important for farmers as an alternative to shipping grain. Partly as a result of the increased demand for agri-food production within Saskatchewan, the manufacturing sector is expected to grow at an annual compound growth rate of 2.5 per cent over the forecast period. In contrast, the primary agriculture sector's share of the Saskatchewan economy will fall slightly over the long term. Nevertheless, support in the form of the federal government's Agricultural Policy Framework and increasing global food demand promise a secure future for the sector, at a compound annual growth rate of 1.2 per cent between 2001 and 2020. At the same time, bright prospects for oil and gas, potash, uranium, and diamonds will help the mining sector grow by 3.4 per cent, compounded annually.

Mining sector prospects remain bright for Saskatchewan.

The province will face a number of fundamental changes over the next 20 years. First, the average age of the population will increase gradually. This will put an enormous strain on the province's health care sector and force the government to increase spending in order to rebuild and maintain health resources. The ageing of the population will also result in a compositional change in consumption. An older population tends to spend less on durable goods and more on services. Second, a relatively high fertility rate will be more than offset by continued steady interprovincial out-migration and weak international immigration. The result will be slower population growth, causing low labour force growth.

ALBERTA

The Alberta economy is anticipated to advance solidly between 2002 and 2020, expanding by an average annual rate of 2.7 per cent. The energy sector will remain one of the main driving forces over the forecast horizon. Rising oil prices, an immense non-conventional oil supply, and improved extraction technology have shifted the focus of the energy market to oil sands production. Long-term prospects for the non-conventional oil industry in Alberta are very favourable. Almost $28 billion worth of oil sands activities have been

proposed by several major energy players for 2002–12, and an additional $6.2 billion in oil sands development is slated over the remainder of the outlook. Close to $16 billion has been spent in the sector since 1995. Last year's sluggishness in natural gas markets is now behind us. The sector should do well over the long term as solid U.S. demand from gas-fired electric-power generators will increase steadily. Natural gas trade between Canada and the United States will continue to expand, with Canadian gas playing an increasingly important role in satisfying U.S. demand. Canada's share of the U.S. gas market is forecast to rise from its current 16 per cent to 23 per cent by 2020.

Although the long-term forecast for the province is favourable, an ageing population will take its toll. Total population growth is projected to weaken over the forecast, dampening demand for consumer goods and housing. However, a sound fiscal outlook and the positive job market will continue to attract companies and job seekers over the forecast period, boosting Alberta's relative population growth outlook. Overall, economic growth is expected to reach an average annual compound growth rate of 3.1 per cent in the first decade of this century before weaker demographic conditions slow the economy to 2.4 per cent growth on average in 2016–20. This is roughly in line with underlying potential output growth.

BRITISH COLUMBIA

Real GDP in British Columbia is forecast to grow at a compound annual rate of 2.6 per cent between 2002 and 2020. In 2002 and 2003, the economy will grow at approximately the long-term growth rate but more slowly than in most other provinces. Real non-forestry export growth was negligible in 2002 as a result of the uneven recovery in the United States from the contraction of 2001, continued weakness in the Japanese economy, and plunging commodity prices. However, exports will rebound as the United States economy continues to strengthen. Domestically, net interprovincial migration will continue to constrain population growth in the province through 2005. The government sector will also hamper overall GDP growth as dramatic cuts are made in an effort to balance the provincial budget by fiscal 2004–05.

British Columbia's key resource sector, forestry, is expected to turn in a mixed performance over the forecast period.

Over the long term, demographic changes will moderate growth in British Columbia. Population growth will slow in the medium term despite a return to positive net interprovincial migration, as the ageing of the baby boomers dramatically changes the province's age profile. Slower growth in domestic demand will also result from this shift, with consumer spending patterns and housing activity undergoing the most pronounced changes. Sluggish population growth will register a nation-leading compound annual rate of 1.2 per cent from 2002 to 2020.

The province's key resource sector, forestry, is expected to turn in a mixed performance over the forecast period. The softwood lumber dispute between Canada and the United States, and low pulp and newsprint prices created hardships for the sector in 2002 and will continue to provide challenging market conditions until a resolution is reached and the U.S. economic recovery solidifies, strengthening demand for pulp and newsprint. The current outlook incorporates significant reductions to the annual allowable timber cut in the latter part of the forecast, leading to a weakening of real forestry output.

1   United Nations, *World Population Prospects: The 2000 Revision.* Figures quoted are the low- and high-growth scenarios. Probabilities were not attached for the various outcomes.

Newfoundland and Labrador

OVERVIEW

Newfoundland and Labrador is expected to lag behind all other provinces in real gross domestic product (GDP) growth over the long term, advancing at an average annual compound growth rate of 1.7 per cent from 2001 to 2020 (see Chart 1). The key to this weakness is a gloomy population outlook, featuring a consistent drop in the province's population. Steady net migration to other provinces, combined with a low and declining natural rate of population increase, will perpetuate the population decline that began in 1994. Further, the national trend of an ageing population will be amplified in Newfoundland and Labrador, constraining labour force growth and putting pressure on provincial government spending.

Natural resource development will have an impressive influence on real GDP growth.

Natural resource development will have an impressive influence on real GDP growth early in the forecast period. The Terra Nova, White Rose, and Hibernia oil projects and the development of Voisey's Bay will push real GDP growth to an average annual compound rate of 4 per cent between 2002 and 2006. Project construction and commissioning of the Terra Nova Floating Production Storage and Offloading (FPSO) facility was complete at the beginning of 2002, and production of oil ramped up quickly during the year, contributing significantly to real GDP growth in the province. Construction of the White Rose FPSO commenced at the end of 2002 and production of oil is slated for the end of 2005. Falling crude oil production through the second half of the forecast period will slow the province's real GDP growth.

DEMOGRAPHIC PATTERNS

As population trends are a key determinant of consumer spending and potential output growth, demographic projections play an important part in long-term economic forecasting. The province faces a difficult demographic scenario: a falling natural rate of increase, high levels of out-migration, and a rising average age will cause the population to fall at an average annual compound growth rate of 0.6 per cent over the 2001–20 period. Total population is expected to fall from 534,590 in 2001 to 476,246 by 2020.

After reaching a record 8,521 in 1997, net interprovincial out-migration averaged 5,944 in 1998 and 1999. The slowdown is attributed to construction of oil megaprojects, which have brought jobs to rural areas of the province as well as to St. John's. Net out-migration is expected to continue to fall over the next two decades, averaging about 2,900 annually between 2001 and 2010 and 2,600 annually between 2011 and 2020. However, net interprovincial losses will moderate, more because of a reduced population base than as a result of positive economic factors.

Chart 1
Real GDP at Basic Prices
(average annual compound growth rate)
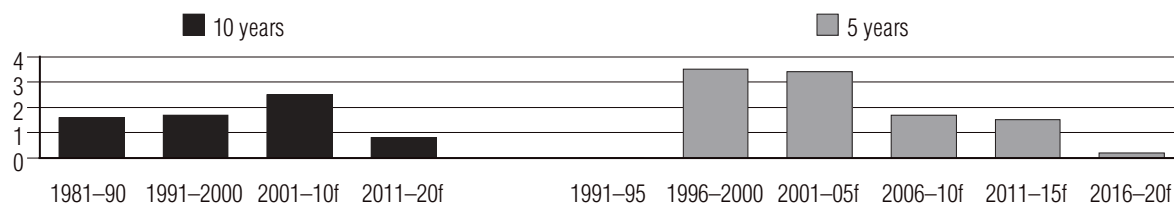
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

More troubling than out-migration itself is the fact that it is primarily young, well-educated Newfoundlanders who leave in search of improved employment opportunities in other provinces. This tendency will lead to an unfavourable shift in the age distribution of the province's population. The 25–34 age group, which now makes up 14 per cent of the population, will account for only 11.9 per cent of the population by 2020. Compounding the problem, this is the age cohort most likely to have children, and its departure will result in a decline in the birth rate. The province's low fertility rate of 1.26 children born to each woman of child-bearing age (compared with 1.55 for Canada as a whole) puts even more downward pressure on the natural rate of increase. By 2005, the number of deaths in the province is forecast to exceed the number of births.

Another important factor affecting the province's long-term demographic outlook is the impending retirement of the baby-boom generation. This is a problem facing all of Canada, but the falling birth rate and high rate of out-migration by young people will exacerbate the situation in Newfoundland and Labrador. The change in the age distribution of the population between 2001 and 2020 will be quite remarkable as the bulge representing baby boomers moves up the population pyramid

Worse than out-migration itself, it will be mainly young, well-educated Newfoundlanders leaving the province.

(see Exhibit 1). As the pyramid becomes increasingly top-heavy, the pattern of consumer spending in the province will also change. Retirees tend to spend less on durable goods, like houses and cars, and more on services, such as health care and travel. The baby boomers will begin to retire between 2011 and 2015. By the end of the forecast period, with baby boomers leaving the labour

Exhibit 1
Newfoundland and Labrador's Population Dynamics
(number of persons by age)
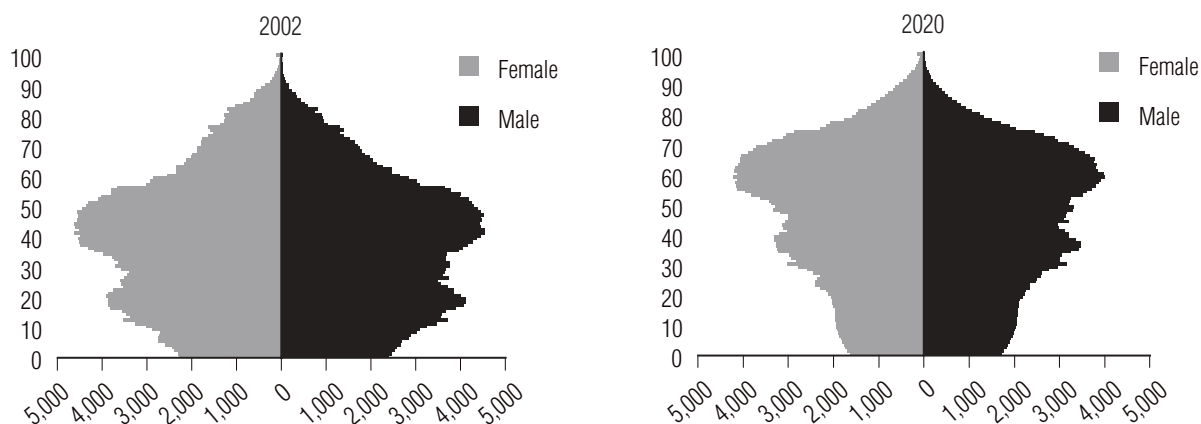
Share of Age 65 and Over
(as a percentage of total population)
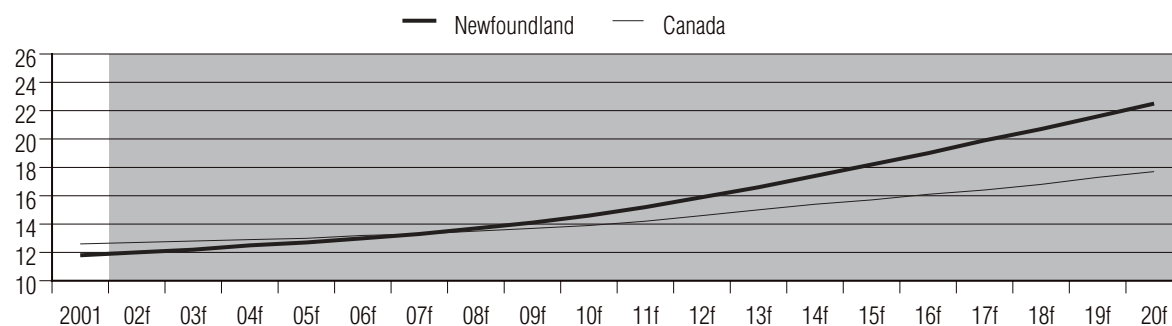
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

force in greater numbers, Newfoundland and Labrador's working age population will be much lower. Specifically, the number of people between the ages of 15 and 64 represented 71 per cent of the population in 2001; by 2020, this number will shrink to 65.5 per cent. At the same time, the proportion of the population 65 years of age and older will increase from 11.8 per cent in 2001 to 22.4 per cent in 2020, sharply above the national share of 13.5 per cent.

As the natural resource potential of the province is developed, the participation rate will rise, so the labour force is expected to increase despite a falling population base—by a compound annual rate of 0.4 per cent from 2001 to 2006. Thereafter, with the completion of various megaprojects, the labour force will lose this boost exactly when the bulk of the baby boomers are retiring. The population of labour force age will fall and the participation rate will also decline, causing the labour force to shrink by nearly 1 per cent annually over the last decade of the forecast.

POTENTIAL OUTPUT AND PRODUCTIVITY

Potential output is a measure of the economic activity that can be sustained in an economy over a long period of time if all factors of production are fully and efficiently utilized. Since this concept cannot be observed, it must be estimated. In simple terms, the available labour supply and the output that each worker can produce determine the potential output of an economy. Thus potential output is driven by the underlying sustainable growth rate of the labour force and labour productivity growth. However, in practice, both labour force growth and productivity are highly cyclical. In order to determine the underlying sustainable pace of growth, it is necessary to eliminate short-term volatility from the calculation. Consequently, estimates of potential output are based on long-term trend labour force growth and trend labour productivity growth. The sum of these two components provides an approximation of potential output.

Productivity is expected to grow steadily over the 2002–20 period in Newfoundland and Labrador at a rate that varies between 1 per cent and 1.5 per cent per year. Investment resulting from the development of the province's resource potential will be the key driver behind this sustained expansion in productivity. Investment in machinery and equipment is expected to be

strong, with compound annual average growth of 6 per cent during the two decades, while investment in non-residential construction will increase at a much slower pace of about 1 per cent, compounded annually.

Labour force growth is a much less happy story. By 2008, as construction of resource projects winds down and the baby boomers begin to retire, labour force expansion will give way to contraction. This reversal, exacerbated by continued out-migration, will act in opposition to trend productivity, dampening potential output. After growing by 1.7 per cent between 2002 and 2006, potential output will be slowed by demographic factors to average growth of 1.1 per cent annually over the remainder of the forecast period.

The baby boomers will be retiring just as work winds down on the major resource projects.

The "output gap" is the difference between potential output and actual GDP. Prior to 1997, as Newfoundland and Labrador's economy consistently performed under potential, a sizeable output gap resulted. Thanks in large part to Hibernia oil production and construction relating to the Terra Nova offshore oil project, the province's economy grew much faster than potential over the period 1997 to 2000. From 2002 to 2007, oil, hydro, and mining development should keep growth above trend for the most part (see Chart 2). This will not result in excessive inflationary pressure, however, as the growth will be offsetting the accumulated output gap. Although demographic and productivity trends will yield low potential output over the last decade of the forecast, the province is expected to perform slightly below potential as production winds down at some oil fields.

AGGREGATE DEMAND

CONSUMPTION

Demographic trends will affect nominal consumer spending in two important ways. First, the shrinking population will slow consumption growth considerably over the long term. From a peak rate of 5.4 per cent in 2001, growth will decelerate to 2.8 per cent by 2020. Growth in current-dollar consumer spending will average 3.1 per cent compounded annually over the forecast period. Second, the shift in age structure toward an

Chart 2
Actual Versus Potential GDP Growth
(percentage change)
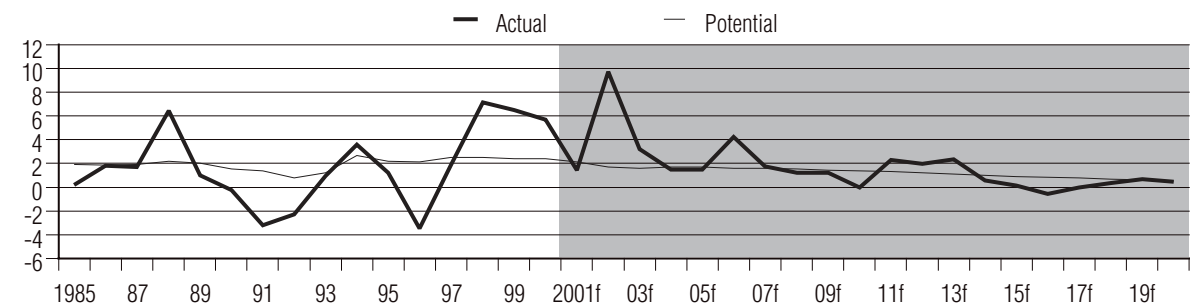
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

older population will see more consumption of services at the expense of goods. As individuals age, they tend to purchase fewer durable goods, like cars, furniture, and appliances, and more services, especially those related to health. Reflecting this shift in spending patterns, consumption of other services (excluding rent) is expected to average 4 per cent annually from 2001 to 2020, well above the 2.8 per cent annual growth in consumption of goods. Thus, consumption of goods as a share of total consumer spending is expected to drop from 53 per cent in 2002 to 49 per cent by 2020. Housing starts will also be hit hard by the ageing of the population. The Conference Board of Canada forecasts that housing starts will fall by an average of 9 per cent compounded annually between 2001 and 2020.

EMPLOYMENT AND INCOME

With the construction of megaprojects like White Rose and Voisey's Bay, employment growth will average 1.9 per cent from 2001 to 2005, compounded annually. The winding down of construction at these large projects will mean a drop in employment growth through the last half of the forecast period. After a steady decline to 10.2 per cent, the unemployment rate in the province will increase in 2010 and 2011 and once again in 2015 as employment levels fall faster than the labour force. Thereafter, the unemployment rate will decrease—but this will be because the labour force is shrinking, not because of employment growth (see Chart 3)—reaching 8.8 per cent by 2020.

Fuelled by strong employment gains over the medium term, nominal personal disposable income will advance by an average annual compound growth rate of 3.5 per cent from 2001 to 2010. As a result of falling employment, disposable income will continue to post weak growth over the last decade of the forecast, averaging 2.8 per cent compounded annually. With the weak employment outlook during this period, labour income growth will be poor. However, given a rising number of elderly people, disposable income growth will get some support from an increase in transfer payments and pension income.

Chart 3
Unemployment Rate
(percentage)

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.
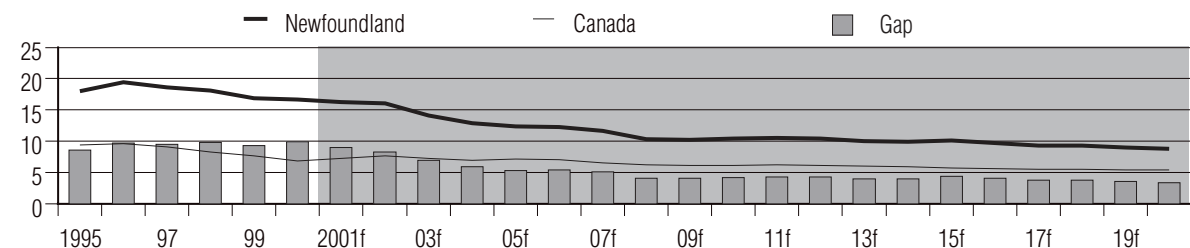
The Conference Board of Canada

INVESTMENT

The investment profile in Newfoundland and Labrador will be driven by large natural resource projects over the next decade. Offshore oil projects will continue to be a big source of investment. Although construction of the Terra Nova FPSO project is now complete, other projects will soon pick up the slack, boosting non-residential energy investment spending once again. The White Rose offshore oil project received government approval this past spring, and construction is expected to begin by the end of 2002. The Hebron offshore oil project has been delayed, but construction should begin in 2009.

The Conference Board's current investment outlook also includes development of the Gull Island hydro facility in Labrador. Construction is expected to begin in 2007 at a total cost of approximately $4 billion. Much of the interest in this site, located about 255 kilometres downstream from Churchill Falls, has focused on a partnership between the Newfoundland government and Hydro-Québec. All the electricity produced would be sold to Hydro-Québec, with recall rights given to Newfoundland and Labrador. About 8,300 construction jobs are expected at the 2,000 megawatt generating station and rockfill dam.

The oft-delayed Voisey's Bay project was finally approved, and construction has begun. This project will provide a big boost to non-residential non-energy investment spending in the near term. Total nominal non-residential investment spending is expected to grow by an average annual compound rate of 5.8 per cent between 2002 and 2007. With few new large projects

on the horizon after 2007, investment spending will fall off. In the final 10 years of the forecast, non-residential investment is expected to drop by an average annual compound rate of 0.9 per cent.

GOVERNMENT

Early pressure on provincial government spending will come from public sector wages, which will increase by 15 per cent from 2001 to 2003. In the long term, falling employment and population will seriously limit provincial government revenues. Royalties from development of the province's natural resources will offer some offset, but federal clawbacks will mute their net impact on the province's bottom line. At the same time, the rising number of elderly people will require more spending on health care. Some of this pressure on government spending will be offset by the reduced needs of a declining population. Over the 2001–20 period, nominal government spending on goods and services will average 2.9 per cent, compounded annually.

INDUSTRY ANALYSIS

On the strength of the province's mining industry, the goods sector is expected to grow by an average annual compound rate of 2.2 per cent from 2001 to 2020. Mineral fuels and metal mining will provide the lion's share of stimulus to total mining output, which will expand by an average annual compound rate of 3.2 per cent over the entire forecast horizon. However, most of the mineral fuel growth will occur between 2002 and 2006, when total mining growth will average 14 per cent, compounded annually (see Chart 4).

Chart 4
Real Mining Output
(average annual compound growth rate)
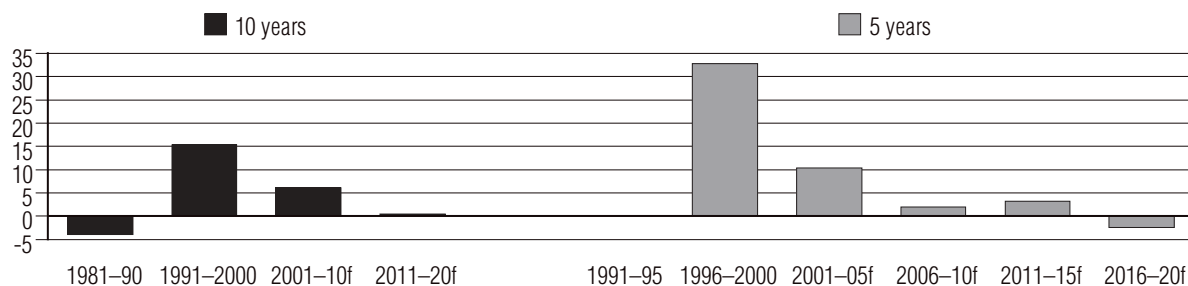
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Oil from Hibernia helped the province's economy experience phenomenal growth from the start of production in late 1997 through 2000. Although offshore oil development failed to make much headway in 2001, mineral fuel expansion grew by leaps and bounds in 2002. This will continue in 2003: Hibernia has successfully overcome production problems and Terra Nova recently obtained approval to increase production from 100,600 to 150,000 barrels per day. Construction will also start by the end of 2002 on the White Rose FPSO vessel, which will extract oil from offshore. With first oil expected in 2005, this project will help maintain mineral fuel growth through the medium term. However, the depletion of reserves by 2015 will cause some operations to wind down. Thus, mineral fuel output will fall over the last decade of the forecast.

Over the long term, falling population will constrain growth in the services sector.

Total real mining output will be boosted by production at the Voisey's Bay nickel–copper–cobalt deposit. Inco Ltd. and the provincial government finally came to an agreement on the details of the project in 2002. Some initial construction began in the fourth quarter of the year, and production is expected to begin in 2004. Fuelled by this project and strong international demand, real metal mining output is forecast to grow by an annual average of 3.7 per cent from 2001 to 2020.

Newfoundland and Labrador's fishing industry has rebounded since the collapse of the cod fishery in the early 1990s. The recovery has been bolstered by the diversification of the industry into shellfish species, specifically crab and shrimp. The cod industry, however, may receive another damaging blow, as Ottawa is considering closing the entire cod fishery around the province in 2003. This could affect some 4,000 Atlantic fishermen, about 900 of whom depend heavily on the cod fishery. The fishing industry is expected to expand overall at an annual compound rate of 3.3 per cent between 2002 and 2006. There is considerable downward risk to this forecast, as the possible closure of the cod fishery was announced after the long-term forecast was complete.

Over the long term, falling population will constrain growth in the services sector to an average annual compound rate of 1.4 per cent. Natural resource production will be the principal driver behind wholesale trade growth, which is expected to average 2.4 per cent per year from 2001 to 2010 before slowing to an annual compound pace of 0.9 per cent in the last decade of the forecast. Manufacturing and telecommunications activity will fuel real transportation, warehousing, and information growth of 1.6 per cent between 2001 and 2020, compounded annually. As the baby boomers retire in greater numbers during the second half of the forecast, public administration spending will rise in step with demand for non-commercial services, including health care and social services. However, growth in non-commercial services output will be somewhat tempered by a shrinking population. In all, non-commercial services will grow by an average of 1.7 per cent between 2001 and 2020.

Prince Edward Island

OVERVIEW

Prince Edward Island will experience favourable long-term growth, mainly as a result of positive demographics. Real gross domestic product (GDP) growth is expected to average 2.3 per cent, compounded annually, from 2001 to 2020 (see Chart 1). The growth will be driven by the good performance of the province's food processing, aerospace, and tourism industries.

Population growth will profit from positive inter-provincial in-migration, reinforcing the province's image as a retirement haven. Prince Edward Island will post the highest average population growth rate of all the Atlantic provinces, a demographic trend that will help sustain consumption growth in the long term. Growth in services spending will be particularly strong, as an ageing population tends to purchase relatively more services, such as health care and travel.

In-migration will bolster population growth.

DEMOGRAPHIC PATTERNS

The Island's population will rise from 139,700 in 2002 to 162,000 in 2020, for an average annual compound growth rate of 0.8 per cent. Provincial population growth will increase especially after 2010, as baby boomers across Canada begin to retire. Migrants retiring to the Island will boost the average total population growth rate to 1 per cent during the last decade of the forecast. Interprovincial in-migration will rise over the forecast period, from 43 people in 2002 to 277 people in 2020. This demographic trend will have a positive effect on consumer spending over the forecast period, particularly in services. In addition, the over-55 age group will become increasingly important (see Exhibit 1). The number of people in this age group will grow by 55.8 per cent over the forecast period, while the number of people under 55 will rise by only 3.6 per cent. This

Chart 1
Real GDP at Basic Prices
(average annual compound growth rate)
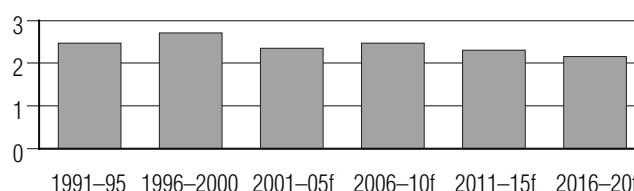
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

demographic shift will have a significant impact on the pattern of consumer spending and will affect the employment prospects of younger cohorts.

The strong demographic trends of the province's younger age cohorts will also boost population growth. Good employment prospects, quality of life considerations, and a high degree of interest in raising families should result in low out-migration among younger people. However, Prince Edward Island's fertility rate of 1.58 children per woman, which is well below the replacement rate of 2.1, will hurt population growth in the long run.

As the average age of the population rises, employment and labour force growth will be below total population growth. The province can boast one of the highest participation rates in the country, at 68 per cent. However, it is expected to decline to 65 per cent in 2020 as retirees move to the Island. The labour force is forecast to grow by 0.8 per cent compounded annually, rising from 76,400 in 2002 to 86,700 in 2020.

POTENTIAL OUTPUT AND PRODUCTIVITY

Potential output is a measure of the economic activity that can be sustained in an economy over a long period of time if all factors of production are fully and efficiently employed. Since this concept cannot be observed, it must be estimated. In simple terms, the available labour supply and the output that each worker can produce determine

Exhibit 1
Prince Edward Island's Population Dynamics
(number of persons by age)
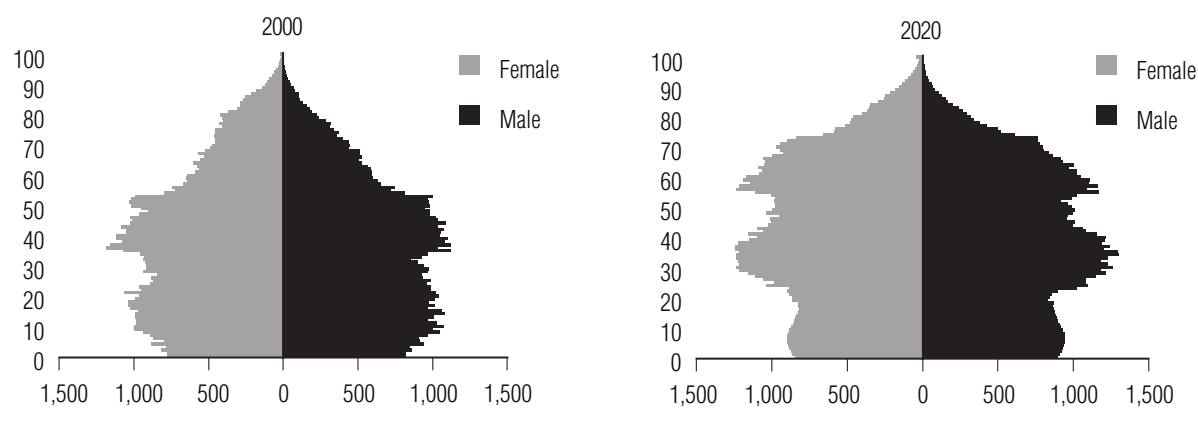
2000

Female
Male

100
90
80
70
60
50
40
30
20
10
0

1,500 1,000 500 0 500 1,000 1,500

2020

Female
Male

100
90
80
70
60
50
40
30
20
10
0

1,500 1,000 500 0 500 1,000 1,500

Share of Age 65 and Over
(as a percentage of total population)

Prince Edward Island   Canada

20
18
16
14
12
10

2001 02f 03f 04f 05f 06f 07f 08f 09f 10f 11f 12f 13f 14f 15f 16f 17f 18f 19f 20f
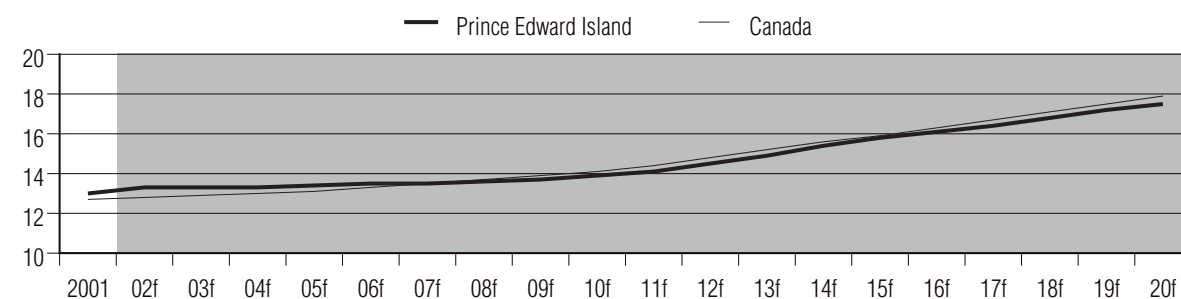
f = forecast
Sources: The Conference Board of Canada; Statistics Canada

what an economy can potentially produce. Therefore, potential output is driven by the underlying sustainable growth rate of the labour force and labour productivity growth. However, in practice, both labour force growth and productivity are highly cyclical. In order to determine the underlying sustainable pace of growth, it is necessary to estimate trend labour force growth and trend labour productivity growth. The sum of these two components provides an approximation of potential output.

The single main source of efficiency gains will be investment in food-processing equipment by the manufacturing industry.

As a result of higher education and technological progress, labour productivity is expected to rise significantly during the forecast period to average about 1.4 per cent growth per year after 2010. The growth of the labour force, along with rising productivity, will generate aver-

age annual potential output growth of 2.6 per cent from 2001 to 2005 (see Chart 2). The single main source of efficiency gains will be investment in food-processing equipment by the manufacturing industry. Investment in machinery and equipment, which will grow by 3.2 per cent annually between 2002 and 2006, is an indicator of this trend. Between 2006 and 2020, as the baby boomers gradually retire, potential output growth will slow to 2.3 per cent, just under the national average, but will still lead the Atlantic provinces. Actual real GDP growth will be near potential output growth over most of the long-term forecast.

AGGREGATE DEMAND

CONSUMPTION

Because the strongest population growth in the Atlantic provinces will take place on Prince Edward Island, so will the strongest consumer spending growth. Nominal consumer spending is forecast to grow by a compound annual average of 4.1 per cent over the

The Conference Board of Canada

Chart 2
Actual Versus Potential GDP Growth
(percentage change)

Actual — — Potential

(Chart with y-axis from -1 to 6, x-axis from 1996 to 20f)
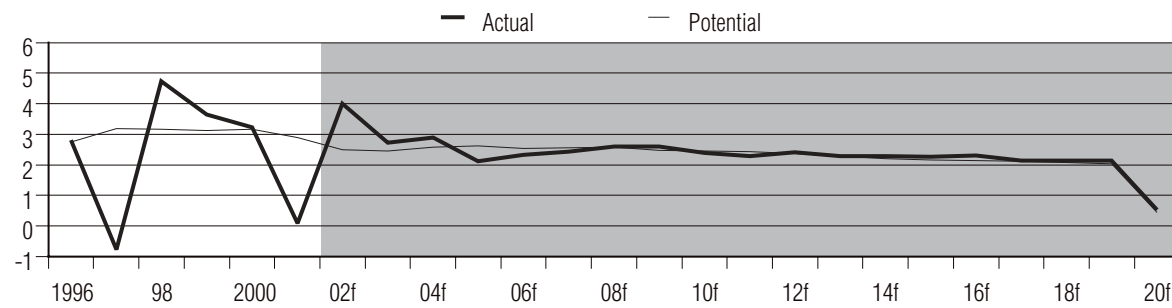
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

forecast horizon. Increased competition from the main-land and reduced transportation costs thanks to the Confederation Bridge will help keep consumer prices on a par with those in the other Maritime provinces, especially for retail goods. Over the last 10 years of the forecast, the rising share of older persons in the population will result in a change in the structure of consumer spending. Older persons tend to purchase relatively more services, such as health care and travel, and fewer durable goods. From 2011 to 2020, nominal spending on goods will grow by an average annual compound growth rate of 3.5 per cent, while spending on services other than rent will grow by 5.1 per cent annually. As a result, the share of goods in total con-sumer spending will drop from 50 per cent in 2002 to 47 per cent in 2020.

EMPLOYMENT AND INCOME

As the average age of the population rises, total population growth will outpace employment and labour force growth. Prince Edward Island currently has one of

the country's highest participation rates, at 68 per cent. However, as retirees move to the Island, the participa-tion rate will decline to 65 per cent.

With a 1 per cent average growth rate during the forecast period, total employment is expected to rise from 66,900 in 2001 to 79,400 in 2020. The labour force will grow by 0.5 per cent compounded annually, rising from 76,400 in 2001 to 86,700 in 2020. A large share of employment growth is expected to come from the food-processing industry and services for the elderly. Overall, the unemployment rate is forecast to fall from 12.4 per cent in 2002 to 8.4 per cent in 2020 (see Chart 3).

Two important factors are expected to boost per-sonal income growth over the forecast horizon. During periods characterized by strong productivity gains, wage gains tend to be high. Wages and salaries will gain strength on the Island as a result of productivity improvements predicted over the forecast period. As well, with population ageing, non-salary income, such

Chart 3
Unemployment Rate
(percentage)

Prince Edward Island — — Canada ▢ Gap

(Chart with y-axis from 0 to 20, x-axis from 1996 to 20f)
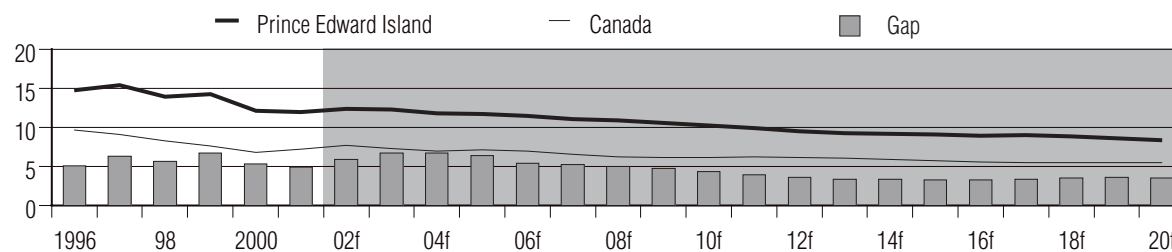
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

as pension payments, will rise over the final years of the forecast. As a result, despite weak employment growth, annual disposable income should grow by 4.1 per cent.

INVESTMENT

Total nominal investment spending on Prince Edward Island is expected to be strong between 2001 and 2020, with an average annual compound growth rate of 4 per cent. Growth in food processing, high-tech manufacturing, and the tourism industry are expected to help non-residential investment expand by 5.1 per cent annually over the forecast period.

Through the forecast period, housing starts will rise by an annual average of 0.6 per cent.

Housing starts will rise from 2008 to 2015 as migration from other provinces rises to its maximum level. With the slowing of in-migration, housing starts will then fall over the rest of the forecast period. Overall, through the forecast period, housing starts will rise by an annual average of 0.6 per cent.

GOVERNMENT

After budget austerity and spending cuts in the mid 1990s, government spending growth is expected to be solid as government finances are restored to health. Prince Edward Island has a good chance to keep its status as the least-taxed Atlantic province over the forecast period. While its neighbours face a stagnant or even declining population, positive demographics may relieve some pressure on the government. This said,

population ageing will be costly. The rising number of retirees will require old age security payments and increased expenditures on health care. The growing demand for health care will put upward pressure on budget spending in the long term. As a result, nominal spending on government goods and services will grow by 4.2 per cent annually between 2001 and 2020.

INDUSTRY ANALYSIS

Manufacturing output is expected to grow by 3.1 per cent per year on average between 2001 and 2020. This growth will be driven primarily by the food-processing industry—and by the aerospace industry, when it recovers from its current downturn (see Chart 4). The strong manufacturing sector will help boost real transportation as well as equipment output. The transportation and storage industry will grow by an average of 2.1 per cent annually over the forecast period. Real agricultural output will expand by 1.5 per cent over the forecast horizon, but the agriculture industry may be restrained in the long term as farmers begin to run into arable land constraints. Processing of local agricultural products should increase in the long term.

Prince Edward Island has long been a favoured tourist destination for visitors from Canada, New England, and Japan. Over the last few years, the reduced travel time made possible by the Confederation Bridge has rapidly expanded the number of visitors. This has helped boost investment spending in the tourism industry, resulting in more accommodations, meeting spaces, and new golf courses. The province is now considered a premium golf destination and should profit from the growing popularity of this sport. Tourism growth, expected to

Chart 4
Real Manufacturing Output
(average annual compound growth rate)

■ 10 years   ■ 5 years

1981–90 1991–2000 2001–10f 2011–20f   1991–95 1996–2000 2001–05f 2006–10f 2011–15f 2016–20f
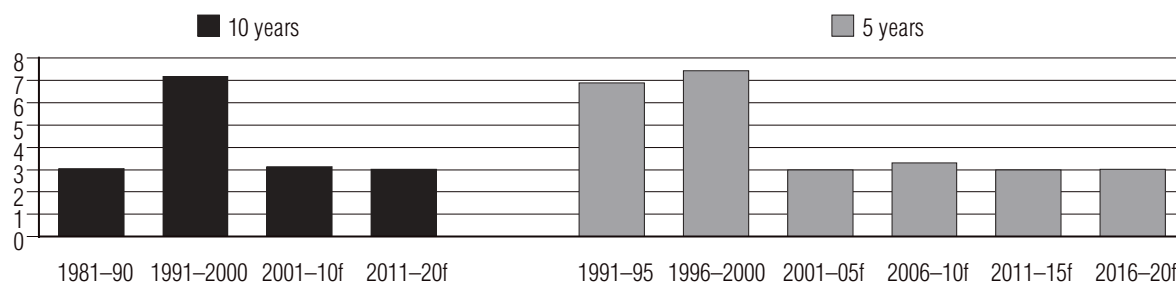
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

be solid in the long term, should help boost the commercial service sector to 2.9 per cent growth over the forecast horizon. Solid consumer spending and a strong tourism sector will help drive the retail and wholesale trade sector to 2.2 per cent growth annually.

As baby boomers across Canada retire, Prince Edward Island will see a rise in net interprovincial migration and tourism.

As baby boomers across Canada retire, Prince Edward Island will see a rise in net interprovincial migration and tourism. This will shift the composition of consumption from goods to services. Leisure services will gain the most from this shift, as the baby-boomer retirees are expected to be healthier and wealthier than previous generations of retirees. With an increased share of older persons in the population, services related to health care will also increase significantly. The output of non-commercial services, including health care, will expand by 2.2 per cent annually. Overall, the service sector will expand by 2.3 per cent per year on average between 2001 and 2020.

Nova Scotia

OVERVIEW

The Nova Scotia economy is anticipated to advance by an average of 2 per cent annually between 2002 and 2020, ranking it seventh among the 10 provinces. Apart from manufacturing and offshore mining-related activities, growth is expected to soften in most parts of the provincial economy during the forecast period. Mining will be the fastest growing sector of the provincial economy, with growth in the production of mineral fuels and services incidental to mining exceeding the national average. The second phase of the Sable Offshore Energy Project (SOEP) is under way, and the $1.8 billion Deep Panuke gas project is expected to take off in 2004. Moreover, the provincial economy could benefit from over $1.45 billion in commitments in exploratory licences off the coast of Nova Scotia between now and 2007.

Mining will be the fastest growing segment of the Nova Scotia economy between 2002 and 2020.

Nova Scotia will face a number of fundamental demographic challenges over the forecast period. First, there will be a gradual increase in the average age of the population as the baby boomers inch closer to retirement. The ageing of the baby boomers will put enormous strain on the province's health care sector as it requires more government spending for facilities and services. The ageing of the population will also result in a compositional shift in consumer spending as people buy fewer durable goods and consume more services. Second, low fertility rates and negative interprovincial migration will slow population growth in the province.

Weak demographic fundamentals are expected to dominate the population outlook, exerting a profound impact on the province's labour market and economic performance. Overall, economic growth is projected to reach an average of 2.6 per cent in the 2002–05 period and to decelerate to 2.1 per cent between 2006 and 2010. The consequences of demographic change will add to the slowing of the economy in the last decade of the forecast. Growth in real gross domestic product (GDP) is expected to average 1.8 per cent between 2011 and 2015 and 1.6 per cent between 2016 and 2020 (see Chart 1).

DEMOGRAPHIC PATTERNS

The most prominent demographic trend in Nova Scotia throughout the forecast will be the slowdown in population growth. The provincial population, currently 944,765, is forecast to grow by an average of 0.27 per cent between now and 2010, slowing to growth of 0.22 per cent between 2011 and 2015 and 0.16 per cent between 2016 and 2020. The number of people calling Nova Scotia their home will reach 984,853 in 2020, representing an increase of 40,088 people.

The slowdown in the rate of population growth will be driven by weakness in most of the key drivers of population increase. Population growth is determined by natural increase (the difference between births and deaths), net interprovincial migration (the difference between people arriving from other provinces and those leaving for other parts of Canada), and net international migration (the difference between people immigrating into Nova Scotia and those moving overseas from the province).

Chart 1
Real GDP at Basic Prices
(average annual compound growth rate)
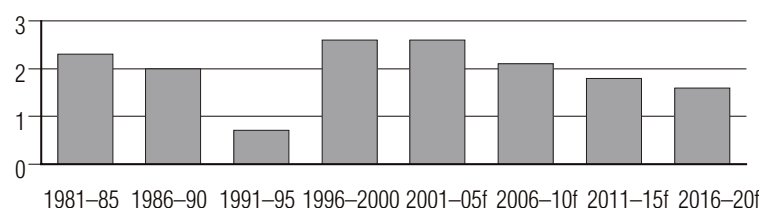
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

The natural increase in the population is expected to decelerate significantly over the 2002–08 period, actually becoming negative from 2009 onward. This decline is driven by the ageing of the baby boomers and a low fertility rate. As the baby boomers progress into their senior years throughout the forecast period, the proportion of the population aged 65 years and older will swell from 13.4 per cent in 2002 to 20.2 in 2020 (see Exhibit 1). Even with improved health care, this increase will be accompanied by a steady increase in deaths, which will outpace the number of births in the province over the long term.

Population growth will be weighed down throughout the forecast by the steady outflow of Nova Scotians to other parts of Canada.

While this process unfolds, the percentage of women in their prime child-bearing years (aged 15 to 33) will decrease from 28 per cent in 2002 to 24 per cent in 2020. In addition, the fertility rate will plateau at 1.43, well below the replacement rate of 2.1. These factors together will be responsible for a steady decline in the number of births in the province throughout the forecast period.

Population growth will be weighed down further throughout the forecast by the steady outflow of Nova Scotians to other parts of Canada. The province will continue to be a net loser on the interprovincial migration front (see Chart 2). Between now and 2020, the province is projected to lose 11,678 persons more than will migrate from other parts of Canada—an average of 615 persons annually. Because many of the Nova Scotians migrating to other parts of Canada will be in the younger age cohorts, the dependency ratio (the ratio of the non-working population to the working population) will rise. This will strain the provincial labour market.

Exhibit 1
Nova Scotia's Population Dynamics
(number of persons by age)
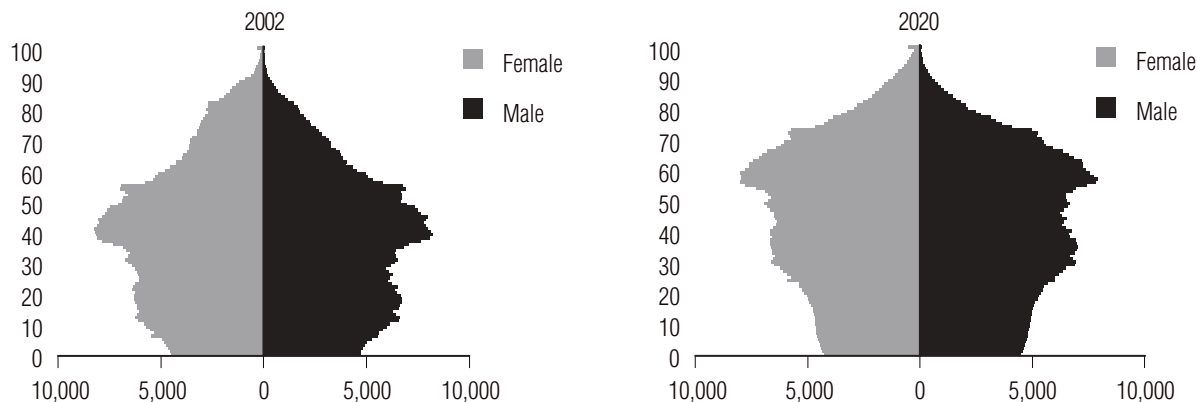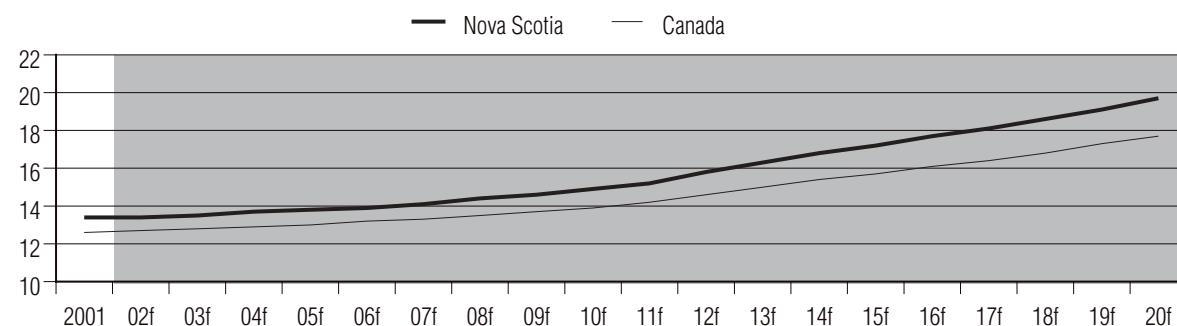
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Chart 2
Migration Profile
(percentage change)

■ Net interprovincial migration ▢ Total net migration
▢ Net international migration
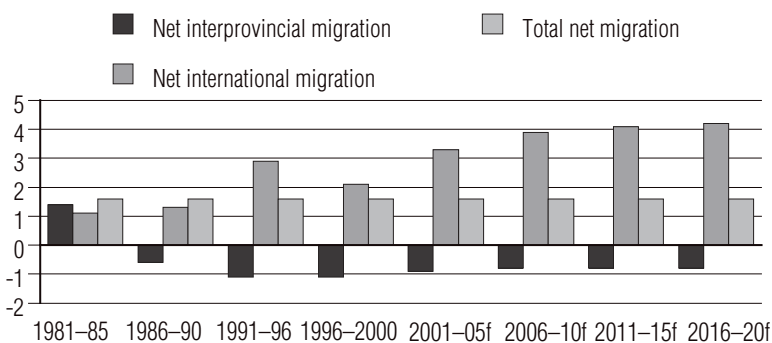
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Notwithstanding the weakness in the natural increase and net interprovincial migration, total population will rise slightly thanks to a positive net inflow of migrants from overseas.

LABOUR FORCE

The labour force, the product of the source population (the population aged 15 and over) and the participation rate, is expected to grow more slowly over the forecast horizon. Growth in the source population is expected to decelerate from an annual average of 0.7 per cent between now and 2010 to 0.4 per cent between 2011 and 2015. It will slow further to 0.2 per cent during the last five years of the forecast. On the other hand, the female participation rate is expected to rise through the medium term, pushing the overall participation rate to a peak of 63.3 per cent by 2009. This relatively strong increase in the participation rate will push growth in the labour force ahead of the source population between 2002 and 2012. However, the growth in the labour force is expected to weaken after 2010 when both the participation rate and growth in the source population decline. Thus the labour force is projected to increase by an average of 0.8 per cent per year between 2002 and 2010 and by only 0.1 per cent per year between 2011 and 2015. The labour force will then begin to decline, falling by an average of 0.3 per cent between 2016 and 2020 as the participation rate retreats to its 1998 level of around 60.8 per cent.

POTENTIAL OUTPUT AND PRODUCTIVITY

This long-term forecast is guided by the concept of potential output, which is a measure of the highest level of economic activity that can be sustained over a period of time if all inputs of production are fully and efficiently utilized. Potential output is estimated as the sum of trend labour force growth and trend labour productivity. In practice, both labour force growth and labour productivity are highly cyclical. To ensure that the estimate of potential output is free from these cyclical variations, the trend values associated with the labour force and labour productivity are employed.

With the ageing of the baby boomers and negative interprovincial migration, trend growth in the labour force is expected to weaken over the forecast horizon, decreasing from 0.8 per cent in 2002 to 0.3 per cent in 2020. This will place considerable limits on potential output growth in the province. With declining trend growth in the labour force, the future of the Nova Scotia economy will depend heavily on trend productivity gains. Human capital development will therefore become extremely important over the forecast horizon.

With the ageing of the baby boomers and negative interprovincial migration, trend growth in the labour force is expected to weaken.

Labour productivity growth is expected to trend upward between 2002 and 2020, thanks to advances in innovation in capital equipment and large investments in education and training. Trend productivity growth is projected to average 1.1 per cent between 2002 and 2010. We expect spending on education and innovation to boost labour productivity to 1.3 per cent between 2011 and 2015 and to 1.4 per cent between 2016 and 2020. The weakening trend labour force growth will dominate potential output growth, causing it to decelerate throughout the forecast. Thus, after averaging an annual rate of 2.1 per cent during the 2002–10 period, potential output growth will slow to 1.8 per cent between 2011 and 2015, with further deceleration to 1.5 per cent during the last five years of the forecast (see Chart 3).

Chart 3
Actual Versus Potential GDP Growth
(percentage change)
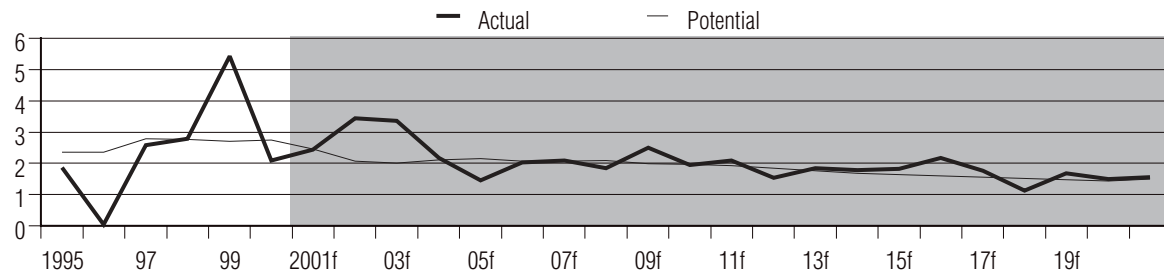
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

EMPLOYMENT AND INCOME

In line with the expected slowdown in economic activities, employment growth will ease over the course of the forecast. It will advance by an average of 1 per cent for the next four years, but the pace will slow markedly over the next 15 years, particularly after 2010. Growth in employment is projected to ease to an average of 0.8 per cent between 2006 and 2010 and then to slow further to 0.3 per cent between 2011 and 2015. Growth in employment will actually be near zero during the last five years of the forecast.

Reflecting the moderate employment gains in the medium term, Nova Scotia's unemployment rate is expected to fall to 8.7 per cent by 2009, representing a 1 percentage point decrease from its 2001 level. The rate will also decline between 2009 and 2010, when increases in the labour force and employment offset each other. The unemployment rate is expected to fall from

2012 until the end of the forecast, reaching 6.3 per cent in 2020, its lowest level since 1995 but still 0.8 per cent higher than the national average.

The declining unemployment rate, a sign of a tighter labour market, and productivity gains expected over the forecast period will boost wages and salaries in the province (see Chart 4). Growth in wages and salaries per employee is forecast to average 2.7 per cent per year between 2002 and 2010, 2.8 per cent between 2011 and 2015, and 3 per cent during the last five years of the forecast. As the forecast progresses, transfers to the baby boomers will also kick in. Thus, growth in personal disposable income is likely to be bolstered by increases in wages and salaries and transfer payments to seniors. Accounting for inflation, average annual growth of real personal disposable income is expected to be 1.8 per cent between 2002 and 2010 before edging down slightly to 1.6 per cent for the rest of the forecast period.

Chart 4
Tightening Labour Market
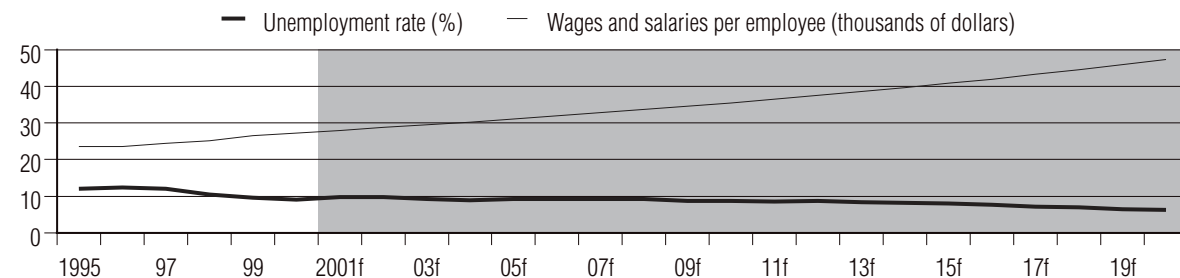
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

AGGREGATE DEMAND

The changing structure of Nova Scotia's population is expected to influence consumer spending over the next 19 years. Total growth in consumer spending is expected to ease, and a change in expenditure patterns is also expected as the population ages. As the baby boomers enter their pre-retirement years, growth in consumer spending for services will outstrip that for goods. Following the growth pattern of personal disposable income, real total consumer spending is expected to advance by an average of 2.2 per cent per year in the first nine years of the forecast before slowing down to an average of 1.6 per cent between 2011 and 2020.

Among the consequences of the population dynamics over the forecast period will be a reduction of housing starts and a decline in provincial housing markets. Sluggish population growth will not be the only cause. Further weakness in the construction sector will arise as retiring baby boomers trade their family-size homes for smaller accommodations more appropriate for retirement. Demand is expected to shift away from single dwelling units to multiple units. Furthermore, a much smaller cohort will replace the large number of people currently in their prime home-buying years. As a result of these economic and demographic factors, there will be a gradual decline in housing starts over the forecast period, from 4,517 units in 2002 to 2,317 units by the end of 2020, a 49 per cent drop, or an average of 2.9 per cent annually over the entire forecast period. Residential investment is expected to reflect the trend in housing starts, falling by an average of 0.9 per cent per annum between 2002 and 2020.

Population changes over the forecast period will result in a reduction of housing starts and a decline in provincial housing markets.

Non-residential construction investment is expected to undergo a roller coaster ride through the forecast period, with continued fluctuations in offshore exploration and drilling. Intense construction activity is expected within the next few years, as EnCana's Deep Panuke project enters construction mode. The second phase of the SOEP is also under way. These are expected to bolster growth in non-residential construction investment by an average of 17.6 per cent between 2002 and 2004. By 2005, when

Deep Panuke and SOEP enter production mode, growth in non-residential construction investment is expected to weaken considerably—falling to an average of 2.4 per cent per year for the last decade of the forecast.

The provincial debt is expected to limit government spending growth in the medium term. The government has managed to eliminate the provincial deficit, posting a slight surplus of $2.3 million in the 2002–03 budget. With the deficit gone, the government will focus on reducing its $11.6 billion debt. Fiscal discipline will therefore reduce the contribution of government spending to the growth of the economy. Growth in government spending on goods and services in real terms will average 1.8 per cent annually between 2004 and 2007. Then, as the deficit is brought under control, health care and education demands are expected to boost government spending. This is because, with the baby boomers in their senior years, there will be more demand for health care services. Total government spending (in real terms) is expected to advance by an annual average growth rate of 2.2 per cent between 2008 and 2020.

As the deficit is brought under control, health care and education demands are expected to boost government spending.

INDUSTRY ANALYSIS

The strongest sectors in the economy over the forecast period will be mining—particularly mineral fuels and services incidental to mining—and manufacturing. Approximately 500 million cubic feet of gas per day is expected to flow from SOEP's six natural gas fields. In addition, EnCana is expected to pump about 400 million cubic feet of gas per day from its Deep Panuke gas field. This will lead to an expansion of the Maritimes and Northeast Pipeline to carry the gas to the United States. There could be more gas shipment projects to come. It is speculated that El Paso Corporation of Houston will invest over $2 billion to build a sub-sea pipeline to carry gas to New York and New Jersey. The provincial economy could benefit from these projects.

The fabricated metal industry will also benefit from these offshore engineering projects, providing design and fabricated work for the gas companies. The Michelin tire plants and the Tesma auto parts plants will continue

to shore up growth in the province's manufacturing sector. In the long term, wind turbines may be manufactured in Amherst by Renewable Energy Services in support of activities to implement the Kyoto Protocol. On average, real growth in manufacturing output is projected to reach 3.5 per cent over the entire forecast period, making it the second highest performing sector of the economy.

Duties on softwood exports will limit growth in the forestry sector.

Shipments of gas and manufactured products to markets, combined with the expansion of the Port of Halifax to handle Post-Panamax ocean vessels, will boost real growth in the transportation industry to an average of 2 per cent per year throughout the forecast period.

The outlook is mixed for other industries over the forecast period. Weak housing starts, at home and south of the border, are expected to dampen growth in the forestry sector over the forecast horizon. The anti-dumping duties on softwood exports will also limit growth in the forestry sector, particularly in the first two years of the forecast. All in all, growth in forestry is projected to average 1.4 per cent annually between 2002 and 2020.

Weak income growth and demographic fundamentals are expected to limit expansion in the wholesale and retail trade sector, as well as in the finance, insurance, and real estate sectors. Overall, growth in the service-producing industries is expected to be modest, averaging 1.8 per cent between 2002 and 2020, compared to 2.7 per cent growth in the goods-producing industries.

New Brunswick

OVERVIEW

Ranking eighth among the 10 provinces, New Brunswick's real gross domestic product (GDP) is projected to grow at a relatively slow average rate of 2 per cent between 2002 and 2020. Weakness in the construction industry will limit overall economic growth over the 2008–20 period as the province grapples with the completion of megaprojects. In the medium term, however, the Conference Board of Canada expects construction in the province to be boosted by upgrades at the Canaport Irving Oil Refinery and the Coleson Cove thermal generation plant, and by the $400 million poured into construction of the Trans-Canada Highway between Fredericton and the border of Quebec. In addition, sturdy growth in manufacturing in the long term, with spin-off benefits to the transportation industry, will provide an offset to weak construction, allowing the overall economy to expand during the entire forecast period.

Weak demographic dynamics will dominate the outlook over the long term. First, the average age of the population will rise over the forecast period. As the proportion of those older than 65 increases, consumption patterns are expected to change for both government and consumers. Notably, spending on health care will have to rise to meet the changing needs of the ageing population. In addition, a rising net international inflow of migrants will be largely offset by a net interprovincial outflow of people to other parts of Canada. Finally,

New Brunswick's fertility rate, one of the lowest in the country, will be a drag on the growth of the province's population. Total population is projected to shrink every year between 2008 and 2020.

The weakening population outlook will have significant consequences for the province's labour market and overall economic growth. The Conference Board expects growth in real GDP to decelerate from an annual average of 2.3 per cent between 2002 and 2010 to 1.9 per cent for the 2011–15 period and 1.6 per cent from 2016 to 2020 (see Chart 1).

Total population is projected to shrink every year between 2008 and 2020.

DEMOGRAPHIC PATTERNS

Over the long term, demographic fundamentals are among the key factors that influence the outlook for an economy. The structure and composition of population have a significant influence on the labour force, which is a key ingredient in determining potential output. Furthermore, the demographic profile of the population strongly affects the pattern of consumer spending.

A trend with profound implications for the New Brunswick outlook over the forecast period is the weak population forecast. The population is projected to grow by an average of 0.1 per cent during 2002 and 2003, then to stall between 2004 and 2010. There will actually be a population decline between 2011 and 2020, by an average of 0.1 per cent per annum. By the end of the forecast period, the total population will stand at 748,670, 7,552 people fewer than in 2002.

This weak demographic outlook does not bode well for the overall economic health of the province. Two key assumptions underlie New Brunswick's dismal population outlook. First, the natural increase in population (that is, the excess of births over deaths) has been declining

Chart 1
Real GDP at Basic Prices
(average annual compound growth rate)
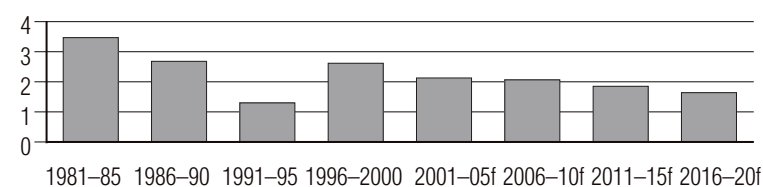
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

and will continue to do so. The decline in the natural increase is a result of the ageing of the population. As throughout Canada, the average age of the population is rising dramatically. Currently 37.8 years, the average age within the province will hit 43.6 years by the end of the forecast. With an ageing population, as the baby boomers move up the population pyramid, the proportion aged 65 and over will swell from 13 per cent in 2002 to 21 per cent in 2020. By the end of the forecast, the population pyramid will turn upside down (see Exhibit 1). The movement of the population into the older age cohorts will ultimately lead to a rise in the number of deaths, despite advances in medical care.

The province's ageing population will also constrain the number of births over the forecast period, as a smaller cohort of women will replace women currently in their prime child-bearing years (between 15 and 33 years old). Those women currently comprise 25 per cent of the total female population in New Brunswick. When, by 2020, this proportion declines to 21 per cent, the number of births in the province will drop as well. Worsening the birth problem is a low fertility rate. New Brunswick's fertility rate, 1.42, is the second lowest in the country, and far below the replacement rate of 2.1. The rising number of deaths and the declining number of births will convert the natural rate of increase into a natural rate of decrease after 2010.

Currently 37.8 years, the average age within the province will hit 43.6 by the end of the forecast.

A second major reason for expecting the population to decline in New Brunswick is the province's weak migration profile. Limited job opportunities will lead workers, especially younger people, to leave the province

Exhibit 1
New Brunswick's Population Dynamics
(number of persons by age)
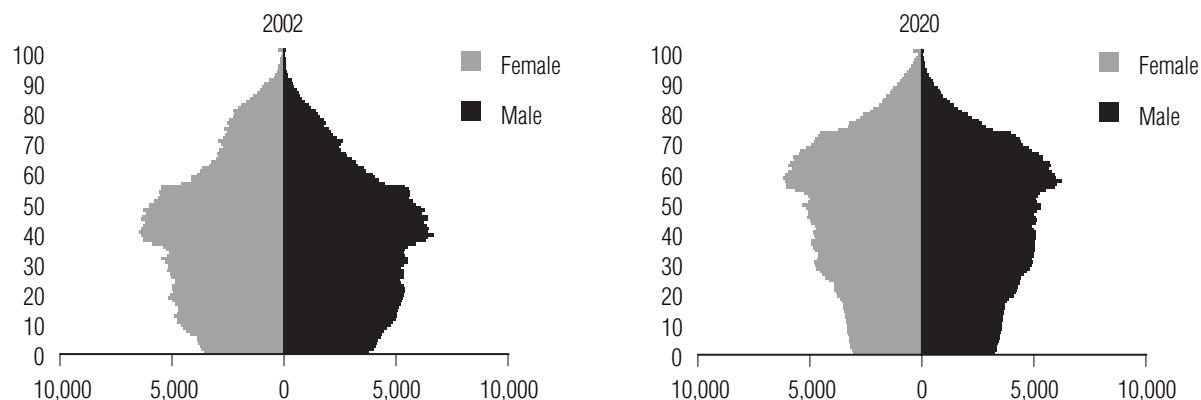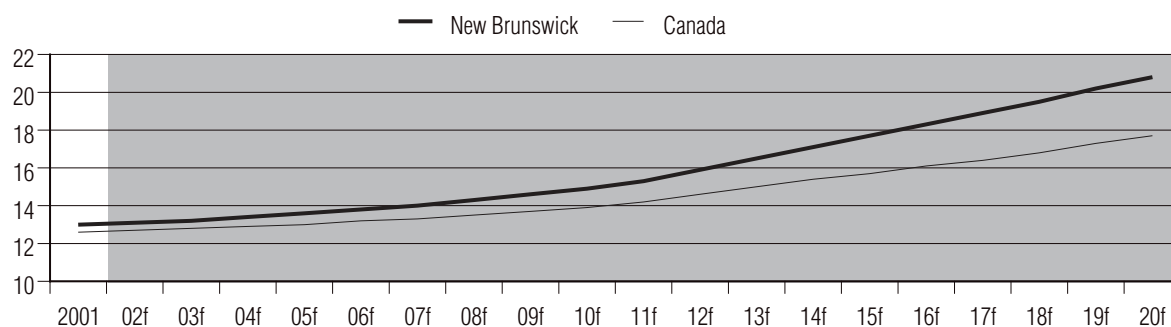
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

in search of better prospects. In the medium term, the province is expected to lose an average of 1,200 people annually in excess of those who migrate into the province from other parts of the country. This number is expected to fall to 1,100 between 2006 and 2010 and to 1,000 annually during the last decade of the forecast, as the number of young people in the province declines (see Chart 2).

LABOUR FORCE

New Brunswick's shrinking population will have a dramatic impact on the province's labour market. A steady exodus, especially of younger people, and the province's low fertility rate will limit growth in the source population. It is expected to decelerate from 2007 onward and to turn negative during the last four years of the forecast. On the other hand, an increase in the female participation rate will gradually increase the overall participation rate to a peak of 64.3 per cent in 2012.

As the participation rate and the source population increase during the medium term, so will the labour force, which will expand by an average of 0.9 per cent per annum between 2002 and 2007. However, a steady deceleration in the growth of the source population afterward will outweigh increases in the participation rate, slowing growth in the labour force to an annual average of 0.3 per cent between 2008 and 2014.

In the 2015–20 period, both the source population and the participation rate will be limited, as increasing female participation comes to an end and the population

above age 65 increases. The overall participation rate will trend down to 63.5 per cent by 2020, 2.4 per cent below the national average, and the source population is expected to post essentially no growth between 2015 and 2020. The sum of these forces will cause the labour force to decline by 0.2 per cent per year during the last six years of the forecast.

New Brunswick's shrinking population will have a dramatic impact on the province's labour market.

POTENTIAL OUTPUT AND PRODUCTIVITY

Potential output is a measure of the economic activity that can be sustained over a long period of time if all production inputs are efficiently utilized. In practice, this concept cannot be observed and must be estimated. The estimation of potential output is based on the underlying growth rate of the labour force and labour productivity (that is, output per worker). Because of the cyclical nature of both the labour force and labour productivity, trend values for labour force growth and labour productivity growth are used to calculate an estimate of potential output.

The Conference Board expects labour productivity to trend upward as the competitive global market environment leads to advances in innovations in capital equipment and machinery over the forecast horizon. These advances will come alongside major investments in human capital development. The resulting increase in the level of training and development will boost labour productivity growth from an average of 1.3 per cent between 2002 and 2010 to 1.6 per cent between 2011 and 2020. Unlike labour productivity, trend labour force growth is projected to weaken steadily, from 0.8 per cent in 2002 to 0.3 per cent in 2020. Inhibited by slower growth of the labour force, growth in potential output is also expected to fall steadily, from 2.3 per cent in 2002 to 1.7 per cent in 2020 (see Chart 3).

In the medium term, the Conference Board expects actual output to remain within about 1 per cent of potential output, depending on the profile of major construction projects. After 2007, the growth of the economy is assumed to be close to its potential growth rate.

Chart 2
Population Growth
(percentage change)

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.
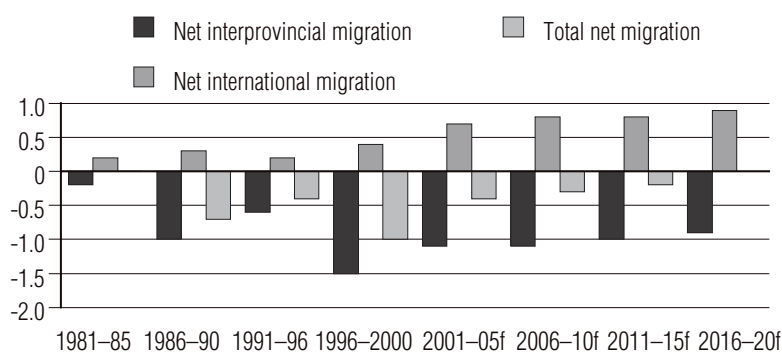
The Conference Board of Canada

Chart 3
Actual Versus Potential GDP Growth
(percentage change)
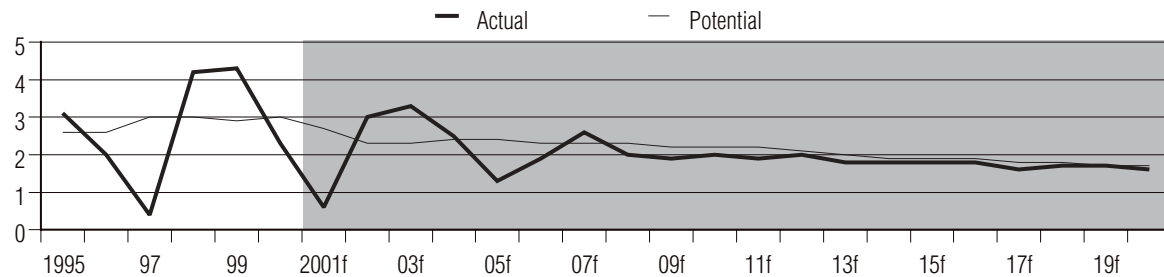
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

EMPLOYMENT AND INCOME

Reflecting the sobering outlook for population and the labour force, the job market will present challenges to New Brunswickers. Only Newfoundland and Labrador, and Saskatchewan will have less job creation during the last decade of the forecast. Following average gains of 1.5 per cent between 2002 and 2005, growth in employment will slow to an average of 0.7 per cent between 2006 and 2010. Prospects for jobs are expected to worsen as growth in employment eases further to 0.3 per cent between 2011 and 2015. Over the last five years of the forecast, gains on the job market will grind to a halt.

The slowdown in employment gains will not increase the proportion of unemployed in the province, however. Subdued job prospects will cause youth to migrate to other parts of Canada, weakening labour force growth. The unemployment rate will decline throughout the medium term, resting at 8.9 per cent in 2009. It will then edge up slightly, peaking at 9.1 per cent in 2011, before heading down for the rest of the forecast. By the end of the forecast, the unemployment rate will be 7.2 per cent, third highest in the country (see Chart 4).

Even with sluggish employment, growth in personal disposable income is expected to be steady.

In spite of the sluggish employment outlook, growth in personal disposable income is expected to be steady over the forecast period. Two key factors underlie this assumption. First, increased productivity and tight labour markets are expected to lead to solid wage increases in the province. Growth in wages and salaries per employee is forecast to increase from an average of 2.5 per cent per year between 2002 and 2010 to an average of 3.1 per cent during the last decade of the forecast. A second factor boosting personal disposable income is the contribution of transfer payments, which are projected to increase toward the end of the forecast as the baby boomers retire.

Chart 4
Unemployment Rate
(percentage)
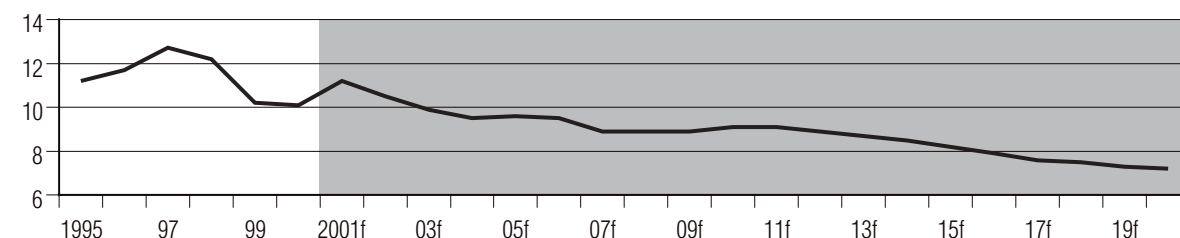
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

AGGREGATE DEMAND

The changing demographic profile will have a profound impact on government and consumer spending in New Brunswick over the forecast horizon. Nominal consumer spending is projected to grow by an average of 3.9 per cent between 2002 and 2010 before cooling off to 3.5 per cent during the last decade of the forecast. As the forecast progresses, the underlying demographic structure of the province will shift consumer expenditure patterns. The retiring baby boomers will consume more services, such as health care and travel, and fewer durable goods. Between 2005 and 2015, the annual consumption of goods will grow by an average of 1 per cent more slowly than consumption of services; this gap will double between 2016 and 2020.

Investment in residential construction is expected to fall by an average of 3.1 per cent annually.

Housing starts are projected to decline throughout the forecast, partly because of the exodus of younger people but also because a smaller age cohort will replace the baby boomers. Housing starts, currently 3,050 units, will plummet to 987 units by 2020, less than a third of the 2002 level. Reflecting the decline in the housing starts, investment in residential construction is expected to fall by an average of 3.1 per cent per annum throughout the entire forecast.

On the other hand, non-residential construction investment activity will be brisk. Currently under way is the $750 million investment to convert the Coleson Cove thermal generation plant from oil to orimulsion. Two major investment projects are expected in 2003: the upgrade by Irving Oil of its Canaport terminal at a cost of $500 million, and construction by the provincial and federal governments of the Trans-Canada Highway between Fredericton and the Quebec border, at a cost of $400 million. These projects are expected to lift growth in non-residential investment by an average of 23.4 per cent per annum between 2002 and 2004; growth will then cool off to an average of 3.5 per cent between 2005 and 2020.

In the medium term, moderate spending by the government is expected as it strives to remain out of deficit. Government spending growth is projected to fall from 6.5 per cent in 2002 to 2.4 per cent by 2007. However, the need for human capital development to boost productivity and the rising needs of the ageing population will increase government spending growth to an average of 3.5 per cent over the 2008–20 period.

INDUSTRY ANALYSIS

The province's forestry sector was hurt by the expiration of the softwood lumber agreement in March 2001. Anti-dumping duties of 8.4 per cent followed; these, along with weak commodity prices, have hampered growth in New Brunswick's forestry sector. Progress toward a solution to the softwood lumber dispute has been slow, but the Conference Board's medium-term outlook calls for some sort of agreement by the fall of 2003. We expect the forestry sector to advance by an average of 1.5 per cent between 2002 and 2005 and by 1.9 per cent between 2006 and 2010.

The sector's outlook in the long term will be dominated by sustainability concerns. Debate continues over logging practices and conservation issues, and we believe that the current rate of harvest is not sustainable in light of the minimum 40-year rotation period required for a commercially viable harvest. There will have to be reductions to the annual allowable cut over the last decade of the forecast for a sustainable harvest. Forestry output growth is thus projected to slow from an average of 1.1 per cent between 2010 and 2015 to only 0.3 per cent during the last five years of the forecast.

In the medium term, moderate spending by the government is expected as it strives to remain out of deficit.

In contrast, the manufacturing sector will continue to support growth in the provincial economy. Expected increases in the refining of petroleum products will help boost growth in manufacturing output to an average of 3.5 per cent between 2002 and 2010 and 3.2 per cent between 2011 and 2020. The mining sector, however, will undergo significant adjustment after the Brunswick Mine closes down in 2008. The closure will have dire

consequences for Brunswick Smelting, which gets more than half of its feedstock from Brunswick Mine. Lower zinc prices have also put operations at the Caribou Mine on hold until prices bounce back. Mining output growth is projected to average 2.7 per cent over the entire forecast period.

Expected increases in exports of manufactured goods, particularly petroleum products, will yield average annual growth of 2.2 per cent in the transportation sector between 2002 and 2020. On the other hand, growth will be slow in most of the service-producing sectors. The dwindling population is expected to limit growth in the wholesale and retail trade sector. Finance and real estate will also suffer as the housing market crumbles. On the whole, the service-producing industries are expected to advance by an average of 1.8 per cent between 2002 and 2020, compared to 2.5 per cent for the goods-producing industries.

Quebec

OVERVIEW

Quebec's real gross domestic product (GDP) at market prices is expected to progress at a moderate 2.4 per cent compound annual rate from 2002 to 2020, just above underlying potential growth of 2.1 per cent (see Chart 1). Helped by a booming U.S. economy and vigorous domestic demand, economic growth in Quebec jumped to 3.6 per cent over the 1997–2000 period, up from a meagre 1.2 per cent between 1991 and 1995. After a slowdown in 2001, which hit the manufacturing and aerospace sectors especially hard, Quebec's economy bounced back strongly in 2002 as a result of a booming construction sector, despite the continuing slowdown in the United States. Between 2003 and 2007, the expected recovery in the United States should help produce a 2.6 per cent average annual growth rate.

Quebec's economy bounced back strongly in 2002 as a result of a booming construction sector, despite the continuing slowdown in the United States.

Economic growth will slow over the long term as an ageing baby-boom generation and a low fertility rate weaken population growth, reducing consumer expenditures and housing demand as a result. As the baby boomers reach retirement age, consumption will focus more on services, especially health care. Housing starts will fall steadily from 42,417 units in 2002 to approximately 20,600 units in 2020 as demographic factors weaken household formation. Real export growth, the pillar of robust economic activity in the late 1990s, will wane over the long term because of slowing U.S. growth and a stronger Canadian dollar. A slow decline in annual growth will characterize the last decade of the forecast, as average growth eases to 2.2 per cent.

DEMOGRAPHIC PATTERNS

Demographic factors are a critical determinant of the long-term prospects of an economy. The most important demographic trends for Quebec over the next 20 years will be slowing population growth, rising immigration levels, and the ageing of the baby-boom generation. With an increase in the average age of Quebecers, population growth is expected to drop from 0.5 per cent in the 1990s to 0.3 per cent during the first decade of this century and to 0.2 per cent over the last 10 years of the forecast period. Quebec's population, estimated at 7,448,000 in 2002, will reach approximately 7,722,000 by 2020, an increase of about 274,000.

Important changes in population structure will influence potential output growth as well as consumer expenditures. The proportion of people aged 65 and older will increase substantially between 2002 and 2020, from 13.1 per cent to 20.3 per cent. Baby boomers, currently in the 35–54 age group, represent 32.3 per cent of the total population, with the heaviest concentration in the 40–44 age cohort (see Exhibit 1). They will move into the 55–74 age range by the end of the forecast period, with a high concentration in the 55–59 range. Another reason for the overall ageing of the population is an expected drop in the proportion of people aged between 15 and 19, from 6.2 per cent to 5 per cent between 2002 and 2020. These movements will dominate demographic projections for Quebec.

Chart 1
Real GDP at Market Prices
(average annual compound growth rate)
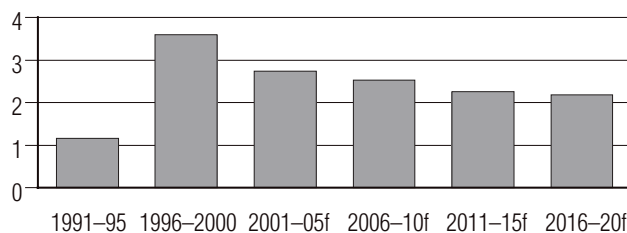
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Exhibit 1
Quebec's Population Dynamics
(number of persons by age)
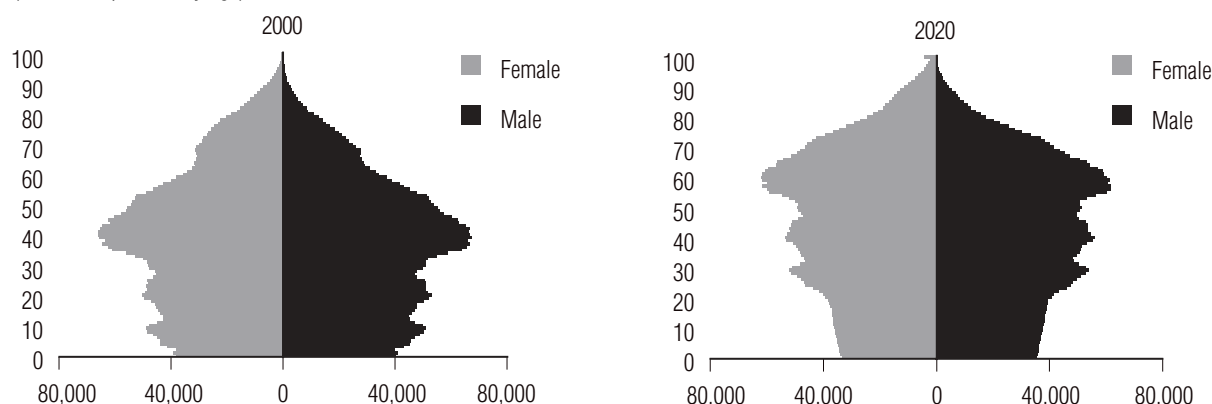
Share of Age 65 and Over
(as a percentage of total population)
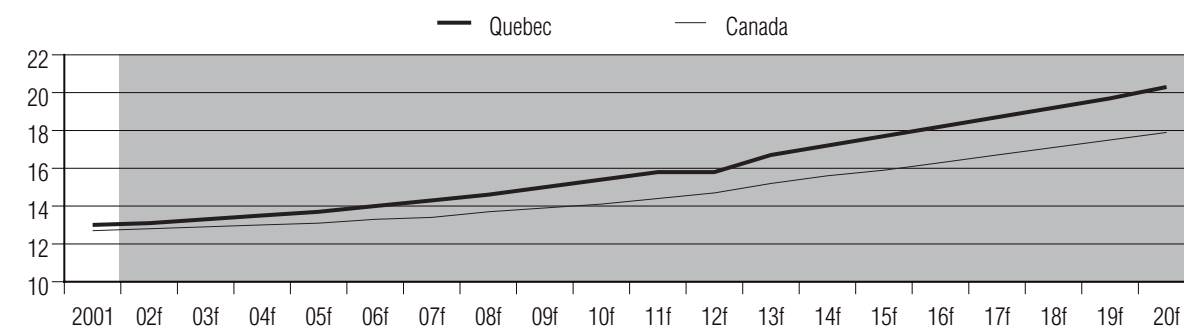
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Population growth is determined by three factors: births, deaths, and net migration. The population projections in the current outlook assume a fertility rate of 1.4 births per woman, which is well below the replacement rate of 2.1. The low fertility rate and the ageing of the population will lower the birth rate. With the death rate expected to increase because of the larger number of older people, the natural rate of increase in the population (births minus deaths) is projected to decline steadily over the next 20 years. The weak natural rate of population increase will be partly offset by a net positive inflow of migrants over the forecast horizon. While a net outflow of roughly 12,000 people per year to other provinces is projected between 2001 and 2020, average annual net international migration to Quebec is forecast to rise gradually, from around 30,000 in 2002 to 33,500 by 2020. With the natural rate of increase in the population rapidly slipping, net immigration will be the main driving force behind population growth in the province. Growth in the population of labour force age (15 years and over) generally exceeds that of total population, since most immigrants are of working age.

Average annual net international migration is forecast to rise gradually, from around 30,000 in 2002 to 33,500 in 2020.

Nevertheless, growth in the source population is projected to decrease from 0.7 per cent annually in 2002 to only 0.2 per cent in 2020, as baby boomers gradually retire and the relatively smaller baby-bust generation makes up a greater share of the labour force. In addition, with a higher concentration of the population in older age groups, which typically exhibit lower participation rates, and a peaking of female labour force participation,

Chart 2
Actual Versus Potential GDP Growth
(percentage change)
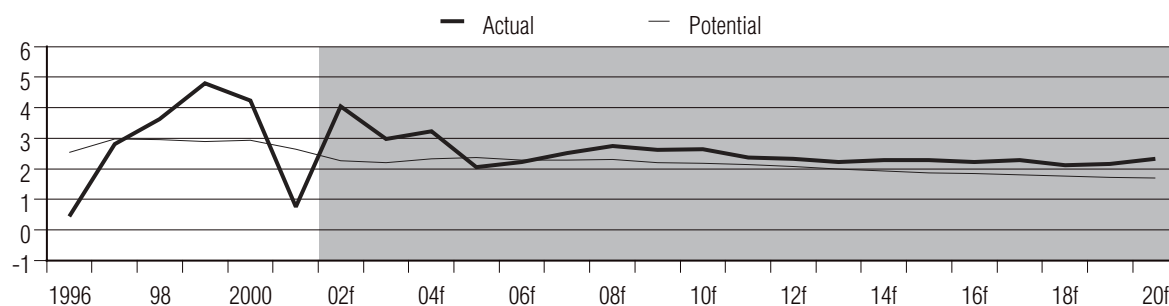
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

the overall workforce participation rate is expected to level off at 65.5 per cent in 2011. The combination of a stagnant participation rate and weaker growth in the source population will lead to a deceleration in labour force growth. Average annual compound growth in the labour force will decline from 1.4 per cent in the 2002–06 period to only 0.2 per cent between 2011 and 2020. This important drop in labour force growth will have a negative impact on potential output growth.

POTENTIAL OUTPUT AND PRODUCTIVITY

This long-term economic forecast is guided by the concept of potential output, which is the highest level of economic activity an economy can attain without surpassing its capacity limits and igniting inflation. The difference between real GDP and the economy's potential output is called the output gap. Weak economic growth in the early 1990s resulted in a wide output gap. The recent surge in growth is estimated to have eliminated this gap by 1998; the gap reopened during the 2001 slowdown before closing again with the strong 2002 rebound (see Chart 2).

Once an economy eliminates the output gap, its future non-inflationary growth is limited by the growth of potential output. Estimated potential output growth in Quebec has moved up from 1.7 per cent in the first half of the 1990s to 3.1 per cent over the 1996–2000 period. Strong capital spending is expected to help sustain the average growth rate of potential output at 2.4 per cent in the first decade of this century. Growth in potential output is then expected to fall to 2.2 per cent in the last 10 years of the forecast.

The potential output of an economy cannot be observed. It must be calculated on the basis of estimates of total factor productivity (TFP) and the supply of key factors of production: the capital stock and the labour force. TFP reflects the efficiency with which all factors of production are combined to generate final output. This forecast assumes that TFP growth will average 0.7 per cent over the 2001–10 period and 0.5 per cent over the last decade of the forecast. The decline in TFP growth comes in spite of significantly higher labour productivity growth and reflects slower increases in the capital stock as the pace of technological change eases. The net capital stock is assumed to increase each year by the amount of new investment, net of depreciation and discarded capital. The annual contribution of capital to potential output growth is expected to increase from an average of 53.7 per cent over the 2006–10 period to about 63.6 over the last five years of the forecast.

Average annual compound growth in the labour force will decline to only 0.2 per cent between 2011 and 2020.

Labour's contribution to potential output is based on the "natural rate of unemployment," which is defined as the lowest rate of unemployment that can coexist with stable wage inflation. Given structural imbalances in the labour market and normal job search time, the unemployment rate consistent with "full employment" cannot be zero. This situation is further complicated by the existence of various income support programs (unemployment insurance and welfare), labour market regulations (such as the minimum wage), and the degree

The Conference Board of Canada

of unionization. By taking these structural factors into account, it is possible to derive the natural rate of unemployment and likewise the economy's "potential level of employment." Research by the Conference Board of Canada suggests that the natural rate of unemployment is currently 7.9 per cent for Quebec. The natural rate of unemployment is assumed to decline to 7.2 per cent over the forecast period, mainly because of reduced income supports for the unemployed and a more educated workforce. Although lowering the natural rate of unemployment improves the prospects for potential output growth, its effect is more than offset by the dampening effect of slower population growth on labour force expansion. The expected decline in labour force growth will gradually lower the annual contribution of labour to potential output growth from 26.5 per cent in 2002 to 11.4 per cent by 2020 (see Chart 3).

The province's inflation rate, as measured by increases in the consumer price index, is projected to remain well within the Bank of Canada's accepted target range.

Over the 1990s, the output gap was significant. However, real GDP has outgrown potential consistently since 1997, by enough to close the output gap by 2000. After a slowdown in 2001, the economy kicked back with vigour in 2002 with 4.2 per cent growth. The economy will take a breather in 2003 as growth drops to 2.9 per cent before getting back to a faster pace in 2004 with a 3.5 per cent growth rate. Growth will average 2.5 per cent in 2008–12 as the economy reaches its capacity limits. For the remainder of the forecast period, growth is expected to be roughly in line with potential. As

such, Quebec will see average growth of 2.5 per cent from 2006 to 2010. Afterward, growth is forecast to slow, averaging 2.2 per cent annually over the last decade of the forecast period. The province's inflation rate, as measured by increases in the consumer price index, is projected to remain well within the Bank of Canada's accepted target range, averaging 2 per cent over the last 15 years of the forecast period.

AGGREGATE DEMAND

CONSUMPTION

Demographic trends will have a negative effect on consumer expenditures over the next 20 years. Average annual growth in real consumer spending is forecast to slip from 3 per cent over the 1996–2005 period to 1.9 per cent over the last 10 years of the forecast. Furthermore, as the population ages, the distribution of consumer outlays will favour services at the expense of durable goods. Over the next five years, the baby boomers will be moving through their peak spending years, when the focus is on durable goods for themselves and their families. Spending on durable goods will thus grow by 2.7 per cent in the current decade before slowing to only 1.6 per cent annually between 2011 and 2020 as the baby boomers retire. However, with the ageing of the baby boomers will come a sharp rise in demand for some services, especially health care. As a result, service consumption will fall from a 3.3 per cent compound annual growth rate between 1996 and 2005 to a still relatively strong 2.6 per cent annual growth rate over the 2016–20 period. The gradual slowing projected for the labour market will also contribute to the slowdown in consumption. Employment growth is expected to ease from 1.6 per cent over the 1996–2005 period to only 0.3 per cent over the last 10 years of the forecast.

Chart 3
Unemployment Rate
(percentage)

— Quebec   — Canada   ▨ Gap
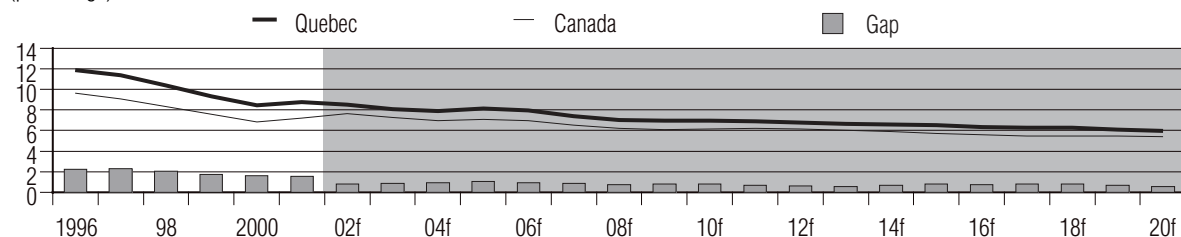
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

However, employment growth will slightly edge out labour force growth, allowing for a gradual decline in the unemployment rate, from 8.5 per cent in 2002 to 6 per cent by 2020.

INVESTMENT

As a result of low vacancy rates, low interest rates, and high job creation, there will be a decade-high number of housing starts in 2002, with more than 42,417 new units. Things are expected to cool off in 2003, but starts will stay at a good level, with about 37,500 during the year. However, residential construction will lose momentum over the 2003–13 period. Since the typical baby boomer already owns a house, and since the group will be followed by a much smaller cohort of home-buying age, the number of housing starts is projected to slide gradually to 20,649 units by 2020. Projected real residential investment reflects this housing outlook, with average annual growth falling from 5.9 per cent over the 1998–2002 period to –0.5 per cent between 2003 and 2007. Demographic requirements and household formation indicate that residential investment will drop by 2.7 per cent per year from 2008 to 2012. It is forecast to continue to fall by an average of 1.7 per cent per year over the 2011–15 period before remaining essentially flat over the last five years of the outlook.

Demographic requirements and household formation point to a drop of 2.7 per cent per year in residential investment between 2008 and 2012.

Real non-residential investment dropped by 4.9 per cent in 2001, just a small break after a 14.2 per cent rise in 2000. A number of projects will keep non-residential construction strong between 2002 and 2006, at a 4.3 per cent compound annual growth rate. The pace will ease off to an average annual increase of 3.1 per cent in the last 10 years of the forecast. The province is anticipated to continue developing its hydroelectric capacity, especially after the recent agreement with First Nations in northeastern Quebec. This situation, along with tighter continental capacity constraints and the opening of U.S. transmission grids, should create new opportunities for hydroelectric development.

Several power projects will get under way in the next decade. A $1 billion development project on the Péribonka River is expected to open in 2009. A generating station on the Toulnustouc River is under construction and should be ready by 2005. Hydro-Québec also intends to develop natural gas-fired combined-cycle generating plants; the first is planned for between 2004 and 2006 at a cost of $500 million. Two similar plants are incorporated in the long-term outlook in 2015 and 2018, as is the Eastmain generating station during the second half of this decade.

Despite the current woes affecting telecommunications and aerospace, long-term prospects in these sectors are very bright.

Business investment in machinery and equipment is expected to perform very well over the long term and will be the fastest growing component of aggregate demand. Businesses will continue to invest in high-tech machinery in order to remain competitive in more open international markets. Despite the current woes affecting telecommunications and aerospace, long-term prospects in these sectors are bright. Average annual compound growth in machinery and equipment investment will slow from 5.4 per cent over the 2001–10 period to a still respectable 4.9 per cent between 2011 and 2020.

GOVERNMENT

With its fiscal house in order, the provincial government is now in a better position to consider raising spending and lowering tax burdens. Personal income taxes have already been cut significantly over the last two years. Another major tax reduction is planned for 2002, with more modest cuts in 2003 and 2004. With rising health care costs on the horizon, the provincial government has little room to cut taxes further over the next few years. However, Quebecers should enjoy a federal fiscal break in the 2007–08 period.

Over the long term, the government will allocate a growing proportion of its expenses to the health care needs of an ageing population. In addition, the government will have to deal with an increase in the number of schoolchildren after 2015, as the grandchildren of the baby boomers come onto the scene, igniting the need for higher education funding. After growing by

an average of 0.2 per cent per year over the 1996–2000 period, total real government spending on goods and services will accelerate to 1.5 per cent per year between 2001 and 2020.

TRADE

Export-oriented manufacturing industries made strong gains over the 1996–2000 period in tandem with a booming U.S. economy. When U.S. demand turned anemic in 2001, however, the trade sector suffered deeply. Real exports from Quebec tumbled by 2.8 per cent in 2001 and will drop again by 1.4 per cent in 2002. Trade flows should bounce back when external requirements become more firm in 2004. Real export growth will be more moderate in this decade than in the late 1990s, averaging 7 per cent annually. This is still a decent performance, prompted by additional market penetration into the United States based upon a low value for the dollar. Export growth will subside to average 3.5 per cent per year in the last half of the forecast period as the U.S. economy grows at its long-term potential trend of 2.6 per cent annually (see Chart 4). The Canadian dollar is expected to appreciate significantly over the next few years, moving from U.S. $0.646 in 2002 to U.S. $0.729 in 2013. It will then rise more slowly, to U.S. $0.755 by 2020.

Some export-driven producers will continue to thrive over the forecast period. With the recent deregulation of hydroelectric power sales in the United States, Hydro-Québec is well positioned to increase its electricity exports. The company will have no trouble increasing its share of the U.S. market, given Quebec's production cost advantage and the forthcoming decommissioning of U.S. nuclear power plants. Hydroelectric plants are relatively easy to turn on and off; Hydro-Quebec uses this advantage to sell electricity during the day when prices are high and to buy during the night, when prices are low, from Northeastern U.S. producers, whose fossil fuel plants are less flexible. Real electricity exports are expected to post average annual compound growth of 1.26 per cent in the 2001–20 period.

Imports are expected to post relatively robust growth over the forecast period because of the high import content of machinery and equipment investment.

The manufacturing sector will also contribute strongly to the advance in exports, particularly in the telecommunications, transportation equipment, aerospace, and metal and alloys sectors. Quebec's expanding aerospace industry was not shielded from the aviation sector's woes and shaky economic situation in 2002. Following the 2001 terrorist attacks and the subsequent downturn of the air transport industry, Bombardier suffered numerous cancellations of orders for regional jets and had to lay off a significant part of its workforce. But while the immediate situation is delicate, longer term prospects are better, as the company is well positioned to benefit from international demand for smaller and more fuel-efficient jets.

Imports are expected to post relatively robust growth over the forecast period because of the high import content of machinery and equipment investment. Real imports are forecast to increase at an average annual compound rate of 2.9 per cent between 2001 and 2010, and 3.4 per cent over the last 10 years of the forecast period.

Chart 4
Real Manufacturing Output
(average annual compound growth rate)
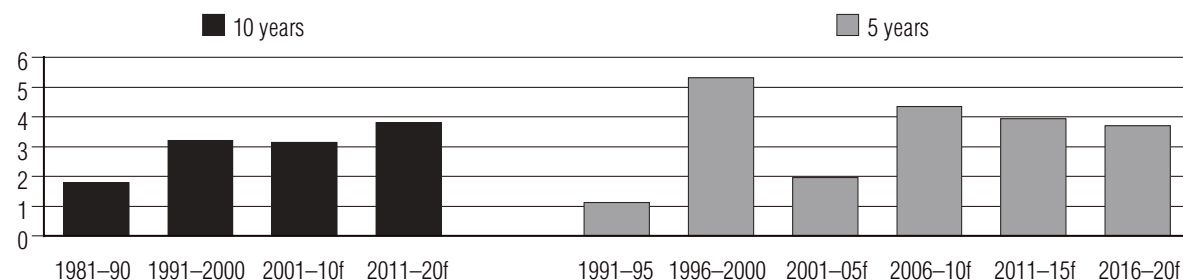
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Ontario

OVERVIEW

The Ontario economy will be among the strongest over the forecast period, expanding by a compound annual rate of 2.7 per cent between 2002 and 2020. After narrowly avoiding a recession in 2001, economic activity is expected to rebound strongly from 2002 to 2005 before stabilizing at or around the potential growth rate from 2006 onward (see Chart 1).

In the late 1990s and 2000, the Ontario economy posted exceptional growth levels, fuelled by significant increases in consumption, exports, and investment in machinery and equipment. As a result, the output gap, which was negative throughout the 1990s, was closed by the end of the year 2000.

The slowdown in U.S. economic activity was a severe drag on the province's economic picture in 2001, opening up another negative output gap. However, aggressive interest-rate cutting by both the Federal Reserve Board and the Bank of Canada throughout 2001 paid dividends in 2002, as consumption, particularly of housing and autos, soared in both countries, providing a much-needed boost to the province's construction and export sectors. The strengthening of the U.S. economy should provide a further boost to growth in real gross domestic product (GDP), which is expected to be well above potential from 2002 to 2004, allowing the output gap to close once again.

Potential growth output is estimated to grow by 2.9 per cent per year on average over the 2002–06 period and 2.5 per cent between 2017 and 2020. This compares with an annual average of 2.9 per cent from 2007 to 2016. Over the long term, two key factors will act to reduce the economy's capacity to expand. First, the proportion of retirees in the population will rise considerably, constraining long-term potential labour force growth. Second, the growth of total factor productivity (TFP) is expected to slow as the forecast wears on, as it is assumed that the current pace of technological change will ease toward the end of the current decade.

The slowdown in U.S. economic activity was a severe drag on the province's economic picture in 2001.

DEMOGRAPHIC PATTERNS

One of the key determinants of the long-term outlook for Ontario is the demographic projection. Emerging population trends are a crucial factor in the computation of potential output and the forecasting of future spending patterns. The principal features of Ontario's demographic outlook are the ageing of the population, the slowing natural rate of population growth, and the increase in international immigration as a share of the total population.

Chart 1
Real GDP at Market Prices
(average annual compound growth rate)

■ 10 years   ■ 5 years

| | 1981–90 | 1991–2000 | 2001–10f | 2011–20f | 1996–2000 | 2001–05f | 2006–10f | 2011–15f | 2016–20f |
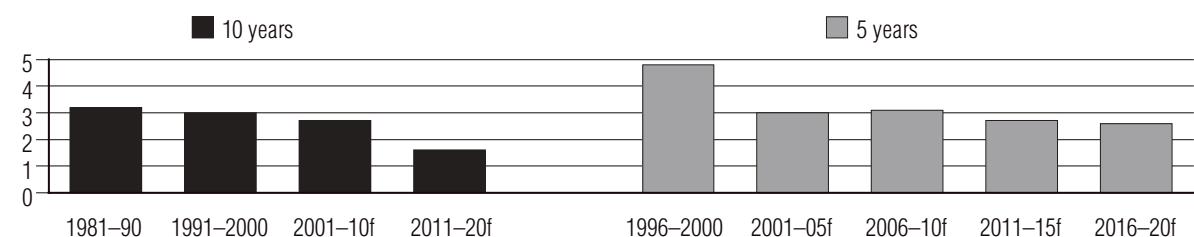
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

The age structure of Ontario's population will undergo a dramatic shift between 2002 and 2020 (see Exhibit 1). The population aged 65 and over, which is estimated to have accounted for 12.6 per cent of the population in 2002, will rise in importance over the outlook, comprising 16.5 per cent of the population by 2020. This shift is primarily the result of the ageing of the postwar baby-boom population. Baby boomers are currently aged 35–54, with the largest segment of the cohort between 40 and 44 years old. This cohort will move on to the 55–74 age bracket by the end of the forecast, with a concentration in the 55–59 range. The ageing of the population is one of the key features of the current outlook; its implications for overall growth in the economy and the composition of that growth are far-reaching.

The natural rate of increase in Ontario's population (the excess of births over deaths) is expected to decline steadily over the forecast horizon, falling to 31,014 in

2020 from 44,750 in 2002. This is partly owing to the gradual decline in the birth rate throughout the forecast, as the population ages and is replaced by a smaller child-bearing cohort. In contrast, the death rate is expected to climb steadily throughout the forecast period. Although improved health care and nutrition have increased life expectancy, the rapid ageing of the population will cause the number of deaths to increase by 1.8 per cent per year on average during the 2001–20 period. In comparison, the annual average increase in the number of births is expected to be 0.7 per cent.

The forecast assumes that population growth will be supported by an increase in net immigration. Net international immigration for Ontario is expected to increase gradually from 119,000 in 2002 to 132,719 in 2020. With the natural rate of increase in the population slipping, net international immigration to Ontario is projected to account for 92 per cent of the total annual increase in the province's population by the end of the

Exhibit 1
Ontario's Population Dynamics
(number of persons by age)
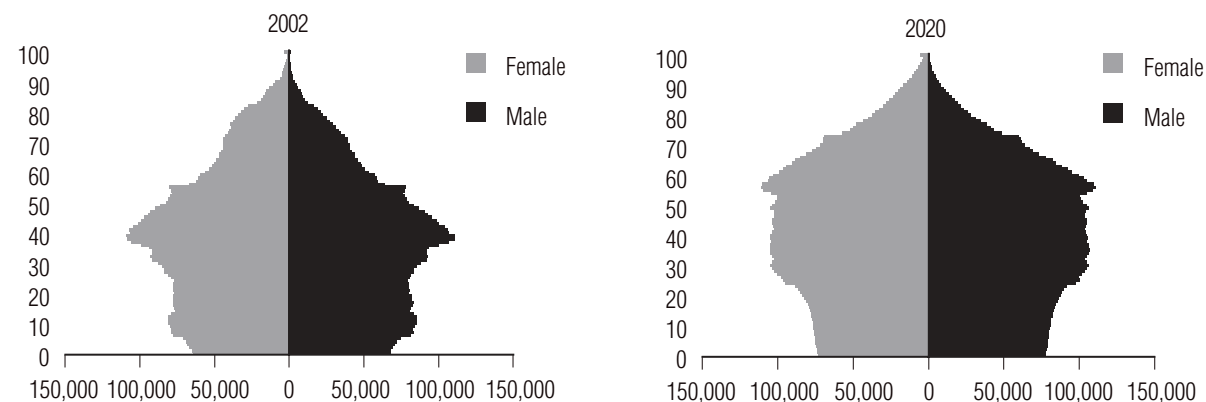
Share of Age 65 and Over
(as a percentage of total population)
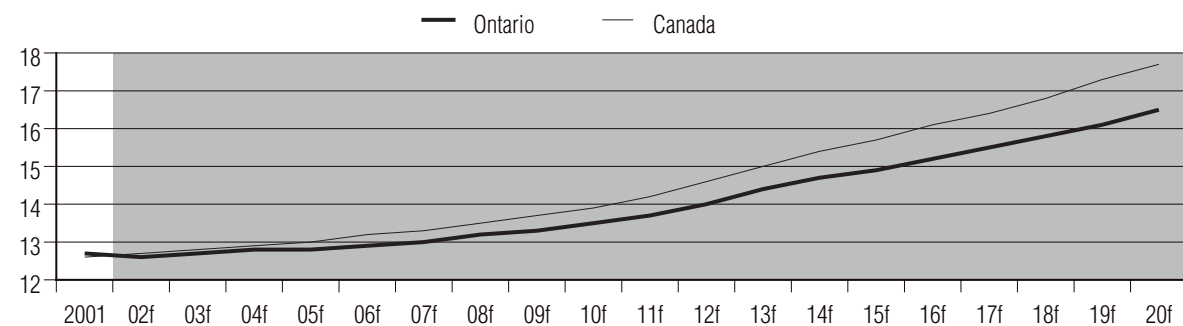
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

forecast period. Conversely, as the ageing population continues to leave the province for more temperate retirement locations, annual interprovincial outflows are expected to increase, reducing net interprovincial migration gradually over the forecast period, from 14,500 in 2002 to just 4,200 in 2020 (see Chart 2).

In sum, the projected decline in the natural rate of population growth over the long term will be almost offset by the increase in net immigration. Consequently, population growth in Ontario is expected to decelerate only fractionally over the forecast period. Compound annual population growth is projected to be 1.3 per cent for the 10-year period to 2010 and 1.1 per cent for the following decade. The ageing of the population, however, will lead to a pronounced slowing in the rate of growth of the population of labour force age. Annual labour force growth is expected to slow from 1.7 per cent between 2001 and 2010 to 1.2 per cent from 2011 to 2020.

POTENTIAL OUTPUT AND PRODUCTIVITY

The Conference Board of Canada's long-term outlook for Ontario is determined mainly by the economy's underlying potential growth. Potential output is the highest level of activity the economy can attain without surpassing its capacity limits and igniting inflation. It is calculated on the basis of estimates of TFP and the key factors of production: the capital stock and the labour force. TFP reflects the efficiency with which all factors of production are combined to generate final output. While productivity varies widely through medium-term business cycles, the current long-term outlook assumes that TFP will average 0.6 per cent annually over the forecast period.

The net capital stock is assumed to increase each year by the amount of new investment, net of depreciation and discarded capital. However, the depreciation rate of existing structures and equipment, and hence the size of the net capital stock, is difficult to measure. For instance, the enormous restructuring under way since the late 1980s has rendered a sizeable portion of even recent-vintage capital stock obsolete or of limited productive use. Standard estimates of net capital stock are thus overstated, implying that calculations of potential output are also too high. Moreover, the substantial amount of investment devoted to meeting stricter environmental standards and other regulatory requirements means that new capital outlays are not all aimed at increasing productive capacity. These factors create an upward bias on estimates of potential output.

Net migration increases will almost offset declines in the natural rate of population growth.

Measurement problems also complicate the calculation of labour's contribution to potential output. Specifically, it is difficult to determine how intensively labour can be used in a productive, non-inflationary capacity at any given time. Measurement problems aside, while it is possible to regard the entire capital stock as always readily available for production, this is not true of labour inputs. The contribution of labour to potential output is based on the "natural rate of unemployment." Given job search costs and the changing structure of the economy, there is a positive rate of unemployment consistent with "full employment" in the economy. This is known as the natural rate of

Chart 2
Interprovincial Migration
(average annual rate)
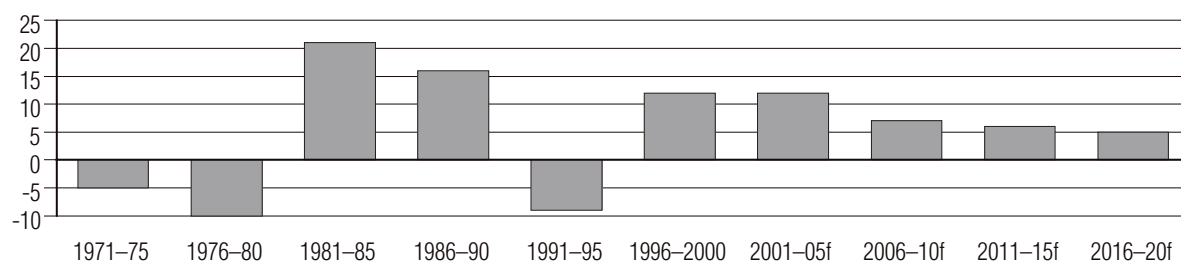
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

unemployment, and it provides a basis for calculating the economy's "full employment level of employment" used to estimate the contribution of labour to overall potential output. The Conference Board estimates that the natural rate of unemployment for Ontario was 5.5 per cent in 2002.

As the current pace of technological change slows, so too will the pace of machinery and equipment investment spending.

While growth in the labour force is determined by changing demographic factors and movements in the participation rate, it is difficult to estimate the natural rate of unemployment, and hence labour's contribution to potential output. However, research indicates that the level of the natural rate of unemployment is directly related to social policy variables, such as the generosity of unemployment insurance, the level of payroll taxes, and general training and mobility costs. Changes in these factors are expected to reduce the natural rate of unemployment to 4.9 per cent by 2020. Specifically, the expected decline in the natural rate is based on three assumptions: demographic conditions that will reduce the proportion of unskilled young people in the economy, the successful implementation of a labour retraining program, and a gradual increase in the cost of remaining unemployed as part of the move toward social policy reform. Although the lowering of the natural rate of unemployment throughout the forecast period improves potential output growth prospects, it is more than offset by the dampening effect of much slower labour force growth.

Once an economy achieves its potential output, future non-inflationary growth is limited by the growth in potential output. Potential growth for Ontario is forecast to show a moderate decline over the forecast, inching down marginally from 2.9 per cent in the 2002–06 period to 2.8 per cent from 2007 to 2016 before further moderating to 2.5 per cent between 2017 and 2020 (see Chart 3). Potential output growth in the early years of the forecast is biased downward by a sharp contraction in business investment in machinery and equipment that occurred during 2001, as businesses curbed discretionary investment in the face of unstable economic conditions. Beyond this, the continued decline in potential will result from the slowing pace of technological innovation in the high-technology sector. As the current pace of technological change slows, so too will the pace of machinery and equipment investment spending, which will slow capital stock growth. The accelerating decline in potential in the outer years of the forecast period reflects a slowdown in labour force growth as the working age population expands at a slower rate and the participation rate eases.

The 1990–91 recession opened a sizeable real output gap, which peaked at roughly $16 billion in 1993. Strong growth in the province from 1997 to 2000 eliminated the output gap by 2000. However, it has since reopened and will reach roughly $8 billion in 2002 before closing again in 2008. By then, output will no longer be able to exceed potential consistently without igniting inflationary pressure in the economy. Real GDP at market prices is thus expected to recede slightly from the relatively healthy annual compound growth of 3.4 per cent in the 2002–05 period to 2.9 per cent from 2006 to 2015. Growth will then again ease for the remainder of the forecast, settling into a 2.6 per cent pace. The

Chart 3
Actual Versus Potential GDP Growth
(percentage change)
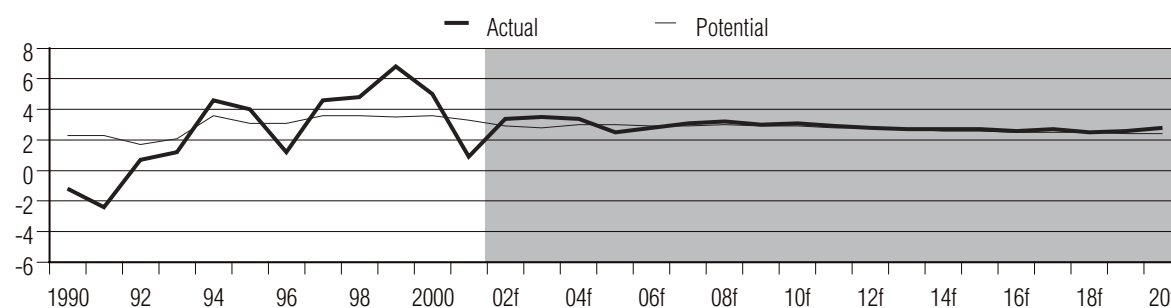
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

primary reason for the general slowdown in overall growth is weaker aggregate demand, itself a result of the ageing baby-boom population across North America and the trade-dampening effect of an appreciating exchange rate. Inflation will remain modest over the medium term and, indeed, is expected to remain around the 2 per cent level over the forecast horizon.

Tightness in the province's labour market will lead to relatively healthy increases in average wage growth throughout the forecast.

AGGREGATE DEMAND

CONSUMPTION

Constrained by a tight labour market, employment growth will wane throughout the long term. Following weak employment gains in 2001 and the first half of 2002, employment growth rebounded strongly in the latter half of 2002. Employment will continue to show moderately strong growth from 2003 to 2008. In line with the pattern of potential output, employment growth will decelerate in the outer years of the forecast period, shrinking to as little as 1 per cent annually during the 2017–20 period, compared with an average annual increase of 1.4 per cent in the 2007–16 period. However, even this lower growth pace will be enough to keep the labour market very tight over the long term, with the unemployment rate standing at 4.8 per cent in 2020. This tightness in the province's labour market will lead to relatively healthy increases in average wage growth throughout the forecast.

Healthy job growth in the second half of 2002 and highly expansionary monetary policy propelled real consumer spending levels in 2001 and 2002. Consumer spending is expected to continue strong from 2003 to 2007, increasing at a compound real growth rate of 3.5 per cent. Consumption of durable goods, which surged in 2002, is expected to continue to drive consumer spending growth during the medium term, thanks to an increase in baby-boomer spending on big-ticket items before this group moves into a high-saving period leading up to retirement. Spending on homes will continue to be strong, as will spending on the furniture and appliances to fill them. Real durable consumption is expected to grow at an annual average of 4.8 per cent over the 2003–07 period.

From this point in the forecast, the ageing population will put a clear stamp on spending trends. First, slower overall employment growth will constrain income growth and hence the capacity to spend. Second, as ageing baby boomers get closer to retirement, they will demand fewer new housing units, and growth in demand for big-ticket furnishings will likewise wane. Per capita vehicle ownership will also slide as the population ages, weakening auto sector demand. There will be increased growth in the demand for services past 2008, as the ageing population requires a greater array of personal services, such as health services and travel. Although growth in both sub-categories will decline after 2008, growth in real service demand will overtake growth in goods demand, and is projected to be 2.9 per cent between 2009 and 2020.

INVESTMENT

Housing construction has experienced a revival in recent years, rising swiftly from under 35,900 units in 1995 to an estimated 84,600 units in 2002. However, deeper into the forecast horizon, housing markets are forecast to moderate rapidly, reflecting a slower growing, ageing population. Over the last five years of the forecast, annual starts are expected to contract at a compound annual rate of 2 per cent and demand for multiple dwellings will increase by 2.3 per cent, as the preferences of the ageing population shift toward lower maintenance residences. By 2020, 76 per cent of all new construction will be of multiples, compared with 39 per cent in 2002.

Housing markets are forecast to moderate rapidly, reflecting a slower growing and ageing population.

Real residential investment will follow a relatively slow growth path over the last decade of the forecast period, averaging 0.9 per cent, in line with the housing starts forecast. The housing budgets of consumers will be more focused on altering, renovating, and improving the existing housing stock to suit an ageing population. As such, spending on existing homes is expected to grow by a much faster 2.2 per cent annually.

After languishing during the first half of the 1990s, non-residential investment gained momentum during the 1996–2000 period, posting an annual compound increase of 7 per cent. Strong GDP growth during this period increased the usage of existing physical plant

capacity considerably, and both commercial and indus-trial space in many locales is becoming quite scarce. As a result, non-residential investment is expected to recover strongly in the medium term, rising on average by 6.6 per cent over the 2003–07 period. With the subsequent easing of overall economic growth, non-residential construction is expected to decelerate to a compound growth rate of 3.5 per cent between 2008 and 2020.

The explosive growth of investment spending on machinery and equipment in Ontario over the last decade is transforming the economy. The strong growth is mainly attributable to spending on computers, which is expected to persist in the medium term. As a result, investment in machinery and equipment is projected to be the spending growth leader over the entire forecast horizon. Growth in machinery and equipment investment will be fuelled in the medium term by a push to remain competitive in the rapidly expanding, low-inflation, more open international marketplace, plus a cyclical recovery. This category of aggregate demand is forecast to post an average annual growth rate of 7.3 per cent between 2003 and 2008.

With most of the restructuring in place and with a maturing in semi-conductor technology, growth in machinery and equipment investment will ease off to a still-respectable 5.1 per cent pace during the 2009–20 period. As the pace of computer technology growth slows, the new service life of the average computer is expected to stabilize and perhaps even lengthen, meaning that Ontario companies will not have to replace their computer equipment as often as they do today. However, the need to invest will remain strong as firms in Ontario face labour shortages in the latter years of the current outlook as the baby boomers gradually retire.

Increased demand from an ageing population for health care services will put pressure on the provincial government to invest in health care infrastructure. Along with construction of hospitals and other health care facilities will come heavy spending on medical machinery and equipment. Moreover, future techno-logical developments are expected to increase the pressure to invest as Ontario's ageing baby boomers demand state-of-the-art medical technology.

GOVERNMENT

Through most of the 1990s, fiscal austerity at the federal and provincial levels made the government sector a drag on overall growth. However, swift elimi-nation of the federal deficit has given Ottawa room to increase spending on goods and services and in public capital in recent years. The provincial government has also produced a balanced budget and is expected to maintain a stronger course of spending growth that leaves the austere years of the 1990s firmly behind. Average annual growth in public spending at all levels of government is expected to reach 2.7 per cent over the 2001–05 period, in contrast to 1.1 per cent in the preceding five years. Growth will briefly ease from 2009 to 2013, picking up again to 2.3 per cent annually as governments come under pressure to provide adequate health care services for a rapidly ageing population. Real spending growth is expected to decelerate again but to rebound modestly in the final four years of the forecast with an increase in spending on public educa-tion to meet the demands of a youth population once again on the rise.

The provincial government is expected to maintain a stronger course of spending growth that leaves the austere years of the 1990s behind.

TRADE

Exports will remain an important contributor to the overall economic growth of the Ontario economy over the long term. Average annual growth reached 8.1 per cent in the 1993–2000 period, driven almost exclusively by surging demand from a U.S. economy in an extraor-dinary period of expansion. The U.S. recession in 2001 had a sharp impact on Ontario exports, which con-tracted for the first time in a decade. However, levels rebounded strongly in 2002, propelled by high levels of auto exports. As the recovery in the U.S. economy takes hold in 2003 and 2004, Ontario's export growth will remain robust, averaging 4.2 per cent. Over the longer term, the stronger Canadian dollar is expected to rein in average annual real export growth to 3.1 per cent over the last five years of the forecast. Nonetheless, exports are expected to continue growing as a share of total GDP throughout the forecast, rising to 87 per cent in 2020 from 77 per cent in 2002.

Manitoba

OVERVIEW

Several factors lead us to expect a relatively healthy economy in Manitoba over the long term, including a diversifying and expanding manufacturing sector, good employment growth, and a rebound in government spending. The average annual compound growth rate is expected to be 2.3 per cent between 2001 and 2020—less than the national rate of 2.6 per cent but slightly more than the 2.1 per cent expected in last year's long-term forecast (see Chart 1).

A stronger provincial economy will result in slower interprovincial out-migration and a strengthening of immigration, offsetting a declining natural rate of increase.

Manitoba's long-term economic health will bring about a slowing in interprovincial out-migration and a strengthening of immigration, both of which will help offset a declining natural rate of increase. As a result, the population growth rate will hold steady over the forecast period. However, the low fertility rate of baby boomers will result in an ageing population plus a sharp deceleration in labour force growth. The ageing of the population will further strain an already over-burdened health care sector, forcing the government to focus spending increasingly in this area.

Manufacturing will remain the strongest component of output over the 2001–20 period, with 3.6 per cent growth compounded annually, slightly more than the 3.2 per cent expected last year. Mainly because of two major mine expansions in the province, annual compound mining output is expected to grow by 3.1 per cent. The agriculture outlook is not as robust, with an annual compound growth rate of 1.9 per cent, slightly less than anticipated in last year's long-term forecast. Nevertheless, support in the form of the federal government's Agricultural Policy Framework and increasing global food demand hold out promise for a secure future in the agriculture sector.

DEMOGRAPHIC PATTERNS

Demographic trends play an important role in long-term economic forecasting. The growth and changing age structure of the population are major determinants of the structure of the labour force, which is an essential component of potential output. Moreover, the demographic profile of the population strongly affects overall demand, thereby influencing the relative strengths and weaknesses of various sectors of the economy.

The province's population profile is determined by three factors: the natural rate of increase (births minus deaths), interprovincial migration, and international immigration. The ageing of the population will lead to a decline in the natural rate of increase. Even with

Chart 1
Real GDP at Basic Prices
(average annual compound growth rate)

■ 10 years   ■ 5 years

| | 1981–90 | 1991–2000 | 2001–10f | 2011–20f | | 1991–95 | 1996–2000 | 2001–05f | 2006–10f | 2011–15f | 2016–20f |
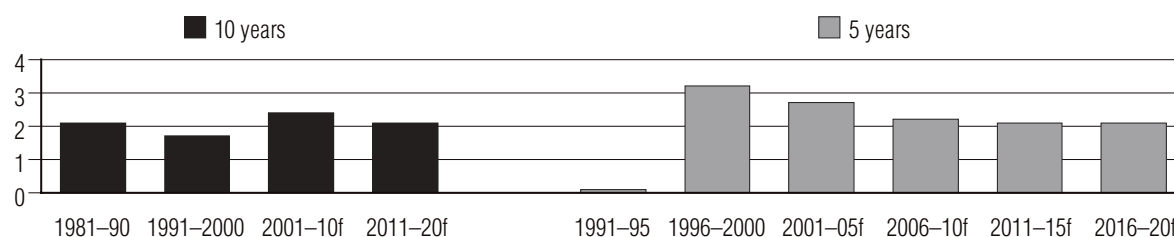
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

major advances in medicine, the rising age of the population will inevitably increase the death rate. At the same time, the number of births in the province will decline as baby boomers exit their prime child-bearing years. A fertility rate below the replacement rate will compound the issue. Even though Manitoba's women will give birth to an average of 1.81 children, the second highest provincial fertility rate in the country, the pace will remain below the replacement rate of 2.1.

Manitoba's population pyramids for 2002 and 2020 illustrate the most significant population trend: the ageing of the population (see Exhibit 1). This factor is a direct consequence of the baby boom, the large wave of births that occurred between 1947 and 1966. The bulge around the 35–54 age group in the population pyramid for 2002 corresponds to the baby boomers. Almost 30 per cent of the province's population are part of this age cohort. A substantial portion of the baby boomers will have attained their retirement years by the end of the

forecast. In fact, by 2020, the 65-and-over age cohort is expected to comprise 17.6 per cent of the total population, up from 13.5 per cent in 2002. This will have major consequences for the economy.

The continuous outflow of the population to other provinces will also severely hinder the province's population growth (see Chart 2). On the bright side, net interprovincial migration is expected to become less negative over the forecast period as growth in the manufacturing and high-tech sectors leads to increased employment opportunities. After losing an average of almost 2,400 persons per year to interprovincial migration between 2001 and 2010, Manitoba is estimated to lose approximately 1,700 persons per year on average from 2011 to 2020.

Unfortunately, new immigrants to Canada usually choose to live in cities in Quebec, Ontario, and British Columbia; very few choose Manitoba. However, for the

Exhibit 1
Manitoba's Population Dynamics
(number of persons by age)
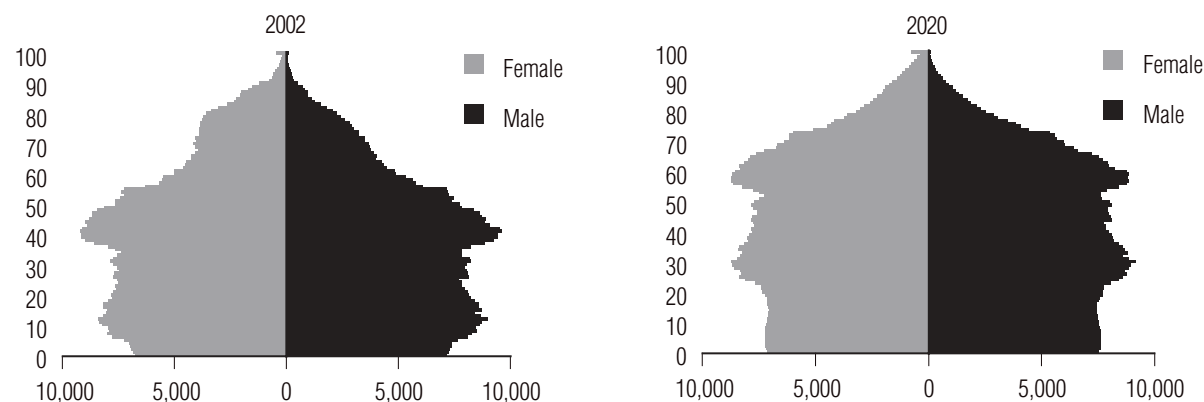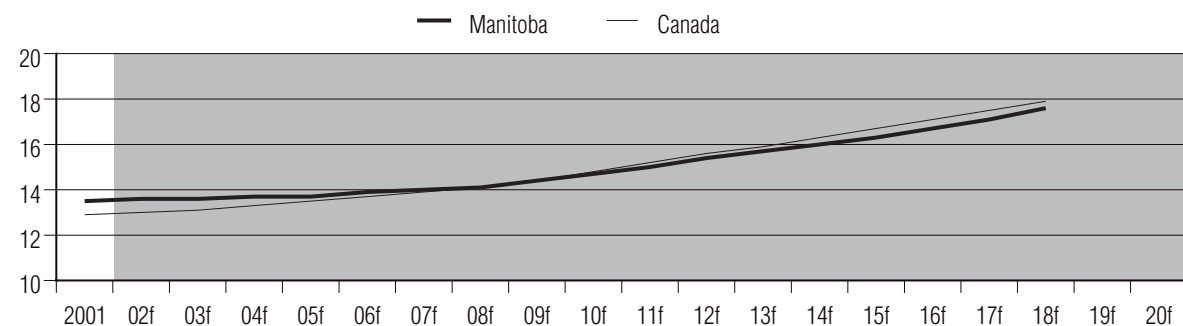
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Chart 2
Net Interprovincial Migration
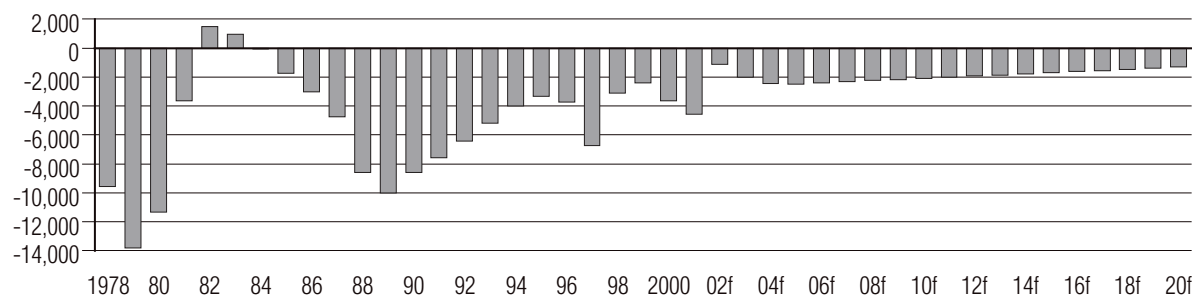
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

same reasons that ought to entice more of Manitoba's residents to stay in the province, a greater number of immigrants are expected to make Manitoba their new home. Indeed, after receiving just over 3,800 immigrants per year on average between 2001 and 2010, Manitoba can expect an average of almost 4,300 immigrants per year from 2011 to 2020.

In fact, strengthening international immigration throughout the forecast will more than offset the flow of interprovincial out-migrants. From 2002 to 2006, the province can expect to gain 1,900 persons per year on average on a net basis. For the remainder of the forecast period, Manitoba can expect to gain almost 33,000 persons. This positive total net migration will help offset the decline in the natural rate of increase, resulting in a steady population growth rate throughout the forecast period. The annual compound growth rate for total population in Manitoba is projected to average almost 0.4 per cent between 2002 and 2011, and essentially zero over the last half of the forecast. As a result, total population will increase from 1.150 million in 2002 to 1.242 million in 2020, and Manitoba will maintain its status as the country's fifth largest province.

Positive net migration will contribute to a steady population growth rate between 2002 and 2020.

LABOUR FORCE

Labour force growth is determined by changes in the source population—that is, persons aged 15 and over—and movements in the participation rate. Because the fertility rate in Manitoba is below the replacement

rate, average annual compound growth in the source population is expected to decline from 0.7 per cent between 2001 and 2010 to 0.5 per cent in the following decade. At the same time, the labour force participation rate is expected to remain steady throughout the 2002–10 period before declining slightly in the last half of the forecast. More baby boomers will be retiring and there will be an easing in the large influx of women into the labour force. Weakening source population growth along with declining participation rates will translate into compound annual labour force growth of 0.9 per cent in the period from 2001 to 2010, then a gradual easing to 0.5 per cent between 2011 and 2015 and 0.3 per cent between 2016 and 2020.

The labour force participation rate will decline slightly in the last decade of the forecast.

POTENTIAL OUTPUT AND PRODUCTIVITY

Potential output is a measure of the economic activity that can be sustained in an economy over a long period of time if all factors of production are fully and efficiently utilized. This is not observable and so must be estimated. It is determined by the available labour supply and the productivity of each worker. Labour productivity growth, or growth in output per worker, incorporates growth in the capital stock and gains in efficiency from the way labour and capital are combined. But to determine the underlying sustainable pace of productivity growth, the calculation must eliminate short-term volatility. Therefore, growth in potential output is estimated using long-term trend labour force growth and long-term trend productivity growth.

As an increasing number of baby boomers reach retirement age, trend growth in the labour force will slow dramatically, from an estimated 0.7 per cent in 2002 to a projected 0.4 per cent in 2020. With trend growth in the labour force falling, Manitoba's future improvement will depend more on productivity gains. Productivity growth from 2001 to 2020 is now expected to average 1.4 per cent, slightly less than was anticipated in last year's long-term forecast. By decade, productivity is expected to grow at an average rate of 1.2 per cent from 2001 to 2010, and then to increase to 1.5 per cent in the second half of the forecast period.

A more highly educated labour force and more efficient technology will help increase productivity.

Productivity will increase after 2010, thanks to a more highly educated labour force and more efficient technology. With trend labour force growth and trend productivity growth moving in opposite directions, the result will be relatively stable growth in potential output, 2 per cent on average annually from 2001 to 2020. Potential output will be slightly higher in the first half of the forecast, then decrease in the second half when the downward trend in labour force growth slightly overpowers gains in productivity. More specifically, estimated potential output growth will average 2.2 per cent per year from 2001 to 2010, then dip to 1.9 per cent from 2011 to 2020.

The "output gap" refers to the difference between potential output and actual gross domestic product (GDP). Manitoba's historical dependence on primary industries, especially agriculture, has caused wider swings in actual growth than is normal for a developed economy. Actual GDP, which was below potential output for eight years between 1986 and 1995, has since caught up to potential output, narrowing the wide negative output gap (see Chart 3). An increasingly diversified economy, the primary reason for the reversal, should protect Manitoba from excessive short-term volatility. Indeed, actual GDP is expected to grow at roughly the same pace as potential output over most of the forecast period.

AGGREGATE DEMAND

CONSUMPTION

Nominal spending on consumer-related goods and services will be relatively strong over the long term, with annual compound growth of 4 per cent between 2001 and 2020. However, the ageing of the population will mean that how consumers spend their money will change dramatically over the forecast period. As the baby boomers grow older, they will spend more of their disposable income on services, such as health care and travel, and less on durable goods, such as cars and large appliances. Specifically, the proportion of total consumption on services (excluding rent) is expected to climb from 35 per cent in 2002 to 42 per cent by 2020 (see Chart 4). The proportion of total consumption of goods is expected to fall only slightly, from 46 per cent in 2002 to 44 per cent in 2020. The share taken by the third and final component of consumer spending—consumer spending on rent, which includes imputed and paid rent—is forecast to fall significantly, from 19 per cent in 2002 to 14 per cent in 2020. This is largely because the younger cohorts will become smaller over the forecast period.

Chart 3
Actual Versus Potential GDP Growth
(percentage change)
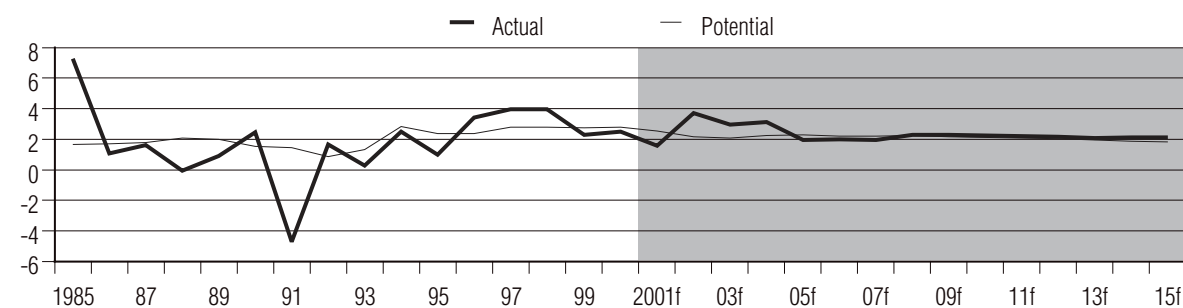
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Chart 4
The Composition of Consumer Spending
(Changing)

2002   2020

■ Goods

■ Rent

☐ Other services

Sources: The Conference Board of Canada; Statistics Canada.

INVESTMENT

In recent years, most of the private non-residential investment spending in the province has been concentrated in the manufacturing sector. This expansion has spanned most industries, including agri-food, aerospace, and transportation equipment: Maple Leaf completed a large-scale hog processing plant in Brandon in 1999. At the same time, the provincial aerospace industry was growing into one of the largest in the nation. It promises to be among the leaders of Manitoba's manufacturing sector well into the next decade. Consequently, nominal private non-residential construction investment averaged 5.9 per cent growth, compounded annually, from 1996 to 2000. During the same period, nominal investment in machinery and equipment grew by an average of 11.8 per cent. Private non-residential investment is expected to grow by 5.8 per cent (nominal), compounded annually, from 2002 to 2011 and by 4.9 per cent for the remainder of the forecast period as continued diversification boosts investment spending.

The provincial aerospace industry has grown into one of the largest in the nation and promises to be among the manufacturing leaders.

Government investment spending is also anticipated to rise over the forecast period. The primary focus will be in the health care sector, which will require new hospitals, the conversion of old hospitals to long-term care facilities, and the purchase of new equipment. Meanwhile, public spending on primary and secondary education will decline as the echo generation, the children of the baby boomers, graduate from school. On the other hand, spending on post-secondary education will have to expand to keep pace with increased demand as

more members of the echo generation enrol. The government will also need to spend money on upgrading and improving the province's infrastructure, such as sewage systems, waterlines, and roads. Public non-residential investment is estimated to grow by 4.6 per cent (nominal), compounded annually, between 2001 and 2020. This is slightly higher than the national compound growth rate of 4 per cent.

Growth in private residential investment is expected to level off substantially in 2003 and beyond. Specifically, the annual compound growth rate is expected to be 2 per cent between 2003 and 2007, and 0.5 per cent from 2008 to 2012. Total housing starts are expected to decline by almost 5 per cent, compounded annually, from 2003 to 2007, and then to increase by 1 per cent from 2008 to 2012. Housing starts are expected to grow by almost 0.4 per cent from 2013 to 2020 and by 3,000 units per year over the entire forecast period.

Growth in private residential investment is expected to level off substantially in 2003 and beyond.

However, the growth in total housing starts masks the structural change that will take place within the housing sector. Older people prefer to live in apartment buildings or retirement homes. As the province's population gradually ages, the demand for multi-family dwellings will increase while the demand for single-family dwellings will decline. As a result, a greater proportion of total housing starts will be multi-family dwellings (see Chart 5). Indeed, multi-family dwellings are likely to make up more than 30 per cent of all housing starts by 2020, compared with only 13 per cent in 2002.

GOVERNMENT

After the provincial government successfully tackled the deficit with budget cuts in the early 1990s, the end of the decade marked the beginning of what is expected to be sustained long-term growth in government spending. In fact, the annual compound growth rate of nominal government spending on goods and services—a sluggish 1.9 per cent from 1992 to 2001—is projected to be 3.8 per cent from 2001 to 2010 and 4 per cent between 2011 and 2020. Much of the spending will be directed toward health care, as mentioned above, to meet the demands of the ageing population. The expenditure growth will be financed in part by Ottawa through

Chart 5
Total Housing Starts
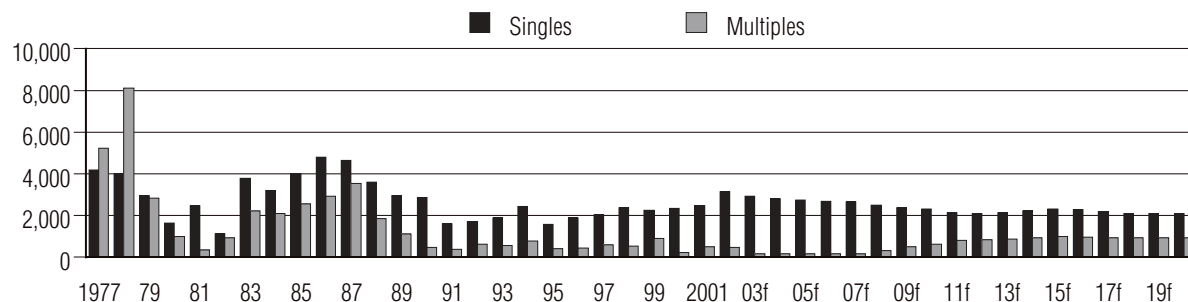
■ Singles   ■ Multiples

(bar chart, y-axis 0 to 10,000 in increments of 2,000; x-axis years from 1977 to 19f)

f = forecast
Sources: The Conference Board of Canada; Canada Mortgage and Housing Corporation; Statistics Canada.

significant increases in transfer payments, particularly the Canada Health and Social Transfer. The increase in federal transfers will also enable the provincial government to increase spending with little or no fiscal pain and will allow for continued cuts in taxes. Through the balanced budget, debt repayment, and the Taxpayer Protection Act, the provincial government is committed to paying off a minimum of $75 million of its debt every year until the debt is eliminated.

INDUSTRY ANALYSIS

For many years, Manitoba was exclusively an agri-food and central shipping centre, but the province has successfully expanded its manufacturing sector to include aerospace, information technology and telecommunications, transportation equipment, farm equipment and machinery, health care products, apparel, and wood processing and building products. The province's manufacturing sector is becoming more diversified every year, and it will play an increasingly greater role in Manitoba's output growth (see Chart 6).

Manitoba is at the northern end of the Mid-Continent Trade Corridor, which runs through the midwestern United States to Mexico, and potentially further south. Trade within the corridor has increased substantially since the North American Free Trade Agreement (NAFTA) came into effect in 1994. NAFTA has been a boon to the province's manufacturers and has had the effect of promoting further investment in the sector. As a result, manufacturing is expected to grow by 3.6 per cent, compounded annually, between 2001 and 2020.

Manufacturing is becoming more diversified every year.

Although Manitoba has successfully diversified its economy, agriculture remains an important component, constituting 16 per cent of total output in the goods-producing sector. However, the agriculture outlook is not as robust as that of manufacturing: an annual compound growth rate of 2.2 per cent is expected over the

Chart 6
Real Manufacturing Output
(average annual compound growth rate)

■ 10 years   ■ 5 years

(bar chart, y-axis 0 to 5; x-axis categories: 1981–90, 1991–2000, 2001–10f, 2011–20f, 1991–95, 1996–2000, 2001–05f, 2006–10f, 2011–15f, 2016–20f)
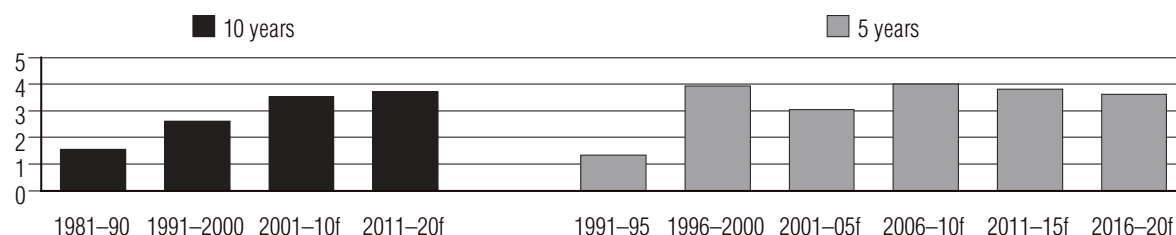
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

entire forecast horizon. Nevertheless, success in this sector is essential to Manitoba's economic prosperity. Short-term volatility in the sector is unavoidable, but a few underlying trends will emerge over the next 19 years. First, the United Nations expects world population to grow from 6.1 billion in 2000 to an estimated 7.6 billion by 2020. Consequently, world food demand will increase and upward pressure will be placed on agricultural prices.

Second, as incomes rise in the developing world, the demand for meat products is expected to rise as more people are able to afford it. Furthermore, a number of factors, including the elimination of Mexican import tariffs next year, are expected to provide Canadian meat producers, especially pork producers, with increased access to the large Mexican market. As a result, the long-term growth potential for Manitoba's meat and poultry industry is strong. This is especially true for the hog sector, which has seen tremendous growth recently. Growth in this sector is being encouraged by increased slaughter capacity in the province. The hog-processing plant opened by Maple Leaf in Brandon in late 1999 has already been mentioned; several other major hog-processing plants are in the works for rural Manitoba. To meet the needs of these large-scale plants, the number of hogs produced in the province will have to increase dramatically over the next few years.

Two major announcements have brightened the long-term outlook for the mining sector as well. First, at a cost of $70.4 million, Inco plans to deepen the Birchtree

nickel mine shaft in Thompson, extending the mine's life until 2016, instead of closing it down in 2004 as originally planned. As a result, nickel production is expected to nearly double in 2003. Second, the Hudson Bay Mining and Smelting Co. will invest $400 million at its site in Flin Flon. It is estimated that this investment—the largest mining development project now under way in Canada—will also extend the life of the mine until 2016. Overall, the mining sector is forecast to grow by 3.1 per cent, compounded annually, between 2001 and 2020.

The government will be in a good position to raise spending even with slumping revenue growth expected this fiscal year.

After successfully reining in the deficit in the 1990s, the government will be in a good position to increase spending despite the recent slump in revenue growth expected this fiscal year and a commitment to lower personal and corporate income tax rates over the long term. Overall, the goods-producing industries will grow by 2.9 per cent, compounded annually, whereas the services industry as a whole will grow by only 2 per cent from 2001 to 2020. Of the service-producing industries, public administration is expected to grow by 1.7 per cent and non-commercial services by 1.6 per cent, compounded annually, between 2001 and 2020.

Saskatchewan

OVERVIEW

Real compound annual gross domestic product (GDP) growth in Saskatchewan is forecast to be 1.9 per cent between 2001 and 2010 (see Chart 1) and 1.7 per cent between 2011 and 2020. This is well below the national growth rates of 2.7 per cent and 2.4 per cent during the two decades.

Since the elimination of the Crow rate subsidy in 1995, the agri-food industry has become increasingly important for farmers as an alternative to shipping grain. Partly as a result of the increased demand for agri-food production within Saskatchewan, the manufacturing sector is expected to grow at an annual compound growth rate of 2.5 per cent over the forecast period. In contrast, the primary agricultural sector's share of the Saskatchewan economy will fall slightly over the long term. Nevertheless, support in the form of the federal government's Agricultural Policy Framework and increasing global food demand promise a secure future for the sector, at a compound annual growth rate of 1.2 per cent between 2001 and 2020. At the same time, bright prospects for oil and gas, potash, uranium, and diamonds will help the mining sector grow by 3.4 per cent, compounded annually.

The province will face a number of fundamental changes over the next 20 years. First, the average age of the population will gradually increase. This will put an enormous strain on the province's health care sector and force the government to increase spending in order to rebuild and maintain health resources. The ageing of the population will also result in a compositional change in consumption. An older population tends to spend less on durable goods and more on services. Second, a relatively high fertility rate will be more than offset by continued steady interprovincial out-migration and weak international immigration. The result of this will be slower population growth, in turn resulting in low labour force growth.

Since the Crow rate subsidy was eliminated in 1995, the agri-food industry has become increasingly important for farmers as an alternative to shipping grain.

DEMOGRAPHIC PATTERNS

Demographic patterns play a crucial role in determining the long-term potential output of an economy. The growth and changing age structure of the population influence movements in the labour force, an essential component of potential output. Age structure also plays an important role in the aggregate demand of an economy by influencing the relative strengths and weaknesses of various sectors of the economy.

Chart 1
Real GDP at Basic Prices
(average annual compound growth rate)

■ 10 years   ■ 5 years
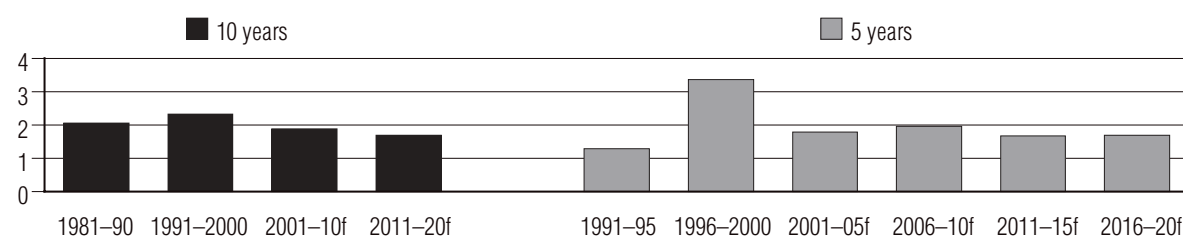
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

The 1.013 million people now living in Saskatchewan make the province the sixth most populous in the country. The province's natural rate of increase (births minus deaths), combined with net interprovincial migration and net international immigration, leads to a population estimate of 1.049 million by 2020. This translates into a rather low annual compound population growth rate of 0.1 per cent.

Except for a 10-year period between 1975 and 1984, on a net basis more residents have left the province in every year since 1961.

Migration of Saskatchewan residents to other parts of Canada, especially to Alberta, continues to plague the province. Except for a 10-year period from 1975 to 1984, when net interprovincial migration was positive, on a net basis more residents have left the province in every year since 1961. This forecast paints a similar picture: it is anticipated that net out-migration will continue for the entire forecast period, with an average annual net exodus of nearly 2,900 over the 2002–20 period.

Although Saskatchewan has the highest fertility rate of all 10 provinces, at 1.81 children per woman of child-bearing age, it is still below the replacement rate of 2.1 (see Chart 2). There are so many young women leaving the province before they have children that the natural rate of increase will fall steadily over the forecast period. Indeed, most out-migrants are in the 15–29 year age group, which constitutes a large portion of the prime child-bearing years for women.

Chart 2
Provincial Fertility Rates, 2002
(children per woman of child-bearing age)

Newfoundland	
New Brunswick	
Nova Scotia	
British Columbia	
Quebec	
Ontario	
Prince Edward Island	
Alberta	
Manitoba	
Saskatchewan	

0   0.2   0.4   0.6   0.8   1.0   1.2   1.4   1.6   1.8   2.0

Source: The Conference Board of Canada.

Another component of growth for Saskatchewan's population is net international migration. Between 2002 and 2020, Saskatchewan can expect to attract on average just over 2,000 immigrants per year. This is a very small proportion of immigrants entering Canada: most choose to live in the major cities of Quebec, Ontario, and British Columbia. Although Saskatchewan is currently home to 3.2 per cent of the Canadian population, over the forecast period the province can expect to receive fewer than 1 per cent of the total immigrants coming into Canada.

The unique demographic profile that resulted from the baby boom (1947–66), followed by the baby bust (1967–79) and the baby-boom echo (1980–95) is best illustrated in Saskatchewan's population pyramids for 2002 and 2020 (see Exhibit 1). The predominant feature in the year 2002 is the bulge around the 35–54 age group, corresponding to the baby boomers. This cohort represents approximately 30 per cent of the province's total population. By 2020, a substantial portion of this generation will be in their retirement years. In fact, the over-65 cohort is expected to increase from 14.6 per cent of the total population in 2001 to 18.2 per cent by 2020.

Saskatchewan can expect to receive fewer than 1 per cent of Canadian immigrants.

The ageing of the population will have a profound effect on the evolution and structure of the labour force. For example, the 15–24 age cohort, the main source of new workers, currently represents 14.9 per cent of the total provincial population; by the end of the forecast it will comprise only 11.9 per cent. In contrast, the 55–64 age cohort, which currently represents 8.7 per cent of the population, will comprise 13.5 per cent by the end of the forecast. Moreover, as the population ages, labour force growth will slow. Indeed, growth in the labour force is expected to grow by an annual compound growth rate of 0.5 per cent between 2001 and 2010, and then by a meagre 0.1 per cent per year between 2011 and 2020.

Total employment is expected to reach close to 532,000 by 2020, up from 508,000 in 2002. This represents annual compound growth of 0.4 per cent. By decade, employment is forecast to rise by 1 per cent from
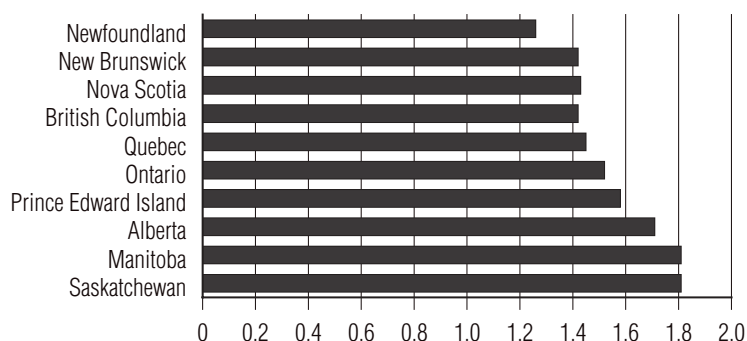
Exhibit 1
Saskatchewan's Population Dynamics
(number of persons by age)
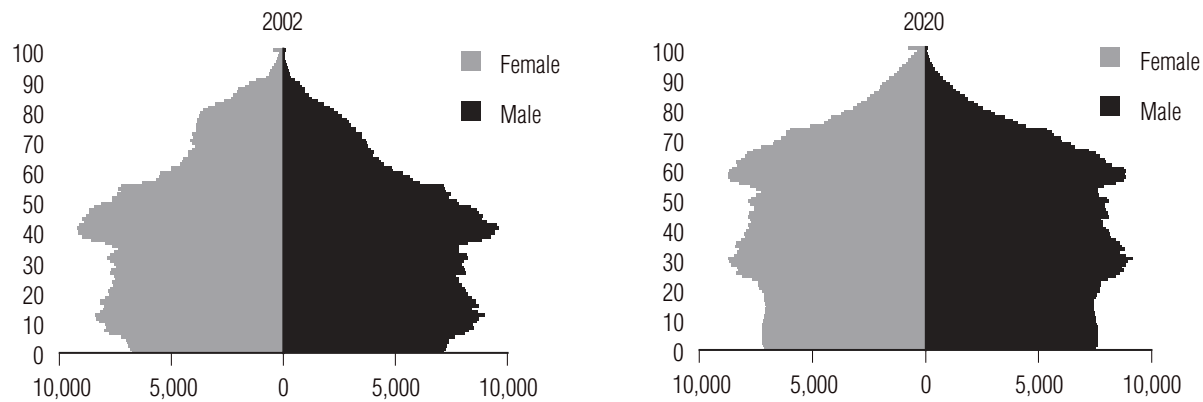
2002

100
90
80
70
60
50
40
30
20
10
0

■ Female
■ Male

10,000   5,000   0   5,000   10,000

2020

100
90
80
70
60
50
40
30
20
10
0

■ Female
■ Male

10,000   5,000   0   5,000   10,000

Share of Age 65 and Over
(as a percentage of total population)

—— Manitoba   — Canada

20

18

16

14

12

10

2001 02f 03f 04f 05f 06f 07f 08f 09f 10f 11f 12f 13f 14f 15f 16f 17f 18f 19f 20f
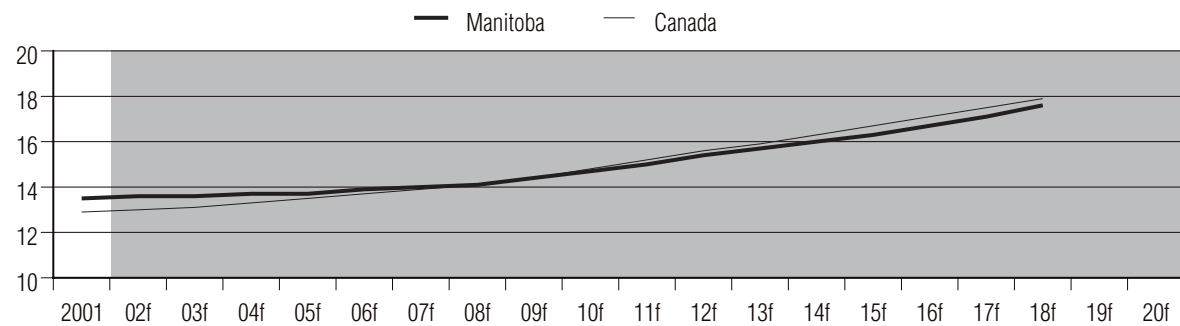
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

2002 to 2010 and to contract by 0.2 per cent between 2011 and 2020. The unemployment rate, currently 5.7 per cent, is projected to reach a low of 4.1 per cent in 2007. As employment growth slows, however, the unemployment rate will slowly increase, reaching 4.8 per cent by 2020. Nevertheless, Saskatchewan's unemployment rate will remain below the national level for the entire forecast period (see Chart 3). Still, the shrinking labour force will be more responsible for the low employment rate than will rising job growth. In fact, the restricted availability of labour will make it difficult for companies to locate or expand their operations in Saskatchewan.

Chart 3
Unemployment Rate
(percentage)

—— Saskatchewan   — Canada   ■ Gap

10
8
6
4
2
0
-2
-4

1995   97   99   2001f   03f   05f   07f   09f   11f   13f   15f   17f   19f

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

POTENTIAL OUTPUT AND PRODUCTIVITY

Potential output is a measure of the economic activity that can be sustained in an economy over a long period of time if all factors of production are fully and efficiently utilized, provided that a stable inflation rate is maintained. Potential output is not observable, however, so it must be estimated. The potential output of an economy depends upon the available labour supply and the output that each worker can generate. Therefore, growth in potential output is estimated as the sum of long-term trend labour force growth and trend productivity growth. Trend growth rates are used in order to eliminate short-term cyclical volatility.

Potential output is estimated to grow by 2 per cent in this decade, then to slow to 1.6 per cent.

As the baby boomers reach retirement age, the trend growth in the labour force will slow dramatically (see Chart 4). In fact, the trend labour force will actually be falling in Saskatchewan by 2017. Thus, whereas the trend labour force grew at an estimated rate of 0.42 per cent in 2002, it is expected to be falling at a rate of 0.1 per cent by 2020. To compensate for the falling trend growth in the labour force, Saskatchewan will have to depend heavily on productivity gains. Fortunately, labour productivity will increase during this period because the projected low-inflation, globally competitive market environment is expected to force businesses to try to increase market share by expanding capital equipment and economizing on labour. This will create a pool of displaced workers with a high incentive to seek retraining. Labour productivity will rise further because others will be motivated to seek higher levels of education and training even before they enter the labour force.

Thus, trend productivity growth is expected to average 1.6 per cent from 2002 to 2020—at an average rate of 1.5 per cent from 2002 to 2010 and 1.7 per cent per year in the second half of the forecast. Potential output growth will be slightly higher in the first half of the forecast than in the second half, when the downward trend in labour force growth overpowers gains in productivity. Potential output is estimated to grow by 2 per cent from 2002 to 2010 and to slow to 1.6 per cent during the latter half of the forecast.

Actual GDP growth and potential output rarely converge in the course of a business cycle. Saskatchewan has been historically more dependent on the volatile primary resource industries, especially agriculture, causing wider swings in actual growth than is normal for most developed and diversified economies. For example, actual GDP outperformed potential in 1996 and 1997, thanks to robust growth in agriculture, oil and gas, and the manufacturing industries. However, output fell below potential in 1998, when the Asian and Russian economic crises and declining global stock markets led to a steep decline in commodity prices. When actual GDP growth and potential GDP growth diverge, there is said to be an "output gap." Economic growth is expected to be slightly above potential for the 2003–04 period, before the output gap is closed in 2005 (see Chart 5).

Chart 4
Trend Productivity and Trend Labour Force Growth
(percentage change)
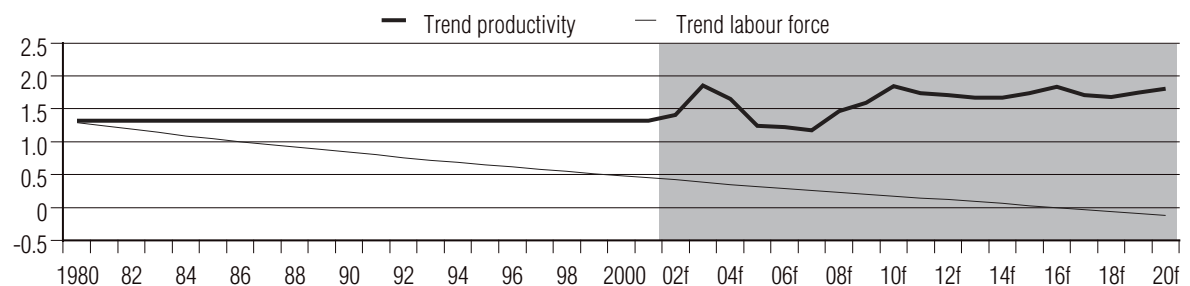
f = forecast
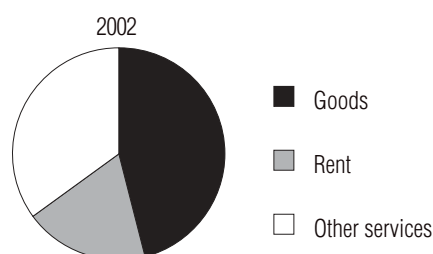Sources: The Conference Board of Canada; Canada Mortgage and Housing Corporation; Statistics Canada.

Chart 5
Actual Versus Potential GDP Growth
(percentage change)
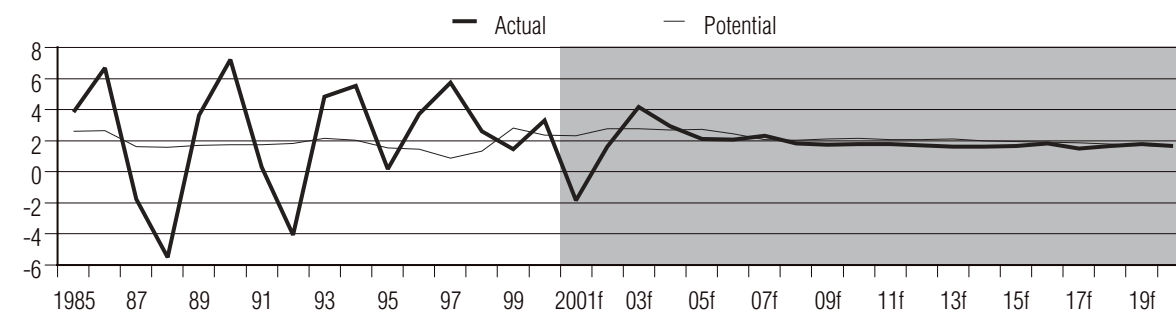
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

AGGREGATE DEMAND

CONSUMPTION

Slowing employment growth will result in a slow-down in consumer spending over the forecast period. Nominal consumer spending is projected to grow by 4.3 per cent, compounded annually, in the period 2002–10, before it decelerates to 3.2 per cent per year from 2011 to 2020. But even more importantly, the composition of consumer spending will change radi-cally. As baby boomers grow older, their purchases of durable goods, such as cars and large appliances, will decrease, and their spending on services, especially health care and tourism, will increase. Thus, consumer spending on goods, which represented 47 per cent of total consumption in 2002, is projected to fall slightly to 45 per cent by 2020. In contrast, the proportion of total consumption on services (excluding rent) is expected to climb from 34 per cent in 2002 to 41 per cent by 2020. The share of consumer spending on rent is forecast to fall significantly, from 19 per cent in 2002 to 14 per cent in 2020. This is because the younger cohorts of Saskatchewan's population, which are the source of new demand for housing and rental apart-ments, will decrease in relative size over the forecast period. The change in the composition of spending will also slow growth in retail sales. It is projected to aver-age 4.6 per cent, compounded annually, between 2002 and 2010 before falling to 3.3 per cent in the second half of the forecast.

INVESTMENT

Over the long term, most of the non-energy non-residential investment will come from an unlikely source: the government. Government investment spending will rise over the forecast period, particularly in the health care sector, because there will be increased demand from the ageing baby boomers. This sector will require new hospitals, long-term care facilities, and new and upgraded equipment. At the same time, public spending in primary and secondary education will decline as the echo generation graduates from school. On the other hand, spending on post-secondary education will have to expand to keep pace with increased demand as more members of the echo generation enrol. Furthermore, significant repairs on roads, sewers, water mains, and general infrastructure will be required during the fore-cast period. Overall, between 2001 and 2020, private and public non-residential investment, and investment in machinery and equipment are expected to expand at average annual compound growth rates of 5.3 per cent and 5.8 per cent respectively.

Weakening population growth is projected to hold back residential investment.

Weakening population growth is also projected to hold back residential investment. Indeed, the annual compound growth rate in nominal residential invest-ment is projected to be –0.6 per cent between 2002 and 2010 and near zero for the remainder of the forecast period. This slowdown in residential investment will be most evident in the province's housing sector. After averaging almost 2,300 starts per year from 2002 to 2010, the province can expect just over 1,900 starts from 2011 to 2020. Moreover, as the population ages throughout the forecast period, the housing sector will undergo a compositional change. Since older people

prefer to live in multiple housing units, mainly apartments, it is anticipated that the proportion of multiple-unit dwellings to total housing starts will gradually rise. To illustrate: just over 31 per cent of all starts were multiple-unit dwellings in 2002. This proportion will increase to more than 38 per cent of all starts by 2020.

Multiple-unit dwellings will rise from just over 31 per cent of all starts in 2002 to more than 38 per cent by 2020.

GOVERNMENT

The first half of the 1990s was a difficult period for Saskatchewan's government. When the 1990–91 recession led to a dramatic increase in the province's deficit, the government increased taxes and cut expenditures. From 1991 to 1997, nominal government spending on goods and services averaged a mere 1 per cent, compounded annually. To make matters worse, provincial austerity was exacerbated by reduced transfers from the federal government. Painful budgets followed throughout the decade, and government spending has now rebounded. In 1995, Saskatchewan became the first province to achieve a balanced budget. Since the 1995–96 fiscal year, the government has delivered six straight balanced budgets, and it is anticipating a seventh for 2002–03, even with an unexpected drop in revenues and increased expenditures this year as a result of two years of drought. Although commodity prices have been more favourable than anticipated in earlier budget estimates, a significant drop in federal government transfers more than offset the revenue-bonus attributed to higher commodity prices.

Personal income taxes paid by the average family have been coming down slowly since 1995. The province is entering the final year of the Tax Reform Strategy announced in the 2000 budget, which features lower personal income taxes. When the reform is fully implemented by January 2003, it will result in cumulative income tax savings of $442 million. As well, the small business corporation income tax rate was reduced from 8 per cent to 6 per cent, in July of 2001, and the provincial government is planning to reduce the sales tax rate from 7 per cent to 6 per cent.

Recent changes to tax policy will help foster growth in the oil, natural gas, and other mining sectors. The provincial government's recently announced reduction in royalty and taxation rates for new oil and natural gas production and the mining incentive package will help increase activity in these key sectors.

Government spending on goods and services is expected to increase by 3.7 per cent, compounded annually, between 2002 and 2020. Much of the spending will be directed toward the health care sector, as mentioned above, to meet the demands of an ageing population. The expenditure program to repair Saskatchewan's social safety net will be sponsored in part by Ottawa through a significant increase in transfer payments, primarily through the Canada Health and Social Transfer.

Nevertheless, the pressures placed on the government's social programs by the ageing baby boomers are expected to lead to a fiscal balance of close to zero over the entire forecast period, as excess provincial funds will be channelled into further spending on health care. Late in the forecast period, when the echo generation begins having children, increased government spending on education will be required, especially to hire teachers and to build or repair ageing primary and secondary schools.

INDUSTRY ANALYSIS

Agriculture will remain an important component of Saskatchewan's economy. It is expected that real agriculture growth will average 2.7 per cent, compounded annually, between 2002 and 2020 (see Chart 6). Over the next 20 years, this sector will continue to experience short-term volatility, but certain underlying trends will dominate. First, the United Nations expects world population to grow from 6.1 billion in 2000 to an estimated 7.6 billion by 2020.[1] Consequently, world food demand will increase and upward pressure will be placed on agricultural prices.

Second, since the elimination of the Crow rate subsidy, the cost of transporting grain has doubled. Even the more than $900 million paid out to compensate farm owners in 1996 will not be enough to offset the higher costs in the long run. As a result, farmers have placed greater emphasis on Saskatchewan's value-added agri-food industry. Since it has become too expensive to ship grain vast distances, the most cost-effective alternative has become to ship grain short distances within

the province to agri-food producers. The result has been significant growth in the agri-food industry, a major component of the province's manufacturing sector. Partly as a result of this shift to agri-food production, real manufacturing output is projected to grow by an annual compound rate of 2.9 per cent from 2002 to 2020.

It is also anticipated that the mining sector will expand at an annual compound growth rate of 2.7 per cent in the forecast period, with all sub-sectors enjoying similar growth. First, high oil prices led to very good growth in the mineral fuels sector in 2002. This industry can expect a bright future as long as the price of oil remains above U.S. $20 per barrel, as is expected over the remainder of the forecast period. In fact, the Conference Board of Canada expects the price of oil to average just over U.S. $32 per barrel over the forecast period. Oil prices must be relatively high because it is estimated that over 80 per cent of Saskatchewan's oil reserves have already been discovered and a large part of these reserves can be retrieved only through the successful application of enhanced oil recovery methods, an expensive process. One such enhanced oil recovery project is under way in Weyburn. The project will inject 95 million cubic feet per day of carbon dioxide into an oil field, boosting production by more than 50 per cent to 30,000 barrels a day and extending the life of the field by 25 years. As a result, it is anticipated that mineral fuel mining will grow by 2.7 per cent, compounded annually, between 2002 and 2020.

Real manufacturing output is projected to grow by an annual compound rate of 2.9 per cent from 2002 to 2020.

Likewise, the province's metal mining sector will also enjoy reasonable growth over the long term. Continued strength in uranium production and a positive outlook for the uranium industry will come from the large number of nuclear reactors under construction around the world. Moreover, there exists a need for much greater electricity-generating capacity in the United States and in Canada.

Chart 6
Real Output, Key Industries
(average annual compound growth rate)
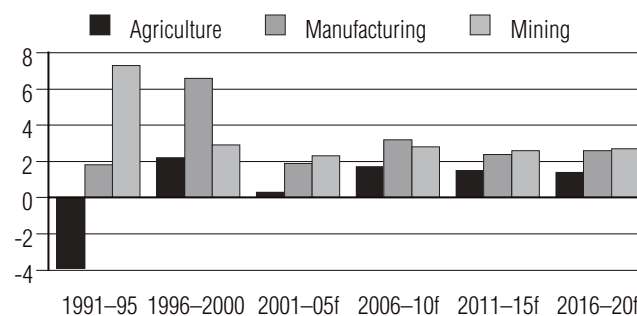
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

This need is demonstrated in Canada by the restart of the Bruce and Pickering nuclear power reactors in Ontario. Saskatchewan, the largest uranium-producing region in the world, currently accounts for more than 25 per cent of annual world uranium production. It is estimated that Saskatchewan's uranium resources are sufficient for more than 40 years at current rates of production. Two uranium mines (McLean Lake and McArthur River) recently began production, and one other (Cigar Lake) is planned, with construction starting in 2003 and production in late 2005 or 2006. The metal mining industry is forecast to grow by 4.8 per cent, compounded annually, from 2002 to 2020.

Finally, the outlook for Saskatchewan's non-metal mining sector is good, mainly because of abundant potash reserves in the province. By conservative estimates, Saskatchewan could supply world demand at current levels for several hundred years. The province is the largest potash producer in the world and accounts for about 25 per cent of global potash production. Higher world population, combined with growing world income levels, should ensure rising demand for potash. However, since natural gas is a large component in the production of potash, production could be limited by fluctuations in the price of natural gas. As a result, annual compound growth of 1.8 per cent is expected between 2002 and 2020.

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1   United Nations, *World Population Prospects: The 2000 Revision.* Figures quoted are the low- and high-growth scenarios. Probabilities were not attached for the various outcomes.

Alberta

OVERVIEW

The Alberta economy is anticipated to advance solidly between 2002 and 2020, expanding by an average annual rate of 2.7 per cent. The energy sector will remain one of the main driving forces over the forecast horizon. Rising oil prices, an immense non-conventional oil supply, and improved extraction technology have shifted the focus of the energy market to oil sands production. Long-term prospects for the non-conventional oil industry in Alberta are very favourable.

Long-term prospects for the non-conventional oil industry in Alberta are very favourable.

Almost $28 billion worth of oil sands activities have been proposed by several major energy players for the 2002–12 period, and an additional $6.2 billion in oil sands development is slated over the remainder of the outlook. Close to $16 billion has been spent in the sector since 1995. Last year's sluggishness in natural gas markets is now behind us. The sector should do well over the long term, as solid U.S demand from gas-fired electric-power generators will increase steadily. Natural gas trade between Canada and the United States will continue to expand as Canadian gas plays an increasingly

important role in satisfying U.S. demand. Canada's share of the U.S. gas market is forecast to rise from its current 16 per cent to 23 per cent by 2020.

Although the long-term forecast for the province is favourable, an ageing population will take its toll. Total population growth is projected to weaken over the forecast, dampening demand for consumer goods and housing. However, a sound fiscal outlook and the positive job market will continue to attract companies and job seekers over the forecast period, boosting Alberta's relative population growth outlook. Overall, economic growth is expected to reach an average annual compound growth rate of 3.1 per cent in the first decade of this century before weaker demographic conditions slow the economy to 2.4 per cent growth on average in the 2016–20 period (see Chart 1), roughly in line with underlying potential output growth.

DEMOGRAPHIC PATTERNS

Demographic patterns play a crucial role in determining the long-term potential output of an economy. The growth and changing age structure of the population influence movements in the labour force, an essential component of potential output. The age structure also plays an important role in determining the aggregate demand of an economy by influencing the relative strengths and weaknesses of various sectors of the

Chart 1
Real GDP at Basic Prices
(average annual compound growth rate)

■ 10 years   ■ 5 years

| | 1981–90 | 1991–2000 | 2001–10f | 2011–20f | 1991–95 | 1996–2000 | 2001–05f | 2006–10f | 2011–15f | 2016–20f |
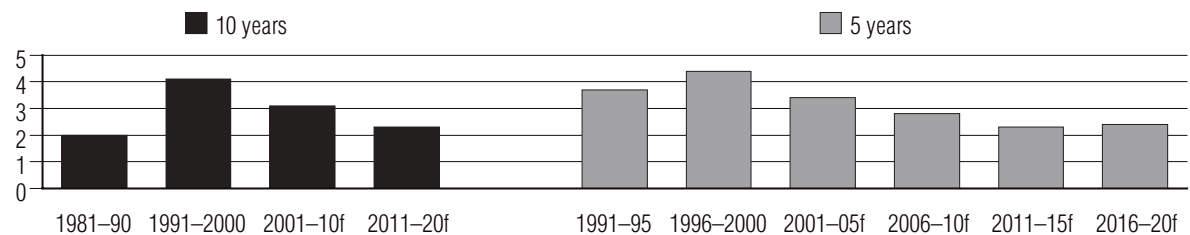
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

economy. As the population ages over the forecast horizon, population growth in Alberta is expected to slow, from 1.8 per cent in the latter half of the 1990s to a compound growth rate of 1.4 per cent between 2001 and 2010 and 0.9 per cent in the 2011–20 period. Alberta's population, estimated to climb to 3,135,516 in 2003, should increase by 541,361 to reach 3,676,877 by 2020.

The share of the population aged 65 and older will increase substantially over the next 20 years, from 10.2 per cent in 2002 to 15.4 per cent in 2020, as baby boomers gradually retire (see Chart 2). Baby boomers are currently in the 35–54 age cohort, with the heaviest concentration aged between 40 and 44 (see Exhibit 1). Over the forecast period, they will move into the 55–74 age cohort, with a high concentration in the 55–59 range. This shift in the demographic profile will have dramatic consequences for the Alberta economy.

Population growth is influenced by births, deaths, and net immigration. The fertility rate for the province, defined as the average number of births per woman, is projected to remain constant at 1.71 over the forecast period, less than the replacement rate of 2.1 needed to maintain long-term population stability by natural means. The low fertility rate and the ageing of the population will reduce the birth rate; and, with the death rate expected to increase slightly because of the larger number of older people, the natural increase in the population (births minus deaths) is projected to fall steadily through 2020.

Chart 2
Population Share by Age Cohort
(percentage)

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

Exhibit 1
Alberta's Population Dynamics
(number of persons by age)
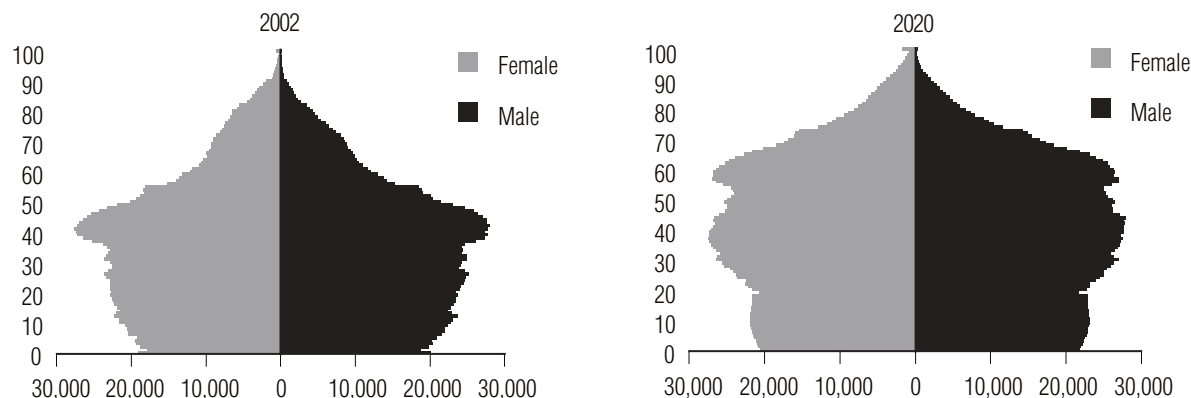
Share of Age 65 and Over
(as a percentage of total population)
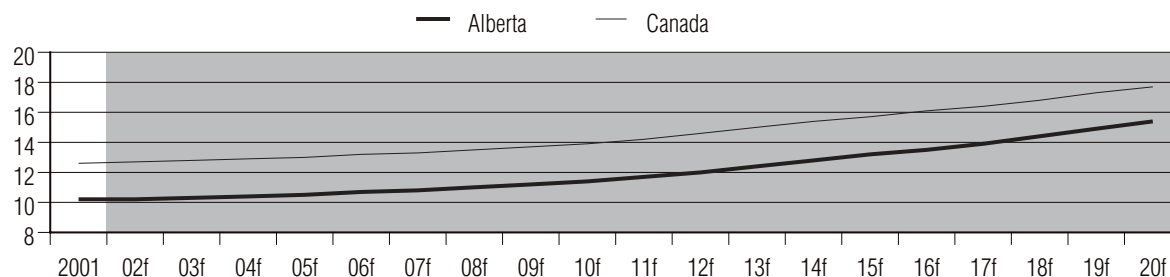
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

The weak natural rate of population increase will be partly offset by a net positive inflow of migrants to Alberta over the forecast horizon. The province's favourable tax regime will continue to provide an added incentive for out-of-province businesses and workers to relocate to Alberta, while ongoing expansions within the oil and gas sector will draw a steady long-term flow of workers from other provinces. It should be noted that this forecast does not take into account the implications of the Kyoto Protocol; ratification took place following the completion of the forecast. However, implementation of the Protocol does pose significant downward risk to Alberta's oil and gas sector, as energy companies, like the country as a whole, will be bound by regulations to decrease greenhouse gas emissions to 6 per cent below 1990 levels. Alberta's net interprovincial migration averaged 26,894 people annually between 1996 and 2000 and should remain at 18,151 people annually on average over 2001–05 as weaker economic activity in neighbouring provinces fuels migration into Alberta. Net interprovincial migration will moderate to 8,592 over the 2006–10 period and to 4,713 over the last 10 years of the forecast. In addition, annual net international migration to Alberta is forecast to increase gradually, from 13,834 in 2002 to about 14,539 in 2010 and 15,419 by the end of the forecast period.

Alberta's favourable tax regime will continue to provide an added incentive for out-of-province businesses and workers to relocate to the province.

Growth of the source population (those over 15 years of age) generally has exceeded that of the total population in Alberta. This pattern will continue, partly because most people immigrating to Alberta are of working age, with the largest share in the 15–29 year age cohort. Nonetheless, growth in the source population is expected to slow from an average annual compound rate of 2.3 per cent in the second half of the 1990s to 1.7 per cent between 2001 and 2010, then to 1 per cent during the 2011–20 period. This slowdown follows the national trend but maintains a growth pace marginally greater than that of most other provinces.

The labour force participation rate, which has increased steadily with the influx of women into the labour force, is forecast to average 72.8 per cent between 2001 and 2005, then to decrease gradually

to 70.3 per cent by 2020, as female labour force participation reaches a plateau and as a growing share of the source population retires. Added to weaker source population growth, the falling participation rate will restrict labour force growth over the forecast period. From an average annual compound growth rate of 2.4 per cent over the 1996–2000 period, growth is expected to slow to 1.7 per cent between 2001 and 2010 and t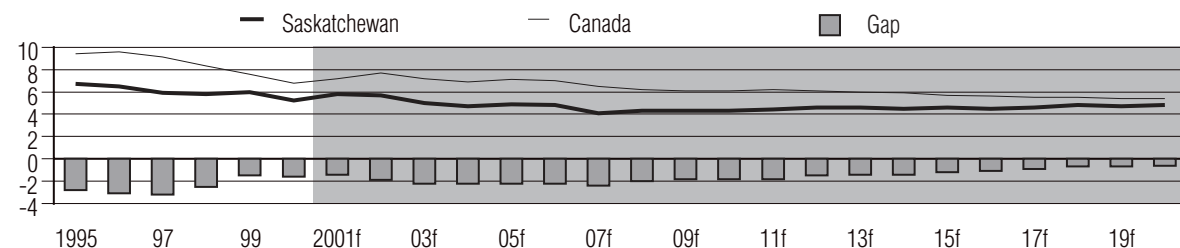o 0.7 per cent annually in the 2011–20 period. This deceleration in labour force growth will have a dampening effect on potential output growth.

Growth of the source population will continue to exceed total population because most people moving into Alberta are of working age.

POTENTIAL OUTPUT AND PRODUCTIVITY

Potential output is a measure of the economic activity that can be sustained in an economy over a long period of time if all factors of production are fully and efficiently used. Since this concept cannot be observed, it must be estimated. What an economy can potentially produce is determined by the available labour supply and the output that each worker can produce. Therefore, potential output growth is driven by the underlying sustainable growth rate of the labour force and labour productivity growth. However, in reality, both labour force growth and productivity growth are cyclical. In order to determine the underlying sustainable pace of growth, the calculation must not include short-term volatility. Consequently, the factors used for estimating potential output are long-term trend labour force growth and long-term productivity growth. The sum of these two components provides an approximation of potential output growth.

Trend growth in the Alberta labour force is expected to decline over the entire forecast. From an average of 1.8 per cent annually over the 1996–2000 period, growth will moderate to 1.4 per cent from 2001 to 2010 and 1.1 per cent over the final decade of the forecast period. On the other hand, Alberta's productivity growth is expected to increase over most of the forecast period as a result of the robust pace of investment in the energy industry and other private sector industries. After growing by an annual average of 1.2 per cent between 1996 and 2000, trend labour productivity is expected to expand

by 1.4 per cent from 2001 to 2010 and 1.6 per cent over the 2011–20 period. Thus, potential output growth will average 3.2 per cent in the first decade of this century and 3 per cent in the 2011–20 period.

The difference between real gross domestic product (GDP) and the economy's potential output is called the "output gap." Strong GDP growth in excess of potential in the early part of this decade will be sufficient to close the gap around 2007 (see Chart 3). As such, over the balance of the forecast period, the Conference Board of Canada expects actual GDP to grow roughly in line with potential output at an average annual pace of 2.4 per cent. Very few price pressures are expected over the long term, with annual growth in the consumer price index rising slightly from 2.1 per cent in the 2006–10 period to 2.2 per cent in the last 10 years of the forecast.

INDUSTRY ANALYSIS

CRUDE OIL OUTLOOK

Last year's long-term forecast anticipated that oil prices would settle down in 2002, following the turbulence in 2001. This did not materialize. In fact, world oil prices dropped significantly in the last quarter of 2001 as demand for oil weakened considerably following the September 11 terrorist attacks. Furthermore, unseasonably warm winter weather in industrialized countries, including the United States and Canada, kept demand low for oil and contributed to swelling commercial oil stocks in those countries. In January 2002, the Organization of Petroleum Exporting Countries (OPEC) joined Russia, Norway, Mexico, Angola, and Oman in an effort to boost world oil prices by agreeing to reduce production by 2 million barrels per day (mmbd). Prices did start to rise slowly, but

continued warm winter weather and low global demand kept prices weak. Geopolitical uncertainty in Israel, plus growing tension between the United States and Iraq, spiked the West Texas Intermediate (WTI) price up to almost U.S. $31 per barrel in late September. However, the price of oil has since fallen sharply to between U.S. $26 and U.S. $27 per barrel.

Security of the energy supply is likely to have an effect on both shorter term and longer term oil prices.

Security of the energy supply has become a crucial issue once again and is likely to have an effect on both shorter term and longer term oil prices. The immediate outlook is clouded by continued tensions in the Middle East. In the longer run, the price of oil will continue to increase as a result of other important issues, such as the security and stability of energy supplies to large energy-consuming countries like the United States. On the other hand, environmental concerns and a shift to more energy-efficient and renewable sources of energy will likely put a dampening effect on world oil demand from industrialized countries.

Energy trade will expand rapidly over the forecast period as interdependence intensifies between energy consumers and producers. Consumers will increase faster than producers, forcing governments to expand their role in international energy issues. That is, the governments of countries that import oil and gas will need to take a more proactive role in dealing with energy security policy issues. For example, the security of transportation of fuel by way of international sea lanes and pipelines will need to be scrutinized, while

Chart 3
Actual Versus Potential GDP Growth
(percentage change)
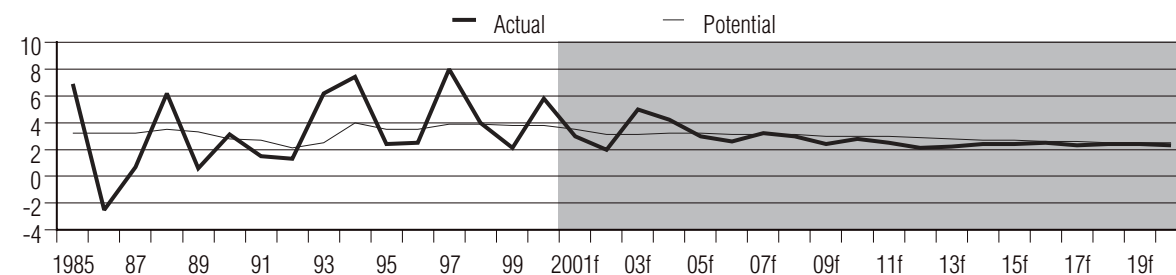
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

types and origins of fuel sources will also need to be diversified. In addition, recent technological developments in exploration and production have increased recoverable reserves and prolonged the life of existing fields. These will enable production from sources outside OPEC to remain strong until 2010. However, non-OPEC supply will not rise fast enough to meet demand pressures and members of OPEC will then be able to increase their market share. Over the 2000–20 period, world consumption will grow by an annual average rate of 2.3 per cent while production will grow by only 2.2 per cent. The capital investment needed to develop the vast resources of OPEC members will not become

available at the rate required to meet demand increases and the real price of oil will rise, particularly over the last five years of the forecast.

World oil demand grew slowly in the early 1990s, by less than 1 per cent per year. Consumption was only 1 mmbd higher in 1993 than in 1990. However, since 1993, world oil demand has increased by 8.6 mmbd, to 76.3 mmbd in 2002. Global demand for oil originates mostly from the transportation and industrial sectors. According to the Energy Information Administration *2002 International Energy Outlook*, world oil demand is projected to rise by an additional 42.7 mmbd by 2020, to 119 mmbd (see Table 1). This demand forecast assumes

Table 1
International Crude Oil Supply and Demand
(millions of barrels per day)

	2002	2005	2010	2015	2020
Demand					
Industrialized Countries					
United States	20.0	21.7	23.6	25.5	27.1
Canada	2.0	2.0	2.1	2.1	2.1
Western Europe	15.3	15.5	15.8	16.1	16.4
Other Industrialized Countries	10.4	9.0	9.5	10.1	11.0
Total	*47.7*	*48.2*	*51.0*	*53.8*	*56.6*
FSU/EE					
Former Soviet Union	3.7	4.9	5.6	6.8	7.7
Eastern Europe	1.5	1.6	1.6	1.7	1.7
Total	*5.2*	*6.5*	*7.2*	*8.5*	*9.4*
Developing Countries					
South and Central America	4.4	4.8	5.9	7.1	8.6
China	5.0	5.2	6.7	8.4	10.2
Pacific Rim	7.4	10.2	12.2	14.4	16.9
Other Developing Countries	6.6	9.9	11.8	14.1	17.2
Total	*23.4*	*30.1*	*36.6*	*44.0*	*52.9*
Total World Demand	76.3	84.8	94.8	106.3	118.9
Supply					
Non-OPEC					
United States	9.1	8.7	8.9	9.7	10.0
Canada	3.0	3.0	3.2	3.4	3.6
Western Europe	7.2	7.3	7.2	6.9	6.7
Former Soviet Union	9.3	9.7	12.0	13.7	14.9
Other Non-OPEC	19.2	20.6	22.2	24.1	25.9
Total Non-OPEC	47.8	49.3	53.5	57.8	61.1
OPEC	*28.2*	*35.2*	*40.8*	*48.3*	*57.5*
OPEC's Share of World Market (percentage)	37	42	43	46	48
Total world supply	76.0	84.5	94.3	106.1	118.6

Note: The shaded area represents forecast data.
Sources: The Conference Board of Canada; Energy Information Administration.

that recent industry trends, including the introduction and use of energy-efficient methods, will continue at the same pace as in recent years.

The share of world oil consumed by developing countries is anticipated to increase from its current 34 per cent to 44 per cent by 2020.

Increases in demand will vary by regions, with the share of world oil consumption in industrialized countries declining from 60 per cent to 48 per cent by 2020. Oil demand in the industrialized countries is expected to increase at an average annual rate of about 1 per cent over the forecast period, rising from 45.1 mmbd in 2001 to 56.3 mmbd by 2020. Most of the oil demand growth within these countries will be in the transportation sector, where oil faces almost no competition. Almost half of the growth in oil demand in industrialized nations will occur in the United States, where car ownership per capita will continue to rise. However, the international environmental agreement reached in Kyoto in December 1997 poses a downside risk to the projected oil demand increase in the industrialized countries over the next decade. Under the Kyoto Protocol, a large number of industrialized countries agreed to reduce greenhouse gas emissions by 2008–12. Even though 83 countries have signed the Protocol, this long-term forecast has not been adjusted to account for the potential impact of the Protocol because a very large proportion of the industrialized countries has not yet ratified the agreement.

The share of world oil consumed by developing countries is anticipated to increase from its current 34 per cent to 44 per cent by 2020. As a number of developing countries do not have natural gas distribution systems, more of their incremental energy demand is being met by oil. Oil demand in developing nations is expected to rise at an average annual rate of about 3.6 per cent, leading to an increase in oil consumption from 23.4 mmbd in 2002 to 52.9 mmbd by 2020. Half the growth in oil demand in developing economies will take place in Asia, led by an increase of 5.2 mmbd in China. Asian nations have recovered from the 1998 currency crisis and its fallout, and oil demand should be strong in the next two decades. Robust demand is also expected outside Asia, particularly in South America and Africa, where oil requirements are expected to more than double over the forecast period. African countries are

expected to experience above-average oil demand growth of 3.6 per cent between 1999 and 2020, especially in the transportation and electric-power-generating sectors.

Oil consumption in the former Soviet Union (FSU) and Eastern Europe (EE) is projected to grow slowly over the forecast period. By the end of the forecast, FSU and EE oil consumption will have returned to levels of the early 1990s.

Even though demand will grow steadily over the forecast period, the U.S. Geological Survey contends that worldwide reserves are not running dry. Oil reserves should be sufficient to satisfy requirements over the next two decades. World oil production is expected to increase from 76 mmbd in 2002 to 94.3 mmbd by 2010 and 118.6 mmbd by 2020. Higher production is expected from both OPEC and non-OPEC countries. Over the last 20 years, growth in non-OPEC oil supply played a leading role in meeting worldwide demand increases. Continued growth in non-OPEC oil production will result from improved exploration and production technologies, cost-reduction programs, and attractive fiscal incentives that encourage investment. Oil production from non-OPEC countries is expected to rise from 47.8 mmbd in 2002 to 53.5 mmbd in 2010 and 61.1 mmbd by 2020. Increases in productivity and improvements in market conditions should support production from several countries outside OPEC.

Even though demand will grow steadily, oil reserves should be sufficient to satisfy requirements over the next two decades.

Unfortunately, Western European oil production, mainly from the North Sea region, will probably peak at about 7.3 mmbd in the 2000–05 period, with the maturing of some larger and older fields. Production from Western Europe will then gradually decline to 6.7 mmbd by 2020. The growth leader among non-OPEC producers over the forecast period is expected to be the FSU, with production increasing by almost 6 mmbd by 2020. The long-term production potential for the FSU is regarded with considerable optimism, especially for the resource-rich Caspian Basin region. Production from other developing countries will also increase over the forecast horizon, with output reaching 6.5 mmbd in South America and 8.4 mmbd in Central America by 2020.

Non-OPEC producers are expected to fill a substantial part of the increase in world oil demand over the long term. However, Persian Gulf resources can be developed at lower cost than resources outside OPEC. Therefore, once non-OPEC production has been accounted for, OPEC members will be able to satisfy world demand by raising production from 28.2 mmbd in 2002 to 35.2 mmbd in 2005 and 57.5 mmbd by 2020. Accordingly, OPEC's share of world oil supply is expected to increase from 37 per cent at present to about 48 per cent by 2020.

Non-OPEC producers will satisfy much of the increase in world oil demand over the long term.

New investment will be needed in OPEC countries as the world turns to them to satisfy crude oil demand; it is generally acknowledged that OPEC members with large reserves and relatively low costs for expanding production capacity can accommodate sizeable increases in demand. While it is assumed that investment will be forthcoming, it will lag demand, keeping production from satisfying demand fast enough and resulting in real price pressures. Raising the capital investment needed to develop OPEC's resources may be difficult, given intense worldwide competition to attract private foreign capital. The WTI crude oil price is expected to reach U.S. $45.40 per barrel, in current dollars, by 2020.

NATURAL GAS MARKETS

The Alberta Energy Company/Nova Inventory Transfer spot price of natural gas hit an average low of U.S. $1.6 per million British thermal units in February 2002 but quickly regained strength during the spring and has remained relatively high since then. A number of reasons can explain the unseasonable fluctuation in the price of natural gas. With a winter much warmer than normal in the United States and Canada in 2001–02, storage levels of commercial natural gas increased substantially in both countries. Middle Eastern tensions increased during the spring months, and Iraq instituted a self-imposed oil embargo. This helped to spike the price of natural gas prices upward, closely reflecting the pattern for oil prices. Unusually hot weather during the summer months ignited demand for electricity in both the United States and Canada as cooling requirements soared. Natural gas inventories in the United States remain above the five-year average, but early cold weather in

October raised prices, even with relatively stable storage levels. The prospects for the natural gas industry will improve over the medium term, when the economic recovery in the United States gets fully under way in the last half of 2003. This will push up industrial demand for energy.

The North American natural gas market will continue to prosper over the forecast horizon, with U.S. gas consumption growing on average by about 2 per cent per year until 2020. A large proportion of natural gas in the United States will be used for electricity generation, a sector expected to surpass industry as the largest consumer of natural gas in the country by the end of the forecast period. Plants fired by natural gas are being increasingly favoured over coal-fired plants as a result of lower cost and higher fuel efficiency as well as lower emissions.

Domestic gas demand is also projected to rise in Canada, from 2.9 trillion cubic feet (tcf) in 2000 to 4 tcf by 2020, or by 1.5 per cent annually. Natural gas now accounts for about 25 per cent of Canadian energy consumption. Natural gas trade between Canada and the United States will continue to expand, with Canadian gas playing an increasingly important role in satisfying U.S. demand. With additional export capacity, Canada is set to increase its share of the U.S. gas market from its current 16 per cent to 23 per cent by 2020. According to the *Oil and Gas Journal*, natural gas supply in Canada remains plentiful, with proven reserves totalling 64 tcf at the beginning of 2000 and 603 tcf of assessed additional reserves. Natural gas production, 6.5 tcf in 2000, is expected to reach 11.6 tcf by 2020.

Natural gas supply in Canada remains plentiful, with 64 tcf of proven reserves at the beginning of 2000.

Canadian exports of natural gas are expected to pick up next year, rising by 3 per cent in 2003 following a 2.1 per cent drop in 2002. With the Alliance Pipeline and the Maritimes and Northeast Pipeline carrying Nova Scotia's offshore production, gas exports rose at a compound growth rate of 5.6 per cent between 1997 and 2001, compared with an average rate of 5.1 per cent between 1993 and 1997. Gas exports are expected to increase at an average annual compound rate of 3.4 per cent between 2001 and 2020. This increase is in part the

result of the construction of the Mackenzie Delta pipeline in the Northwest Territories, new pipeline capacity on the east coast, the environmental and efficiency advantages over competing fuels, and the enhanced substitution of gas and oil in the U.S. market.

Over the last few years, the Canadian and U.S. gas markets have evolved into a more integrated North American market. Natural gas prices in western Canada are now more closely related to those south of the border. Over the long term, domestic gas prices are projected to rise by a compound annual rate of 2.4 per cent between 2011 and 2020, while export prices will increase by 1.9 per cent. Exports will rise by 3.7 per cent over the same period.

Prospects are favourable for non-conventional oil.

OIL AND GAS PRODUCTION

The expected increase in nominal crude oil prices, new technology, and fiscal arrangements will accelerate the development of oil sands in western Canada. Alberta has four significant oil sands deposits: Athabasca, Cold Lake, Peace River, and Wabasca. The ultimate potential of this resource is huge, with an estimated 315 billion barrels of oil in place. About 12 per cent of the oil sands is estimated to be ultimately recoverable, a volume similar to the proven conventional oil reserves in Saudi Arabia. The cost of production has declined substantially, from $24.50 per barrel in the early 1980s to less than $14 per barrel in 1997 and forecast to fall to $9 per barrel by 2007.

As domestic demand will fall short of total production, Canada is expected to remain a net exporter of oil until the end of the forecast period. Oil sands production is expected to quadruple over the next 20 years, while conventional and heavy oil will steadily decline. Thus, crude oil exports are expected to increase at an average annual compound rate of 5 per cent between 2001 and 2011 before slowing to an average of 1 per cent between 2011 and 2020.

Significant increases in synthetic and bitumen production, combined with rising natural gas production, will induce total mineral fuels output to rise at an average annual rate of 4.3 per cent between 2001 and 2005 before slowing to 3.3 per cent between 2006 and 2020.

ENERGY INVESTMENT

The investment profile for other primary energy is dominated by the development of the oil sands in Alberta. Close to $60 billion worth of oil sands, heavy oil mining, and extraction activities are projected over the forecast period, with close to $16 billion already spent in the sector since 1995 and more than 60 projects announced since 1996. However, downside risks exist for investment in the oil sands, largely brought about by the uncertainty over the effects of the Kyoto Protocol.

Long-term prospects are favourable for the non-conventional oil industry in Alberta. Federal government changes to improve the tax and royalty system for oil sands production are expected to have a positive impact on investment over the forecast period. Syncrude, Canada's leading producer of synthetic crude, plans to invest $8.5 billion over the next 10 years to develop two new oil sands mines near Fort McMurray and expand its oil upgrader. Suncor plans to spend more than $4 billion between 1999 and 2005 on new mines and plant upgrades, while Shell Canada and other partners have proposed a $3.6 billion mine and upgrader near Fort McMurray over the 1999–2002 period. Exxon/Mobil has announced a $3.1 billion project to build an open pit mine and bitumen upgrader by 2005. TrueNorth Energy/UTS Energy recently has announced a $2 billion mine project to be completed by 2005. SynEnCo Energy, Petrovera Resources Limited, Canadian Natural Resources, Conoco Canada Resources, Koch Canada, and Imperial Oil have also unveiled plans for a multi-billion-dollar oil sands mine to be developed in the next decade. Petro-Canada became the latest energy company to embark on the oil sands bonanza with a $4.3 billion mining project near Fort McMurray and upgrading of its refinery near Edmonton. Shell, Suncor, Syncrude, Mobil Oil, Koch Canada, Conoco Canada Resources, Petro-Canada, PanCanadian, and Alberta Energy Company are focusing on the Fort McMurray region, 400 kilometres northeast of Edmonton. However, Imperial Oil, Alberta Energy Company, Canadian Natural Resources, and PanCanadian have significant expansions projected over the next few years in the Cold Lake area, about 200 kilometres northeast of Edmonton. As well, several smaller oil sands pilot projects ranging in value from $10 million to $500 million have been proposed over the next decade in those areas.

In addition, some major pipeline extensions and developments are projected around 2008 and 2016 to provide the capacity increases required to meet export demand for mineral fuels. For example, construction of the Mackenzie Valley pipeline will ramp up significantly in 2008. Altogether, total current dollar public and private investment in machinery and equipment will increase at a compound annual rate of 5 per cent in the first decade of this century and 4.9 per cent annually over the following 10 years. Non-residential investment spending growth is expected to advance solidly by 6.5 per cent annually over the 1996–2005 period and by 5.2 per cent in the last 15 years of the forecast, compounded annually.

AGGREGATE DEMAND

Conditions suggest that job creation will fare relatively well in the province over the long term, advancing more or less at the national pace, except for a short period between 2007 and 2008, when it will grow faster than the national average. Over the near term, employment opportunities are anticipated to be abundant, with booming consumer demand and an expanding energy sector. Employment growth is forecast to advance solidly at an average annual compound rate of 2.7 per cent between 1998 and 2002. However, as labour force growth begins to wane, so too will employment growth. Total employment growth is expected to decelerate, posting average annual growth of 1.3 per cent over the 2006–10 period, then declining to 0.7 per cent from 2011 to 2020.

The constant decline in employment and population growth will weaken consumer spending increases through the forecast. Moreover, the composition of consumer

Chart 4
Spending on Goods and Services
(average annual compound growth rate)

f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

outlays will change over the next 20 years as baby boomers moving into their retirement years demand fewer durable goods and more services. Average annual compound growth in consumption of services in nominal terms is forecast to moderate from 6.6 per cent over the 1996–2005 period to 5.7 per cent between 2006 and 2010 and 5 per cent over the remainder of the outlook (see Chart 4). On the other hand, growth in nominal spending on goods will diminish more abruptly, from an average of 6.3 per cent between 1996 and 2005 to 3.6 per cent over the last 10 years of the forecast period.

Growth in total housing demand will slow over the long term, reflecting overall population trends.

Growth in total housing demand will slow over the long term, reflecting overall population trends. Multiple units will make up a larger share of residential construction activity, as older baby boomers move into condominiums, which offer more security and require less maintenance. Sturdy interprovincial migration and low interest rates will keep the housing market strong over the near term. After a spectacular 25.7 per cent rise to 36,667 units in 2002, the number of new homes is expected to drop to 32,414 units in 2003. Demand for new homes will remain relatively strong for the first decade of this century, but then will decline steadily for the remainder of the forecast period. Compounded annually, this translates into an increase of 0.9 per cent for the period between 2001 and 2010 but a decline of 3.6 per cent from 2011 to 2020.

Commodity prices firmed up in 2002 as Middle Eastern conflict led to an increase in the price of oil in the first half of the year, while escalating tension between the United States and Iraq caused energy prices to soar in August and September. Overall, energy prices remained quite high in 2002, allowing the provincial government to keep spending on goods and services. Higher energy prices anticipated in the near term should keep energy revenues strong. With an excellent fiscal stance, total nominal government spending on goods and services will rise by an average annual rate of 5.1 per cent between 2002 and 2006. Growth in public spending will continue to rise at a fairly strong pace of 4.5 per cent in the 2006–20 period. Additional government resources will be required to meet the demands of an ageing population for more health care services.
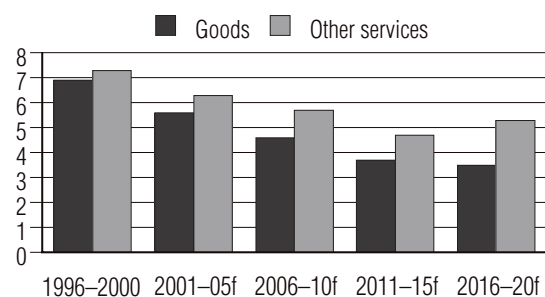
British Columbia

OVERVIEW

R eal gross domestic product (GDP) in British Columbia is forecast to grow at a compound annual rate of 2.6 per cent between 2002 and 2020. In 2002 and 2003, the economy will grow at approximately the long-term growth rate but more slowly than most other provinces (see Chart 1). Real non-forestry export growth was negligible in 2002 as a result of the uneven recovery in United States after its contraction in 2001, continued weakness in the Japanese economy, and plunging commodity prices. However, exports will rebound as the U.S. economy continues to strengthen. Domestically, net interprovincial migration will continue to constrain population growth in the province through 2005. The government sector will also hamper overall GDP growth as dramatic cuts are made in an effort to balance the provincial budget by fiscal 2004–05.

Population growth will register a nation-leading compound annual rate of 1.2 per cent in 2002–20.

Over the long term, demographic changes will act to moderate growth in British Columbia. Population growth will slow in the medium term despite a return to positive net interprovincial migration, as the ageing of the baby boomers dramatically changes the province's

age profile. Slower growth in domestic demand will also result from this shift, with consumer spending patterns and housing activity undergoing the most pronounced changes. While sluggish, population growth will register a nation-leading compound annual rate of 1.2 per cent from 2002 to 2020.

The province's key resource sector, forestry, is expected to turn in a mixed performance over the forecast period. The softwood lumber dispute between Canada and the United States, and low pulp and newsprint prices created hardships for the forestry sector in 2002; and they will continue to provide challenging market conditions until a resolution is reached and the U.S. economic recovery solidifies, strengthening demand for pulp and newsprint. The current outlook incorporates significant reductions to the annual allowable timber cut in the latter part of the forecast, leading to a weakening of real forestry output.

DEMOGRAPHIC PATTERNS

British Columbia's long-term outlook will be determined largely by demographic developments. Dominating the story over the forecast horizon will be a slow rate of population growth and an underlying ageing of the population. Compound annual population growth over the forecast horizon is expected to be 1.2 per cent, increasing British Columbia's population from 4.1 million in 2002 to 5.2 million in 2020. This rate will give the province

Chart 1
Real GDP at Basic Prices
(average annual compound growth rate)

■ 10 years   ■ 5 years
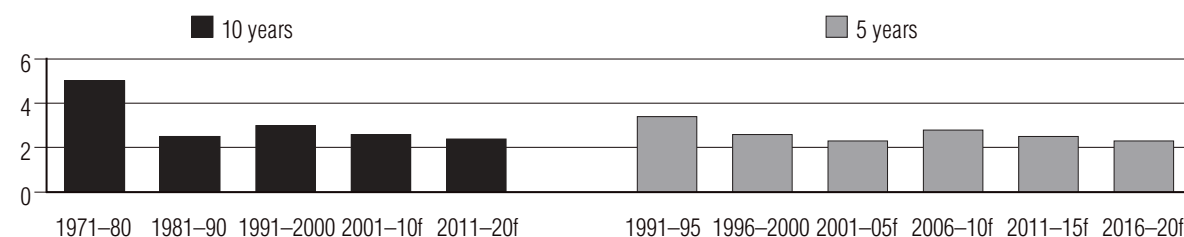
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

the strongest population growth in the country over most of the forecast period. Nonetheless, even this level of population growth is a marked deceleration from the 2.6 per cent average annual growth experienced from 1988 to 1997.

The share of the population aged 65 and over is expected to increase to 17.8 per cent by 2020.

Over the long term, the age distribution of the population will become increasingly skewed toward older age cohorts. As this occurs, the share of the population aged 65 and over is expected to increase from 13.2 per cent in 2002 to 17.8 per cent by 2020. Behind the change is the ageing of British Columbia's sizeable baby-boom population, which currently accounts for approximately one-third of the provincial total. In 2002, baby boomers range in age from 35 to 54, with the largest concentration in the 40–44 age cohort. As baby boomers continue to age, the population's age profile will alter dramatically (see Exhibit 1).

With an ageing population, and increases in the number of deaths outpacing growth in the number of births, there will be a decline in the province's natural rate of increase (defined as the number of births minus the number of deaths). Though advances in medical technology should extend life expectancy, an increasingly larger senior population will ultimately increase the death rate. From 2002 to 2020, the annual number of deaths in the province is expected to jump nearly 50 per cent, from 30,072 to 44,270. The number of births in the province is expected to increase only 20 per cent during the period, from 42,293 to 51,316.

As women currently in their prime child-bearing years age over the forecast horizon, a smaller cohort will replace them. The problem posed by a shrinking

Exhibit 1
British Columbia's Population Dynamics
(number of persons by age)
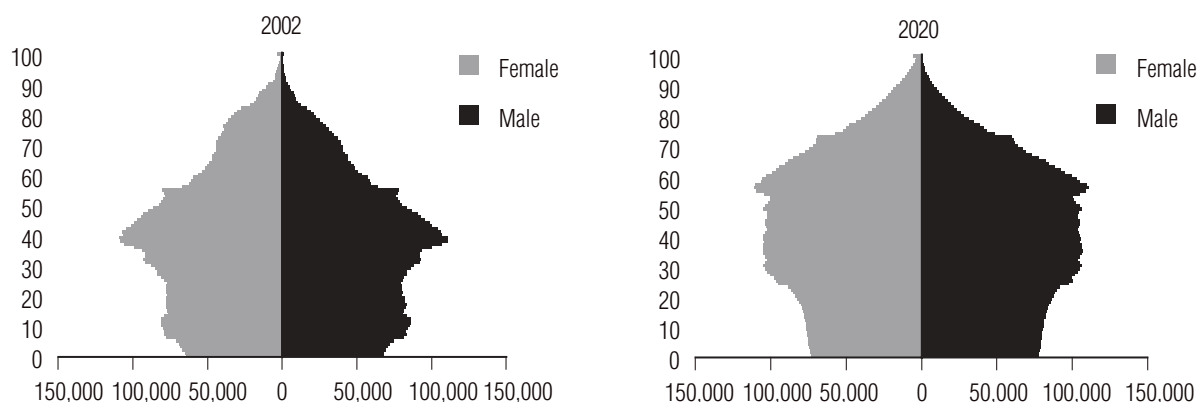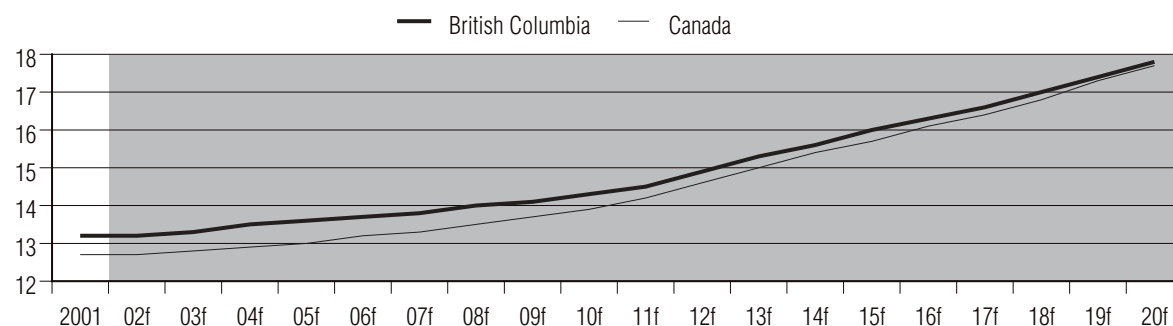
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

population of child-bearing age will be amplified by British Columbia's low fertility rate (that is, the average number of children born to a woman during her lifetime). At 1.42, the rate falls below the national fertility rate of 1.55 and, more importantly, it is significantly below the standard replacement rate of 2.1. From its high at the beginning of this decade, the rate of births will fall as much as 7 per cent by the end of the forecast horizon. With growth in the number of deaths outstripping growth in the number of births, the annual natural rate of increase of the population is expected to drop from 12,851 in 2002 to 7,046 in 2020.

Increased importance will be placed on migration as a source of population growth.

A deterioration of the natural rate of increase will place increased importance on migration as a source of population growth. Total net in-migration accounted for almost three-quarters of the province's total population growth in 2002. By 2020, in-migration will be responsible for almost 90 per cent of population growth. Net international migration will account for most of the net inflow in level terms, averaging 35,036 people annually between 2002 and 2006 and jumping to an average of 41,348 people annually between 2007 and 2020.

Net interprovincial migration inflows, which were a significant source of population growth during the first half of the 1990s, reversed themselves in the latter half of the decade, when the economy in British Columbia performed more weakly than that of most other provinces (see Chart 2). Net inflows turned to outflows in 1998, and the outflow has continued since. With the robust

performance of the Alberta economy, British Columbia's eastern neighbour has been the destination of choice for many B.C. migrants in search of employment, particularly people aged between 15 and 29, who accounted for one-third of those moving to Alberta between 1996 and 2001. Net interprovincial outflows are expected to continue until 2004, when more of Canada's baby boomers will move to British Columbia in search of a retirement destination with a temperate climate. Between 2002 and 2004, the net outflow of interprovincial migrants is expected to average over 7,600 people annually. With the subsequent influx of baby boomers, inflow will average 7,800 people per year from 2005 to 2020. Overall, total net international and interprovincial migration will average 9,378 from 2002 to 2006 and 49,730 over the remainder of the forecast.

LABOUR FORCE

Labour force growth is determined by changes in the source population (aged 15 and over) and movements in the labour force participation rate. Over the course of the forecast, the number of net new entrants to the labour force will be substantially reduced, reflecting the ageing of the baby-boomer population and the province's low fertility rate. Source population growth will post compound annual gains of 1.5 per cent from 2002 to 2007, then drop to an average of 1.3 per cent growth over the remainder of the forecast horizon.

Labour force participation, which has been falling since 1995 as a result of a sluggish B.C. labour market, is expected to continue its downward trend. Deep cuts to the provincial public service, which are likely to continue for the next two years, will affect participation rates, discouraging many would-be civil servants from

Chart 2
Interprovincial Migration
(average annual rate)
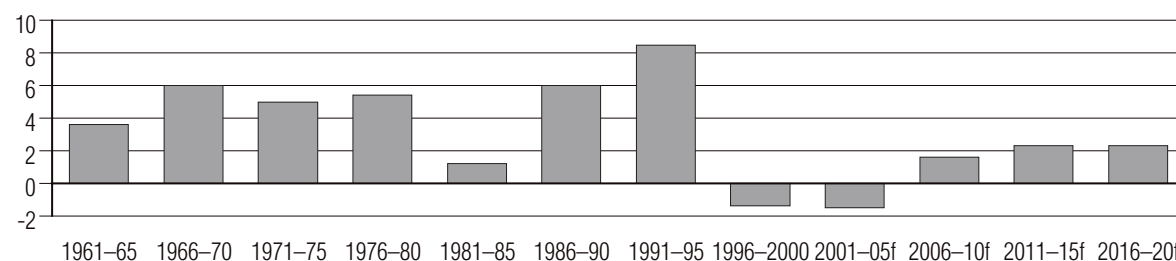
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

entering the labour force. Overall, the participation rate is expected to fall from 64.7 per cent in 2002 to 64 per cent in 2005.

As the baby boomers age, the provincial participation rate will decrease steadily to 62.2 per cent by 2015. An increasing share of women entering the labour force will moderate this decline, but not stop it. Among younger males and females, participation rates are near convergence, but a sizeable gap still exists in the 55–64 age group. Hence the participation rate for older females is expected to continue making some gains over the next 10 years. As more of the population retires and the gender gap narrows in the participation rate, the participation rate will continue to decline, falling to 61.4 per cent by 2020.

Together, the weaker source population growth and the lower participation rate are expected to yield compound annual labour force growth of 1.4 per cent between 2002 and 2006. Labour force growth will accelerate slightly to 1.5 per cent between 2007 and 2011 before decelerating to 0.9 per cent over the rest of the forecast horizon.

POTENTIAL OUTPUT AND PRODUCTIVITY

Potential output is the level of output that can be sustained over a long period of time if all factors of production are fully and efficiently employed. Since this concept cannot be observed, it must be estimated. In simple terms, what an economy can potentially produce is determined by the available labour supply and the output that each worker can generate. Therefore, potential output growth is driven by the underlying

sustainable growth rate of the labour force plus labour productivity growth. In practice, however, both the labour force and labour productivity are highly cyclical. To determine the underlying sustainable pace of growth, this calculation must not include short-term volatility. Therefore, potential output is estimated using long-term trend labour force growth and trend labour productivity growth. The sum of these two components provides a preliminary estimate of potential output.

The provincial participation rate will decrease steadily to 62.2 per cent by 2015.

There are a number of reasons to expect the pace of labour productivity to trend slowly upward over the forecast period. First, the globally competitive market environment will force businesses to try to increase market share by expanding capital equipment and economizing on labour, thus increasing labour productivity. Second, the resulting displacement of labour will create a pool of unemployed workers with a high incentive to seek retraining and will motivate new workers to carefully consider the skills they invest in. Therefore, over the forecast period, the average level of training and skills will gradually increase, boosting overall productivity.

Productivity increases will offset some of the impact of decline in labour force growth on potential output. These two factors will combine to increase potential output by an average annual growth rate of 2.6 per cent from 2002 to 2006 and 2.4 per cent from 2007 to 2015, before dropping to 2.1 per cent in the final years of the forecast (see Chart 3).

Chart 3
Actual Versus Potential GDP Growth
(percentage change)
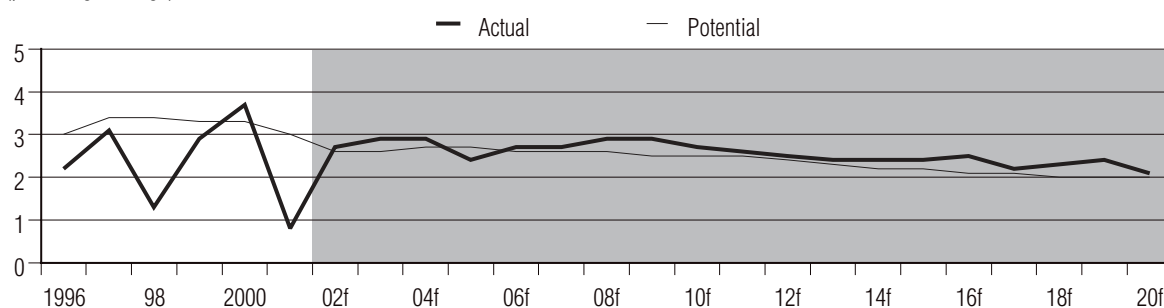
f = forecast
Sources: The Conference Board of Canada; Statistics Canada.

AGGREGATE DEMAND

British Columbia is expected to underperform the rest of the country in overall job creation in the medium term, with employment posting average annual compound growth of 1.5 per cent from 2002 to 2006. Employment growth will decline to 1.3 per cent annually from 2007 to 2016. As in the rest of Canada, this marked drop in employment growth will occur in the latter part of the forecast period, principally as a result of labour shortages in the province. The unemployment rate, which jumped 0.8 per cent to 8.5 per cent in 2002, is forecast to drop steadily over the entire forecast horizon, to 6.9 per cent in 2020.

Baby boomers, now in their peak spending years, will continue to spend heavily on durable goods, such as cars and home furnishings, until 2005. Their preferences will then shift toward an increased share of services, such as health care and travel. Overall, real consumer spending is forecast to post compound growth of 4.8 per cent between 2002 and 2006, 4.6 per cent from 2007 to 2016, and 4.4 per cent between 2016 and 2020.

Baby boomers will continue to spend heavily on durable goods until 2005.

Demographic developments will naturally dictate housing activity over the long term. B.C. housing starts have been falling fairly consistently since 1995, and in 2000 they hit their lowest point in more than two decades. However, residential construction has taken off across British Columbia since then. Spurred by historically low mortgage rates, housing starts grew by 19.5 per cent in 2001 and 21.5 per cent in 2002. With this building surge, the stock of housing is more in line with demand than at any time since the mid 1990s. In the medium term, negative net interprovincial migration flows will keep a lid on population growth while government cuts and rising interest rates will motivate some would-be home buyers to delay investing in a new home. From 2002 to 2006, starts are expected to retreat 3.1 per cent per year, compounded annually, from their high in 2002, but they will remain historically high. Beyond this period, housing starts will increase as the influx of in-migration by baby boomers fuels construction of multiple units. Total housing starts are forecast

to average compound growth of 5.3 per cent between 2007 and 2016 before growth moderates significantly to 1.2 per cent through the remainder of the forecast, reaching 31,600 units by 2020.

Nominal investment spending on residential construction surged 22.9 per cent in 2002, reflecting the large increase in housing activity. Annual compound growth will slow to a more sustainable rate of 6.3 per cent between 2002 and 2006, then decrease slightly to 5.5 per cent from 2007 to 2016 and fall to 2.7 per cent through the remainder of the forecast.

Nominal investment spending on non-residential construction retreated slightly in 2002 as businesses curtailed discretionary investment spending. However, a rebound is expected in the near term, thanks to some big projects, including a natural gas line connecting the Fraser Valley and Lower Mainland and the half billion-dollar expansion of the Vancouver Convention centre. Investment in non-residential construction is expected to post a compound annual growth rate of 4.3 per cent between 2002 and 2006. Compound annual growth will accelerate to 5.1 per cent over the next 10 years before decelerating to 4.1 per cent for the remainder of the forecast horizon.

The contraction in business spending experienced in 2002 led to an 8.6 per cent plunge in machinery and equipment investment. However, investment in machinery and equipment is expected to grow robustly over the forecast period as businesses remain under pressure to become more globally competitive and strive to increase productivity. Compound growth in machinery and equipment is expected to be 3.7 per cent between 2002 and 2006 before rising to 5.4 per cent between 2007 and 2016 and settling back to 4.5 per cent between 2017 and 2020.

After running a small surplus in fiscal 2000–01, the provincial government has been in a deficit position in the two subsequent years, as revenues were hampered by a 25 per cent cut in personal income taxes and a 3 per cent cut in business taxes. The budget deficit is forecast to hit $4 billion in 2002–03, an improvement from the $4.4 billion shortfall initially forecast but still one of the largest deficits in British Columbia's history.

Nominal government spending on goods and services is expected to post an average annual growth rate of 3.4 per cent between 2002 and 2006. The figure, 0.6 per cent less than growth at the national level, reflects the provincial government's attempt to curb expenditures to achieve its target of a balanced budget by 2004–05. Fiscal policy is expected to become more expansionary beyond 2006, as ageing baby boomers place increased demand on the health care system. During the last few years of the forecast, spending on education is anticipated to increase as new schools are built to accommodate the grandchildren of baby boomers. Nominal government spending is forecast to increase by an average annual compound rate of 4.9 per cent between 2007 and 2016 and 5 per cent between 2017 and 2020.

INDUSTRY ANALYSIS

FORESTRY

British Columbia's lumber industry had a very difficult year in 2002, in large part because of the softwood lumber dispute, which probably will be resolved until at least mid 2003. The industry bore the brunt of punitive U.S. duties of 27 per cent imposed on softwood exports during the second quarter.

Adding to industry woes, lumber prices through the course of 2002 tumbled below the key $200 level, which marks the cost threshold for many sawmills. High-cost mill operations, many of which are located on the B.C. coast, curtailed production and laid off employees. However, lower cost mills in the interior battled back against both duties and low prices. By increasing utilization rates to near capacity—selling the increased production into the U.S. market—interior mills have lowered variable costs to gain U.S. market share and to minimize operational losses through the duration of the softwood dispute.

Strong new-housing markets in Canada and the United States have kept lumber demand high; but excess world supply, exacerbated by increased B.C. production, has precluded any possibility that lumber prices would recover in the near term. Producers in British Columbia's interior appear ready to fight a war of attrition against higher cost competition on both sides of the border. Further consolidations and closures are likely before the softwood dispute is resolved. As a result of the dispute, average annual growth of real forestry output is expected to be –0.2 per cent from 2002 to 2006. Growth is then expected to accelerate to a modest 1.7 per cent from 2007 to 2011.

The 40 years required to grow new forests to commercially viable size and the growing desire to preserve the remaining old growth forests will place finite limits on the areas that can be harvested in the future. Therefore, even moderate forestry growth is not sustainable in the long term. The annual allowable cut will have to be reduced so that sustainable harvest levels can be maintained. The Conference Board of Canada assumes that significant reductions to the timber harvest will not take place until the next decade. Because the economy is so heavily reliant on forestry, reductions will be phased in slowly over the long term. This assumption indicates an industry contraction from 2011 to the end of the forecast horizon, at a compound rate of 0.1 per cent per annum.

MANUFACTURING

British Columbia's largely resource-based manufacturing sector is dominated by the paper and wood product industries, which together account for nearly half of the province's total manufacturing shipments. Pulp and newsprint producers alike faced challenging market conditions during 2001 and 2002 as excess world supply chopped prices on world markets. The price of benchmark Northern Bleached Softwood Kraft fell precipitously, from U.S. $710 per tonne at the end of 2000 to U.S. $510 per tonne in the third quarter of 2002. During the same period, newsprint prices plummeted by 26 per cent. Prices are expected to remain depressed until the uneven U.S. recovery picks up steam. However, a reduction in overall industry capacity over the past two years as a result of plant closures bodes well for pulp and newsprint through the medium term once the U.S. recovery solidifies.

These industries will continue to play an important role over the long term, although there will be greater emphasis on value-added products for exports. First, the abundance of high-grade fibre in the province will allow the development of more specialized paper products. Second, lumber manufacturing will continue to develop markets for furniture components, doors, and windows but will also continue to diversify into engineered lumber products, such as parallel strand lumber and wooden I-joists. Real manufacturing output will post average annual growth of 2.6 per cent over the forecast.

Table 1—Key Economic Indicators: Canada
(Forecast Completed: December 9, 2002)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
GDP at market prices (current $)	810,426	836,864	882,733	914,973	980,524	1,064,995	1,092,246	1,139,561	1,197,676	1,257,776	1,308,525	1,364,241	1,427,580
	5.1	3.3	5.5	3.7	7.2	8.6	2.6	4.3	5.1	5.0	4.0	4.3	4.6
GDP at basic prices (current $)	750,668	775,738	816,708	846,534	907,577	988,966	1,016,876	1,055,453	1,108,999	1,165,473	1,212,172	1,263,542	1,322,298
	5.1	3.3	5.3	3.7	7.2	9.0	2.8	3.8	5.1	5.1	4.0	4.2	4.7
GDP at market prices (constant 1997 $)	772,843	783,809	816,906	848,364	889,367	929,556	940,006	970,887	1,004,804	1,038,103	1,062,691	1,089,866	1,120,810
	2.6	1.4	4.2	3.9	4.8	4.5	1.1	3.3	3.5	3.3	2.4	2.6	2.8
Consumer price index (1992=1.0)	1.042	1.059	1.076	1.086	1.105	1.135	1.164	1.191	1.220	1.248	1.273	1.299	1.325
	2.2	1.6	1.6	1.0	1.7	2.7	2.5	2.3	2.5	2.2	2.1	2.0	2.0
Implicit price deflator— GDP at basic prices (1997=1.0)	0.971	0.990	1.000	0.998	1.020	1.064	1.082	1.087	1.104	1.123	1.141	1.159	1.180
	2.4	1.9	1.0	−0.2	2.3	4.3	1.7	0.5	1.5	1.7	1.6	1.6	1.8
Average weekly wages (level)	589	606	622	633	641	656	667	679	700	722	747	774	802
	1.7	2.9	2.7	1.8	1.3	2.4	1.6	1.9	3.1	3.1	3.4	3.6	3.6
Personal income (current $)	672,111	687,203	715,495	748,321	783,596	838,880	872,657	904,861	943,719	986,073	1,028,386	1,075,460	1,126,766
	4.0	2.2	4.1	4.6	4.7	7.1	4.0	3.7	4.3	4.5	4.3	4.6	4.8
Personal disposable income (current $)	519,588	527,783	546,166	568,766	596,657	637,673	665,924	698,376	727,478	762,728	794,998	829,959	868,901
	3.6	1.6	3.5	4.1	4.9	6.9	4.4	4.9	4.2	4.8	4.2	4.4	4.7
Personal savings rate	9.2	7.0	4.9	4.9	4.1	4.8	4.6	5.2	4.6	4.5	3.8	3.2	3.0
	−2.6	−23.8	−30.6	−0.5	−15.3	16.1	−4.2	14.5	−12.5	−1.3	−16.9	−13.8	−8.0
Population of labour force age (000s)	22,727	23,031	23,359	23,671	23,969	24,285	24,618	24,960	25,287	25,604	25,934	26,261	26,583
	1.3	1.3	1.4	1.3	1.3	1.3	1.4	1.4	1.3	1.3	1.3	1.3	1.2
Labour force (000s)	14,750	14,902	15,151	15,417	15,722	16,001	16,249	16,646	16,852	17,091	17,328	17,551	17,768
	0.9	1.0	1.7	1.8	2.0	1.8	1.5	2.4	1.2	1.4	1.4	1.3	1.2
Employment (000s)	13,358	13,464	13,774	14,139	14,533	14,911	15,076	15,371	15,633	15,905	16,099	16,328	16,614
	1.9	0.8	2.3	2.7	2.8	2.6	1.1	2.0	1.7	1.7	1.2	1.4	1.7
Unemployment rate (000s)	9.4	9.6	9.1	8.3	7.6	6.8	7.2	7.7	7.2	6.9	7.1	7.0	6.5
Retail sales (current)	213,774	220,870	237,837	246,675	260,779	277,033	289,130	307,165	320,733	335,131	350,909	367,601	385,074
	2.9	3.3	7.7	3.7	5.7	6.2	4.4	6.2	4.4	4.5	4.7	4.8	4.8
Housing starts (units)	110,933	124,713	147,040	137,439	149,968	151,653	162,733	201,263	180,552	172,540	169,779	167,785	164,092
	−28.0	12.4	17.9	−6.5	9.1	1.1	7.3	23.7	−10.3	−4.4	−1.6	−1.2	−2.2

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 1—Key Economic Indicators: Canada
(Forecast Completed: December 9, 2002)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GDP at market prices (current $)	1,493,866	1,561,193	1,632,452	1,704,445	1,775,314	1,848,462	1,924,162	2,002,636	2,087,177	2,175,842	2,265,963	2,359,678	2,457,477
	4.6	4.5	4.6	4.4	4.2	4.1	4.1	4.1	4.2	4.2	4.1	4.1	4.1
GDP at basic prices (current $)	1,383,855	1,446,331	1,512,625	1,579,496	1,645,161	1,712,952	1,783,079	1,855,705	1,934,195	2,016,527	2,100,030	2,186,818	2,277,533
	4.7	4.5	4.6	4.4	4.2	4.1	4.1	4.1	4.2	4.3	4.1	4.1	4.1
GDP at market prices (constant 1997 $)	1,153,733	1,185,029	1,217,811	1,249,489	1,280,428	1,311,348	1,343,390	1,375,862	1,408,645	1,441,985	1,475,058	1,509,796	1,546,199
	2.9	2.7	2.8	2.6	2.5	2.4	2.4	2.4	2.4	2.4	2.3	2.4	2.4
Consumer price index (1992=1.0)	1.351	1.378	1.405	1.435	1.465	1.495	1.526	1.558	1.591	1.624	1.659	1.695	1.733
	2.0	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.2	2.2
Implicit price deflator—GDP at basic prices (1997=1.0)	1.199	1.220	1.242	1.264	1.285	1.306	1.327	1.349	1.373	1.398	1.424	1.448	1.473
	1.7	1.8	1.8	1.8	1.6	1.7	1.6	1.6	1.8	1.8	1.8	1.7	1.7
Average weekly wages (level)	827	851	878	906	935	967	1,000	1,033	1,067	1,104	1,143	1,184	1,226
	3.1	3.0	3.2	3.2	3.2	3.4	3.4	3.3	3.2	3.5	3.6	3.6	3.6
Personal income (current $)	1,176,823	1,225,058	1,275,424	1,328,758	1,384,454	1,443,510	1,505,925	1,568,489	1,631,958	1,700,361	1,772,787	1,848,923	1,928,842
	4.4	4.1	4.1	4.2	4.2	4.3	4.3	4.2	4.0	4.2	4.3	4.3	4.3
Personal disposable income (current $)	910,557	948,709	987,558	1,028,693	1,070,933	1,115,747	1,163,233	1,210,620	1,258,859	1,310,879	1,365,841	1,423,536	1,484,190
	4.8	4.2	4.1	4.2	4.1	4.2	4.3	4.1	4.0	4.1	4.2	4.2	4.3
Personal savings rate	2.9	2.5	2.1	1.9	1.8	1.8	1.9	1.9	1.8	1.7	1.8	2.0	2.2
	−3.3	−14.8	−14.7	−7.5	−6.8	−0.1	4.1	2.2	−6.6	−3.3	5.4	9.7	12.3
Population of labour force age (000s)	26,894	27,196	27,494	27,787	28,053	28,305	28,549	28,787	29,015	29,243	29,469	29,692	29,911
	1.2	1.1	1.1	1.1	1.0	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.7
Labour force (000s)	17,993	18,183	18,373	18,560	18,707	18,842	18,972	19,085	19,178	19,303	19,435	19,566	19,699
	1.3	1.1	1.0	1.0	0.8	0.7	0.7	0.6	0.5	0.7	0.7	0.7	0.7
Employment (000s)	16,871	17,075	17,245	17,409	17,559	17,705	17,857	17,994	18,108	18,244	18,373	18,502	18,630
	1.5	1.2	1.0	1.0	0.9	0.8	0.9	0.8	0.6	0.8	0.7	0.7	0.7
Unemployment rate (000s)	6.2	6.1	6.1	6.2	6.1	6.0	5.9	5.7	5.6	5.5	5.5	5.4	5.4
Retail sales (current)	404,767	423,559	442,456	462,161	482,918	504,044	525,530	545,503	567,201	589,334	613,257	637,714	663,610
	5.1	4.6	4.5	4.5	4.5	4.4	4.3	3.8	4.0	3.9	4.1	4.0	4.1
Housing starts (units)	162,552	161,528	161,316	158,238	153,372	150,580	154,378	157,618	154,134	150,907	146,758	144,032	142,670
	−0.9	−0.6	−0.1	−1.9	−3.1	−1.8	2.5	2.1	−2.2	−2.1	−2.7	−1.9	−0.9

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 2—Key Economic Indicators: Newfoundland
(Forecast Completed: December 9, 2002)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
GDP at market prices (current $)	10,661	10,420	10,555	11,237	12,495	14,320	14,053	15,724	16,622	17,222	17,661	18,902	19,652
	3.8	−2.3	1.3	6.5	11.2	14.6	−1.9	11.9	5.7	3.6	2.5	7.0	4.0
GDP at basic prices (current $)	9,449	9,242	9,455	10,052	11,256	13,036	12,724	14,241	15,058	15,595	15,962	17,126	17,796
	3.6	−2.2	2.3	6.3	12.0	15.8	−2.4	11.9	5.7	3.6	2.4	7.3	3.9
GDP at market prices (constant 1997 $)	9,567	9,235	9,408	10,080	10,732	11,343	11,503	12,622	13,024	13,220	13,415	13,981	14,225
	1.2	−3.5	1.9	7.1	6.5	5.7	1.4	9.7	3.2	1.5	1.5	4.2	1.7
Consumer price index (1992=1.0)	1.044	1.060	1.082	1.084	1.100	1.133	1.145	1.170	1.194	1.215	1.234	1.256	1.275
	1.4	1.6	2.1	0.2	1.5	3.0	1.1	2.2	2.0	1.8	1.6	1.8	1.5
Implicit price deflator— GDP at basic prices (1997=1.0)	0.988	1.001	1.006	0.998	1.049	1.149	1.107	1.128	1.156	1.180	1.190	1.225	1.251
	2.4	1.3	0.5	−0.8	5.1	9.5	−3.7	1.9	2.5	2.0	0.9	3.0	2.1
Average weekly wages (level)	530	531	538	551	556	569	581	594	608	624	641	662	684
	−0.7	0.2	1.4	2.2	1.0	2.4	2.0	2.2	2.4	2.5	2.9	3.2	3.3
Personal income (current $)	10,115	9,956	9,947	10,374	10,791	11,388	11,786	12,322	12,761	13,206	13,640	14,109	14,626
	2.0	−1.6	−0.1	4.3	4.0	5.5	3.5	4.5	3.6	3.5	3.3	3.4	3.7
Personal disposable income (current $)	8,113	7,994	7,962	8,292	8,601	9,076	9,392	9,900	10,230	10,610	10,954	11,318	11,728
	1.3	−1.5	−0.4	4.1	3.7	5.5	3.5	5.4	3.3	3.7	3.2	3.3	3.6
Personal savings rate	12.3	9.6	5.2	5.8	4.7	4.7	3.9	7.1	6.5	6.4	5.6	5.1	4.8
	−7.4	−21.8	−46.1	11.3	−19.5	0.7	−15.8	80.6	−8.5	−1.4	−12.2	−9.6	−5.6
Population of labour force age (000s)	447	445	443	439	438	440	439	439	439	439	440	440	440
	−0.4	−0.5	−0.5	−0.7	−0.2	0.3	−0.1	−0.1	0	0	0.2	0.1	−0.1
Labour force (000s)	237	232	232	237	246	246	252	257	256	256	256	257	258
	−1.5	−2.2	−0.1	2.0	4.1	−0.2	2.6	2.0	−0.5	−0.1	0.2	0.4	0.3
Employment (000s)	195	187	189	194	205	205	211	216	220	223	225	226	228
	1.2	−3.8	0.9	2.6	5.6	0	3.3	2.3	1.7	1.3	0.8	0.5	1.2
Unemployment rate (000s)	18.0	19.4	18.6	18.1	16.9	16.7	16.2	16.0	14.1	12.9	12.4	12.3	11.6
Retail sales (current)	3,510	3,542	3,800	3,939	4,223	4,522	4,943	5,091	5,259	5,437	5,642	5,849	6,066
	2.3	0.9	7.3	3.7	7.2	7.1	9.3	3.0	3.3	3.4	3.8	3.7	3.7
Housing starts (units)	1,712	2,034	1,696	1,450	1,371	1,459	1,788	2,099	1,695	1,493	1,354	1,213	1,113
	−23.7	18.8	−16.6	−14.5	−5.4	6.4	22.5	17.4	−19.2	−11.9	−9.3	−10.4	−8.2

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 2—Key Economic Indicators: Newfoundland

(Forecast Completed: December 9, 2002)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GDP at market prices (current $)	20,419	21,049	21,715	22,385	23,058	23,740	24,365	25,017	25,745	26,479	27,225	28,013	28,818
	3.9	3.1	3.2	3.1	3.0	3.0	2.6	2.7	2.9	2.9	2.8	2.9	2.9
GDP at basic prices (current $)	18,479	19,023	19,602	20,182	20,763	21,350	21,877	22,426	23,047	23,669	24,299	24,965	25,645
	3.8	2.9	3.0	3.0	2.9	2.8	2.5	2.5	2.8	2.7	2.7	2.7	2.7
GDP at market prices (constant 1997 $)	14,394	14,569	14,561	14,895	15,189	15,543	15,628	15,652	15,566	15,561	15,617	15,724	15,794
	1.2	1.2	−0.1	2.3	2.0	2.3	0.5	0.2	−0.5	0	0.4	0.7	0.4
Consumer price index (1992=1.0)	1.295	1.317	1.340	1.362	1.387	1.410	1.434	1.458	1.482	1.506	1.533	1.561	1.590
	1.6	1.7	1.7	1.7	1.8	1.7	1.7	1.7	1.6	1.7	1.8	1.8	1.8
Implicit price deflator— GDP at basic prices (1997=1.0)	1.284	1.306	1.346	1.355	1.367	1.374	1.400	1.433	1.481	1.521	1.556	1.588	1.624
	2.6	1.7	3.1	0.6	0.9	0.5	1.9	2.4	3.3	2.7	2.3	2.0	2.3
Average weekly wages (level)	702	722	747	773	798	822	847	873	900	932	966	1,001	1,039
	2.6	2.9	3.5	3.5	3.2	3.0	3.0	3.0	3.0	3.6	3.7	3.7	3.8
Personal income (current $)	15,113	15,477	15,856	16,256	16,719	17,251	17,759	18,239	18,706	19,210	19,751	20,310	20,903
	3.3	2.4	2.5	2.5	2.8	3.2	2.9	2.7	2.6	2.7	2.8	2.8	2.9
Personal disposable income (current $)	12,147	12,456	12,768	13,097	13,467	13,889	14,298	14,686	15,060	15,462	15,895	16,341	16,816
	3.6	2.5	2.5	2.6	2.8	3.1	2.9	2.7	2.5	2.7	2.8	2.8	2.9
Personal savings rate	4.8	4.4	4.1	4.1	4.0	4.1	4.3	4.5	4.4	4.5	4.5	4.6	4.7
	−1.2	−7.3	−6.3	−1.7	−0.8	2.6	4.2	3.3	−0.3	1.2	1.0	0.7	2.2
Population of labour force age (000s)	439	438	436	435	433	431	428	426	424	421	419	416	413
	−0.2	−0.3	−0.3	−0.3	−0.4	−0.6	−0.6	−0.5	−0.6	−0.6	−0.6	−0.6	−0.7
Labour force (000s)	257	256	256	254	253	253	252	251	248	246	245	243	241
	−0.3	−0.4	−0.4	−0.5	−0.3	0	−0.4	−0.5	−1.1	−0.9	−0.5	−0.8	−0.8
Employment (000s)	231	230	229	228	227	228	227	226	224	223	222	221	219
	1.1	−0.3	−0.5	−0.6	−0.2	0.4	−0.3	−0.7	−0.7	−0.5	−0.5	−0.6	−0.6
Unemployment rate (000s)	10.3	10.2	10.4	10.5	10.4	10.0	9.9	10.1	9.7	9.3	9.3	9.0	8.8
Retail sales (current)	6,302	6,488	6,672	6,860	7,081	7,320	7,537	7,723	7,921	8,119	8,340	8,560	8,799
	3.9	3.0	2.8	2.8	3.2	3.4	3.0	2.5	2.6	2.5	2.7	2.6	2.8
Housing starts (units)	1,100	1,082	999	894	798	719	652	575	478	379	301	254	219
	−1.2	−1.6	−7.7	−10.5	−10.7	−9.9	−9.4	−11.8	−16.8	−20.7	−20.5	−15.9	−13.7

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 3—Key Economic Indicators: Prince Edward Island
(Forecast Completed: December 9, 2002)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
GDP at market prices (current $)	2,669	2,819	2,797	2,973	3,144	3,397	3,469	3,688	3,834	3,989	4,134	4,299	4,455
	5.8	5.6	−0.8	6.3	5.8	8.1	2.1	6.3	4.0	4.0	3.6	4.0	3.6
GDP at basic prices (current $)	2,463	2,575	2,535	2,691	2,843	3,063	3,189	3,375	3,504	3,646	3,776	3,924	4,064
	5.9	4.6	−1.6	6.1	5.6	7.8	4.1	5.9	3.8	4.0	3.6	3.9	3.6
GDP at market prices (constant 1997 $)	2,472	2,541	2,521	2,640	2,737	2,825	2,827	2,940	3,020	3,107	3,173	3,247	3,326
	6.4	2.8	−0.8	4.7	3.6	3.2	0.1	4.0	2.7	2.9	2.1	2.3	2.4
Consumer price index (1992=1.0)	1.033	1.052	1.065	1.060	1.073	1.117	1.146	1.173	1.202	1.226	1.246	1.270	1.290
	1.6	1.9	1.3	−0.5	1.2	4.1	2.6	2.4	2.4	2.0	1.7	1.9	1.6
Implicit price deflator— GDP at basic prices (1997=1.0)	0.997	1.014	1.006	1.019	1.039	1.084	1.128	1.148	1.160	1.173	1.190	1.209	1.222
	−0.5	1.7	−0.7	1.3	1.9	4.4	4.0	1.8	1.1	1.1	1.4	1.6	1.1
Average weekly wages (level)	454	476	464	468	463	467	469	480	491	505	520	538	556
	3.4	4.9	−2.4	0.8	−1.1	0.8	0.5	2.4	2.3	2.7	3.1	3.4	3.4
Personal income (current $)	2,539	2,570	2,626	2,728	2,857	3,026	3,142	3,306	3,416	3,546	3,679	3,828	3,984
	4.2	1.2	2.2	3.9	4.7	5.9	3.8	5.2	3.3	3.8	3.8	4.1	4.1
Personal disposable income (current $)	2,068	2,071	2,118	2,170	2,276	2,407	2,499	2,661	2,745	2,857	2,963	3,080	3,204
	3.5	0.1	2.3	2.5	4.9	5.7	3.8	6.5	3.2	4.1	3.7	3.9	4.0
Personal savings rate	10.8	6.7	4.8	4.1	4.0	2.9	2.3	6.0	5.3	5.2	4.4	3.9	3.6
	0.5	−38.1	−28.5	−13.2	−3.5	−27.0	−20.8	161.2	−11.6	−1.8	−15.1	−12.2	−7.4
Population of labour force age (000s)	104	105	106	107	108	110	111	112	113	114	115	116	117
	1.2	1.2	1.0	0.7	1.1	1.5	1.0	1.2	0.9	0.9	1.0	1.0	1.0
Labour force (000s)	68	69	70	70	71	73	75	76	77	78	78	79	80
	0.8	2.4	1.1	0.3	1.9	2.8	1.8	2.1	0.9	0.7	0.8	1.0	0.8
Employment (000s)	57	59	59	60	61	65	66	67	68	68	69	70	71
	3.3	2.9	0.3	2.0	1.6	5.3	2.0	1.6	1.1	1.2	0.9	1.3	1.3
Unemployment rate (000s)	15.1	14.7	15.3	13.9	14.2	12.1	11.9	12.4	12.2	11.7	11.7	11.5	11.0
Retail sales (current)	894	932	1,008	1,054	1,157	1,230	1,281	1,324	1,364	1,416	1,477	1,541	1,605
	4.3	4.2	8.2	4.5	9.8	6.4	4.2	3.3	3.0	3.8	4.3	4.4	4.1
Housing starts (units)	422	554	470	524	616	710	675	675	654	642	640	637	633
	−36.9	31.3	−15.2	11.5	17.6	15.3	−4.9	0	−3.1	−1.8	−0.3	−0.5	−0.6

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 3—Key Economic Indicators: Prince Edward Island
(Forecast Completed: December 9, 2002)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GDP at market prices (current $)	4,627	4,808	4,994	5,177	5,375	5,572	5,781	5,991	6,216	6,454	6,700	6,960	7,229
	3.9	3.9	3.9	3.7	3.8	3.7	3.7	3.6	3.8	3.8	3.8	3.9	3.9
GDP at basic prices (current $)	4,219	4,382	4,549	4,713	4,892	5,069	5,256	5,445	5,648	5,862	6,084	6,318	6,561
	3.8	3.9	3.8	3.6	3.8	3.6	3.7	3.6	3.7	3.8	3.8	3.8	3.9
GDP at market prices (constant 1997 $)	3,412	3,501	3,585	3,667	3,756	3,842	3,930	4,019	4,112	4,200	4,290	4,381	4,470
	2.6	2.6	2.4	2.3	2.4	2.3	2.3	2.3	2.3	2.1	2.1	2.1	2.0
Consumer price index (1992=1.0)	1.311	1.332	1.354	1.378	1.404	1.429	1.455	1.480	1.506	1.532	1.562	1.591	1.622
	1.6	1.6	1.6	1.8	1.9	1.8	1.8	1.8	1.7	1.8	1.9	1.9	1.9
Implicit price deflator—GDP at basic prices (1997=1.0)	1.236	1.251	1.269	1.285	1.302	1.319	1.337	1.355	1.374	1.396	1.418	1.442	1.468
	1.2	1.2	1.4	1.3	1.3	1.3	1.4	1.3	1.4	1.6	1.6	1.7	1.8
Average weekly wages (level)	571	585	601	618	637	658	680	703	726	751	777	805	834
	2.7	2.4	2.7	2.9	3.1	3.3	3.4	3.3	3.3	3.4	3.6	3.6	3.5
Personal income (current $)	4,139	4,293	4,450	4,622	4,816	5,016	5,234	5,449	5,672	5,909	6,159	6,421	6,694
	3.9	3.7	3.7	3.9	4.2	4.2	4.3	4.1	4.1	4.2	4.2	4.3	4.3
Personal disposable income (current $)	3,337	3,462	3,586	3,722	3,874	4,031	4,202	4,371	4,546	4,732	4,927	5,132	5,347
	4.1	3.7	3.6	3.8	4.1	4.1	4.2	4.0	4.0	4.1	4.1	4.2	4.2
Personal savings rate	3.5	3.1	2.7	2.6	2.5	2.5	2.6	2.7	2.6	2.6	2.7	2.9	3.2
	−2.8	−11.8	−11.3	−5.1	−3.9	1.1	4.1	2.6	−3.3	−1.1	4.9	8.0	9.7
Population of labour force age (000s)	118	119	121	122	123	124	125	127	128	129	130	131	133
	1.0	1.0	1.0	1.1	1.0	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.0
Labour force (000s)	80	81	81	82	82	83	83	84	84	85	86	86	87
	1.0	0.8	0.4	0.4	0.6	0.6	0.8	0.7	0.6	0.9	0.6	0.5	0.5
Employment (000s)	72	73	73	74	74	75	76	76	77	78	78	79	79
	1.2	1.1	0.8	0.8	1.0	0.9	0.9	0.8	0.8	0.9	0.8	0.8	0.8
Unemployment rate (000s)	10.8	10.6	10.2	9.9	9.5	9.2	9.2	9.1	8.9	9.0	8.8	8.6	8.4
Retail sales (current)	1,677	1,748	1,817	1,891	1,976	2,060	2,147	2,228	2,317	2,406	2,503	2,602	2,707
	4.5	4.2	4.0	4.1	4.5	4.2	4.3	3.8	4.0	3.9	4.0	4.0	4.0
Housing starts (units)	678	712	738	757	780	814	857	880	870	864	837	804	793
	7.2	5.0	3.6	2.6	3.0	4.4	5.2	2.7	−1.2	−0.7	−3.2	−3.9	−1.4

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 4—Key Economic Indicators: Nova Scotia
(Forecast Completed: December 9, 2002)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
GDP at market prices (current $)	19,299	19,482	20,338	21,327	23,166	24,415	25,200	26,439	27,546	28,614	29,516	30,538	31,660
	3.4	0.9	4.4	4.9	8.6	5.4	3.2	4.9	4.2	3.9	3.2	3.5	3.7
GDP at basic prices (current $)	17,371	17,479	18,372	19,294	21,047	22,220	22,868	23,837	24,802	25,758	26,535	27,423	28,403
	3.4	0.6	5.1	5.0	9.1	5.6	2.9	4.2	4.1	3.9	3.0	3.3	3.6
GDP at market prices (constant 1997 $)	17,913	17,920	18,383	18,896	19,919	20,334	20,829	21,546	22,272	22,758	23,089	23,556	24,050
	1.9	0	2.6	2.8	5.4	2.1	2.4	3.4	3.4	2.2	1.5	2.0	2.1
Consumer price index (1992=1.0)	1.038	1.056	1.078	1.085	1.103	1.142	1.163	1.196	1.221	1.243	1.264	1.287	1.309
	1.4	1.8	2.1	0.6	1.7	3.5	1.9	2.8	2.1	1.9	1.7	1.8	1.7
Implicit price deflator— GDP at basic prices (1997=1.0)	0.970	0.975	0.999	1.021	1.056	1.093	1.098	1.106	1.114	1.132	1.149	1.164	1.181
	1.5	0.6	2.5	2.2	3.5	3.4	0.5	0.7	0.7	1.6	1.5	1.3	1.4
Average weekly wages (level)	503	512	522	529	537	546	550	560	573	587	604	624	645
	0.5	1.7	2.0	1.3	1.4	1.7	0.8	1.9	2.2	2.5	2.9	3.2	3.4
Personal income (current $)	18,469	18,554	19,291	20,368	21,358	22,585	23,346	24,143	25,020	25,888	26,759	27,721	28,777
	2.3	0.5	4.0	5.6	4.9	5.7	3.4	3.4	3.6	3.5	3.4	3.6	3.8
Personal disposable income (current $)	14,791	14,795	15,346	16,106	16,878	17,755	18,359	19,168	19,929	20,709	21,396	22,133	22,964
	2.0	0	3.7	5.0	4.8	5.2	3.4	4.4	4.0	3.9	3.3	3.4	3.8
Personal savings rate	8.2	5.8	4.7	5.3	4.6	3.9	3.6	4.2	3.4	3.3	2.5	1.9	1.6
	−7.9	−28.7	−20.1	13.1	−13.2	−14.9	−8.2	18.1	−19.4	−2.8	−24.4	−22.4	−15.4
Population of labour force age (000s)	720	725	730	735	741	748	752	756	762	767	773	778	783
	0.5	0.7	0.8	0.6	0.8	0.9	0.5	0.6	0.7	0.7	0.8	0.7	0.6
Labour force (000s)	429	431	437	446	452	462	469	475	479	482	486	490	494
	−0.6	0.5	1.4	2.0	1.3	2.2	1.6	1.2	0.9	0.6	1.0	0.8	0.8
Employment (000s)	377	378	384	399	409	420	423	428	435	439	441	445	449
	1.1	0.3	1.6	3.8	2.4	2.7	0.9	1.2	1.5	0.9	0.5	0.8	0.9
Unemployment rate (000s)	12.1	12.3	12.1	10.5	9.6	9.1	9.8	9.8	9.2	8.9	9.3	9.3	9.2
Retail sales (current)	6,483	7,071	7,373	7,712	8,163	8,485	8,703	9,177	9,551	9,893	10,270	10,660	11,065
	−1.2	9.1	4.3	4.6	5.8	3.9	2.6	5.4	4.1	3.6	3.8	3.8	3.8
Housing starts (units)	4,168	4,059	3,813	3,137	4,250	4,432	4,092	4,517	3,881	3,720	3,660	3,630	3,591
	−12.2	−2.6	−6.1	−17.7	35.5	4.3	−7.7	10.4	−14.1	−4.1	−1.6	−0.8	−1.1

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 4—Key Economic Indicators: Nova Scotia

(Forecast Completed: December 9, 2002)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GDP at market prices (current $)	32,829	34,088	35,268	36,550	37,754	39,065	40,399	41,761	43,259	44,788	46,204	47,777	49,404
	3.7	3.8	3.5	3.6	3.3	3.5	3.4	3.4	3.6	3.5	3.2	3.4	3.4
GDP at basic prices (current $)	29,425	30,534	31,561	32,684	33,727	34,872	36,034	37,215	38,526	39,859	41,070	42,428	43,836
	3.6	3.8	3.4	3.6	3.2	3.4	3.3	3.3	3.5	3.5	3.0	3.3	3.3
GDP at market prices (constant 1997 $)	24,494	25,106	25,597	26,131	26,533	27,023	27,508	28,008	28,614	29,120	29,446	29,941	30,390
	1.8	2.5	2.0	2.1	1.5	1.8	1.8	1.8	2.2	1.8	1.1	1.7	1.5
Consumer price index (1992=1.0)	1.331	1.353	1.377	1.402	1.428	1.454	1.480	1.506	1.532	1.559	1.589	1.619	1.650
	1.7	1.6	1.7	1.8	1.9	1.8	1.8	1.8	1.7	1.8	1.9	1.9	1.9
Implicit price deflator— GDP at basic prices (1997=1.0)	1.201	1.216	1.233	1.251	1.271	1.290	1.310	1.329	1.346	1.369	1.395	1.417	1.442
	1.7	1.2	1.4	1.4	1.6	1.5	1.5	1.4	1.3	1.7	1.9	1.6	1.8
Average weekly wages (level)	666	688	713	739	766	795	825	856	887	922	958	997	1,036
	3.2	3.4	3.5	3.7	3.6	3.8	3.8	3.7	3.7	3.9	4.0	4.0	4.0
Personal income (current $)	29,807	30,877	31,899	33,046	34,196	35,447	36,736	38,012	39,373	40,755	42,079	43,532	45,069
	3.6	3.6	3.3	3.6	3.5	3.7	3.6	3.5	3.6	3.5	3.2	3.5	3.5
Personal disposable income (current $)	23,858	24,731	25,552	26,469	27,380	28,367	29,387	30,393	31,468	32,558	33,605	34,748	35,965
	3.9	3.7	3.3	3.6	3.4	3.6	3.6	3.4	3.5	3.5	3.2	3.4	3.5
Personal savings rate	1.5	1.1	0.8	0.7	0.6	0.6	0.7	0.8	0.7	0.7	0.8	1.1	1.4
	−5.9	−26.2	−30.0	−15.9	−14.7	6.7	18.6	11.2	−9.6	−2.3	19.1	27.5	28.2
Population of labour force age (000s)	788	792	796	799	802	805	808	810	812	814	816	817	819
	0.6	0.5	0.5	0.5	0.4	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2
Labour force (000s)	498	501	503	505	505	506	506	506	506	506	503	500	498
	0.8	0.6	0.4	0.4	0.2	0.1	0	0.1	0.1	−0.2	−0.6	−0.6	−0.3
Employment (000s)	452	457	459	461	462	463	465	466	468	469	467	467	467
	0.7	1.1	0.3	0.5	0.1	0.4	0.3	0.2	0.4	0.3	−0.4	0	−0.1
Unemployment rate (000s)	9.2	8.7	8.7	8.6	8.7	8.4	8.1	8.0	7.6	7.2	7.0	6.5	6.3
Retail sales (current)	11,532	12,014	12,461	12,951	13,453	13,971	14,483	14,949	15,492	16,007	16,508	17,043	17,621
	4.2	4.2	3.7	3.9	3.9	3.9	3.7	3.2	3.6	3.3	3.1	3.2	3.4
Housing starts (units)	3,509	3,400	3,300	3,210	3,107	3,000	2,977	2,930	2,853	2,762	2,690	2,510	2,317
	−2.3	−3.1	−2.9	−2.7	−3.2	−3.4	−0.8	−1.6	−2.6	−3.2	−2.6	−6.7	−7.7

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 5—Key Economic Indicators: New Brunswick
(Forecast Completed: December 9, 2002)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
GDP at market prices (current $)	16,375	16,616	16,846	17,574	18,856	20,003	20,401	21,087	22,005	22,944	23,658	24,476	25,279
	7.0	1.5	1.4	4.3	7.3	6.1	2.0	3.4	4.4	4.3	3.1	3.5	3.3
GDP at basic prices (current $)	14,775	14,979	15,294	15,966	17,211	18,278	18,568	19,041	19,848	20,699	21,315	22,027	22,718
	7.2	1.4	2.1	4.4	7.8	6.2	1.6	2.5	4.2	4.3	3.0	3.3	3.1
GDP at market prices (constant 1997 $)	14,900	15,204	15,272	15,911	16,592	16,967	17,077	17,582	18,165	18,613	18,858	19,209	19,702
	3.1	2.0	0.4	4.2	4.3	2.3	0.6	3.0	3.3	2.5	1.3	1.9	2.6
Consumer price index (1992=1.0)	1.034	1.049	1.069	1.075	1.092	1.128	1.147	1.184	1.212	1.238	1.258	1.283	1.306
	1.6	1.5	1.9	0.6	1.6	3.3	1.7	3.2	2.4	2.1	1.6	2.0	1.8
Implicit price deflator— **GDP at basic prices** (1997=1.0)	0.992	0.985	1.002	1.004	1.037	1.077	1.087	1.083	1.093	1.112	1.130	1.147	1.153
	3.9	−0.7	1.7	0.2	3.3	3.8	1.0	−0.4	0.9	1.8	1.6	1.5	0.6
Average weekly wages (level)	515	521	537	539	546	574	580	590	605	621	640	661	686
	2.2	1.1	3.1	0.4	1.4	5.1	1.0	1.9	2.5	2.6	3.0	3.4	3.7
Personal income (current $)	14,638	14,810	15,100	15,826	16,610	17,628	18,397	18,976	19,702	20,418	21,098	21,859	22,745
	3.8	1.2	2.0	4.8	5.0	6.1	4.4	3.1	3.8	3.6	3.3	3.6	4.1
Personal disposable income (current $)	11,713	11,821	12,041	12,582	13,211	13,974	14,598	15,262	15,816	16,431	16,974	17,564	18,265
	3.7	0.9	1.9	4.5	5.0	5.8	4.5	4.5	3.6	3.9	3.3	3.5	4.0
Personal savings rate	10.2	8.4	6.7	6.8	6.4	6.8	7.9	9.7	9.0	8.9	8.2	7.6	7.4
	2.7	−17.3	−20.8	1.7	−4.9	5.0	16.9	22.0	−6.7	−1.0	−8.6	−6.5	−3.6
Population of labour force age (000s)	588	591	594	596	600	604	606	608	611	614	617	620	622
	0.4	0.5	0.6	0.3	0.5	0.7	0.4	0.4	0.5	0.5	0.5	0.5	0.4
Labour force (000s)	349	347	356	362	366	372	377	385	387	390	392	394	397
	1.8	−0.6	2.5	1.7	1.1	1.7	1.4	2.2	0.5	0.8	0.6	0.5	0.7
Employment (000s)	310	306	310	318	328	334	335	345	349	353	355	357	362
	3.3	−1.1	1.3	2.3	3.4	1.8	0	3.0	1.3	1.2	0.4	0.7	1.4
Unemployment rate (000s)	11.2	11.7	12.7	12.2	10.2	10.1	11.2	10.5	9.9	9.5	9.6	9.5	8.9
Retail sales (current)	5,136	5,449	5,656	6,043	6,609	6,905	7,070	7,341	7,608	7,889	8,197	8,519	8,874
	3.3	6.1	3.8	6.8	9.4	4.5	2.4	3.8	3.6	3.7	3.9	3.9	4.2
Housing starts (units)	2,300	2,722	2,702	2,447	2,776	3,079	3,462	3,050	2,800	2,706	2,696	2,681	2,625
	−28.2	18.3	−0.7	−9.4	13.4	10.9	12.4	−11.9	−8.2	−3.4	−0.4	−0.6	−2.1

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 5—Key Economic Indicators: New Brunswick
(Forecast Completed: December 9, 2002)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GDP at market prices (current $)	26,191	27,085	27,986	28,961	30,022	31,097	32,200	33,330	34,512	35,726	37,008	38,335	39,677
	3.6	3.4	3.3	3.5	3.7	3.6	3.5	3.5	3.5	3.5	3.6	3.6	3.5
GDP at basic prices (current $)	23,515	24,291	25,072	25,922	26,856	27,801	28,768	29,757	30,791	31,852	32,973	34,131	35,301
	3.5	3.3	3.2	3.4	3.6	3.5	3.5	3.4	3.5	3.4	3.5	3.5	3.4
GDP at market prices (constant 1997 $)	20,098	20,489	20,892	21,296	21,715	22,112	22,503	22,898	23,301	23,662	24,053	24,462	24,842
	2.0	1.9	2.0	1.9	2.0	1.8	1.8	1.8	1.8	1.6	1.7	1.7	1.6
Consumer price index (1992=1.0)	1.331	1.355	1.380	1.407	1.437	1.464	1.491	1.519	1.547	1.575	1.605	1.637	1.670
	1.9	1.8	1.8	1.9	2.1	1.9	1.9	1.9	1.8	1.8	1.9	2.0	2.0
Implicit price deflator— GDP at basic prices (1997=1.0)	1.170	1.186	1.200	1.217	1.237	1.257	1.278	1.300	1.321	1.346	1.371	1.395	1.421
	1.5	1.3	1.2	1.4	1.6	1.7	1.7	1.7	1.7	1.9	1.8	1.8	1.8
Average weekly wages (level)	707	726	745	766	789	812	836	861	887	914	944	974	1,006
	3.0	2.7	2.7	2.9	2.9	3.0	3.0	3.0	3.0	3.1	3.2	3.2	3.2
Personal income (current $)	23,562	24,356	25,140	26,014	26,967	27,945	28,963	29,965	30,979	32,038	33,178	34,369	35,587
	3.6	3.4	3.2	3.5	3.7	3.6	3.6	3.5	3.4	3.4	3.6	3.6	3.5
Personal disposable income (current $)	18,979	19,644	20,283	20,994	21,754	22,536	23,354	24,154	24,967	25,816	26,731	27,679	28,652
	3.9	3.5	3.3	3.5	3.6	3.6	3.6	3.4	3.4	3.4	3.5	3.5	3.5
Personal savings rate	7.3	6.9	6.6	6.5	6.4	6.5	6.6	6.7	6.6	6.6	6.8	7.0	7.3
	−1.1	−5.0	−4.4	−1.6	−1.1	0.8	1.9	1.4	−0.9	0	2.3	3.5	4.3
Population of labour force age (000s)	625	627	629	630	631	631	632	632	633	632	632	632	631
	0.4	0.3	0.3	0.2	0.1	0.1	0.1	0.1	0	0	−0.1	−0.1	−0.1
Labour force (000s)	400	402	403	405	406	406	406	405	404	403	402	402	401
	0.6	0.5	0.4	0.4	0.1	0.1	0.1	−0.2	−0.3	−0.3	−0.1	−0.2	−0.3
Employment (000s)	364	366	367	368	370	371	372	372	372	372	372	372	372
	0.6	0.5	0.2	0.4	0.4	0.3	0.2	0.1	0	0	0	0	−0.1
Unemployment rate (000s)	8.9	8.9	9.1	9.1	8.9	8.7	8.5	8.2	7.9	7.6	7.5	7.3	7.2
Retail sales (current)	9,256	9,634	9,995	10,389	10,823	11,250	11,678	12,067	12,495	12,913	13,378	13,846	14,328
	4.3	4.1	3.7	3.9	4.2	3.9	3.8	3.3	3.5	3.3	3.6	3.5	3.5
Housing starts (units)	2,373	2,129	2,004	1,892	1,802	1,715	1,663	1,660	1,545	1,410	1,270	1,126	987
	−9.6	−10.3	−5.9	−5.5	−4.8	−4.8	−3.0	−0.2	−6.9	−8.7	−9.9	−11.4	−12.3

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 6—Key Economic Indicators: Quebec

(Forecast Completed: December 9, 2002)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
GDP at market prices (current $)	178,310	181,493	189,479	197,151	209,963	224,632	229,858	242,267	252,840	264,838	274,447	284,578	296,986
	4.1	1.8	4.4	4.0	6.5	7.0	2.3	5.4	4.4	4.7	3.6	3.7	4.4
GDP at basic prices (current $)	165,918	169,140	176,258	183,278	194,783	208,703	213,247	223,730	233,296	244,495	253,211	262,384	273,783
	3.8	1.9	4.2	4.0	6.3	7.1	2.2	4.9	4.3	4.8	3.6	3.6	4.3
GDP at market prices (constant 1997 $)	169,578	170,328	175,139	181,483	190,196	198,263	199,761	207,827	214,005	220,906	225,459	230,496	236,291
	0.9	0.4	2.8	3.6	4.8	4.2	0.8	4.0	3.0	3.2	2.1	2.2	2.5
Consumer price index (1992=1.0)	1.018	1.034	1.049	1.064	1.080	1.106	1.132	1.156	1.185	1.211	1.236	1.261	1.288
	1.8	1.6	1.4	1.4	1.5	2.4	2.4	2.1	2.5	2.2	2.0	2.0	2.2
Implicit price deflator— GDP at basic prices (1997=1.0)	0.978	0.993	1.006	1.010	1.024	1.053	1.068	1.077	1.090	1.107	1.123	1.138	1.159
	2.8	1.5	1.3	0.4	1.4	2.8	1.4	0.8	1.3	1.5	1.5	1.4	1.8
Average weekly wages (level)	561	569	580	592	599	607	614	630	646	662	682	704	729
	1.4	1.4	1.9	2.1	1.2	1.3	1.1	2.5	2.5	2.6	2.9	3.3	3.5
Personal income (current $)	154,437	157,433	161,885	167,773	175,046	186,448	193,791	201,610	209,041	217,924	226,536	236,145	246,712
	3.1	1.9	2.8	3.6	4.3	6.5	3.9	4.0	3.7	4.2	4.0	4.2	4.5
Personal disposable income (current $)	118,209	120,443	122,655	126,041	131,690	139,431	146,199	154,947	160,721	168,046	174,568	181,637	189,573
	2.7	1.9	1.8	2.8	4.5	5.9	4.9	6.0	3.7	4.6	3.9	4.0	4.4
Personal savings rate	10.1	7.9	4.7	4.3	3.5	4.1	4.6	6.0	5.3	5.2	4.5	3.9	3.7
	−0.3	−22.6	−40.3	−8.4	−18.7	16.8	12.2	31.4	−12.0	−1.2	−14.6	−11.7	−6.8
Population of labour force age (000s)	5,720	5,764	5,807	5,850	5,893	5,936	5,985	6,032	6,071	6,118	6,160	6,204	6,244
	0.8	0.8	0.7	0.7	0.7	0.7	0.8	0.8	0.6	0.8	0.7	0.7	0.7
Labour force (000s)	3,555	3,570	3,605	3,659	3,703	3,754	3,807	3,915	3,937	3,991	4,036	4,072	4,107
	0.5	0.4	1.0	1.5	1.2	1.4	1.4	2.8	0.6	1.4	1.1	0.9	0.9
Employment (000s)	3,148	3,146	3,195	3,280	3,358	3,438	3,474	3,583	3,618	3,675	3,707	3,750	3,804
	1.5	−0.1	1.5	2.7	2.4	2.4	1.1	3.1	1.0	1.6	0.9	1.2	1.4
Unemployment rate (000s)	11.4	11.9	11.4	10.3	9.3	8.4	8.7	8.5	8.1	7.9	8.1	7.9	7.4
Retail sales (current)	49,292	52,086	55,866	57,162	60,778	63,481	66,036	70,603	73,676	76,795	80,154	83,693	87,411
	−0.6	5.7	7.3	2.3	6.3	4.4	4.0	6.9	4.4	4.2	4.4	4.4	4.4
Housing starts (units)	21,885	23,220	25,896	23,138	25,742	24,695	27,682	42,417	37,458	36,070	35,370	34,870	33,870
	−35.9	6.1	11.5	−10.7	11.3	−4.1	12.1	53.2	−11.7	−3.7	−1.9	−1.4	−2.9

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 6—Key Economic Indicators: Quebec
(Forecast Completed: December 9, 2002)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GDP at market prices (current $)	310,347	323,584	337,369	351,223	365,276	379,513	394,165	409,281	425,626	442,578	459,883	477,860	496,511
	4.5	4.3	4.3	4.1	4.0	3.9	3.9	3.8	4.0	4.0	3.9	3.9	3.9
GDP at basic prices (current $)	286,101	298,269	310,960	323,685	336,591	349,648	363,071	376,898	391,910	407,466	423,312	439,763	456,853
	4.5	4.3	4.3	4.1	4.0	3.9	3.8	3.8	4.0	4.0	3.9	3.9	3.9
GDP at market prices (constant 1997 $)	242,764	249,144	255,734	261,802	267,877	273,828	280,090	286,488	292,837	299,526	305,883	312,533	319,798
	2.7	2.6	2.6	2.4	2.3	2.2	2.3	2.3	2.2	2.3	2.1	2.2	2.3
Consumer price index (1992=1.0)	1.314	1.341	1.366	1.393	1.420	1.447	1.474	1.502	1.532	1.561	1.591	1.623	1.655
	2.0	2.0	1.9	2.0	1.9	1.9	1.9	1.9	2.0	1.9	1.9	2.0	2.0
Implicit price deflator— GDP at basic prices (1997=1.0)	1.178	1.197	1.216	1.236	1.256	1.277	1.296	1.316	1.338	1.360	1.384	1.407	1.429
	1.7	1.6	1.6	1.7	1.6	1.6	1.5	1.5	1.7	1.6	1.7	1.7	1.5
Average weekly wages (level)	751	773	796	820	847	878	911	943	975	1,007	1,041	1,076	1,112
	3.1	2.9	3.0	3.0	3.3	3.6	3.7	3.6	3.3	3.3	3.4	3.4	3.4
Personal income (current $)	256,921	266,683	276,636	287,184	298,478	310,201	322,708	335,083	347,906	361,622	375,960	390,981	406,737
	4.1	3.8	3.7	3.8	3.9	3.9	4.0	3.8	3.8	3.9	4.0	4.0	4.0
Personal disposable income (current $)	197,994	205,817	213,560	221,759	230,353	239,287	248,861	258,287	268,065	278,532	289,435	300,806	312,758
	4.4	4.0	3.8	3.8	3.9	3.9	4.0	3.8	3.8	3.9	3.9	3.9	4.0
Personal savings rate	3.6	3.2	2.9	2.8	2.7	2.7	2.8	2.9	2.8	2.8	3.0	3.2	3.5
	–2.1	–10.8	–10.1	–4.1	–3.2	1.6	4.3	3.0	–2.6	–0.5	4.8	7.5	9.2
Population of labour force age (000s)	6,281	6,315	6,347	6,378	6,403	6,423	6,439	6,454	6,466	6,477	6,488	6,498	6,506
	0.6	0.5	0.5	0.5	0.4	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1
Labour force (000s)	4,133	4,153	4,167	4,180	4,193	4,203	4,217	4,224	4,227	4,240	4,249	4,254	4,260
	0.6	0.5	0.3	0.3	0.3	0.3	0.3	0.2	0.1	0.3	0.2	0.1	0.1
Employment (000s)	3,844	3,866	3,877	3,892	3,910	3,925	3,940	3,950	3,960	3,974	3,984	3,995	4,006
	1.1	0.6	0.3	0.4	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3
Unemployment rate (000s)	7.0	6.9	6.9	6.9	6.7	6.6	6.6	6.5	6.3	6.3	6.2	6.1	6.0
Retail sales (current)	91,596	95,692	99,715	103,927	108,480	113,027	117,713	122,014	126,802	131,649	136,813	142,050	147,603
	4.8	4.5	4.2	4.2	4.4	4.2	4.1	3.7	3.9	3.8	3.9	3.8	3.9
Housing starts (units)	31,996	30,329	28,848	27,532	26,362	25,321	24,397	23,575	22,844	22,195	21,618	21,105	20,649
	–5.5	–5.2	–4.9	–4.6	–4.3	–3.9	–3.7	–3.4	–3.1	–2.8	–2.6	–2.4	–2.2

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 7—Key Economic Indicators: Ontario
(Forecast Completed: December 9, 2002)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
GDP at market prices (current $)	329,008	337,896	359,021	377,716	407,127	431,480	442,073	462,633	487,475	512,633	535,163	559,671	587,581
	5.9	2.7	6.3	5.2	7.8	6.0	2.5	4.7	5.4	5.2	4.4	4.6	5.0
GDP at basic prices (current $)	304,893	313,404	331,489	348,473	375,585	398,243	407,417	423,959	446,700	470,191	490,859	513,368	539,171
	6.1	2.8	5.8	5.1	7.8	6.0	2.3	4.1	5.4	5.3	4.4	4.6	5.0
GDP at market prices (constant 1997 $)	313,255	316,910	331,382	347,243	370,702	389,110	392,603	406,068	420,299	434,706	445,437	457,693	471,934
	4.0	1.2	4.6	4.8	6.8	5.0	0.9	3.4	3.5	3.4	2.5	2.8	3.1
Consumer price index (1992=1.0)	1.043	1.059	1.079	1.089	1.110	1.142	1.177	1.204	1.238	1.265	1.293	1.321	1.347
	2.5	1.5	1.9	0.9	1.9	2.9	3.1	2.3	2.8	2.2	2.2	2.1	2.0
Implicit price deflator— GDP at basic prices (1997=1.0)	0.973	0.989	1.000	1.004	1.013	1.023	1.038	1.044	1.063	1.082	1.102	1.122	1.142
	2.0	1.6	1.2	0.3	0.9	1.0	1.4	0.6	1.8	1.8	1.9	1.8	1.9
Average weekly wages (level)	626	648	667	678	688	706	720	736	760	783	810	841	871
	1.7	3.5	2.9	1.6	1.6	2.5	2.0	2.2	3.3	3.1	3.4	3.8	3.6
Personal income (current $)	271,383	276,282	289,523	303,806	322,601	346,717	359,861	372,389	389,811	408,031	426,778	447,703	470,471
	4.1	1.8	4.8	4.9	6.2	7.5	3.8	3.5	4.7	4.7	4.6	4.9	5.1
Personal disposable income (current $)	209,390	210,900	220,474	230,600	245,554	263,537	273,465	285,136	297,857	313,027	327,183	342,585	359,728
	3.6	0.7	4.5	4.6	6.5	7.3	3.8	4.3	4.5	5.1	4.5	4.7	5.0
Personal savings rate	11.8	9.1	7.8	7.4	7.4	8.0	7.6	7.8	7.2	7.1	6.4	5.9	5.6
	−4.4	−22.8	−14.0	−5.5	−0.3	8.7	−6.0	3.4	−8.3	−0.7	−10.4	−7.8	−4.2
Population of labour force age (000s)	8,563	8,681	8,822	8,967	9,111	9,274	9,455	9,636	9,818	9,969	10,134	10,293	10,456
	1.3	1.4	1.6	1.6	1.6	1.8	2.0	1.9	1.9	1.5	1.7	1.6	1.6
Labour force (000s)	5,619	5,696	5,802	5,915	6,070	6,228	6,366	6,522	6,630	6,732	6,845	6,959	7,068
	0.8	1.4	1.9	1.9	2.6	2.6	2.2	2.5	1.7	1.5	1.7	1.7	1.6
Employment (000s)	5,131	5,181	5,314	5,490	5,689	5,872	5,963	6,048	6,169	6,293	6,396	6,510	6,649
	1.8	1.0	2.6	3.3	3.6	3.2	1.5	1.4	2.0	2.0	1.6	1.8	2.1
Unemployment rate (000s)	8.7	9.0	8.4	7.2	6.3	5.7	6.3	7.3	7.0	6.5	6.6	6.4	5.9
Retail sales (current)	79,623	80,213	86,431	92,429	99,194	106,426	109,194	115,007	120,378	126,097	132,433	139,191	146,291
	3.6	0.7	7.8	6.9	7.3	7.3	2.6	5.3	4.7	4.8	5.0	5.1	5.1
Housing starts (units)	35,818	43,062	54,072	53,830	67,235	71,521	73,282	84,592	77,114	74,114	72,674	71,614	70,114
	−23.2	20.2	25.6	−0.4	24.9	6.4	2.5	15.4	−8.8	−3.9	−1.9	−1.5	−2.1

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 7—Key Economic Indicators: Ontario
(Forecast Completed: December 9, 2002)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GDP at market prices (current $)	615,944	645,549	676,666	708,468	739,975	772,726	806,500	841,078	877,263	916,205	956,295	997,255	1,039,831
	4.8	4.8	4.8	4.7	4.4	4.4	4.4	4.3	4.3	4.4	4.4	4.3	4.3
GDP at basic prices (current $)	565,360	592,734	621,568	651,014	680,129	710,417	741,628	773,518	806,920	842,950	879,997	917,772	957,091
	4.9	4.8	4.9	4.7	4.5	4.5	4.4	4.3	4.3	4.5	4.4	4.3	4.3
GDP at market prices (constant 1997 $)	487,234	501,806	517,424	532,398	547,270	562,010	577,406	592,842	607,967	624,202	640,018	656,469	674,639
	3.2	3.0	3.1	2.9	2.8	2.7	2.7	2.7	2.6	2.7	2.5	2.6	2.8
Consumer price index (1992=1.0)	1.373	1.400	1.427	1.455	1.485	1.513	1.541	1.571	1.602	1.636	1.670	1.705	1.739
	1.9	2.0	1.9	2.0	2.0	1.9	1.9	1.9	2.0	2.1	2.1	2.1	2.0
Implicit price deflator— **GDP at basic prices** (1997=1.0)	1.160	1.181	1.201	1.223	1.243	1.264	1.284	1.305	1.327	1.350	1.375	1.398	1.419
	1.6	1.8	1.7	1.8	1.6	1.7	1.6	1.6	1.7	1.7	1.8	1.7	1.5
Average weekly wages (level)	896	918	943	969	996	1,026	1,058	1,088	1,122	1,160	1,201	1,244	1,287
	2.8	2.5	2.7	2.8	2.8	3.0	3.1	2.9	3.1	3.4	3.5	3.5	3.5
Personal income (current $)	492,599	514,494	537,407	561,637	586,873	613,648	641,864	669,827	697,700	728,366	761,149	795,239	830,710
	4.7	4.4	4.5	4.5	4.5	4.6	4.6	4.4	4.2	4.4	4.5	4.5	4.5
Personal disposable income (current $)	378,032	395,052	412,462	430,912	449,809	469,888	491,076	511,951	532,889	555,930	580,503	606,055	632,667
	5.1	4.5	4.4	4.5	4.4	4.5	4.5	4.3	4.1	4.3	4.4	4.4	4.4
Personal savings rate	5.6	5.2	4.9	4.8	4.7	4.7	4.8	4.9	4.9	4.8	5.0	5.2	5.5
	−1.2	−6.7	−6.0	−2.2	−1.7	1.0	2.5	1.7	−1.5	−0.3	2.8	4.4	5.5
Population of labour force age (000s)	10,616	10,774	10,930	11,083	11,224	11,361	11,495	11,627	11,756	11,885	12,012	12,138	12,262
	1.5	1.5	1.4	1.4	1.3	1.2	1.2	1.1	1.1	1.1	1.1	1.0	1.0
Labour force (000s)	7,189	7,290	7,401	7,521	7,613	7,696	7,770	7,837	7,896	7,970	8,053	8,138	8,220
	1.7	1.4	1.5	1.6	1.2	1.1	1.0	0.9	0.8	0.9	1.0	1.1	1.0
Employment (000s)	6,781	6,902	7,009	7,105	7,194	7,277	7,368	7,452	7,514	7,594	7,674	7,750	7,825
	2.0	1.8	1.5	1.4	1.2	1.2	1.2	1.1	0.8	1.1	1.1	1.0	1.0
Unemployment rate (000s)	5.7	5.3	5.3	5.5	5.5	5.4	5.2	4.9	4.8	4.7	4.7	4.8	4.8
Retail sales (current)	154,259	161,996	169,829	178,024	186,619	195,400	204,303	212,453	221,110	230,201	240,139	250,185	260,677
	5.4	5.0	4.8	4.8	4.8	4.7	4.6	4.0	4.1	4.1	4.3	4.2	4.2
Housing starts (units)	69,674	69,586	70,187	68,229	64,963	64,088	69,221	73,972	72,254	70,970	68,322	67,027	66,996
	−0.6	−0.1	0.9	−2.8	−4.8	−1.3	8.0	6.9	−2.3	−1.8	−3.7	−1.9	0

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 8—Key Economic Indicators: Manitoba

(Forecast Completed: December 9, 2002)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
GDP at market prices (current $)	26,950	28,425	29,749	30,886	32,072	34,282	35,555	36,856	38,262	40,111	41,651	43,298	45,061
	3.6	5.5	4.7	3.8	3.8	6.9	3.7	3.7	3.8	4.8	3.8	4.0	4.1
GDP at basic prices (current $)	24,765	26,165	27,488	28,530	29,732	31,846	32,970	33,972	35,220	36,945	38,347	39,844	41,451
	2.8	5.7	5.1	3.8	4.2	7.1	3.5	3.0	3.7	4.9	3.8	3.9	4.0
GDP at market prices (constant 1997 $)	25,554	26,430	27,482	28,570	29,219	29,953	30,425	31,559	32,497	33,513	34,161	34,847	35,529
	1.0	3.4	4.0	4.0	2.3	2.5	1.6	3.7	3.0	3.1	1.9	2.0	2.0
Consumer price index (1992=1.0)	1.069	1.092	1.116	1.130	1.152	1.181	1.212	1.233	1.264	1.291	1.314	1.340	1.363
	2.7	2.2	2.1	1.3	2.0	2.5	2.7	1.7	2.6	2.1	1.8	2.0	1.7
Implicit price deflator—GDP at basic prices (1997=1.0)	0.969	0.990	1.000	1.000	1.017	1.063	1.084	1.077	1.084	1.102	1.122	1.143	1.167
	1.8	2.2	1.0	–0.1	1.8	4.5	2.0	–0.7	0.7	1.7	1.8	1.9	2.0
Average weekly wages (level)	515	531	545	562	569	593	597	610	626	643	663	686	709
	1.5	3.3	2.6	3.2	1.2	4.3	0.6	2.1	2.7	2.7	3.1	3.4	3.4
Personal income (current $)	23,665	24,454	25,080	26,415	27,082	28,947	30,036	31,101	32,090	33,371	34,654	36,028	37,466
	3.8	3.3	2.6	5.3	2.5	6.9	3.8	3.5	3.2	4.0	3.8	4.0	4.0
Personal disposable income (current $)	18,883	19,551	19,537	20,648	21,210	22,488	23,380	24,544	25,280	26,357	27,360	28,403	29,523
	3.2	3.5	–0.1	5.7	2.7	6.0	4.0	5.0	3.0	4.3	3.8	3.8	3.9
Personal savings rate	7.6	8.5	3.5	6.3	4.4	5.6	4.9	5.6	4.9	4.8	4.0	3.5	3.2
	–12.5	12.2	–59.2	81.7	–29.7	25.0	–12.7	16.3	–13.6	–1.5	–16.2	–13.3	–8.1
Population of labour force age (000s)	837	840	844	846	852	859	862	865	872	879	886	893	901
	0.3	0.4	0.4	0.3	0.7	0.8	0.5	0.3	0.8	0.9	0.8	0.8	0.8
Labour force (000s)	559	559	562	567	575	583	587	597	599	606	613	618	623
	0.2	0	0.6	0.8	1.4	1.5	0.7	1.6	0.5	1.1	1.1	0.9	0.8
Employment (000s)	519	519	526	536	543	554	558	567	574	582	587	591	597
	1.9	–0.1	1.3	1.9	1.3	2.2	0.6	1.6	1.3	1.5	0.7	0.8	0.9
Unemployment rate (000s)	7.1	7.2	6.5	5.5	5.6	4.9	5.0	5.1	4.3	3.9	4.3	4.3	4.2
Retail sales (current)	7,432	7,920	8,589	8,773	9,026	9,396	9,937	10,685	11,077	11,542	12,069	12,601	13,129
	5.9	6.6	8.4	2.1	2.9	4.1	5.7	7.5	3.7	4.2	4.6	4.4	4.2
Housing starts (units)	1,963	2,318	2,612	2,895	3,133	2,560	2,963	3,608	3,086	2,960	2,880	2,835	2,801
	–38.6	18.1	12.7	10.8	8.2	–18.3	15.7	21.8	–14.5	–4.1	–2.7	–1.6	–1.2

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 8—Key Economic Indicators: Manitoba
(Forecast Completed: December 9, 2002)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GDP at market prices (current $)	46,859	48,631	50,564	52,506	54,455	56,490	58,573	60,742	63,047	65,445	67,884	70,513	73,242
	4.0	3.8	4.0	3.8	3.7	3.7	3.7	3.7	3.8	3.8	3.7	3.9	3.9
GDP at basic prices (current $)	43,085	44,692	46,454	48,221	49,991	51,842	53,735	55,703	57,800	59,981	62,193	64,584	67,071
	3.9	3.7	3.9	3.8	3.7	3.7	3.6	3.7	3.8	3.8	3.7	3.8	3.9
GDP at market prices (constant 1997 $)	36,342	37,174	38,004	38,844	39,679	40,495	41,357	42,230	43,153	44,017	44,896	45,846	46,793
	2.3	2.3	2.2	2.2	2.2	2.1	2.1	2.1	2.2	2.0	2.0	2.1	2.1
Consumer price index (1992=1.0)	1.387	1.411	1.436	1.462	1.491	1.519	1.548	1.578	1.609	1.640	1.675	1.710	1.745
	1.8	1.7	1.7	1.8	2.0	1.9	1.9	2.0	1.9	2.0	2.1	2.1	2.1
Implicit price deflator— GDP at basic prices (1997=1.0)	1.186	1.202	1.222	1.241	1.260	1.280	1.299	1.319	1.339	1.363	1.385	1.409	1.433
	1.6	1.4	1.7	1.6	1.5	1.6	1.5	1.5	1.5	1.7	1.7	1.7	1.7
Average weekly wages (level)	731	750	771	793	816	841	867	894	921	951	982	1,015	1,048
	3.0	2.6	2.8	2.9	2.9	3.1	3.1	3.1	3.1	3.2	3.3	3.3	3.3
Personal income (current $)	38,933	40,327	41,770	43,339	44,967	46,685	48,521	50,346	52,209	54,201	56,270	58,499	60,833
	3.9	3.6	3.6	3.8	3.8	3.8	3.9	3.8	3.7	3.8	3.8	4.0	4.0
Personal disposable income (current $)	30,789	31,936	33,090	34,340	35,612	36,953	38,395	39,820	41,277	42,839	44,465	46,202	48,025
	4.3	3.7	3.6	3.8	3.7	3.8	3.9	3.7	3.7	3.8	3.8	3.9	3.9
Personal savings rate	3.1	2.8	2.5	2.4	2.4	2.4	2.6	2.7	2.7	2.7	2.9	3.2	3.6
	−1.9	−11.4	−10.5	−3.3	−2.2	3.4	6.4	4.9	−1.2	1.2	7.0	9.7	11.0
Population of labour force age (000s)	908	914	921	927	932	936	941	946	950	955	959	963	968
	0.7	0.7	0.7	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4
Labour force (000s)	629	635	641	646	649	652	656	659	660	663	665	667	669
	1.0	0.9	0.9	0.8	0.5	0.4	0.7	0.4	0.2	0.4	0.3	0.3	0.3
Employment (000s)	602	607	610	614	618	621	624	627	629	632	633	637	640
	0.9	0.7	0.5	0.6	0.6	0.5	0.5	0.4	0.4	0.4	0.2	0.5	0.5
Unemployment rate (000s)	4.3	4.5	4.8	5.0	4.9	4.8	4.9	4.9	4.7	4.7	4.7	4.5	4.4
Retail sales (current)	13,761	14,363	14,960	15,597	16,263	16,933	17,623	18,254	18,945	19,642	20,384	21,156	21,972
	4.8	4.4	4.2	4.3	4.3	4.1	4.1	3.6	3.8	3.7	3.8	3.8	3.9
Housing starts (units)	2,810	2,867	2,929	2,926	2,948	2,981	3,135	3,287	3,239	3,107	3,013	3,008	3,035
	0.3	2.0	2.2	−0.1	0.7	1.1	5.1	4.9	−1.5	−4.1	−3.0	−0.2	0.9

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 9—Key Economic Indicators: Saskatchewan

(Forecast Completed: December 9, 2002)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
GDP at market prices (current $)	26,375	28,920	29,096	29,063	30,472	34,105	33,413	33,922	36,223	38,111	39,599	41,229	42,975
	7.7	9.6	0.6	−0.1	4.8	11.9	−2.0	1.5	6.8	5.2	3.9	4.1	4.2
GDP at basic prices (current $)	24,530	26,835	26,895	26,904	28,500	32,252	31,556	31,850	34,038	35,837	37,225	38,748	40,381
	7.3	9.4	0.2	0	5.9	13.2	−2.2	0.9	6.9	5.3	3.9	4.1	4.2
GDP at market prices (constant 1997 $)	24,535	25,451	26,910	27,616	28,018	28,947	28,417	28,879	30,085	30,968	31,615	32,269	33,023
	0.2	3.7	5.7	2.6	1.5	3.3	−1.8	1.6	4.2	2.9	2.1	2.1	2.3
Consumer price index (1992=1.0)	1.069	1.089	1.103	1.118	1.137	1.167	1.203	1.235	1.264	1.291	1.314	1.339	1.364
	2.0	1.9	1.2	1.4	1.7	2.6	3.1	2.7	2.4	2.1	1.8	1.9	1.8
Implicit price deflator— GDP at basic prices (1997=1.0)	1.000	1.055	1.000	0.974	1.017	1.114	1.110	1.103	1.131	1.157	1.177	1.201	1.223
	7.2	5.5	−5.2	−2.5	4.4	9.6	−0.3	−0.7	2.6	2.3	1.8	2.0	1.8
Average weekly wages (level)	520	524	541	560	564	583	595	604	623	642	664	688	712
	0.4	0.9	3.2	3.4	0.7	3.5	1.9	1.5	3.3	3.0	3.4	3.7	3.5
Personal income (current $)	19,892	21,125	20,651	21,720	22,489	23,719	24,157	24,889	26,046	27,292	28,346	29,483	30,615
	6.8	6.2	−2.2	5.2	3.5	5.5	1.8	3.0	4.6	4.8	3.9	4.0	3.8
Personal disposable income (current $)	15,822	16,838	16,034	16,947	17,609	18,589	19,055	19,937	20,904	21,964	22,797	23,671	24,560
	7.1	6.4	−4.8	5.7	3.9	5.6	2.5	4.6	4.9	5.1	3.8	3.8	3.8
Personal savings rate	4.9	7.4	−2.2	−0.1	0	0.3	−1.2	−0.1	−0.5	−0.6	−1.4	−2.0	−2.3
	111.7	51.1	−129.3	95.6	51.1	635.7	−558.3	92.4	−476.2	−12.3	−144.8	−40.8	−15.5
Population of labour force age (000s)	744	749	754	759	763	764	762	760	763	768	774	779	784
	0.6	0.8	0.6	0.7	0.5	0.1	−0.3	−0.3	0.4	0.7	0.8	0.7	0.6
Labour force (000s)	492	489	499	505	511	512	502	508	516	522	527	532	534
	0.7	−0.6	2.0	1.2	1.1	0.2	−2.0	1.4	1.4	1.2	1.0	0.9	0.4
Employment (000s)	459	457	470	476	480	485	472	479	490	497	502	506	512
	0.8	−0.4	2.7	1.4	0.8	1.0	−2.6	1.5	2.2	1.5	0.9	1.0	1.1
Unemployment rate (000s)	6.7	6.5	5.9	5.8	6.0	5.2	5.8	5.7	5.0	4.7	4.9	4.8	4.1
Retail sales (current)	6,491	7,024	7,622	7,622	7,737	8,132	8,395	8,971	9,462	9,949	10,401	10,860	11,288
	4.8	8.2	8.5	0	1.5	5.1	3.2	6.9	5.5	5.1	4.5	4.4	3.9
Housing starts (units)	1,702	2,438	2,757	2,965	3,089	2,513	2,381	2,704	2,389	2,335	2,305	2,295	2,245
	−18.9	43.2	13.1	7.5	4.2	−18.6	−5.3	13.6	−11.7	−2.3	−1.3	−0.4	−2.2

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 9—Key Economic Indicators: Saskatchewan
(Forecast Completed: December 9, 2002)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GDP at market prices (current $)	44,524	46,079	47,846	49,529	51,133	52,739	54,389	56,137	58,070	60,021	62,073	64,234	66,491
	3.6	3.5	3.8	3.5	3.2	3.1	3.1	3.2	3.4	3.4	3.4	3.5	3.5
GDP at basic prices (current $)	41,814	43,249	44,893	46,450	47,927	49,400	50,913	52,517	54,301	56,096	57,984	59,975	62,058
	3.5	3.4	3.8	3.5	3.2	3.1	3.1	3.2	3.4	3.3	3.4	3.4	3.5
GDP at market prices (constant 1997 $)	33,629	34,215	34,832	35,447	36,042	36,630	37,225	37,846	38,539	39,118	39,769	40,476	41,139
	1.8	1.7	1.8	1.8	1.7	1.6	1.6	1.7	1.8	1.5	1.7	1.8	1.6
Consumer price index (1992=1.0)	1.388	1.413	1.439	1.468	1.498	1.528	1.558	1.588	1.619	1.651	1.685	1.720	1.756
	1.8	1.8	1.8	2.0	2.0	2.0	2.0	2.0	1.9	1.9	2.1	2.1	2.1
Implicit price deflator— GDP at basic prices (1997=1.0)	1.243	1.264	1.289	1.310	1.330	1.349	1.368	1.388	1.409	1.434	1.458	1.482	1.508
	1.7	1.7	2.0	1.7	1.5	1.4	1.4	1.5	1.5	1.8	1.7	1.6	1.8
Average weekly wages (level)	733	752	773	795	817	840	864	888	914	941	970	1,001	1,032
	2.9	2.6	2.8	2.9	2.7	2.8	2.9	2.8	2.8	3.0	3.1	3.1	3.1
Personal income (current $)	31,658	32,654	33,632	34,696	35,817	36,966	38,141	39,347	40,591	41,913	43,369	44,901	46,526
	3.4	3.1	3.0	3.2	3.2	3.2	3.2	3.2	3.2	3.3	3.5	3.5	3.6
Personal disposable income (current $)	25,482	26,311	27,108	27,974	28,871	29,790	30,733	31,700	32,696	33,764	34,943	36,172	37,478
	3.8	3.3	3.0	3.2	3.2	3.2	3.2	3.1	3.1	3.3	3.5	3.5	3.6
Personal savings rate	−2.3	−2.7	−3.0	−3.1	−3.1	−3.0	−2.9	−2.7	−2.8	−2.7	−2.5	−2.2	−1.8
	−2.8	−16.1	−11.3	−2.8	−1.6	2.8	5.5	4.8	−1.1	1.4	7.6	12.1	17.1
Population of labour force age (000s)	788	792	795	798	801	803	805	807	809	810	812	813	815
	0.5	0.5	0.5	0.4	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Labour force (000s)	537	538	538	538	538	537	535	534	532	531	531	531	531
	0.5	0.3	−0.1	−0.1	0.1	−0.1	−0.4	−0.2	−0.3	−0.2	0	−0.1	0
Employment (000s)	514	515	515	514	513	512	511	510	509	507	506	506	505
	0.3	0.3	−0.1	−0.1	−0.2	−0.2	−0.2	−0.3	−0.2	−0.3	−0.2	0	0
Unemployment rate (000s)	4.3	4.3	4.3	4.4	4.6	4.6	4.5	4.6	4.5	4.6	4.8	4.7	4.8
Retail sales (current)	11,759	12,207	12,631	13,082	13,565	14,031	14,484	14,910	15,387	15,865	16,411	16,963	17,555
	4.2	3.8	3.5	3.6	3.7	3.4	3.2	2.9	3.2	3.1	3.4	3.4	3.5
Housing starts (units)	2,180	2,091	2,034	1,986	1,967	1,947	2,017	2,140	2,067	1,906	1,809	1,760	1,720
	−2.9	−4.1	−2.7	−2.4	−0.9	−1.0	3.6	6.1	−3.4	−7.8	−5.1	−2.7	−2.3

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 10—Key Economic Indicators: Alberta

(Forecast Completed: December 9, 2002)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
GDP at market prices (current $)	91,789	98,345	106,710	107,202	118,248	146,101	151,997	155,431	166,090	175,938	182,933	190,207	198,910
	4.6	7.1	8.5	0.5	10.3	23.6	4.0	2.3	6.9	5.9	4.0	4.0	4.6
GDP at basic prices (current $)	87,390	93,689	101,592	101,915	112,650	140,409	149,196	152,306	162,795	172,507	179,352	186,465	194,997
	4.3	7.2	8.4	0.3	10.5	24.6	6.3	2.1	6.9	6.0	4.0	4.0	4.6
GDP at market prices (constant 1997 $)	92,113	94,438	101,947	106,040	108,223	114,512	117,950	120,341	126,328	131,573	135,530	139,103	143,533
	2.4	2.5	8.0	4.0	2.1	5.8	3.0	2.0	5.0	4.2	3.0	2.6	3.2
Consumer price index (1992=1.0)	1.050	1.073	1.095	1.107	1.134	1.174	1.201	1.234	1.267	1.301	1.330	1.365	1.392
	2.3	2.2	2.1	1.1	2.5	3.5	2.3	2.8	2.7	2.7	2.3	2.6	2.0
Implicit price deflator— GDP at basic prices (1997=1.0)	0.949	0.992	0.997	0.961	1.040	1.226	1.265	1.265	1.289	1.311	1.323	1.340	1.359
	1.9	4.6	0.5	−3.6	8.2	17.8	3.2	0	1.8	1.7	0.9	1.3	1.4
Average weekly wages (level)	574	602	628	647	656	676	694	712	737	761	788	819	849
	0.8	4.8	4.4	3.0	1.3	3.1	2.7	2.5	3.5	3.2	3.6	4.0	3.7
Personal income (current $)	64,513	66,900	72,917	78,805	80,979	88,136	94,726	99,423	104,211	109,577	114,659	120,197	126,320
	4.0	3.7	9.0	8.1	2.8	8.8	7.5	5.0	4.8	5.1	4.6	4.8	5.1
Personal disposable income (current $)	49,811	51,099	55,241	59,365	61,046	66,908	72,461	76,867	80,423	84,852	88,780	92,956	97,653
	3.9	2.6	8.1	7.5	2.8	9.6	8.3	6.1	4.6	5.5	4.6	4.7	5.1
Personal savings rate	5.6	4.3	2.9	4.7	1.4	2.9	4.0	4.9	4.2	4.1	3.3	2.8	2.6
	6.4	−23.5	−32.4	61.2	−69.8	105.6	38.7	20.5	−14.6	−1.3	−18.7	−15.7	−9.4
Population of labour force age (000s)	2,054	2,093	2,147	2,213	2,270	2,315	2,367	2,419	2,465	2,512	2,556	2,600	2,640
	1.5	1.9	2.6	3.1	2.6	2.0	2.2	2.2	1.9	1.9	1.8	1.7	1.5
Labour force (000s)	1,485	1,513	1,548	1,605	1,648	1,671	1,711	1,762	1,793	1,832	1,865	1,893	1,917
	1.8	1.9	2.3	3.7	2.7	1.4	2.4	3.0	1.7	2.2	1.8	1.5	1.2
Employment (000s)	1,369	1,409	1,458	1,515	1,554	1,588	1,632	1,669	1,711	1,744	1,763	1,785	1,818
	2.9	2.9	3.5	3.9	2.5	2.2	2.8	2.3	2.5	1.9	1.1	1.3	1.9
Unemployment rate (000s)	7.8	6.9	5.8	5.6	5.7	5.0	4.6	5.3	4.6	4.8	5.5	5.7	5.1
Retail sales (current)	22,733	23,806	26,939	28,069	29,335	31,712	34,602	37,346	39,047	40,977	42,994	45,097	47,341
	2.3	4.7	13.2	4.2	4.5	8.1	9.1	7.9	4.6	4.9	4.9	4.9	5.0
Housing starts (units)	13,906	16,665	23,671	27,122	25,447	26,266	29,174	36,667	32,414	30,500	30,300	30,120	29,600
	−21.4	19.8	42.0	14.6	−6.2	3.2	11.1	25.7	−11.6	−5.9	−0.7	−0.6	−1.7

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 10—Key Economic Indicators: Alberta
(Forecast Completed: December 9, 2002)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GDP at market prices (current $)	209,138	219,038	230,041	240,741	250,446	260,400	270,907	282,257	295,401	308,825	321,848	335,689	350,436
	5.1	4.7	5.0	4.7	4.0	4.0	4.0	4.2	4.7	4.5	4.2	4.3	4.4
GDP at basic prices (current $)	205,050	214,769	225,588	236,097	245,609	255,364	265,664	276,797	289,716	302,904	315,682	329,265	343,749
	5.2	4.7	5.0	4.7	4.0	4.0	4.0	4.2	4.7	4.6	4.2	4.3	4.4
GDP at market prices (constant 1997 $)	147,811	151,354	155,636	159,544	162,875	166,454	170,396	174,462	178,861	183,035	187,368	191,893	196,267
	3.0	2.4	2.8	2.5	2.1	2.2	2.4	2.4	2.5	2.3	2.4	2.4	2.3
Consumer price index (1992=1.0)	1.420	1.448	1.478	1.509	1.543	1.576	1.611	1.646	1.681	1.716	1.754	1.793	1.834
	2.0	2.0	2.0	2.1	2.2	2.2	2.2	2.2	2.1	2.1	2.2	2.2	2.2
Implicit price deflator— **GDP at basic prices** (1997=1.0)	1.387	1.419	1.449	1.480	1.508	1.534	1.559	1.587	1.620	1.655	1.685	1.716	1.751
	2.1	2.3	2.1	2.1	1.9	1.7	1.6	1.8	2.1	2.2	1.8	1.8	2.1
Average weekly wages (level)	876	898	922	947	972	1,000	1,030	1,063	1,095	1,129	1,165	1,203	1,243
	3.1	2.5	2.7	2.7	2.7	2.9	3.0	3.2	3.0	3.1	3.2	3.3	3.4
Personal income (current $)	132,283	137,461	143,305	149,210	155,067	161,614	168,618	176,018	183,537	191,505	199,995	208,861	218,352
	4.7	3.9	4.3	4.1	3.9	4.2	4.3	4.4	4.3	4.3	4.4	4.4	4.5
Personal disposable income (current $)	102,650	106,794	111,321	115,884	120,374	125,388	130,759	136,429	142,195	148,310	154,814	161,560	168,776
	5.1	4.0	4.2	4.1	3.9	4.2	4.3	4.3	4.2	4.3	4.4	4.4	4.5
Personal savings rate	2.5	2.1	1.8	1.7	1.6	1.7	1.8	1.9	1.9	1.9	2.1	2.3	2.6
	−2.3	−15.1	−14.5	−5.6	−4.4	3.7	8.0	5.9	−2.8	0.4	8.7	12.4	14.1
Population of labour force age (000s)	2,676	2,712	2,746	2,780	2,810	2,840	2,869	2,897	2,923	2,950	2,978	3,005	3,032
	1.4	1.3	1.3	1.2	1.1	1.1	1.0	1.0	0.9	0.9	0.9	0.9	0.9
Labour force (000s)	1,942	1,965	1,988	2,004	2,015	2,029	2,043	2,058	2,069	2,083	2,098	2,114	2,133
	1.3	1.2	1.2	0.8	0.6	0.7	0.7	0.7	0.5	0.7	0.7	0.8	0.9
Employment (000s)	1,849	1,865	1,886	1,905	1,915	1,929	1,945	1,959	1,975	1,991	2,006	2,022	2,040
	1.7	0.9	1.1	1.0	0.5	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Unemployment rate (000s)	4.8	5.1	5.1	4.9	5.0	4.9	4.8	4.8	4.5	4.4	4.4	4.4	4.4
Retail sales (current)	49,830	51,931	54,220	56,478	58,750	61,205	63,746	66,291	69,054	71,836	74,876	77,944	81,267
	5.3	4.2	4.4	4.2	4.0	4.2	4.2	4.0	4.2	4.0	4.2	4.1	4.3
Housing starts (units)	29,148	28,927	28,775	28,393	27,463	26,175	25,112	23,808	22,825	21,849	21,175	20,505	19,842
	−1.5	−0.8	−0.5	−1.3	−3.3	−4.7	−4.1	−5.2	−4.1	−4.3	−3.1	−3.2	−3.2

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 11—Key Economic Indicators: British Columbia
(Forecast Completed: December 9, 2002)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
GDP at market prices (current $)	105,585	108,804	114,353	115,597	121,690	129,550	131,985	135,273	141,169	147,848	154,004	161,008	168,715
	5.1	3.0	5.1	1.1	5.3	6.5	1.9	2.5	4.4	4.7	4.2	4.5	4.8
GDP at basic prices (current $)	96,617	99,548	104,798	105,912	111,712	119,070	121,176	123,211	128,451	134,611	140,186	146,567	153,616
	5.2	3.0	5.3	1.1	5.5	6.6	1.8	1.7	4.3	4.8	4.1	4.6	4.8
GDP at market prices (constant 1997 $)	99,297	101,440	104,569	105,960	108,986	113,058	113,967	117,006	120,441	123,912	126,937	130,301	133,849
	2.7	2.2	3.1	1.3	2.9	3.7	0.8	2.7	2.9	2.9	2.4	2.7	2.7
Consumer price index (1992=1.0)	1.079	1.089	1.097	1.100	1.112	1.133	1.152	1.180	1.203	1.224	1.245	1.266	1.292
	2.3	0.9	0.8	0.2	1.1	1.8	1.7	2.5	1.9	1.8	1.7	1.7	2.0
Implicit price deflator— GDP at basic prices (1997=1.0)	0.973	0.981	1.002	1.000	1.025	1.053	1.063	1.053	1.066	1.086	1.104	1.125	1.148
	2.5	0.9	2.1	−0.3	2.5	2.8	1.0	−1.0	1.3	1.9	1.7	1.9	2.0
Average weekly wages (level)	607	623	637	640	644	656	658	665	686	707	731	759	785
	3.3	2.6	2.2	0.5	0.7	1.9	0.3	1.1	3.1	3.0	3.4	3.8	3.4
Personal income (current $)	90,005	92,595	95,850	97,833	100,911	107,190	110,179	113,351	118,174	123,223	128,472	134,432	140,901
	5.1	2.9	3.5	2.1	3.1	6.2	2.8	2.9	4.3	4.3	4.3	4.6	4.8
Personal disposable income (current $)	68,835	70,258	72,650	73,895	76,246	81,008	83,890	87,200	90,746	94,917	98,922	103,355	108,284
	4.7	2.1	3.4	1.7	3.2	6.2	3.6	3.9	4.1	4.6	4.2	4.5	4.8
Personal savings rate	3.2	0.2	−1.1	−2.1	−3.5	−2.9	−4.3	−4.5	−5.0	−5.1	−5.9	−6.5	−6.8
	−8.0	−94.0	−649.3	−102.8	−62.2	15.2	−47.2	−4.7	−10.5	−1.6	−16.8	−9.8	−4.6
Population of labour force age (000s)	2,951	3,037	3,112	3,159	3,193	3,237	3,280	3,326	3,373	3,423	3,479	3,536	3,595
	2.9	2.9	2.5	1.5	1.1	1.4	1.3	1.4	1.4	1.5	1.6	1.6	1.7
Labour force (000s)	1,958	1,995	2,040	2,051	2,079	2,100	2,104	2,153	2,178	2,203	2,228	2,255	2,289
	1.6	1.9	2.3	0.5	1.4	1.0	0.2	2.3	1.2	1.2	1.1	1.2	1.5
Employment (000s)	1,793	1,821	1,869	1,870	1,907	1,949	1,942	1,971	2,000	2,029	2,055	2,088	2,123
	2.2	1.6	2.6	0.1	1.9	2.2	−0.4	1.5	1.5	1.5	1.2	1.6	1.7
Unemployment rate (000s)	8.4	8.7	8.4	8.8	8.3	7.2	7.7	8.5	8.2	7.9	7.8	7.4	7.2
Retail sales (current)	31,496	32,071	33,736	33,049	33,684	35,821	37,979	40,537	42,197	43,976	46,058	48,321	50,681
	7.0	1.8	5.2	−2.0	1.9	6.3	6.0	6.7	4.1	4.2	4.7	4.9	4.9
Housing starts (units)	27,057	27,641	29,351	19,931	16,309	14,418	17,234	20,933	19,061	18,000	17,900	17,890	17,500
	−31.3	2.2	6.2	−32.1	−18.2	−11.6	19.5	21.5	−8.9	−5.6	−0.6	−0.1	−2.2

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 11—Key Economic Indicators: British Columbia
(Forecast Completed: December 9, 2002)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GDP at market prices (current $)	176,805	184,820	193,273	201,877	210,487	219,520	229,002	238,862	249,513	260,459	271,635	283,478	295,903
	4.8	4.5	4.6	4.5	4.3	4.3	4.3	4.3	4.5	4.4	4.3	4.4	4.4
GDP at basic prices (current $)	161,028	168,348	176,088	183,957	191,822	200,086	208,769	217,790	227,573	237,611	247,838	258,688	270,097
	4.8	4.5	4.6	4.5	4.3	4.3	4.3	4.3	4.5	4.4	4.3	4.4	4.4
GDP at market prices (constant 1997 $)	137,696	141,623	145,432	149,238	153,042	156,769	160,523	164,408	168,484	172,166	176,144	180,295	184,116
	2.9	2.9	2.7	2.6	2.5	2.4	2.4	2.4	2.5	2.2	2.3	2.4	2.1
Consumer price index (1992=1.0)	1.317	1.345	1.372	1.399	1.426	1.456	1.485	1.516	1.547	1.578	1.611	1.646	1.682
	2.0	2.1	2.0	2.0	1.9	2.1	2.0	2.1	2.0	2.0	2.1	2.1	2.2
Implicit price deflator— GDP at basic prices (1997=1.0)	1.169	1.189	1.211	1.233	1.253	1.276	1.301	1.325	1.351	1.380	1.407	1.435	1.467
	1.9	1.6	1.9	1.8	1.7	1.8	1.9	1.9	2.0	2.2	1.9	2.0	2.2
Average weekly wages (level)	807	828	851	875	900	926	954	982	1,011	1,041	1,072	1,106	1,141
	2.8	2.6	2.7	2.9	2.8	2.9	3.0	3.0	2.9	3.0	3.0	3.2	3.2
Personal income (current $)	147,461	153,844	160,458	167,574	175,066	182,955	191,299	199,810	208,585	217,817	227,505	238,075	249,319
	4.7	4.3	4.3	4.4	4.5	4.5	4.6	4.4	4.4	4.4	4.4	4.6	4.7
Personal disposable income (current $)	113,695	118,695	123,775	129,218	134,849	140,778	147,068	153,461	160,069	167,030	174,319	182,325	190,869
	5.0	4.4	4.3	4.4	4.4	4.4	4.5	4.3	4.3	4.3	4.4	4.6	4.7
Personal savings rate	−6.9	−7.3	−7.6	−7.7	−7.8	−7.7	−7.6	−7.5	−7.5	−7.5	−7.4	−7.1	−6.7
	−1.1	−6.0	−4.7	−1.5	−1.0	0.9	1.9	1.5	−0.8	0.1	2.4	3.8	5.1
Population of labour force age (000s)	3,655	3,714	3,774	3,835	3,894	3,951	4,007	4,062	4,116	4,170	4,225	4,279	4,333
	1.7	1.6	1.6	1.6	1.5	1.5	1.4	1.4	1.3	1.3	1.3	1.3	1.3
Labour force (000s)	2,327	2,360	2,395	2,426	2,452	2,478	2,503	2,527	2,550	2,577	2,603	2,632	2,660
	1.7	1.4	1.5	1.3	1.1	1.1	1.0	1.0	0.9	1.0	1.0	1.1	1.1
Employment (000s)	2,161	2,194	2,220	2,248	2,277	2,304	2,331	2,356	2,380	2,405	2,429	2,453	2,477
	1.8	1.5	1.2	1.3	1.3	1.2	1.1	1.1	1.0	1.0	1.0	1.0	1.0
Unemployment rate (000s)	7.1	7.1	7.3	7.3	7.1	7.0	6.9	6.7	6.7	6.7	6.7	6.8	6.9
Retail sales (current)	53,410	56,025	58,614	61,326	64,181	67,040	69,931	72,652	75,630	78,564	81,684	85,052	88,672
	5.4	4.9	4.6	4.6	4.7	4.5	4.3	3.9	4.1	3.9	4.0	4.1	4.3
Housing starts (units)	19,083	20,403	21,502	22,419	23,182	23,818	24,349	24,791	25,159	25,466	25,721	25,935	26,112
	9.0	6.9	5.4	4.3	3.4	2.7	2.2	1.8	1.5	1.2	1.0	0.8	0.7

White area represents forecast data.
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 12—Gross Domestic Product at Basic Prices by Industry ($ 1997)—Newfoundland

(Forecast Completed: December 9, 2002)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Agriculture	51	50	46	52	53	52	55	56	58	59	59	60	61
	1.0	−1.4	−7.4	12.3	1.7	−1.4	6.3	1.0	2.7	1.8	1.4	1.5	1.4
Forestry	105	86	99	65	99	110	104	103	102	106	108	109	111
	11.7	−18.5	15.6	−34.1	51.1	11.6	−5.9	−0.9	−1.0	3.7	1.6	1.2	2.2
Fishing & trapping	209	185	164	201	206	206	202	216	221	228	232	238	243
	−1.5	−11.5	−11.3	22.6	2.4	0	−1.6	6.7	2.3	3.2	1.8	2.4	2.3
Mining	375	449	478	883	1,078	1,549	1,525	2,376	2,464	2,488	2,539	2,951	2,949
	1.8	19.6	6.4	84.9	22.0	43.7	−1.6	55.9	3.7	1.0	2.0	16.2	−0.1
Manufacturing	715	648	653	699	752	752	741	756	778	806	822	850	879
	0.4	−9.5	0.8	7.0	7.6	0.1	−1.5	1.9	2.9	3.7	1.9	3.3	3.4
Construction	771	669	579	590	707	566	541	563	616	583	555	515	617
	−1.1	−13.3	−13.4	1.9	19.9	−20.0	−4.4	4.1	9.4	−5.4	−4.7	−7.3	19.8
Utilities	404	411	457	468	470	503	475	488	504	516	525	534	545
	−0.9	1.7	11.1	2.4	0.5	7.0	−5.5	2.7	3.4	2.3	1.6	1.8	2.0
Goods-producing industries	2,631	2,497	2,476	2,959	3,365	3,739	3,644	4,558	4,743	4,787	4,840	5,256	5,405
	0.2	−5.1	−0.8	19.5	13.7	11.1	−2.5	25.1	4.1	0.9	1.1	8.6	2.8
Transportation, storage & communication	728	715	815	867	956	1,043	1,079	1,126	1,180	1,194	1,237	1,289	1,306
	−3.5	−1.8	14.0	6.4	10.2	9.2	3.4	4.4	4.8	1.2	3.6	4.2	1.3
Wholesale & retail trade	1,060	973	949	1,006	1,111	1,159	1,218	1,251	1,285	1,321	1,350	1,380	1,409
	3.5	−8.1	−2.5	6.1	10.4	4.3	5.1	2.7	2.7	2.9	2.2	2.2	2.1
Finance, insurance & real estate	1,616	1,653	1,692	1,724	1,762	1,811	1,868	1,917	1,950	1,975	1,996	2,021	2,036
	3.0	2.2	2.4	1.9	2.2	2.8	3.2	2.6	1.7	1.2	1.1	1.2	0.7
Community, business & personal services	2,550	2,447	2,492	2,552	2,570	2,611	2,686	2,738	2,817	2,883	2,925	2,964	2,999
	1.4	−4.0	1.8	2.4	0.7	1.6	2.9	2.0	2.9	2.3	1.5	1.3	1.2
Public administration & defence	1,063	1,022	1,011	1,004	997	1,004	1,028	1,054	1,072	1,084	1,089	1,092	1,092
	0.4	−3.8	−1.1	−0.8	−0.6	0.7	2.4	2.5	1.7	1.1	0.5	0.3	0
Service-producing industries	7,016	6,810	6,959	7,152	7,395	7,628	7,879	8,086	8,304	8,456	8,598	8,747	8,843
	1.4	−2.9	2.2	2.8	3.4	3.1	3.3	2.6	2.7	1.8	1.7	1.7	1.1
All industries	9,567	9,235	9,408	10,080	10,732	11,343	11,503	12,622	13,024	13,220	13,415	13,981	14,225
	1.2	−3.5	1.9	7.1	6.5	5.7	1.4	9.7	3.2	1.5	1.5	4.2	1.7

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 12—Gross Domestic Product at Basic Prices by Industry ($ 1997)—Newfoundland
(Forecast Completed: December 9, 2002)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Agriculture	62	63	64	65	66	67	68	69	70	71	72	73	74
	1.6	1.6	1.5	1.6	1.6	1.5	1.4	1.4	1.3	1.5	1.3	1.4	1.3
Forestry	114	115	117	118	119	120	121	121	120	118	118	116	114
	2.4	1.3	1.4	1.1	0.9	1.0	0.6	−0.2	−0.9	−1.1	−0.5	−1.3	−1.9
Fishing & trapping	247	250	252	256	263	273	284	295	304	309	312	315	316
	1.5	1.1	1.1	1.6	2.6	3.8	4.0	3.7	3.2	1.6	1.0	0.9	0.3
Mining	2,829	2,912	2,803	3,080	3,244	3,379	3,329	3,280	3,102	3,004	2,940	2,926	2,908
	−4.1	3.0	−3.7	9.9	5.3	4.2	−1.5	−1.5	−5.4	−3.2	−2.1	−0.5	−0.6
Manufacturing	902	925	946	970	1,010	1,042	1,067	1,093	1,121	1,148	1,175	1,204	1,233
	2.7	2.5	2.3	2.5	4.1	3.2	2.4	2.4	2.6	2.4	2.4	2.4	2.5
Construction	751	696	649	532	490	554	551	482	432	424	418	415	409
	21.7	−7.2	−6.8	−17.9	−7.9	12.9	−0.5	−12.4	−10.5	−1.9	−1.3	−0.8	−1.5
Utilities	557	568	585	613	638	659	676	696	709	727	746	760	775
	2.2	2.1	3.0	4.8	4.1	3.2	2.7	2.9	1.9	2.6	2.6	1.8	1.9
Goods-producing industries	5,461	5,529	5,417	5,635	5,831	6,095	6,096	6,036	5,857	5,801	5,782	5,809	5,829
	1.0	1.3	−2.0	4.0	3.5	4.5	0	−1.0	−3.0	−1.0	−0.3	0.5	0.3
Transportation, storage & communication	1,325	1,340	1,353	1,368	1,380	1,391	1,401	1,411	1,420	1,428	1,435	1,443	1,447
	1.4	1.2	1.0	1.1	0.9	0.8	0.7	0.7	0.7	0.5	0.5	0.6	0.3
Wholesale & retail trade	1,436	1,452	1,466	1,478	1,495	1,514	1,529	1,543	1,556	1,565	1,576	1,588	1,600
	1.9	1.1	1.0	0.8	1.1	1.3	1.0	0.9	0.8	0.6	0.7	0.8	0.7
Finance, insurance & real estate	2,058	2,079	2,092	2,105	2,115	2,127	2,138	2,146	2,151	2,155	2,158	2,164	2,171
	1.1	1.0	0.6	0.6	0.5	0.6	0.5	0.4	0.2	0.2	0.2	0.2	0.3
Community, business & personal services	3,046	3,096	3,152	3,220	3,272	3,317	3,362	3,413	3,474	3,505	3,554	3,605	3,628
	1.6	1.6	1.8	2.1	1.6	1.4	1.4	1.5	1.8	0.9	1.4	1.4	0.7
Public administration & defence	1,091	1,096	1,103	1,112	1,120	1,122	1,124	1,126	1,130	1,130	1,133	1,138	1,141
	−0.1	0.4	0.7	0.8	0.7	0.2	0.1	0.2	0.4	0.1	0.3	0.4	0.3
Service-producing industries	8,956	9,062	9,167	9,282	9,381	9,470	9,554	9,639	9,731	9,783	9,858	9,937	9,987
	1.3	1.2	1.2	1.3	1.1	1.0	0.9	0.9	1.0	0.5	0.8	0.8	0.5
All industries	14,394	14,569	14,561	14,895	15,189	15,543	15,628	15,652	15,566	15,561	15,617	15,724	15,794
	1.2	1.2	−0.1	2.3	2.0	2.3	0.5	0.2	−0.5	0	0.4	0.7	0.4

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 13—Gross Domestic Product at Basic Prices by Industry ($ 1997)—Prince Edward Island

(Forecast Completed: December 9, 2002)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Agriculture	137	136	138	141	138	135	97	128	138	140	143	146	149
	17.4	−0.4	1.3	2.5	−2.3	−2.0	−28.1	32.0	7.5	1.8	2.0	1.9	1.8
Forestry	24	17	18	18	19	19	18	18	18	19	19	19	20
	8.6	−29.6	5.0	1.9	4.8	1.2	−4.8	−0.2	−0.9	4.1	1.2	0.7	2.0
Fishing & trapping	58	72	55	58	56	58	55	60	60	62	63	64	65
	−15.0	24.2	−23.4	4.7	−4.3	4.5	−5.8	9.0	1.0	2.5	1.5	1.9	2.1
Mining	5	4	4	4	6	4	3	4	4	4	4	4	4
	108.6	−8.6	−11.9	0	55.3	−32.2	−15.2	6.7	5.3	2.1	1.4	1.3	1.4
Manufacturing	189	175	205	263	277	271	278	287	296	308	314	323	333
	19.1	−7.5	17.0	28.1	5.6	−2.3	2.5	3.4	3.2	4.0	1.9	3.1	3.0
Construction	163	185	132	124	131	137	137	135	135	138	139	141	144
	9.2	13.3	−28.6	−6.2	5.6	4.5	0.1	−1.4	−0.1	2.2	1.1	1.3	2.5
Utilities	35	31	33	33	35	38	39	41	43	44	46	47	49
	20.7	−10.1	5.5	0.6	6.6	7.6	3.8	3.5	4.6	4.0	3.3	3.4	3.6
Goods-producing industries	611	621	585	641	662	662	628	673	694	715	728	745	764
	11.8	1.6	−5.8	9.6	3.3	0	−5.2	7.2	3.1	3.1	1.8	2.4	2.6
Transportation, storage & communication	180	184	182	187	200	214	212	221	227	234	239	245	252
	1.3	2.7	−1.3	2.9	6.6	7.4	−1.2	4.3	2.6	3.0	2.1	2.6	3.0
Wholesale & retail trade	272	282	262	281	298	310	315	319	327	337	346	356	366
	4.2	3.6	−7.0	7.3	5.8	4.3	1.4	1.3	2.6	3.1	2.6	2.9	2.8
Finance, insurance & real estate	475	517	530	541	559	578	589	615	630	643	656	672	690
	6.1	8.9	2.4	2.2	3.4	3.4	1.9	4.4	2.4	2.1	2.0	2.4	2.7
Community, business & personal services	619	635	638	656	673	696	707	725	745	772	792	811	830
	5.9	2.7	0.5	2.9	2.6	3.3	1.6	2.6	2.7	3.7	2.6	2.4	2.3
Public administration & defence	327	323	327	333	344	365	376	387	398	406	412	417	422
	−0.8	−1.3	1.3	1.8	3.3	5.9	3.2	2.9	2.8	2.1	1.5	1.2	1.2
Service-producing industries	1,873	1,942	1,939	1,999	2,074	2,163	2,199	2,267	2,326	2,392	2,445	2,502	2,561
	4.0	3.7	−0.1	3.1	3.7	4.3	1.7	3.1	2.6	2.8	2.2	2.3	2.4
All industries	2,472	2,541	2,521	2,640	2,737	2,825	2,827	2,940	3,020	3,107	3,173	3,247	3,326
	6.4	2.8	−0.8	4.7	3.6	3.2	0.1	4.0	2.7	2.9	2.1	2.3	2.4

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 13—Gross Domestic Product at Basic Prices by Industry ($ 1997)—Prince Edward Island

(Forecast Completed: December 9, 2002)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Agriculture	151	154	157	159	162	165	167	170	173	175	178	180	183
	1.9	1.8	1.6	1.6	1.7	1.7	1.6	1.7	1.5	1.6	1.4	1.5	1.4
Forestry	20	20	21	21	21	21	22	22	21	21	20	19	18
	2.2	1.0	1.5	1.3	1.1	1.2	0.8	0	−1.1	−2.4	−2.4	−5.1	−7.4
Fishing & trapping	66	68	69	70	72	74	76	78	79	80	82	83	83
	2.0	2.0	1.9	2.1	2.0	2.6	2.8	2.4	2.0	1.4	1.4	1.3	0.7
Mining	4	4	4	4	4	5	5	5	5	5	5	5	5
	2.1	1.6	2.1	1.8	1.8	1.8	2.1	2.3	2.4	1.9	2.3	2.2	1.7
Manufacturing	346	359	369	380	392	404	416	428	441	454	468	482	497
	3.9	3.6	2.9	3.0	3.1	3.0	3.0	2.8	3.2	3.0	2.9	3.0	3.1
Construction	150	156	162	166	170	174	178	183	186	185	186	186	186
	4.1	4.0	3.6	2.6	2.3	2.2	2.5	2.6	1.7	−0.2	0.2	0.3	−0.3
Utilities	50	51	52	53	54	55	56	57	58	59	60	61	62
	2.0	1.8	1.9	2.1	1.9	1.8	1.7	1.8	2.2	1.1	1.8	2.0	1.2
Goods-producing industries	789	812	834	854	875	897	919	941	963	980	998	1,016	1,033
	3.2	3.0	2.6	2.5	2.5	2.5	2.5	2.4	2.3	1.7	1.8	1.9	1.6
Transportation, storage & communication	258	264	270	275	280	284	289	295	301	306	311	318	322
	2.5	2.2	2.1	1.9	1.9	1.7	1.7	1.8	2.0	1.7	1.9	2.0	1.5
Wholesale & retail trade	375	384	392	400	409	418	427	436	446	455	464	473	482
	2.5	2.3	2.1	2.1	2.3	2.1	2.3	2.1	2.2	1.9	2.0	2.0	1.9
Finance, insurance & real estate	708	726	744	762	780	800	821	842	863	886	908	928	949
	2.6	2.5	2.4	2.4	2.4	2.6	2.6	2.6	2.5	2.6	2.5	2.3	2.2
Community, business & personal services	852	875	896	918	941	963	985	1,007	1,032	1,058	1,084	1,109	1,135
	2.6	2.7	2.5	2.4	2.6	2.3	2.2	2.3	2.5	2.5	2.4	2.3	2.4
Public administration & defence	430	440	450	459	470	480	488	497	507	516	526	537	548
	1.8	2.4	2.2	2.0	2.5	2.0	1.8	1.8	2.0	1.7	2.0	2.1	2.1
Service-producing industries	2,624	2,689	2,752	2,813	2,881	2,945	3,011	3,078	3,149	3,220	3,292	3,365	3,437
	2.4	2.5	2.3	2.2	2.4	2.2	2.2	2.2	2.3	2.3	2.2	2.2	2.1
All industries	3,412	3,501	3,585	3,667	3,756	3,842	3,930	4,019	4,112	4,200	4,290	4,381	4,470
	2.6	2.6	2.4	2.3	2.4	2.3	2.3	2.3	2.3	2.1	2.1	2.1	2.0

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 14—Gross Domestic Product at Basic Prices by Industry ($ 1997)—Nova Scotia

(Forecast Completed: December 9, 2002)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Agriculture	198	209	196	212	224	222	198	222	228	232	236	239	243
	6.7	5.7	−6.3	7.9	5.7	−0.6	−11.1	12.3	2.5	2.1	1.5	1.5	1.4
Forestry	116	85	84	71	66	66	64	65	65	68	69	70	72
	21.2	−26.7	−1.6	−15.5	−7.0	0.7	−3.0	0.5	−0.4	4.7	1.7	1.8	2.5
Fishing & trapping	249	264	232	230	226	228	222	237	241	248	252	258	264
	−21.1	6.0	−12.3	−0.9	−1.4	0.9	−2.5	6.5	1.7	2.7	1.6	2.5	2.4
Mining	436	390	305	300	262	301	359	385	407	416	542	638	659
	−3.0	−10.7	−21.7	−1.8	−12.8	15.0	19.2	7.3	5.7	2.3	30.2	17.7	3.2
Manufacturing	1,780	1,780	1,905	1,955	2,236	2,334	2,363	2,431	2,525	2,624	2,680	2,753	2,855
	7.5	0	7.0	2.6	14.4	4.4	1.3	2.8	3.9	3.9	2.1	2.7	3.7
Construction	1,018	981	981	1,068	1,222	1,074	1,119	1,251	1,399	1,380	1,220	1,204	1,183
	2.2	−3.6	0	8.9	14.4	−12.1	4.2	11.8	11.8	−1.4	−11.6	−1.3	−1.8
Utilities	423	443	475	485	511	542	551	570	593	609	620	633	647
	−0.3	4.9	7.2	2.0	5.4	6.2	1.6	3.4	3.9	2.7	1.9	2.1	2.2
Goods-producing industries	4,220	4,153	4,179	4,320	4,746	4,769	4,877	5,161	5,457	5,576	5,618	5,795	5,921
	2.4	−1.6	0.6	3.4	9.9	0.5	2.3	5.8	5.7	2.2	0.8	3.2	2.2
Transportation, storage & communication	1,282	1,402	1,525	1,585	1,720	1,902	1,965	2,017	2,095	2,152	2,192	2,233	2,290
	−1.1	9.3	8.8	3.9	8.5	10.6	3.3	2.7	3.9	2.7	1.8	1.9	2.5
Wholesale & retail trade	2,118	2,021	2,016	2,159	2,370	2,458	2,497	2,614	2,720	2,809	2,869	2,932	3,013
	6.1	−4.6	−0.2	7.1	9.8	3.7	1.6	4.7	4.1	3.3	2.2	2.2	2.7
Finance, insurance & real estate	3,703	3,863	4,007	4,107	4,245	4,374	4,533	4,625	4,717	4,790	4,855	4,929	5,028
	3.7	4.3	3.7	2.5	3.4	3.0	3.6	2.0	2.0	1.5	1.4	1.5	2.0
Community, business & personal services	4,278	4,325	4,481	4,605	4,692	4,758	4,863	4,976	5,073	5,180	5,277	5,365	5,479
	0.4	1.1	3.6	2.8	1.9	1.4	2.2	2.3	1.9	2.1	1.9	1.7	2.1
Public administration & defence	2,359	2,208	2,153	2,096	2,136	2,068	2,095	2,155	2,212	2,253	2,280	2,303	2,321
	−1.8	−6.4	−2.5	−2.7	1.9	−3.2	1.3	2.9	2.6	1.9	1.2	1.0	0.8
Service-producing industries	13,741	13,818	14,183	14,551	15,162	15,560	15,953	16,387	16,817	17,184	17,472	17,763	18,130
	1.6	0.6	2.6	2.6	4.2	2.6	2.5	2.7	2.6	2.2	1.7	1.7	2.1
All industries	17,913	17,920	18,383	18,896	19,919	20,334	20,829	21,546	22,272	22,758	23,089	23,556	24,050
	1.9	0	2.6	2.8	5.4	2.1	2.4	3.4	3.4	2.2	1.5	2.0	2.1

White area represents forecast data.

All data are in millions of 1997 dollars, seasonally adjusted at annual rates.

For each indicator, the first line is the level and the second line is the percentage change from the previous period.

Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 14—Gross Domestic Product at Basic Prices by Industry ($ 1997)—Nova Scotia
(Forecast Completed: December 9, 2002)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Agriculture	246	251	255	259	263	267	272	276	281	285	290	295	299
	1.6	1.7	1.6	1.6	1.6	1.7	1.6	1.7	1.7	1.7	1.5	1.6	1.6
Forestry	73	74	76	77	78	79	80	81	82	83	84	84	84
	2.3	1.4	1.5	1.5	1.3	1.4	1.6	1.2	1.4	0.9	0.9	0.5	−0.3
Fishing & trapping	268	270	273	278	283	291	299	307	313	318	322	325	327
	1.4	1.0	1.0	1.7	2.0	2.7	2.9	2.5	2.1	1.4	1.3	1.2	0.6
Mining	665	672	681	707	757	772	782	792	800	811	845	910	931
	1.0	0.9	1.4	3.8	7.2	2.0	1.3	1.2	1.1	1.4	4.1	7.7	2.3
Manufacturing	2,935	3,055	3,175	3,304	3,426	3,550	3,680	3,821	3,942	4,104	4,226	4,354	4,509
	2.8	4.1	3.9	4.0	3.7	3.6	3.7	3.8	3.2	4.1	3.0	3.0	3.6
Construction	1,185	1,310	1,315	1,329	1,173	1,177	1,185	1,195	1,305	1,362	1,222	1,190	1,180
	0.2	10.6	0.4	1.1	−11.7	0.3	0.7	0.8	9.2	4.4	−10.3	−2.6	−0.9
Utilities	660	673	686	700	713	724	736	748	764	772	785	800	809
	2.1	2.0	1.9	2.0	1.9	1.6	1.6	1.7	2.1	1.0	1.7	1.9	1.1
Goods-producing industries	6,033	6,305	6,461	6,652	6,693	6,861	7,034	7,220	7,487	7,735	7,773	7,958	8,139
	1.9	4.5	2.5	3.0	0.6	2.5	2.5	2.6	3.7	3.3	0.5	2.4	2.3
Transportation, storage & communication	2,340	2,384	2,429	2,472	2,516	2,559	2,599	2,640	2,681	2,720	2,761	2,802	2,840
	2.2	1.9	1.9	1.8	1.8	1.7	1.6	1.6	1.6	1.4	1.5	1.5	1.4
Wholesale & retail trade	3,090	3,161	3,222	3,284	3,342	3,401	3,459	3,515	3,582	3,633	3,674	3,725	3,775
	2.6	2.3	1.9	1.9	1.8	1.8	1.7	1.6	1.9	1.4	1.1	1.4	1.4
Finance, insurance & real estate	5,116	5,209	5,291	5,378	5,483	5,571	5,664	5,756	5,844	5,925	6,000	6,074	6,143
	1.8	1.8	1.6	1.6	1.9	1.6	1.7	1.6	1.5	1.4	1.3	1.2	1.1
Community, business & personal services	5,578	5,680	5,793	5,905	6,020	6,122	6,216	6,313	6,425	6,488	6,588	6,699	6,776
	1.8	1.8	2.0	1.9	1.9	1.7	1.5	1.5	1.8	1.0	1.5	1.7	1.2
Public administration & defence	2,338	2,368	2,403	2,441	2,480	2,511	2,537	2,565	2,596	2,620	2,651	2,685	2,718
	0.7	1.3	1.5	1.6	1.6	1.3	1.0	1.1	1.2	0.9	1.2	1.3	1.2
Service-producing industries	18,462	18,802	19,138	19,481	19,841	20,164	20,475	20,789	21,129	21,386	21,675	21,984	22,252
	1.8	1.8	1.8	1.8	1.8	1.6	1.5	1.5	1.6	1.2	1.4	1.4	1.2
All industries	24,494	25,106	25,597	26,131	26,533	27,023	27,508	28,008	28,614	29,120	29,446	29,941	30,390
	1.8	2.5	2.0	2.1	1.5	1.8	1.8	1.8	2.2	1.8	1.1	1.7	1.5

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 15—Gross Domestic Product at Basic Prices by Industry ($ 1997)—New Brunswick

(Forecast Completed: December 9, 2002)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Agriculture	193	220	227	246	265	260	265	269	277	282	287	293	298
	−5.8	14.2	3.1	8.5	7.4	−1.9	2.1	1.5	2.7	1.8	1.8	2.0	1.9
Forestry	363	370	315	334	315	327	320	320	317	333	339	347	356
	14.6	1.9	−14.7	6.0	−6.0	4.0	−2.3	0	−0.9	5.0	2.0	2.1	2.7
Fishing & trapping	93	93	74	62	75	77	80	85	86	88	90	92	94
	−12.5	0.7	−20.3	−16.6	20.6	3.2	3.1	6.4	1.4	2.6	1.6	2.2	2.2
Mining	393	377	326	304	307	311	331	342	362	373	381	389	397
	8.2	−4.0	−13.5	−6.8	0.9	1.1	6.7	3.3	5.8	3.1	2.1	2.1	2.0
Manufacturing	2,219	2,201	2,220	2,332	2,438	2,504	2,452	2,538	2,639	2,745	2,820	2,910	3,021
	9.4	−0.8	0.9	5.0	4.5	2.7	−2.1	3.5	4.0	4.0	2.7	3.2	3.8
Construction	878	916	814	811	970	889	773	773	901	914	771	737	757
	6.2	4.4	−11.2	−0.3	19.6	−8.4	−13.1	0	16.6	1.5	−15.7	−4.4	2.7
Utilities	480	574	631	689	690	744	744	764	784	807	826	848	871
	−19.4	19.6	9.9	9.1	0.2	7.8	0	2.6	2.7	3.0	2.4	2.6	2.7
Goods-producing industries	4,618	4,752	4,608	4,779	5,060	5,112	4,965	5,091	5,365	5,542	5,514	5,615	5,794
	4.0	2.9	−3.0	3.7	5.9	1.0	−2.9	2.5	5.4	3.3	−0.5	1.8	3.2
Transportation, storage & communication	1,239	1,290	1,400	1,426	1,497	1,647	1,683	1,744	1,795	1,842	1,910	1,958	2,020
	8.1	4.2	8.5	1.8	5.0	10.0	2.2	3.7	2.9	2.6	3.7	2.5	3.1
Wholesale & retail trade	1,584	1,581	1,557	1,761	1,886	1,953	1,928	1,961	2,010	2,066	2,113	2,161	2,218
	2.4	−0.2	−1.5	13.1	7.1	3.6	−1.3	1.7	2.5	2.8	2.3	2.3	2.7
Finance, insurance & real estate	2,566	2,645	2,704	2,789	2,862	2,947	3,026	3,133	3,201	3,246	3,302	3,360	3,453
	2.5	3.1	2.2	3.2	2.6	3.0	2.7	3.6	2.2	1.4	1.7	1.8	2.8
Community, business & personal services	3,300	3,369	3,466	3,576	3,632	3,679	3,761	3,858	3,954	4,049	4,136	4,218	4,311
	1.0	2.1	2.9	3.2	1.6	1.3	2.2	2.6	2.5	2.4	2.1	2.0	2.2
Public administration & defence	1,620	1,581	1,532	1,574	1,651	1,624	1,704	1,783	1,829	1,856	1,872	1,885	1,895
	5.1	−2.4	−3.1	2.8	4.9	−1.6	4.9	4.7	2.6	1.5	0.8	0.7	0.5
Service-producing industries	10,309	10,466	10,659	11,127	11,528	11,850	12,101	12,480	12,789	13,060	13,333	13,582	13,897
	3.0	1.5	1.8	4.4	3.6	2.8	2.1	3.1	2.5	2.1	2.1	1.9	2.3
All industries	14,900	15,204	15,272	15,911	16,592	16,967	17,077	17,582	18,165	18,613	18,858	19,209	19,702
	3.1	2.0	0.4	4.2	4.3	2.3	0.6	3.0	3.3	2.5	1.3	1.9	2.6

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 15—Gross Domestic Product at Basic Prices by Industry ($ 1997)—New Brunswick
(Forecast Completed: December 9, 2002)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Agriculture	304	309	314	319	325	330	336	342	347	353	359	365	371
	1.8	1.8	1.5	1.7	1.8	1.7	1.7	1.8	1.6	1.7	1.7	1.5	1.6
Forestry	364	368	373	377	381	385	390	393	397	399	401	402	400
	2.2	1.2	1.2	1.1	1.0	1.1	1.2	0.9	1.0	0.5	0.5	0.2	−0.5
Fishing & trapping	95	96	97	99	101	103	106	109	111	113	115	116	117
	1.4	1.1	1.0	1.7	2.1	2.7	2.9	2.5	2.1	1.4	1.3	1.2	0.6
Mining	407	414	424	432	442	452	464	477	492	507	522	537	553
	2.6	1.8	2.2	2.0	2.2	2.4	2.5	3.0	3.1	3.0	3.0	2.9	3.0
Manufacturing	3,128	3,237	3,344	3,453	3,570	3,685	3,802	3,917	4,030	4,174	4,299	4,433	4,591
	3.5	3.5	3.3	3.2	3.4	3.2	3.2	3.0	2.9	3.6	3.0	3.1	3.6
Construction	758	754	758	758	760	761	762	768	768	759	758	758	751
	0.1	−0.5	0.5	0	0.3	0.1	0.2	0.7	0	−1.1	−0.1	0	−0.9
Utilities	888	905	920	938	954	970	985	1,001	1,022	1,033	1,051	1,071	1,083
	2.0	1.9	1.7	2.0	1.7	1.6	1.6	1.7	2.1	1.0	1.7	1.9	1.1
Goods-producing industries	5,943	6,083	6,229	6,375	6,532	6,686	6,844	7,008	7,168	7,338	7,505	7,682	7,866
	2.6	2.4	2.4	2.3	2.5	2.4	2.4	2.4	2.3	2.4	2.3	2.4	2.4
Transportation, storage & communication	2,068	2,109	2,151	2,192	2,233	2,273	2,311	2,350	2,389	2,425	2,465	2,503	2,538
	2.4	2.0	2.0	1.9	1.9	1.8	1.7	1.7	1.7	1.5	1.6	1.6	1.4
Wholesale & retail trade	2,270	2,320	2,365	2,410	2,460	2,505	2,551	2,596	2,642	2,680	2,723	2,766	2,806
	2.3	2.2	1.9	1.9	2.1	1.8	1.8	1.7	1.8	1.4	1.6	1.6	1.4
Finance, insurance & real estate	3,514	3,573	3,630	3,688	3,742	3,797	3,846	3,893	3,938	3,981	4,018	4,056	4,094
	1.8	1.7	1.6	1.6	1.5	1.5	1.3	1.2	1.1	1.1	0.9	1.0	0.9
Community, business & personal services	4,389	4,472	4,561	4,650	4,742	4,825	4,909	4,994	5,088	5,149	5,237	5,328	5,392
	1.8	1.9	2.0	1.9	2.0	1.8	1.8	1.7	1.9	1.2	1.7	1.7	1.2
Public administration & defence	1,902	1,921	1,944	1,970	1,996	2,015	2,030	2,046	2,065	2,078	2,096	2,116	2,135
	0.4	1.0	1.2	1.3	1.3	1.0	0.7	0.8	0.9	0.6	0.9	1.0	0.9
Service-producing industries	14,144	14,395	14,651	14,910	15,172	15,415	15,647	15,879	16,121	16,312	16,537	16,769	16,965
	1.8	1.8	1.8	1.8	1.8	1.6	1.5	1.5	1.5	1.2	1.4	1.4	1.2
All industries	20,098	20,489	20,892	21,296	21,715	22,112	22,503	22,898	23,301	23,662	24,053	24,462	24,842
	2.0	1.9	2.0	1.9	2.0	1.8	1.8	1.8	1.8	1.6	1.7	1.7	1.6

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 16—Gross Domestic Product at Basic Prices by Industry ($ 1997)—Quebec

(Forecast Completed: December 9, 2002)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Agriculture	2,202	2,303	2,335	2,508	2,588	2,439	2,507	2,519	2,592	2,642	2,683	2,730	2,777
	2.2	4.5	1.4	7.4	3.2	−5.8	2.8	0.5	2.9	1.9	1.6	1.8	1.7
Forestry	856	849	846	949	961	1,063	1,008	945	949	995	1,013	1,028	1,052
	9.6	−0.8	−0.4	12.2	1.3	10.5	−5.2	−6.3	0.5	4.8	1.8	1.5	2.3
Fishing & trapping	90	87	64	66	65	68	80	141	139	142	149	150	151
	−15.2	−3.0	−26.0	1.9	−0.3	3.3	18.2	76.3	−1.5	2.4	4.8	1.0	0.6
Mining	1,366	1,370	1,413	1,454	1,499	1,465	1,447	1,469	1,559	1,611	1,646	1,685	1,720
	2.5	0.3	3.2	2.9	3.1	−2.3	−1.2	1.5	6.1	3.3	2.2	2.3	2.1
Manufacturing	35,454	35,316	37,782	39,644	42,969	45,912	44,242	45,471	46,825	49,321	50,576	52,091	54,163
	0.6	−0.4	7.0	4.9	8.4	6.8	−3.6	2.8	3.0	5.3	2.5	3.0	4.0
Construction	8,232	8,329	8,249	8,819	9,204	10,073	10,164	11,539	11,955	12,103	12,018	12,072	12,357
	−11.4	1.2	−1.0	6.9	4.4	9.4	0.9	13.5	3.6	1.2	−0.7	0.4	2.4
Utilities	7,306	7,569	7,934	7,611	8,070	8,386	7,964	8,106	8,482	8,783	9,033	9,303	9,597
	3.9	3.6	4.8	−4.1	6.0	3.9	−5.0	1.8	4.6	3.5	2.8	3.0	3.2
Goods-producing industries	55,506	55,822	58,622	61,050	65,357	69,406	67,411	70,193	72,508	75,608	77,137	79,087	81,858
	−0.8	0.6	5.0	4.1	7.1	6.2	−2.9	4.1	3.3	4.3	2.0	2.5	3.5
Transportation, storage & communication	13,769	14,017	14,800	15,485	16,608	17,974	18,697	19,252	19,761	20,331	20,762	21,228	21,748
	3.6	1.8	5.6	4.6	7.3	8.2	4.0	3.0	2.6	2.9	2.1	2.2	2.5
Wholesale & retail trade	18,203	18,516	18,654	20,100	21,823	22,783	23,361	24,981	25,789	26,696	27,392	28,156	29,033
	3.3	1.7	0.7	7.8	8.6	4.4	2.5	6.9	3.2	3.5	2.6	2.8	3.1
Finance, insurance & real estate	29,881	29,885	30,405	31,003	31,768	32,480	33,611	34,911	35,667	36,367	36,990	37,683	38,151
	2.6	0	1.7	2.0	2.5	2.2	3.5	3.9	2.2	2.0	1.7	1.9	1.2
Community, business & personal services	40,666	40,538	41,151	42,249	42,762	43,685	44,354	45,594	47,045	48,431	49,547	50,579	51,637
	1.0	−0.3	1.5	2.7	1.2	2.2	1.5	2.8	3.2	2.9	2.3	2.1	2.1
Public administration & defence	11,644	11,400	11,509	11,597	11,880	11,931	12,320	12,893	13,236	13,478	13,644	13,783	13,897
	−0.7	−2.1	1.0	0.8	2.4	0.4	3.3	4.6	2.7	1.8	1.2	1.0	0.8
Service-producing industries	114,163	114,356	116,519	120,433	124,840	128,853	132,344	137,631	141,499	145,304	148,336	151,432	154,469
	1.9	0.2	1.9	3.4	3.7	3.2	2.7	4.0	2.8	2.7	2.1	2.1	2.0
All industries	169,578	170,328	175,139	181,483	190,196	198,263	199,761	207,827	214,005	220,906	225,459	230,496	236,291
	0.9	0.4	2.8	3.6	4.8	4.2	0.8	4.0	3.0	3.2	2.1	2.2	2.5

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 16—Gross Domestic Product at Basic Prices by Industry ($ 1997)—Quebec
(Forecast Completed: December 9, 2002)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Agriculture	2,838	2,899	2,961	3,031	3,101	3,176	3,245	3,319	3,394	3,478	3,562	3,653	3,743
	2.2	2.2	2.1	2.4	2.3	2.4	2.2	2.3	2.3	2.5	2.4	2.5	2.5
Forestry	1,078	1,093	1,110	1,127	1,142	1,160	1,179	1,195	1,212	1,223	1,241	1,259	1,267
	2.5	1.4	1.5	1.6	1.4	1.5	1.7	1.3	1.4	0.8	1.5	1.5	0.6
Fishing & trapping	153	154	155	158	160	164	168	171	174	176	177	179	179
	1.2	0.7	0.7	1.4	1.6	2.2	2.4	2.0	1.6	1.0	1.0	0.9	0.3
Mining	1,770	1,805	1,849	1,881	1,921	1,967	2,016	2,079	2,145	2,214	2,287	2,358	2,437
	2.9	2.0	2.4	1.8	2.1	2.4	2.5	3.1	3.2	3.2	3.3	3.1	3.3
Manufacturing	56,878	59,656	62,533	65,188	67,824	70,444	73,161	75,826	78,078	81,660	84,262	86,972	90,947
	5.0	4.9	4.8	4.2	4.0	3.9	3.9	3.6	3.0	4.6	3.2	3.2	4.6
Construction	12,514	12,501	12,532	12,464	12,523	12,601	12,736	13,045	13,352	13,313	13,544	13,738	13,685
	1.3	−0.1	0.2	−0.5	0.5	0.6	1.1	2.4	2.4	−0.3	1.7	1.4	−0.4
Utilities	9,900	10,173	10,451	10,729	10,999	11,261	11,529	11,815	12,155	12,365	12,676	13,012	13,247
	3.2	2.8	2.7	2.7	2.5	2.4	2.4	2.5	2.9	1.7	2.5	2.6	1.8
Goods-producing industries	85,131	88,281	91,590	94,578	97,671	100,772	104,035	107,449	110,510	114,428	117,749	121,171	125,506
	4.0	3.7	3.7	3.3	3.3	3.2	3.2	3.3	2.8	3.5	2.9	2.9	3.6
Transportation, storage & communication	22,204	22,624	23,047	23,435	23,849	24,251	24,671	25,122	25,570	25,999	26,432	26,886	27,314
	2.1	1.9	1.9	1.7	1.8	1.7	1.7	1.8	1.8	1.7	1.7	1.7	1.6
Wholesale & retail trade	29,872	30,651	31,392	32,094	32,825	33,517	34,257	34,977	35,748	36,449	37,158	37,895	38,616
	2.9	2.6	2.4	2.2	2.3	2.1	2.2	2.1	2.2	2.0	1.9	2.0	1.9
Finance, insurance & real estate	38,751	39,383	40,000	40,545	41,098	41,718	42,405	43,043	43,736	44,431	45,085	45,750	46,449
	1.6	1.6	1.6	1.4	1.4	1.5	1.6	1.5	1.6	1.6	1.5	1.5	1.5
Community, business & personal services	52,845	54,061	55,348	56,559	57,604	58,545	59,526	60,521	61,692	62,469	63,498	64,637	65,488
	2.3	2.3	2.4	2.2	1.8	1.6	1.7	1.7	1.9	1.3	1.6	1.8	1.3
Public administration & defence	13,954	14,137	14,350	14,586	14,824	15,019	15,190	15,369	15,574	15,743	15,954	16,188	16,418
	0.4	1.3	1.5	1.6	1.6	1.3	1.1	1.2	1.3	1.1	1.3	1.5	1.4
Service-producing industries	157,626	160,856	164,137	167,217	170,200	173,050	176,049	179,032	182,320	185,091	188,128	191,356	194,285
	2.0	2.0	2.0	1.9	1.8	1.7	1.7	1.7	1.7	1.8	1.5	1.6	1.7	1.5
All industries	242,764	249,144	255,734	261,802	267,877	273,828	280,090	286,488	292,837	299,526	305,883	312,533	319,798
	2.7	2.6	2.6	2.4	2.3	2.2	2.3	2.3	2.2	2.3	2.1	2.2	2.3

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 17—Gross Domestic Product at Basic Prices by Industry ($ 1997)—Ontario

(Forecast Completed: December 9, 2002)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Agriculture	3,347	3,304	3,219	3,531	3,640	3,517	3,272	3,451	3,640	3,685	3,752	3,818	3,885
	5.5	−1.3	−2.6	9.7	3.1	−3.4	−7.0	5.5	5.5	1.2	1.8	1.8	1.8
Forestry	795	661	764	693	620	712	638	619	612	642	655	665	681
	1.4	−16.8	15.5	−9.3	−10.5	14.8	−10.4	−3.0	−1.1	4.9	1.9	1.6	2.4
Fishing & trapping	33	51	38	38	36	33	41	74	72	69	64	58	54
	−19.2	54.2	−25.0	−0.2	−6.8	−7.3	22.9	81.7	−2.8	−4.2	−6.8	−8.8	−7.9
Mining	2,812	3,037	2,857	2,830	2,682	2,636	2,739	2,804	2,971	3,067	3,132	3,214	3,289
	0.1	8.0	−5.9	−0.9	−5.2	−1.7	3.9	2.4	6.0	3.2	2.1	2.6	2.3
Manufacturing	67,297	67,817	71,652	76,364	83,151	87,021	82,887	85,342	89,008	93,039	94,926	97,993	102,070
	7.9	0.8	5.7	6.6	8.9	4.7	−4.8	3.0	4.3	4.5	2.0	3.2	4.2
Construction	13,653	14,676	15,521	15,778	17,589	18,304	19,257	20,001	20,746	21,319	21,677	22,073	22,663
	−4.6	7.5	5.8	1.7	11.5	4.1	5.2	3.9	3.7	2.8	1.7	1.8	2.7
Utilities	9,982	9,580	10,017	9,598	10,059	10,507	10,440	10,796	11,218	11,545	11,796	12,072	12,373
	5.8	−4.0	4.6	−4.2	4.8	4.5	−0.6	3.4	3.9	2.9	2.2	2.3	2.5
Goods-producing industries	97,919	99,125	104,067	108,832	117,776	122,730	119,274	123,085	128,266	133,368	136,004	139,896	145,019
	5.4	1.2	5.0	4.6	8.2	4.2	−2.8	3.2	4.2	4.0	2.0	2.9	3.7
Transportation, storage & communication	22,993	23,449	25,510	27,008	30,343	33,232	34,341	35,695	36,770	37,825	38,655	39,551	40,641
	6.0	2.0	8.8	5.9	12.4	9.5	3.3	3.9	3.0	2.9	2.2	2.3	2.8
Wholesale & retail trade	34,139	35,036	36,369	39,803	44,625	47,304	47,728	50,530	52,301	54,390	56,150	58,090	60,277
	5.4	2.6	3.8	9.4	12.1	6.0	0.9	5.9	3.5	4.0	3.2	3.5	3.8
Finance, insurance & real estate	65,399	67,847	71,771	74,394	77,638	81,218	83,953	86,984	88,935	91,005	92,961	95,110	97,554
	2.8	3.7	5.8	3.7	4.4	4.6	3.4	3.6	2.2	2.3	2.1	2.3	2.6
Community, business & personal services	73,145	72,875	75,404	79,144	82,167	85,894	87,798	89,938	93,507	96,998	100,091	103,049	106,058
	2.7	−0.4	3.5	5.0	3.8	4.5	2.2	2.4	4.0	3.7	3.2	3.0	2.9
Public administration & defence	18,795	18,089	18,276	18,077	18,165	18,747	19,591	19,919	20,605	21,205	21,664	22,084	22,473
	0.5	−3.8	1.0	−1.1	0.5	3.2	4.5	1.7	3.4	2.9	2.2	1.9	1.8
Service-producing industries	214,472	217,296	227,330	238,425	252,938	266,395	273,412	283,066	292,117	301,424	309,520	317,885	327,004
	3.3	1.3	4.6	4.9	6.1	5.3	2.6	3.5	3.2	3.2	2.7	2.7	2.9
All industries	313,255	316,910	331,382	347,243	370,702	389,110	392,603	406,068	420,299	434,706	445,437	457,693	471,934
	4.0	1.2	4.6	4.8	6.8	5.0	0.9	3.4	3.5	3.4	2.5	2.8	3.1

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 17—Gross Domestic Product at Basic Prices by Industry ($ 1997)—Ontario
(Forecast Completed: December 9, 2002)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Agriculture	3,970	4,055	4,146	4,244	4,338	4,438	4,535	4,638	4,739	4,855	4,978	5,099	5,225
	2.2	2.2	2.2	2.4	2.2	2.3	2.2	2.3	2.2	2.5	2.5	2.4	2.5
Forestry	698	709	720	730	739	748	760	768	778	783	795	807	812
	2.5	1.5	1.6	1.3	1.2	1.3	1.5	1.1	1.3	0.7	1.5	1.5	0.7
Fishing & trapping	54	54	55	56	56	57	57	58	58	58	59	59	60
	0.8	0.7	0.7	1.4	0.9	1.0	1.2	0.8	0.4	0.6	1.0	0.9	0.3
Mining	3,401	3,497	3,611	3,701	3,806	3,916	4,038	4,168	4,294	4,424	4,564	4,703	4,855
	3.4	2.8	3.3	2.5	2.8	2.9	3.1	3.2	3.0	3.0	3.2	3.0	3.2
Manufacturing	107,519	112,876	118,630	123,953	129,262	134,586	140,167	145,622	150,195	157,312	162,560	167,870	175,626
	5.3	5.0	5.1	4.5	4.3	4.1	4.1	3.9	3.1	4.7	3.3	3.3	4.6
Construction	23,059	23,446	23,965	24,494	24,866	25,357	25,985	26,683	27,379	27,550	28,123	28,825	29,323
	1.7	1.7	2.2	2.2	1.5	2.0	2.5	2.7	2.6	0.6	2.1	2.5	1.7
Utilities	12,677	12,963	13,266	13,579	13,893	14,182	14,492	14,808	15,190	15,406	15,748	16,118	16,361
	2.5	2.3	2.3	2.4	2.3	2.1	2.2	2.2	2.6	1.4	2.2	2.3	1.5
Goods-producing industries	151,378	157,602	164,393	170,756	176,959	183,284	190,033	196,746	202,633	210,389	216,827	223,482	232,262
	4.4	4.1	4.3	3.9	3.6	3.6	3.7	3.5	3.0	3.8	3.1	3.1	3.9
Transportation, storage & communication	41,656	42,569	43,577	44,440	45,315	46,169	47,107	48,054	49,112	49,962	50,942	51,991	52,906
	2.5	2.2	2.4	2.0	2.0	1.9	2.0	2.0	2.2	1.7	2.0	2.1	1.8
Wholesale & retail trade	62,479	64,458	66,438	68,331	70,200	72,045	73,941	75,763	77,574	79,342	81,218	83,142	84,993
	3.7	3.2	3.1	2.8	2.7	2.6	2.6	2.5	2.4	2.3	2.4	2.4	2.2
Finance, insurance & real estate	99,917	102,033	104,277	106,594	108,907	111,287	113,801	116,353	118,896	121,547	124,238	126,990	129,816
	2.4	2.1	2.2	2.2	2.2	2.2	2.3	2.2	2.2	2.2	2.2	2.2	2.2
Community, business & personal services	109,078	111,896	114,912	117,831	120,807	123,567	126,327	129,168	132,381	135,034	138,223	141,604	144,707
	2.8	2.6	2.7	2.5	2.5	2.3	2.2	2.2	2.5	2.0	2.4	2.4	2.2
Public administration & defence	22,811	23,333	23,910	24,530	25,167	25,742	26,282	26,842	27,456	28,014	28,654	29,345	30,039
	1.5	2.3	2.5	2.6	2.6	2.3	2.1	2.1	2.3	2.0	2.3	2.4	2.4
Service-producing industries	335,941	344,290	353,115	361,727	370,396	378,811	387,458	396,181	405,419	413,898	423,275	433,072	442,462
	2.7	2.5	2.6	2.4	2.4	2.3	2.3	2.3	2.3	2.1	2.3	2.3	2.2
All industries	487,234	501,806	517,424	532,398	547,270	562,010	577,406	592,842	607,967	624,202	640,018	656,469	674,639
	3.2	3.0	3.1	2.9	2.8	2.7	2.7	2.7	2.6	2.7	2.5	2.6	2.8

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 18—Gross Domestic Product at Basic Prices by Industry ($ 1997)—Manitoba

(Forecast Completed: December 9, 2002)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Agriculture	1,169	1,448	1,277	1,452	1,436	1,498	1,291	1,460	1,534	1,569	1,602	1,637	1,673
	−14.4	23.9	−11.8	13.7	−1.1	4.3	−13.8	13.1	5.0	2.3	2.1	2.2	2.2
Forestry	58	66	49	56	66	62	62	59	58	61	62	63	65
	23.2	13.5	−25.9	15.6	16.9	−6.6	0.4	−4.8	−1.0	5.0	2.0	1.4	2.2
Fishing & trapping	9	12	9	11	12	13	15	16	17	17	17	17	18
	−7.7	25.7	−19.0	11.8	17.1	7.3	11.0	8.7	3.9	1.3	1.1	3.2	1.1
Mining	490	527	616	646	532	598	621	635	673	695	711	728	744
	−2.3	7.4	17.0	4.8	−17.6	12.4	3.9	2.2	6.1	3.2	2.3	2.4	2.3
Manufacturing	3,194	3,277	3,691	3,877	3,858	3,873	3,913	4,062	4,216	4,400	4,501	4,622	4,777
	10.3	2.6	12.6	5.0	−0.5	0.4	1.1	3.8	3.8	4.4	2.3	2.7	3.4
Construction	1,162	1,235	1,299	1,394	1,391	1,336	1,386	1,471	1,453	1,579	1,636	1,708	1,723
	1.7	6.3	5.2	7.3	−0.3	−4.0	3.8	6.1	−1.2	8.7	3.6	4.4	0.9
Utilities	914	1,018	1,103	1,078	1,054	1,149	1,176	1,214	1,265	1,305	1,336	1,370	1,406
	−2.1	11.4	8.3	−2.3	−2.2	9.0	2.3	3.3	4.2	3.1	2.4	2.5	2.7
Goods-producing industries	6,996	7,582	8,045	8,514	8,350	8,528	8,464	8,917	9,217	9,626	9,866	10,146	10,406
	1.5	8.4	6.1	5.8	−1.9	2.1	−0.7	5.3	3.4	4.4	2.5	2.8	2.6
Transportation, storage & communication	2,426	2,494	2,717	2,762	2,980	3,170	3,197	3,292	3,404	3,499	3,569	3,638	3,694
	−2.4	2.8	8.9	1.7	7.9	6.4	0.9	3.0	3.4	2.8	2.0	1.9	1.5
Wholesale & retail trade	2,777	3,027	3,066	3,235	3,385	3,469	3,646	3,832	3,945	4,071	4,172	4,277	4,395
	−2.6	9.0	1.3	5.5	4.6	2.5	5.1	5.1	2.9	3.2	2.5	2.5	2.8
Finance, insurance & real estate	5,195	5,236	5,417	5,544	5,673	5,841	6,006	6,197	6,321	6,402	6,464	6,541	6,634
	3.1	0.8	3.5	2.3	2.3	3.0	2.8	3.2	2.0	1.3	1.0	1.2	1.4
Community, business & personal services	6,124	6,072	6,182	6,419	6,604	6,717	6,794	6,929	7,152	7,410	7,553	7,679	7,809
	2.2	−0.9	1.8	3.8	2.9	1.7	1.2	2.0	3.2	3.6	1.9	1.7	1.7
Public administration & defence	2,050	2,058	2,066	2,107	2,238	2,243	2,326	2,400	2,467	2,514	2,546	2,575	2,598
	−0.8	0.4	0.4	2.0	6.3	0.2	3.7	3.2	2.8	1.9	1.3	1.1	0.9
Service-producing industries	18,573	18,886	19,449	20,067	20,881	21,440	21,968	22,651	23,289	23,896	24,304	24,711	25,131
	0.8	1.7	3.0	3.2	4.1	2.7	2.5	3.1	2.8	2.6	1.7	1.7	1.7
All industries	25,554	26,430	27,482	28,570	29,219	29,953	30,425	31,559	32,497	33,513	34,161	34,847	35,529
	1.0	3.4	4.0	4.0	2.3	2.5	1.6	3.7	3.0	3.1	1.9	2.0	2.0

White area represents forecast data.

All data are in millions of 1997 dollars, seasonally adjusted at annual rates.

For each indicator, the first line is the level and the second line is the percentage change from the previous period.

Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 18—Gross Domestic Product at Basic Prices by Industry ($ 1997)—Manitoba
(Forecast Completed: December 9, 2002)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Agriculture	1,707	1,743	1,778	1,814	1,849	1,887	1,924	1,964	2,003	2,047	2,093	2,138	2,183
	2.1	2.1	2.0	2.0	1.9	2.1	2.0	2.1	2.0	2.2	2.2	2.1	2.1
Forestry	66	67	69	70	70	71	73	73	75	75	76	77	76
	2.7	1.7	1.8	1.4	1.2	1.4	1.6	1.2	1.5	1.0	1.0	0.7	−0.2
Fishing & trapping	18	18	19	19	20	20	20	21	21	21	22	22	23
	2.0	2.3	2.5	2.6	2.1	1.3	1.6	1.4	1.0	1.5	2.2	2.2	2.1
Mining	766	784	804	823	846	869	894	925	957	990	1,025	1,061	1,099
	3.0	2.3	2.6	2.4	2.7	2.7	2.9	3.4	3.5	3.5	3.6	3.5	3.6
Manufacturing	5,011	5,246	5,478	5,694	5,916	6,143	6,379	6,605	6,802	7,107	7,333	7,569	7,892
	4.9	4.7	4.4	3.9	3.9	3.8	3.9	3.5	3.0	4.5	3.2	3.2	4.3
Construction	1,733	1,745	1,739	1,766	1,789	1,806	1,840	1,877	1,952	1,945	1,952	1,989	2,006
	0.6	0.7	−0.4	1.5	1.3	1.0	1.8	2.0	4.0	−0.4	0.4	1.9	0.8
Utilities	1,439	1,472	1,506	1,539	1,571	1,607	1,644	1,680	1,721	1,747	1,785	1,825	1,850
	2.4	2.3	2.3	2.2	2.1	2.3	2.3	2.2	2.5	1.5	2.1	2.2	1.4
Goods-producing industries	10,741	11,075	11,393	11,725	12,060	12,403	12,774	13,145	13,530	13,933	14,286	14,680	15,130
	3.2	3.1	2.9	2.9	2.9	2.8	3.0	2.9	2.9	3.0	2.5	2.8	3.1
Transportation, storage & communication	3,772	3,851	3,930	4,008	4,083	4,160	4,244	4,320	4,406	4,480	4,564	4,652	4,720
	2.1	2.1	2.1	2.0	1.9	1.9	2.0	1.8	2.0	1.7	1.9	1.9	1.5
Wholesale & retail trade	4,522	4,636	4,746	4,854	4,959	5,061	5,169	5,274	5,383	5,482	5,581	5,690	5,796
	2.9	2.5	2.4	2.3	2.2	2.0	2.1	2.0	2.1	1.8	1.8	2.0	1.9
Finance, insurance & real estate	6,747	6,874	6,997	7,116	7,236	7,352	7,479	7,614	7,742	7,880	8,017	8,147	8,286
	1.7	1.9	1.8	1.7	1.7	1.6	1.7	1.8	1.7	1.8	1.7	1.6	1.7
Community, business & personal services	7,949	8,091	8,246	8,400	8,551	8,688	8,824	8,972	9,143	9,258	9,421	9,601	9,736
	1.8	1.8	1.9	1.9	1.8	1.6	1.6	1.7	1.9	1.3	1.8	1.9	1.4
Public administration & defence	2,619	2,657	2,701	2,749	2,798	2,839	2,876	2,913	2,957	2,993	3,037	3,085	3,133
	0.8	1.4	1.6	1.8	1.8	1.5	1.3	1.3	1.5	1.2	1.5	1.6	1.6
Service-producing industries	25,609	26,108	26,620	27,127	27,627	28,100	28,591	29,094	29,632	30,093	30,619	31,175	31,671
	1.9	1.9	2.0	1.9	1.8	1.7	1.7	1.8	1.8	1.6	1.7	1.8	1.6
All industries	36,342	37,174	38,004	38,844	39,679	40,495	41,357	42,230	43,153	44,017	44,896	45,846	46,793
	2.3	2.3	2.2	2.2	2.2	2.1	2.1	2.1	2.2	2.0	2.0	2.1	2.1

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 19—Gross Domestic Product at Basic Prices by Industry ($ 1997)—Saskatchewan
(Forecast Completed: December 9, 2002)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Agriculture	2,431	2,767	2,388	2,642	2,845	2,717	2,097	2,006	2,601	2,703	2,761	2,819	2,877
	−8.7	13.8	−13.7	10.6	7.7	−4.5	−22.8	−4.3	29.6	3.9	2.1	2.1	2.1
Forestry	72	85	67	70	72	71	61	63	62	66	67	68	69
	−3.2	18.6	−21.0	3.9	2.2	−0.3	−14.1	3.1	−1.1	4.9	1.9	1.3	2.2
Fishing & trapping	3	4	3	3	3	3	5	6	6	6	6	6	6
	0.5	62.9	−27.2	0	−15.6	14.8	66.6	8.9	3.9	1.3	1.1	3.2	1.1
Mining	3,557	3,562	4,084	3,883	3,695	4,100	4,164	4,117	4,298	4,431	4,602	4,782	4,913
	3.9	0.1	14.7	−4.9	−4.9	11.0	1.6	−1.1	4.4	3.1	3.9	3.9	2.7
Manufacturing	1,502	1,696	1,911	1,879	1,907	2,073	2,005	2,073	2,147	2,234	2,280	2,340	2,444
	1.0	12.9	12.7	−1.7	1.5	8.7	−3.3	3.4	3.6	4.1	2.0	2.6	4.5
Construction	1,250	1,368	1,558	1,509	1,498	1,447	1,328	1,450	1,301	1,421	1,432	1,419	1,484
	0.2	9.5	13.9	−3.2	−0.7	−3.4	−8.2	9.2	−10.3	9.2	0.7	−0.9	4.6
Utilities	728	765	801	807	770	743	738	760	784	802	815	830	846
	4.4	5.1	4.7	0.7	−4.5	−3.6	−0.7	3.0	3.1	2.3	1.6	1.8	2.0
Goods-producing industries	9,544	10,248	10,813	10,792	10,789	11,154	10,398	10,476	11,199	11,663	11,962	12,264	12,640
	−0.6	7.4	5.5	−0.2	0	3.4	−6.8	0.7	6.9	4.1	2.6	2.5	3.1
Transportation, storage & communication	1,968	2,033	2,328	2,373	2,516	2,721	2,774	2,832	2,943	3,015	3,070	3,119	3,202
	0.5	3.3	14.5	2.0	6.0	8.1	2.0	2.1	3.9	2.5	1.8	1.6	2.6
Wholesale & retail trade	2,394	2,495	2,631	2,759	2,773	2,933	2,946	3,053	3,173	3,286	3,366	3,450	3,533
	−4.8	4.2	5.5	4.9	0.5	5.8	0.4	3.6	4.0	3.5	2.4	2.5	2.4
Finance, insurance & real estate	4,151	4,111	4,310	4,462	4,536	4,606	4,648	4,750	4,798	4,838	4,894	4,960	5,022
	4.6	−1.0	4.8	3.5	1.7	1.5	0.9	2.2	1.0	0.8	1.1	1.4	1.2
Community, business & personal services	5,155	5,229	5,354	5,701	5,842	5,938	5,991	6,062	6,226	6,390	6,528	6,663	6,801
	1.0	1.4	2.4	6.5	2.5	1.6	0.9	1.2	2.7	2.6	2.1	2.1	2.1
Public administration & defence	1,477	1,439	1,497	1,547	1,587	1,624	1,660	1,709	1,746	1,777	1,797	1,813	1,826
	−1.4	−2.6	4.0	3.4	2.6	2.3	2.2	2.9	2.2	1.7	1.1	0.9	0.7
Service-producing industries	15,144	15,306	16,120	16,842	17,254	17,822	18,019	18,404	18,887	19,306	19,654	20,006	20,384
	0.7	1.1	5.3	4.5	2.4	3.3	1.1	2.1	2.6	2.2	1.8	1.8	1.9
All industries	24,535	25,451	26,910	27,616	28,018	28,947	28,417	28,879	30,085	30,968	31,615	32,269	33,023
	0.2	3.7	5.7	2.6	1.5	3.3	−1.8	1.6	4.2	2.9	2.1	2.1	2.3

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 19—Gross Domestic Product at Basic Prices by Industry ($ 1997)—Saskatchewan
(Forecast Completed: December 9, 2002)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Agriculture	2,922	2,968	3,010	3,059	3,102	3,149	3,196	3,243	3,288	3,336	3,383	3,432	3,481
	1.6	1.6	1.4	1.6	1.4	1.5	1.5	1.5	1.4	1.5	1.4	1.4	1.4
Forestry	71	72	74	75	76	77	78	79	80	81	82	82	82
	2.5	1.8	1.9	1.6	1.4	1.5	1.7	1.4	1.5	0.9	0.9	0.5	−0.4
Fishing & trapping	6	6	7	7	7	7	7	7	7	7	7	7	8
	1.7	1.8	2.0	2.2	1.7	0.9	1.2	1.1	0.7	1.2	1.8	1.9	1.8
Mining	5,042	5,161	5,294	5,430	5,569	5,715	5,865	6,024	6,187	6,353	6,522	6,695	6,878
	2.6	2.4	2.6	2.6	2.6	2.6	2.6	2.7	2.7	2.7	2.7	2.7	2.7
Manufacturing	2,521	2,603	2,674	2,740	2,808	2,876	2,947	3,016	3,081	3,176	3,255	3,337	3,426
	3.1	3.3	2.7	2.4	2.5	2.4	2.5	2.3	2.2	3.1	2.5	2.5	2.7
Construction	1,518	1,533	1,575	1,610	1,647	1,681	1,717	1,756	1,834	1,836	1,855	1,899	1,924
	2.2	1.0	2.7	2.2	2.3	2.1	2.1	2.3	4.4	0.1	1.0	2.4	1.3
Utilities	864	883	900	918	936	952	968	985	1,006	1,018	1,036	1,057	1,070
	2.2	2.2	1.9	2.1	1.9	1.7	1.7	1.8	2.2	1.1	1.8	2.0	1.2
Goods-producing industries	12,944	13,226	13,534	13,838	14,144	14,457	14,778	15,110	15,484	15,807	16,140	16,511	16,869
	2.4	2.2	2.3	2.2	2.2	2.2	2.2	2.3	2.5	2.1	2.1	2.3	2.2
Transportation, storage & communication	3,266	3,325	3,387	3,449	3,507	3,566	3,622	3,679	3,736	3,789	3,847	3,903	3,952
	2.0	1.8	1.9	1.8	1.7	1.7	1.6	1.6	1.5	1.4	1.5	1.5	1.3
Wholesale & retail trade	3,613	3,684	3,747	3,807	3,868	3,921	3,972	4,028	4,089	4,140	4,202	4,266	4,330
	2.3	2.0	1.7	1.6	1.6	1.4	1.3	1.4	1.5	1.3	1.5	1.5	1.5
Finance, insurance & real estate	5,083	5,149	5,206	5,270	5,321	5,387	5,452	5,515	5,583	5,647	5,709	5,769	5,840
	1.2	1.3	1.1	1.2	1.0	1.2	1.2	1.2	1.2	1.2	1.1	1.0	1.2
Community, business & personal services	6,887	6,973	7,074	7,167	7,256	7,330	7,411	7,500	7,609	7,675	7,786	7,912	8,006
	1.3	1.2	1.4	1.3	1.2	1.0	1.1	1.2	1.5	0.9	1.4	1.6	1.2
Public administration & defence	1,836	1,859	1,886	1,916	1,946	1,971	1,992	2,014	2,040	2,060	2,086	2,114	2,142
	0.6	1.2	1.4	1.6	1.6	1.3	1.1	1.1	1.3	1.0	1.3	1.4	1.3
Service-producing industries	20,686	20,989	21,299	21,609	21,898	22,174	22,448	22,736	23,056	23,311	23,630	23,965	24,271
	1.5	1.5	1.5	1.5	1.3	1.3	1.2	1.3	1.4	1.1	1.4	1.4	1.3
All industries	33,629	34,215	34,832	35,447	36,042	36,630	37,225	37,846	38,539	39,118	39,769	40,476	41,139
	1.8	1.7	1.8	1.8	1.7	1.6	1.6	1.7	1.8	1.5	1.7	1.8	1.6

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 20—Gross Domestic Product at Basic Prices by Industry ($ 1997)—Alberta

(Forecast Completed: December 9, 2002)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Agriculture	2,994	2,758	2,747	2,889	3,115	3,045	2,781	2,460	2,986	3,095	3,161	3,223	3,286
	13.6	−7.9	−0.4	5.2	7.8	−2.2	−8.7	−11.6	21.4	3.6	2.1	2.0	1.9
Forestry	254	240	236	281	316	338	354	334	332	349	357	365	375
	15.0	−5.6	−1.8	19.3	12.3	6.9	4.7	−5.4	−0.8	5.3	2.3	2.3	2.7
Fishing & trapping	3	3	3	3	2	2	2	2	2	2	2	2	2
	6.5	10.7	−16.1	3.5	−30.0	−4.8	−6.1	7.4	2.9	0.8	0.6	3.2	1.2
Mining	20,096	19,967	20,610	20,467	19,975	21,301	21,288	20,775	22,660	24,138	25,561	26,995	28,643
	3.5	−0.6	3.2	−0.7	−2.4	6.6	−0.1	−2.4	9.1	6.5	5.9	5.6	6.1
Manufacturing	8,690	9,532	10,772	10,837	10,984	11,645	11,740	12,159	12,443	12,998	13,381	13,800	14,291
	4.3	9.7	13.0	0.6	1.4	6.0	0.8	3.6	2.3	4.5	2.9	3.1	3.6
Construction	5,691	5,899	7,067	7,703	7,550	8,500	9,104	8,769	9,330	9,722	9,603	9,244	9,308
	3.2	3.7	19.8	9.0	−2.0	12.6	7.1	−3.7	6.4	4.2	−1.2	−3.7	0.7
Utilities	2,403	2,505	2,686	2,674	2,719	2,895	2,908	3,023	3,141	3,234	3,306	3,384	3,470
	4.5	4.3	7.2	−0.4	1.7	6.5	0.4	3.9	3.9	3.0	2.2	2.4	2.5
Goods-producing industries	40,132	40,904	44,121	44,855	44,661	47,727	48,177	47,522	50,895	53,539	55,372	57,016	59,377
	4.4	1.9	7.9	1.7	−0.4	6.9	0.9	−1.4	7.1	5.2	3.4	3.0	4.1
Transportation, storage & communication	7,042	7,360	8,485	8,910	9,687	10,396	10,844	11,252	11,619	11,978	12,264	12,559	12,822
	2.2	4.5	15.3	5.0	8.7	7.3	4.3	3.8	3.3	3.1	2.4	2.4	2.1
Wholesale & retail trade	8,230	8,589	9,269	9,697	10,040	10,877	11,668	12,259	12,658	13,146	13,545	13,962	14,469
	−3.4	4.4	7.9	4.6	3.5	8.3	7.3	5.1	3.3	3.9	3.0	3.1	3.6
Finance, insurance & real estate	14,718	15,255	16,137	17,123	17,593	18,394	19,151	20,212	20,966	21,638	22,274	22,687	23,192
	3.1	3.6	5.8	6.1	2.7	4.6	4.1	5.5	3.7	3.2	2.9	1.9	2.2
Community, business & personal services	17,883	18,128	19,523	20,974	21,593	22,523	23,327	24,122	25,039	25,960	26,638	27,326	28,017
	2.2	1.4	7.7	7.4	3.0	4.3	3.6	3.4	3.8	3.7	2.6	2.6	2.5
Public administration & defence	4,438	4,396	4,433	4,495	4,669	4,616	4,763	4,952	5,130	5,290	5,415	5,531	5,635
	−2.1	−0.9	0.8	1.4	3.9	−1.1	3.2	4.0	3.6	3.1	2.4	2.1	1.9
Service-producing industries	52,312	53,728	57,847	61,199	63,582	66,807	69,752	72,797	75,412	78,012	80,136	82,065	84,135
	1.2	2.7	7.7	5.8	3.9	5.1	4.4	4.4	3.6	3.4	2.7	2.4	2.5
All industries	92,113	94,438	101,947	106,040	108,223	114,512	117,950	120,341	126,328	131,573	135,530	139,103	143,533
	2.4	2.5	8.0	4.0	2.1	5.8	3.0	2.0	5.0	4.2	3.0	2.6	3.2

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 20—Gross Domestic Product at Basic Prices by Industry ($ 1997)—Alberta
(Forecast Completed: December 9, 2002)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Agriculture	3,338	3,400	3,455	3,515	3,571	3,633	3,690	3,756	3,818	3,886	3,952	4,018	4,087
	1.6	1.9	1.6	1.7	1.6	1.7	1.6	1.8	1.7	1.8	1.7	1.6	1.7
Forestry	385	392	399	404	409	415	422	427	433	436	439	441	440
	2.6	1.8	1.9	1.4	1.2	1.4	1.6	1.3	1.4	0.8	0.8	0.4	−0.3
Fishing & trapping	2	2	2	2	2	2	2	2	3	3	3	3	3
	1.7	1.9	2.1	2.2	1.8	1.0	1.2	1.1	0.7	1.2	1.9	2.0	1.8
Mining	29,728	30,671	31,572	32,447	33,352	34,283	35,258	36,227	37,230	38,206	39,213	40,238	41,291
	3.8	3.2	2.9	2.8	2.8	2.8	2.8	2.7	2.8	2.6	2.6	2.6	2.6
Manufacturing	14,830	15,331	15,825	16,323	16,828	17,322	17,851	18,376	18,922	19,714	20,343	20,936	21,662
	3.8	3.4	3.2	3.1	3.1	2.9	3.1	2.9	3.0	4.2	3.2	2.9	3.5
Construction	9,558	9,387	9,902	10,167	9,915	9,794	9,958	10,154	10,449	10,548	10,759	11,016	11,153
	2.7	−1.8	5.5	2.7	−2.5	−1.2	1.7	2.0	2.9	0.9	2.0	2.4	1.2
Utilities	3,562	3,653	3,746	3,842	3,942	4,036	4,128	4,226	4,335	4,410	4,508	4,614	4,683
	2.7	2.6	2.5	2.6	2.6	2.4	2.3	2.4	2.6	1.7	2.2	2.3	1.5
Goods-producing industries	61,402	62,836	64,902	66,701	68,020	69,485	71,309	73,168	75,190	77,202	79,217	81,265	83,319
	3.4	2.3	3.3	2.8	2.0	2.2	2.6	2.6	2.8	2.7	2.6	2.6	2.5
Transportation, storage & communication	13,168	13,444	13,721	13,993	14,241	14,509	14,775	15,057	15,359	15,624	15,931	16,243	16,497
	2.7	2.1	2.1	2.0	1.8	1.9	1.8	1.9	2.0	1.7	2.0	2.0	1.6
Wholesale & retail trade	14,934	15,287	15,687	16,029	16,338	16,681	17,050	17,466	17,893	18,281	18,692	19,113	19,544
	3.2	2.4	2.6	2.2	1.9	2.1	2.2	2.4	2.4	2.2	2.2	2.3	2.3
Finance, insurance & real estate	23,735	24,241	24,753	25,231	25,731	26,268	26,833	27,343	27,925	28,518	29,031	29,606	30,187
	2.3	2.1	2.1	1.9	2.0	2.1	2.2	1.9	2.1	2.1	1.8	2.0	2.0
Community, business & personal services	28,827	29,678	30,567	31,440	32,250	33,092	33,897	34,779	35,718	36,525	37,484	38,519	39,440
	2.9	3.0	3.0	2.9	2.6	2.6	2.4	2.6	2.7	2.3	2.6	2.8	2.4
Public administration & defence	5,723	5,847	5,983	6,127	6,273	6,397	6,510	6,626	6,754	6,862	6,989	7,125	7,259
	1.6	2.2	2.3	2.4	2.4	2.0	1.8	1.8	1.9	1.6	1.9	1.9	1.9
Service-producing industries	86,387	88,495	90,711	92,821	94,833	96,947	99,065	101,271	103,649	105,811	108,128	110,605	112,926
	2.7	2.4	2.5	2.3	2.2	2.2	2.2	2.2	2.3	2.1	2.2	2.3	2.1
All industries	147,811	151,354	155,636	159,544	162,875	166,454	170,396	174,462	178,861	183,035	187,368	191,893	196,267
	3.0	2.4	2.8	2.5	2.1	2.2	2.4	2.4	2.5	2.3	2.4	2.4	2.3

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 21—Gross Domestic Product at Basic Prices by Industry ($ 1997)—British Columbia

(Forecast Completed: December 9, 2002)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Agriculture	1,021	1,042	1,025	1,127	1,178	1,210	1,237	1,251	1,272	1,294	1,317	1,340	1,363
	14.5	2.1	−1.6	10.0	4.5	2.8	2.2	1.1	1.6	1.8	1.7	1.8	1.7
Forestry	3,779	3,463	3,485	3,451	4,142	4,131	3,930	3,456	3,509	3,731	3,811	3,887	3,987
	0	−8.4	0.6	−1.0	20.0	−0.3	−4.9	−12.1	1.5	6.3	2.1	2.0	2.6
Fishing & trapping	190	191	201	168	166	157	161	171	175	185	194	205	215
	−33.4	0.1	5.3	−16.1	−1.6	−4.9	2.0	6.2	2.6	5.5	5.2	5.5	4.7
Mining	2,477	2,544	2,646	2,878	2,741	3,144	3,400	3,569	3,721	3,835	3,943	4,057	4,169
	10.1	2.7	4.0	8.8	−4.8	14.7	8.2	5.0	4.3	3.1	2.8	2.9	2.8
Manufacturing	11,070	11,117	11,480	11,764	12,549	13,079	12,003	12,252	12,667	13,171	13,475	13,839	14,288
	1.2	0.4	3.3	2.5	6.7	4.2	−8.2	2.1	3.4	4.0	2.3	2.7	3.2
Construction	6,207	6,138	6,433	5,817	5,842	5,851	5,861	6,059	6,453	6,482	6,629	6,744	6,818
	−1.7	−1.1	4.8	−9.6	0.4	0.2	0.2	3.4	6.5	0.5	2.3	1.7	1.1
Utilities	2,255	2,471	2,468	2,472	2,510	2,631	2,435	2,580	2,678	2,771	2,847	2,930	3,021
	2.8	9.6	−0.1	0.2	1.5	4.8	−7.4	5.9	3.8	3.5	2.7	2.9	3.1
Goods-producing industries	26,999	26,966	27,737	27,677	29,127	30,204	29,027	29,338	30,476	31,470	32,217	33,004	33,862
	1.3	−0.1	2.9	−0.2	5.2	3.7	−3.9	1.1	3.9	3.3	2.4	2.4	2.6
Transportation, storage & communication	9,474	9,628	10,208	10,302	10,741	11,769	11,976	12,306	12,635	12,970	13,235	13,496	13,758
	2.9	1.6	6.0	0.9	4.3	9.6	1.8	2.8	2.7	2.7	2.0	2.0	1.9
Wholesale & retail trade	10,511	11,144	10,989	11,158	11,620	11,976	12,063	12,776	13,267	13,756	14,174	14,632	15,187
	0.6	6.0	−1.4	1.5	4.1	3.1	0.7	5.9	3.8	3.7	3.0	3.2	3.8
Finance, insurance & real estate	22,436	22,864	23,612	24,198	24,497	25,084	26,007	27,013	27,685	28,360	29,008	29,714	30,479
	2.8	1.9	3.3	2.5	1.2	2.4	3.7	3.9	2.5	2.4	2.3	2.4	2.6
Community, business & personal services	24,428	25,211	26,189	26,834	27,188	28,182	28,866	29,455	30,344	31,327	32,170	33,178	34,151
	5.5	3.2	3.9	2.5	1.3	3.7	2.4	2.0	3.0	3.2	2.7	3.1	2.9
Public administration & defence	5,719	5,690	5,764	5,725	5,733	5,756	5,957	6,046	5,962	5,957	6,062	6,206	6,341
	0.6	−0.5	1.3	−0.7	0.1	0.4	3.5	1.5	−1.4	−0.1	1.8	2.4	2.2
Service-producing industries	72,569	74,537	76,762	78,217	79,779	82,766	84,869	87,596	89,894	92,371	94,649	97,226	99,916
	3.2	2.7	3.0	1.9	2.0	3.7	2.5	3.2	2.6	2.8	2.5	2.7	2.8
All industries	99,297	101,440	104,569	105,960	108,986	113,058	113,967	117,006	120,441	123,912	126,937	130,301	133,849
	2.7	2.2	3.1	1.3	2.9	3.7	0.8	2.7	2.9	2.9	2.4	2.7	2.7

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

Table 21—Gross Domestic Product at Basic Prices by Industry ($ 1997)—British Columbia
(Forecast Completed: December 9, 2002)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Agriculture	1,387	1,411	1,433	1,457	1,482	1,508	1,532	1,557	1,583	1,611	1,637	1,666	1,693
	1.8	1.7	1.5	1.7	1.7	1.7	1.6	1.7	1.7	1.8	1.6	1.7	1.6
Forestry	4,083	4,140	4,191	4,233	4,266	4,294	4,313	4,317	4,317	4,295	4,273	4,237	4,190
	2.4	1.4	1.2	1.0	0.8	0.6	0.4	0.1	0	−0.5	−0.5	−0.8	−1.1
Fishing & trapping	219	223	228	232	236	241	247	252	256	260	264	269	272
	2.1	2.0	1.9	1.9	1.6	2.2	2.4	2.0	1.6	1.5	1.8	1.7	1.1
Mining	4,269	4,364	4,473	4,586	4,702	4,820	4,949	5,076	5,207	5,345	5,486	5,625	5,771
	2.4	2.2	2.5	2.5	2.5	2.5	2.7	2.6	2.6	2.6	2.6	2.5	2.6
Manufacturing	14,712	15,151	15,518	15,929	16,326	16,755	17,184	17,603	18,038	18,541	19,002	19,461	19,981
	3.0	3.0	2.4	2.6	2.5	2.6	2.6	2.4	2.5	2.8	2.5	2.4	2.7
Construction	7,087	7,502	7,866	8,200	8,540	8,789	9,075	9,425	9,802	10,022	10,321	10,629	10,772
	4.0	5.8	4.9	4.3	4.2	2.9	3.2	3.9	4.0	2.2	3.0	3.0	1.3
Utilities	3,104	3,190	3,277	3,364	3,449	3,531	3,615	3,701	3,800	3,866	3,955	4,052	4,118
	2.8	2.8	2.7	2.7	2.5	2.4	2.4	2.4	2.7	1.7	2.3	2.4	1.6
Goods-producing industries	34,863	35,981	36,986	38,000	39,001	39,938	40,914	41,930	43,004	43,939	44,939	45,939	46,796
	3.0	3.2	2.8	2.7	2.6	2.4	2.4	2.5	2.6	2.2	2.3	2.2	1.9
Transportation, storage & communication	14,102	14,397	14,680	14,971	15,235	15,523	15,807	16,093	16,399	16,667	16,960	17,292	17,562
	2.5	2.1	2.0	2.0	1.8	1.9	1.8	1.8	1.9	1.6	1.8	2.0	1.6
Wholesale & retail trade	15,727	16,198	16,649	17,082	17,514	17,924	18,345	18,766	19,204	19,583	19,965	20,410	20,857
	3.6	3.0	2.8	2.6	2.5	2.3	2.3	2.3	2.3	2.0	2.0	2.2	2.2
Finance, insurance & real estate	31,402	32,350	33,272	34,202	35,152	36,148	37,136	38,160	39,173	40,251	41,340	42,430	43,563
	3.0	3.0	2.9	2.8	2.8	2.8	2.7	2.8	2.7	2.8	2.7	2.6	2.7
Community, business & personal services	35,074	36,012	36,986	37,936	38,899	39,820	40,744	41,714	42,777	43,635	44,661	45,747	46,662
	2.7	2.7	2.7	2.6	2.5	2.4	2.3	2.4	2.5	2.0	2.4	2.4	2.0
Public administration & defence	6,456	6,613	6,787	6,975	7,168	7,343	7,505	7,672	7,856	8,019	8,205	8,404	8,604
	1.8	2.4	2.6	2.8	2.8	2.4	2.2	2.2	2.4	2.1	2.3	2.4	2.4
Service-producing industries	102,760	105,570	108,374	111,165	113,968	116,758	119,536	122,406	125,408	128,154	131,132	134,284	137,248
	2.8	2.7	2.7	2.6	2.5	2.4	2.4	2.4	2.5	2.2	2.3	2.4	2.2
All industries	137,696	141,623	145,432	149,238	153,042	156,769	160,523	164,408	168,484	172,166	176,144	180,295	184,116
	2.9	2.9	2.7	2.6	2.5	2.4	2.4	2.4	2.5	2.2	2.3	2.4	2.1

White area represents forecast data.
All data are in millions of 1997 dollars, seasonally adjusted at annual rates.
For each indicator, the first line is the level and the second line is the percentage change from the previous period.
Sources: The Conference Board of Canada; Statistics Canada; Canada Mortgage and Housing Corporation.

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