

1 **Q. Reference pages 13-21: Risk profile and capital structure: Please confirm that for**
2 **2012 Newfoundland has the 3rd highest forecast economic growth rate after Alberta**
3 **and Saskatchewan.**

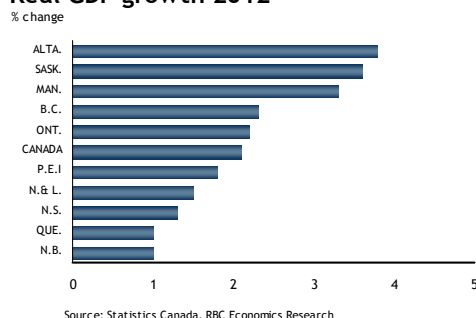
4
5 A. Mr. MacDonald cannot confirm. For example, we note that RBC in its September 2012
6 Economic Outlook (see attached), is forecasting Newfoundland and Labrador to have the
7 7th highest real GDP growth rate for 2012. The RBC report is publicly available on their
8 website:

9
10 <http://www.rbc.com/economics/market/pdf/provfcst.pdf>

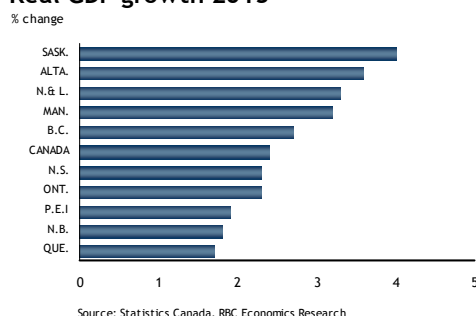
PROVINCIAL OUTLOOK

September 2012

Real GDP growth 2012



Real GDP growth 2013



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Western provinces set the pace

- Weaker than expected data since the June 2012 *Provincial Outlook* prompted us to make several downward revisions to our provincial growth forecasts for 2012 and, to a lesser extent, 2013.
- Despite these revisions, the broad picture remains largely the same: Western Canada will still set the economic pace in this country this year and next.
- The western part of the country is benefiting the most from booming activity related to commodities. The Prairie Provinces also enjoy strong gains in their agricultural sectors.
- For the most part, provinces in the central and eastern regions lack a powerful catalyst for growth and are subject more intensely to fiscal restraint.
- We expect Alberta and Saskatchewan to trade top spots in the provincial growth rankings in 2012 and 2013.

More challenging environment

The environment in which provincial economies operate became more challenging this year. Globally, we saw Europe slip into recession, growth in China ease, US growth fail to accelerate, and commodity markets lose some of their lustre. At home, we saw fiscal restraint kick into higher gear, especially at the provincial level. These developments have weighed on economic growth in Canada and caused us to revise our 2012 national real GDP growth forecast lower by 0.5 percentage points since the June *Provincial Outlook* to 2.1%

All provincial economies remain on expansion paths

Nonetheless, all provincial economies remain on expansionary paths. The data so far this year still point to growth being sustained across the country—it is just that the pace is slower than we anticipated for the majority of provinces. And, while risks menacing the outlook are substantial, we believe that conditions will be sufficiently supportive to ensure that provincial economies stay on their expansion paths for the remainder of this year and in 2013.

Growth strongest in Western Canada

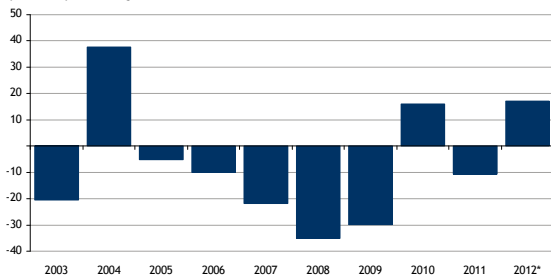
As was the case in 2011, we expect growth rates to vary considerably from province to province. We forecast Western Canada to continue to lead the way, with rates above (and, in many cases, well above) the national average. These provincial economies benefit the most from strong activity related to commodities. The Prairie Provinces also enjoy strong gains in their agricultural sectors with the US drought sending crop prices significantly higher. In provinces east of Ontario, we project growth to be slower than the national average. For the most part, these provinces lack a powerful catalyst for growth and are subject more intensely to fiscal restraint.

Alberta and Saskatchewan trading top spots in 2012 and 2013

In this issue of *Provincial Outlook*, we revise our real GDP growth forecast for 2012 lower for all provinces except Manitoba and Prince Edward Island. The largest downgrades are made to Quebec and New Brunswick, where the recent data have disappointed. We also make mostly downward revisions to 2013 (with Manitoba and Saskatchewan being exceptions). In the case of Nova Scotia, our new lower 2013 growth forecast reflects changes to our assumptions on the timing of economic benefits related to the federal shipbuilding contract. Our revisions to 2012 or 2013 do not alter the provincial growth rankings meaningfully: we continue to expect Alberta to earn the top spot in 2012, followed closely by Saskatchewan, with these two provinces trading positions in 2013.

Lumber exports to the U.S.: British Columbia

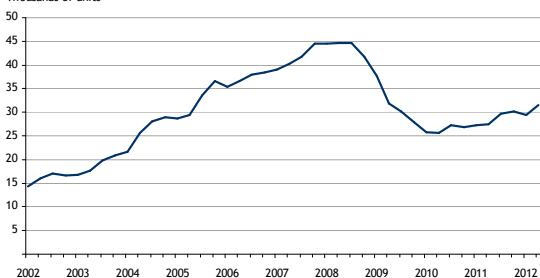
year-over-year % change



* January - June period
Source: Statistics Canada, RBC Economics Research

Housing under construction: British Columbia

Thousands of units



Source: CMHC, RBC Economics Research

British Columbia forecast at a glance

% change unless otherwise indicated

	2010	2011	2012F	2013F
Real GDP	3.0	2.9	2.3	2.7
Employment	1.7	0.8	1.8	1.5
Unemployment rate (%)	7.6	7.5	6.8	6.6
Retail sales	5.4	3.1	4.6	4.2
Housing starts (units)	26,479	26,400	27,300	23,000
Consumer price index	1.4	2.3	1.4	1.2

Keeping it just above the national average

We expect British Columbia's economy to grow at a moderate pace just above the national average in 2012. Activity to date has been quite vibrant in domestically oriented sectors, and we have seen encouraging signs developing in key export markets, yet the external performance remained a mixed bag at best. We anticipate that softness in the trade sector will be a restraining factor that slows real GDP growth down to 2.3% in 2012 from 2.9% in 2011. The ramping up of investment on two new major projects next year will contribute to an expected re-acceleration of growth to 2.7% in 2013.

Mostly positive signs so far this year

Economic indicators for the province have been mostly positive so far this year, particularly on the domestic front. Employment continued to track a rising trend, growing at one of the faster rates (1.9%) in Canada on a year-to-date basis. BC consumers appeared to be quite motivated to spend given that retail sales in the province rose faster than the national average in the first half of this year. Sales of new motor vehicles were especially brisk increasing by nearly 10%. Despite sky-high home prices in the Vancouver market, home building activity in the province was strong so far this year: the number of housing units under construction surged by 17% year over year in the first seven months of 2012. The existing home market, however, showed signs of cooling. The weakness was concentrated in the Vancouver market, where resales fell significantly. Resales in other regions of the province were flat. We expect residential investment will be a small add to economic growth this year.

Mixed bag on the export front

On the external front, we saw encouraging developments taking place in the US market this year. Specifically, the US housing construction sector finally entered the early stages of recovering from its deep slump. Rising housing construction south of the border helped to boost BC softwood lumber exports to the United States by 17% in the first half of this year—welcome news given the dramatic declines of the past eight years. Lumber exports to the United States still have a very long way to go if they ever are to return to their pre-US housing crash levels; however, we expect further gains going forward. Unfortunately, this breakthrough in lumber exports this year will be almost entirely offset by setbacks in other commodities and markets. After rising spectacularly for six straight years, BC lumber exports to China fell this year. Meanwhile, British Columbia's natural gas exports dropped significantly, and exports to Europe were undermined by that continent's economic woes. Overall, BC merchandise exports were little changed so far this year. Considering that merchandise imports rose vigorously by more than 8%, the trade sector is likely to be a drag on growth once again in the province.

Major capital projects boosting 2013 prospects and beyond

British Columbia's growth prospects will receive a boost in 2013 from two major projects: the federal government's \$8 billion order (over eight years) with Vancouver-based Seaspan Marine for seven non-combat ships and the \$3.3 billion modernization of Rio Tinto Alcan's aluminum smelter in Kitimat. We expect that these projects will generate increasing economic benefits next year.

Robert Hogue
Senior Economist

Putting out strong numbers

The Alberta economy put out very strong numbers so far in 2012 and is poised to lead all other provinces in terms of growth once again this year. In 2011, Alberta earned the top spot with an estimated real GDP growth of 5.2%, which was also the fastest rate in the province in five years. While we forecast the pace to slow down modestly in 2012 to 3.8%, we still project it to be well above the national average. And the good times are not likely to end here. We expect strong momentum to carry into 2013, when we forecast real GDP to grow by 3.6%.

Firing on all cylinders

We noted in the June issue of *Provincial Outlook* that the Alberta economy started 2012 on a very strong note with gains seen in the majority of sectors. Data published since then further confirmed solid momentum across the board. Employment is up firmly this year on strong hiring by the oil and gas extraction, construction, and public sectors. Alberta's jobless rate continues to trend downward—at 4.4%, it was (with the rate in Saskatchewan) the lowest among the provinces in August. Positive job prospects, no doubt, are putting consumers in a good mood. They have hit the stores in droves and pushed retail sales up by 9.5% in the first half of this year relative to the same period a year ago. Moreover, Alberta consumers particularly indulged in big ticket items—they increased their purchases of new motor vehicles by an impressive 13%. This buoyant mood was also transferred to the housing market. Home resales picked up by nearly 17% in the first seven months of this year. Housing starts surged by an even more impressive 46% during the same period, although levels remain substantially lower than those during the 2005–2007 housing boom.

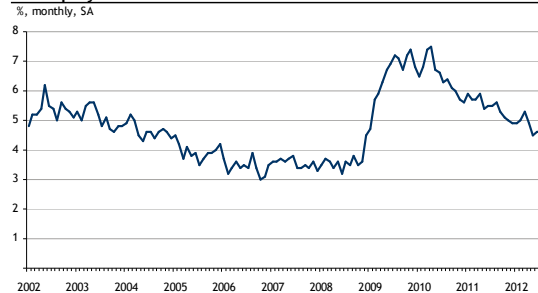
Huge investments in oil production capacity now bearing fruits

In the energy sector, activity remains brisk. Mega projects in the oil sands continue to fuel unprecedented capital investment spending in the province, although recent volatility in global energy markets has given way to increased caution in the industry and some announced delays. At this point, we do not expect any significant change in conditions that would undermine expenditures this year, but the emergence of a more cautious approach to oil sands development may curb spending in the medium term. Significant past investments in oil production capacity are now bearing fruit. Despite some disruptions at oil sands operations earlier this year, crude oil production grew by more than 10% year over year in the first four months of 2012. If sustained for the remainder of this year, then this rate of increase will be the fastest since 2003. Meanwhile, Alberta's natural gas production is declining at its slowest rate (-1.8% year to date in April) in six years.

Strong growth again next year

Alberta's current economic boom is built on solid foundations, and we expect further rapid growth again next year of 3.6%. Notwithstanding the heightened uncertainty surrounding some of the oil sands investment projects, we still believe that capital spending in the energy sector will remain a strong positive for the provincial economy. Beyond the energy sector, we note that people are moving to Alberta in increasing numbers, thereby boosting population growth in the process. Strengthening demographics will be yet one more favourable factor sustaining the boom in 2013.

Unemployment rate: Alberta



New motor vehicle sales: Alberta



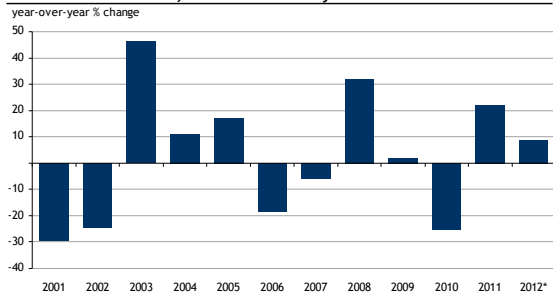
Alberta forecast at a glance

% change unless otherwise indicated

	2010	2011	2012F	2013F
Real GDP	3.3	5.2	3.8	3.6
Employment	-0.4	3.8	3.0	2.5
Unemployment rate (%)	6.5	5.5	4.6	4.5
Retail sales	6.0	6.9	8.8	6.4
Housing starts (units)	27,088	25,704	32,800	32,000
Consumer price index	1.0	2.4	1.1	1.4

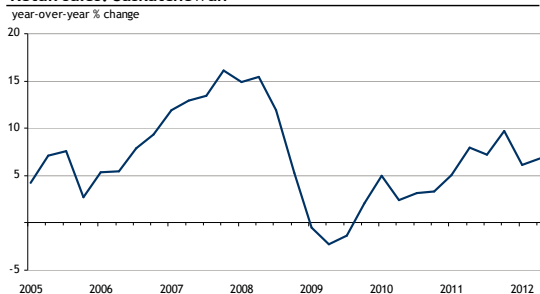
Robert Hogue
Senior Economist

Production of wheat, canola and barley: Saskatchewan



* Statistics Canada estimates
Source: Statistics Canada, RBC Economics Research

Retail sales: Saskatchewan



Source: Statistics Canada, RBC Economics Research

Saskatchewan forecast at a glance

% change unless otherwise indicated

	2010	2011	2012F	2013F
Real GDP	4.0	4.8	3.6	4.0
Employment	0.9	0.3	1.9	1.9
Unemployment rate (%)	5.2	5.0	4.9	4.6
Retail sales	3.4	7.5	6.4	6.2
Housing starts (units)	5,907	7,031	9,000	7,800
Consumer price index	1.3	2.8	1.9	2.5

Paul Ferley
Assistant Chief Economist

Crops look better; mining and construction less so

Saskatchewan farmers know very well how Mother Nature can be cruel sometimes. This year, however, contrasting weather conditions in the province and other crop producing regions of the world favoured Saskatchewan. We expect strong increases in farm incomes to be a key factor maintaining growth in the Saskatchewan economy well ahead of the Canadian average. We forecast real GDP to grow by a strong 3.6% in the province in 2012, although this rate represents a slight downward revision from our previous call of 3.7% due to lower expected gains in mining and construction.

Crop production in 2012 expected to build on last year's strong gain

Production estimates for Saskatchewan's three main crops are up almost 9%, on a volumes basis, from last year, which builds further on 2011's strong increase of 22%. This increase is in marked contrast to declining production in most other major agricultural areas around the globe including the drought-ravaged US farm belt. This shortfall in the grain harvest globally has been putting upward pressure on most agricultural prices. As a result, Saskatchewan has been able to pair the solid increase in output with rising prices that augurs well for a healthy jump in farm incomes. The gain in the volume of crop production is in line with our earlier forecast although the upward effect on farm incomes will be much stronger because of the unanticipated jump in various grain and oilseed prices.

Non-food commodity prices remain historically high

Saskatchewan has generally benefited from strong commodity prices for most of its major exports during the last couple of years. This strength went beyond agricultural products and was also seen in a number non-food commodity prices such as oil and potash. These non-food commodity prices, however, have come under some downward pressure in recent months in the face of weakening global demand from Europe as well as various emerging economies such as China. With respect to potash, this has resulted in production cutbacks at Saskatchewan operations during the first half of 2012 and announcements of delays and/or scaling back of capital expenditure projects by some companies. In the wake of these developments, we have downwardly revised our expectations for Saskatchewan mining output and construction activity modestly for 2012, yet we still see growth taking place in these sectors. Our view is that demand for potash and other natural resource commodities, albeit lower than previously anticipated, will remain sufficiently robust to sustain prices at historically elevated levels, thereby keeping both mining activity and construction in expansion mode this year.

Saskatchewan still among the growth leaders in Canada

Continued solid momentum in the Saskatchewan economy was confirmed by the recent acceleration in provincial employment growth so far this year after surprisingly modest gains in 2011. Underlying vigour in the provincial economy was also conveyed by recent stronger than expected gains in manufacturing sales, wholesale trade, and retail sales. As a result, we continue to project that Saskatchewan will be one of the growth leaders among the provinces this year and next with activity rising 3.6% and 4.0%, respectively. In 2013, although we expect some slowing in agricultural production, strengthening activity in other natural resource industries will result in growth moving up to 4.0%.

When weather finally co-operates

We expect a significant turnaround in Manitoba's agricultural sector this year to add a dimension to provincial economic growth that was missing in 2011. In fact, we attribute this swing in activity related to agriculture as the main factor driving up real GDP growth to 3.3% in 2012 from 1.3% in 2011. The improved outlook for the agricultural sector will more than make up for some recent unexpected weakness in other sectors pivotal to the Manitoba economy, such as manufacturing.

A rebound in crop production coincide with higher prices

After two years of adverse weather, climatic conditions finally co-operated in 2012. Statistics Canada is currently estimating that Manitoba will see an impressive 61% increase in the combined production of wheat and canola this year, following declines of 30% and 22% in 2011 and 2010, respectively. The increase this year contrasts sharply with dramatic drought-induced reductions in crop production in the United States and generally weaker production in a number of other major producing areas globally. The tightening supply of grains and oilseeds has led to higher market prices for most crops. Manitoba producers, therefore, will likely experience a significant boost to their farm incomes this year. Our forecast last quarter already assumed that a return to more normal weather conditions would result in a strong rebound in agricultural production in 2012; however, this update also incorporates the additional lift of higher selling prices. This inclusion contributed to an upgrade of our growth forecast for the province this year to 3.3% compared to 3.1% projected last quarter, as it helped to offset unexpected weakness elsewhere in the provincial economy.

Weakening manufacturing providing some offset

One sector that has shown weaker than expected activity through May of this year has been manufacturing. Although manufacturing sales for transportation equipment and machinery have held up relatively well, weakness has been evident in non-durable goods production. Specifically, there were declines in the food processing industry reportedly due to supply issues for a number of products (e.g., potatoes, pork). These issues are expected to ease as this year progresses. Nonetheless, in the wake of the weakness to date in manufacturing, we lowered our growth expectations for the sector this year but raised them for 2013.

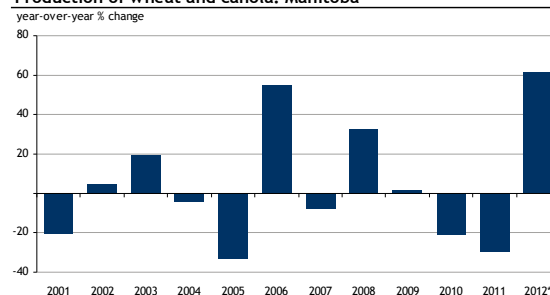
Jump in farm incomes to boost spending

Higher farm income is expected to provide a boost to consumer spending in the province. Retail sales grew only modestly during the first half of 2012 although we assume greater strength for the remainder of this year and in 2013. We also assume that this higher income will provide a boost to capital expenditure and have reflected this by revising our assumptions for construction spending within the province upward.

Growth to remain strong in 2013

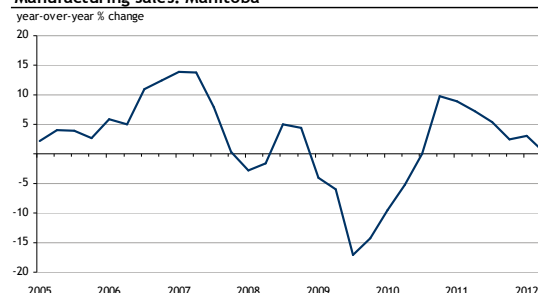
Our forecast for 2013 assumes normal weather conditions in Manitoba will lead to further increases in crop output in the province, although we expect the rate of increase to moderate significantly relative to 2012. The boost to provincial farm incomes is likely to moderate even more if crop prices ease under less adverse weather conditions in other growing regions of the world next year (although low inventories will likely keep prices still high historically). Overall growth in Manitoba in 2013, therefore, will see a growing contribution from manufacturing that will offset a diminishing contribution from the agricultural sector. Further expected strengthening in construction spending will provide additional support for growth next year. The net effect of these factors will be growth remaining little changed at 3.2% in 2013.

Production of wheat and canola: Manitoba



* Statistics Canada estimates
Source: Statistics Canada, RBC Economics Research

Manufacturing sales: Manitoba



Source: Statistics Canada, RBC Economics Research

Manitoba forecast at a glance

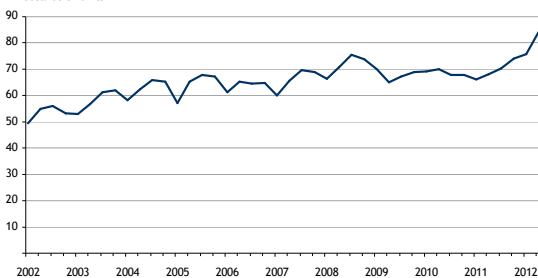
% change unless otherwise indicated

	2010	2011	2012F	2013F
Real GDP	2.4	1.3	3.3	3.2
Employment	1.9	0.8	0.9	1.3
Unemployment rate (%)	5.4	5.4	5.4	5.1
Retail sales	5.7	4.3	3.0	4.8
Housing starts (units)	5,888	6,083	6,900	5,700
Consumer price index	0.8	2.9	1.6	2.0

Paul Ferley
Assistant Chief Economist

Housing under construction: Ontario

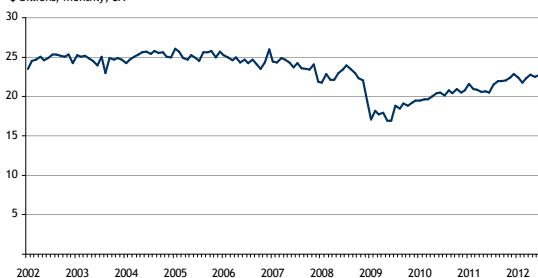
Thousands of units



Source: CMHC, RBC Economics Research

Manufacturing sales: Ontario

\$ billions, monthly, SA



Source: Statistics Canada, RBC Economics Research

Ontario forecast at a glance

% change unless otherwise indicated

	2010	2011	2012F	2013F
Real GDP	3.0	1.9	2.2	2.3
Employment	1.7	1.8	0.9	1.3
Unemployment rate (%)	8.7	7.8	7.8	7.6
Retail sales	5.4	3.6	2.8	3.9
Housing starts (units)	60,433	67,821	76,300	68,000
Consumer price index	2.4	3.1	1.6	1.8

Robert Hogue
Senior Economist

Holding its own

Ontario's economy is holding its own despite the weaker environment in which it operates this year. Brisk activity in the province's housing sector and further recovery in the export sector provided strong support to growth in the first half of 2012, although fiscal restraint at the federal and provincial levels of government held the pace back somewhat. We believe that the net effect of the forces at play this year will be a modest acceleration of growth to 2.2% relative to an estimated 1.9% in 2011. This acceleration is encouraging considering that it will come at a time when we expect the national level growth rate to slow a little; however, that is not to say that Ontario's economy is thriving. Our projected provincial growth rate of 2.2% will fall short of the 3.4% average recorded in the province in the 10 years that preceded the recession. We expect only minor improvement in 2013 with real GDP growing at a marginally faster rate of 2.3%.

Housing sector hot, hot, hot

A key factor fuelling the provincial economy this year has been the hot housing sector. This sector continued to defy expectations of cooling with activity both in the resale market and new construction remaining particularly brisk. Sales of existing homes in the second quarter of 2012 were the second best on record for that period. Year-to-date resales rose by more than 4% from already strong year-ago levels. Meanwhile, residential construction in the province is booming. The number of homes under construction surged to its highest level since the early 1970s. There were 23% more units being built in the second quarter of 2012 than at the same period last year. Housing starts during the first seven months of 2012 were the strongest since 2006. Following two strong years, therefore, residential investment will continue to add substantially to growth in 2012; however, we expect activity to moderate going forward, especially in the resales market where we have already seen signs of slowing in recent months.

Auto sector back on track

Another encouraging trend in Ontario this year has been the further recovery of the manufacturing sector. Although this recovery has not been uniform across the sector, there have been substantial gains achieved by the auto industry, which is the heart of manufacturing in Ontario. Riding the wave of strengthening motor vehicle sales in both the US and Canadian markets, assembly of light vehicles surged by more than 19% during the first seven months of 2012. New motor vehicle production has now virtually returned to pre-recession levels. Recently initiated contract negotiations between the 'Detroit Three' manufacturers and their unions, however, could pose downside risk to production if some labour disruptions ensue. Elsewhere in Ontario's manufacturing sector, performance is considerably weaker in the computer and electronic industry, where shipments have slumped to their lowest levels in almost 20 years.

Fiscal restraint headwinds

Spending restraint in the public sector continues to limit growth in the Ontario economy. According to estimates from the Ontario Ministry of Finance, government spending on goods and services, and capital investment declined for a fifth consecutive quarter in the first quarter of 2012. Some austerity can also be inferred from a notable drop in the public-sector employment from last year. While necessary to improve government fiscal situations, corrective budgetary measures will generate substantial headwinds for the Ontario economy, which could well persist through the medium term.

Lacklustre performance so far in 2012

Things are not easy for the Quebec economy these days. Activity to date has been lacklustre across many sectors and growth in the province is suffering as a result. We were quite disappointed by consecutive monthly declines in real GDP estimates from March to May 2012, which likely means that the Quebec economy ran in reverse in the second quarter of this year. This unexpected turn of events has prompted us to revise our real GDP growth forecast for 2012 lower to 1.0% from 1.6% previously. Nonetheless, we believe that some of the factors limiting growth in the first half of 2012 were temporary and that the rate of expansion will accelerate next year to 1.7%.

Disappointing results in the second quarter of 2012

Assessing the performance of and prospects for the Quebec economy has been quite challenging recently. Key indicators, such as employment, have been particularly volatile in the past year, and a number of special factors—including an unusually warm winter, months of university student protests, and heightened fears about the global economy—made the provincial economic picture especially complex to analyse. With more data now available for 2012, however, the view is becoming somewhat clearer, and it is disappointing. Monthly real GDP estimates from the *Institut de la statistique du Québec* (a usually reliable indicator of economic activity in the province) declined sequentially in four of the first five months of 2012. The successive drops from March to May likely mean that Quebec's economy contracted slightly in the second quarter of the year relative to the first quarter. This contraction contrasts with a growth registered at the national level and with our earlier expectation that province's momentum would pick from an underwhelming pace in the previous four quarters.

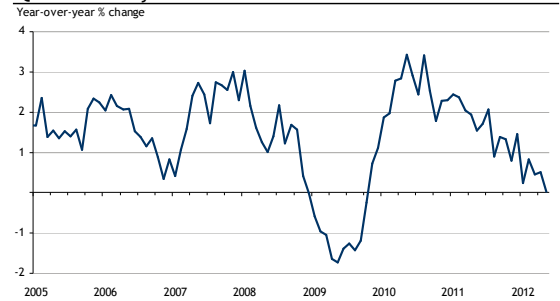
Lack of vigour this year is widespread

On a year-to-date basis, Quebec's economy is barely ahead of where it was during the same period last year (up by only 0.4%). The lack of vigour has been apparent in several sectors, both on the private and public sides. On the private side, output remained essentially flat in manufacturing, retail trade, and construction; whereas, it fell in utilities, agriculture and forestry, and arts and recreation. On the public side, there were declines in education services and public administration. A number of factors likely contributed to the weakness this year, including a six-month long labour disruption at an aluminum plant that affected Quebec's number one export commodity, warmer than usual weather this winter reducing demand for electric power, months of student protests disrupting an entire academic term at most of the province's universities, renewed global economic jitters, and a volatile provincial job situation that likely weighed on consumer confidence. Fiscal restraint at both the federal and provincial levels also likely played a role.

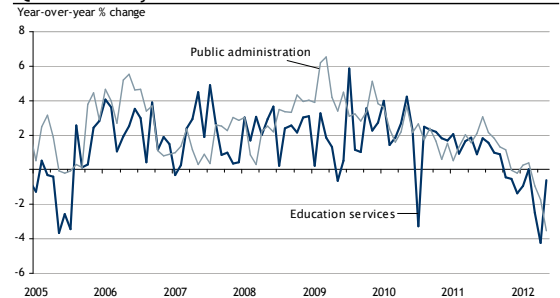
Growth rate projected to pick up to its 10-year average in 2013

We expect that most, although not all, of these factors will cease to hold activity back in the province going forward, thereby allowing growth to pick up modestly to reach its 10-year average of 1.7% by 2013. Improving prospects for Quebec exports to the US market and continued strong capital investment in the province (particularly in its resource sector) will be key drivers of this acceleration. With government deficit reduction efforts at their most intense stage next year, growth in Quebec will continue to face fiscal restraint headwinds.

Quebec monthly real GDP



Quebec industry real GDP

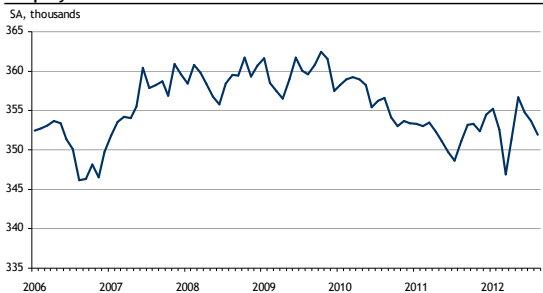


Quebec forecast at a glance

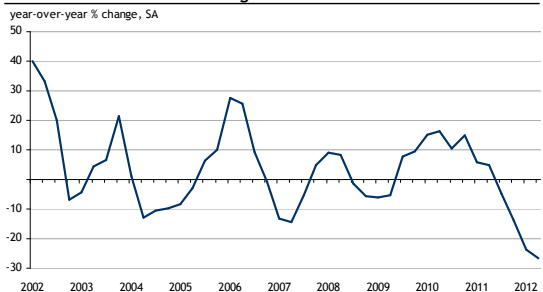
% change unless otherwise indicated

	2010	2011	2012F	2013F
Real GDP	2.5	1.7	1.0	1.7
Employment	1.7	1.0	0.3	1.1
Unemployment rate (%)	8.0	7.8	7.9	7.9
Retail sales	6.2	2.9	2.2	4.0
Housing starts (units)	51,363	48,387	47,000	41,000
Consumer price index	1.3	3.0	2.2	1.8

Robert Hogue
Senior Economist

Employment level: New Brunswick

Source: Statistics Canada, RBC Economics Research

Total non-residential building construction: New Brunswick

Source: Statistics Canada, RBC Economics Research

New Brunswick forecast at a glance

% change unless otherwise indicated

	2010	2011	2012F	2013F
Real GDP	3.1	0.2	1.0	1.8
Employment	-1.0	-1.1	0.5	1.0
Unemployment rate (%)	9.3	9.5	9.8	9.3
Retail sales	5.0	4.8	1.5	4.1
Housing starts (units)	4,101	3,452	3,400	3,200
Consumer price index	2.1	3.5	2.0	1.9

Laura Cooper
Economist

David Onyett-Jeffries
Economist

Sticking to the fiscal targets

Weak exports, a sluggish job market, and public-sector restraint were the defining characteristics of the New Brunswick economy last year, and 2012 is shaping up in much the same way, albeit with the potential for a slightly improved performance. Our earlier expectations for a more substantial improvement have not been borne out by the economic data to date, however. Specifically, the strength that we anticipated in private-sector capital investment has not materialized. In fact, a notable decline in non-residential construction spending during the first half of 2012 prompted us to revise our forecast for 2012 downward to 1.0% (compared to 1.6% in the June *Provincial Outlook*).

Fiscal plan on target

After posting its largest deficit in almost two decades in 2009–2010, New Brunswick's government set out a plan to balance its books by 2014–2015, which produced in 2011–2012 the first cut in program spending in 11 years. Results to date show that the provincial government is on track to meet its budget targets. The recently released public accounts for 2011–2012 revealed a deficit of \$261 million that fiscal year or \$188 million lower than projected. Although the fiscal plan allows for a modest increase in program spending in 2012–2013, it also calls for a pullback in public capital projects in upcoming years; therefore, we expect fiscal restraint at both the provincial and federal levels to continue to be a drag on New Brunswick growth in 2013.

Non-residential construction takes a plunge

By early 2012, New Brunswick had recovered nearly half of the jobs that it lost since employment peaked in 2009. This provided some optimism that the province would be on track to reverse a three-year downward trend in its labour markets. Unfortunately, along with the summer sun came another round of tepid employment data. With the notable slowing in public-sector employment expected to continue going forward, thereby reflecting fiscal austerity at the federal and provincial levels, this will continue to constrain overall employment growth in the near term. Furthermore, government austerity measures have resulted in a pullback in public-sector investment, and while private-sector capital spending was expected to serve as a bright spot for the economy, non-residential construction fell sharply so far this year due to the winding down of key projects. Declines of 18% and 16% for industrial and commercial construction, respectively, have compounded the drops in the public-sector capital spending and have contributed to an overall plunge of nearly 27% for total non-residential construction.

Outlook more positive moving forward

Despite the economic uncertainty presented thus far in 2012 for New Brunswick, the outlook for 2013 is expected to brighten. Potash production is expected to increase with the completed expansion of the Sussex mine, and export sales of electricity are expected to rise as Point Lepreau returns online after a four-year refurbishment. Modest gains in the spring for the province's forestry exports reflect an improving US housing market, and, as the economy continues to strengthen south of the border, we expect further advances in the period ahead. We expect this boost in exports to induce spill-over effects to other areas of the economy supporting renewed strength in retail sales and employment in 2013. Despite the expected drag from fiscal austerity and the closure of the Xstrata Brunswick mine, the expected lift in overall exports should keep overall economic growth at a modest pace of 1.8% in 2013.

Economy in waiting mode

Nova Scotia's economy continues to contend with significant headwinds in the current year. Ongoing declines at the Sable Island natural gas field, production launch delays at the Deep Panuke natural gas project, decade-low natural gas prices, and paper mill shutdowns have weighed heavily on the provincial economy thus far in 2012. Improvements in the natural resource industries are expected during the remainder of this year; however, they will only partly offset the earlier weakness, and we anticipate overall growth to be modest at 1.3% for 2012 as a whole. The expected ramping up of investment related to major capital projects, and a full year of production at Deep Panuke next year will cause growth to accelerate in 2013. With that said, recent indications of delays in the federal government procurement contract with the Irving shipyard in Halifax have prompted us to postpone the inclusion of the early economic benefits of the contract to a later period than we had previously anticipated. We accordingly revised downward our forecast for 2013 growth to 2.3% from 3.2% in June.

Paper and natural gas exports plunge

Declines in both natural gas and paper production combined with slower than expected US growth have caused a significant drag on Nova Scotia's international exports in 2012. The prolonged idling of the NewPage paper mill and the June 2012 announcement of the closure of the Bowater Mersey plant have contributed to nominal paper exports declining 80% year to date. Ongoing natural gas production declines and a reorientation of natural gas sales toward the domestic market have led to a 93% plunge in gas exports through June. These considerable export declines were only partly offset by a bounce in the province's tire exports (propelled by the rebound in US auto production) and gains in the fishing industry despite a labour dispute that caused some disruptions to the province's lobster harvest.

Domestic economy chugging along

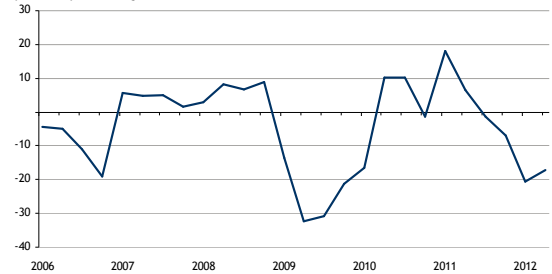
In contrast to the weakness on the external side of the economy, there are signs that Nova Scotia has sustained moderate domestic growth so far in 2012. After averaging a rate of only 0.3% from 2008 to 2011, employment growth accelerated to more than 1% early this year thanks to increased private-sector hiring. The improving job picture, in turn, likely was among the factors fuelling retail sales in the province, which were quite solid in the first quarter of 2012. While job creation stalled in the spring and was accompanied by a slowing in retailers' sales momentum, we expect job creation to resume in the second half of 2012, which, in our opinion, will stimulate consumer-related activity in the province in the period ahead.

Shifting to a higher gear next year

With a full year of operation at the Deep Panuke project substantially boosting natural gas production next year and turning around what has been a notable drag on growth in the past many years, we expect that Nova Scotia's economy will shift to a higher gear in 2013. Stronger growth in the province will be further supported by paper production resuming at the NewPage mill, as well as the beginning of Shell's \$971 million oil exploration work. We expect spending related to the preparatory phase on the \$25 billion, 30-year, shipbuilding contract to ramp up in 2013 (albeit less so than we previously anticipated) and capital spending on the Donkin Coal mine to accelerate. These developments will significantly improve growth prospects next year in Nova Scotia.

Domestic exports, customs basis: Nova Scotia

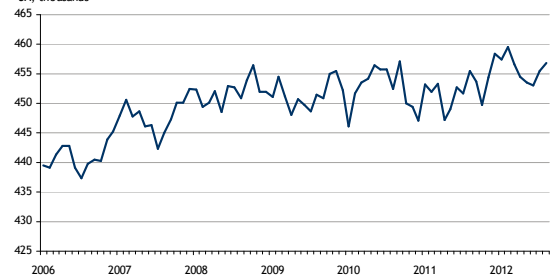
year-over-year % change, NSA



Source: Statistics Canada, RBC Economics Research

Employment level: Nova Scotia

SA, thousands



Source: Statistics Canada, RBC Economics Research

Nova Scotia forecast at a glance

% change unless otherwise indicated

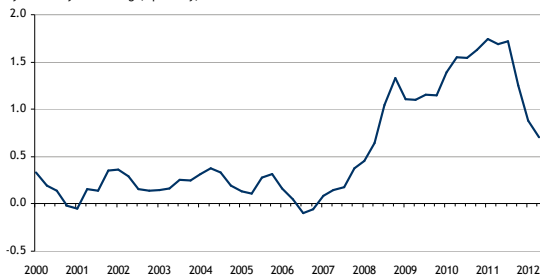
	2010	2011	2012F	2013F
Real GDP	1.9	0.5	1.3	2.3
Employment	0.2	0.1	0.9	1.2
Unemployment rate (%)	9.3	8.8	9.0	8.5
Retail sales	4.5	3.5	4.0	4.0
Housing starts (units)	4,309	4,644	4,400	4,500
Consumer price index	2.2	3.8	2.1	2.0

Laura Cooper
Economist

David Onyett-Jeffries
Economist

Population: P.E.I.

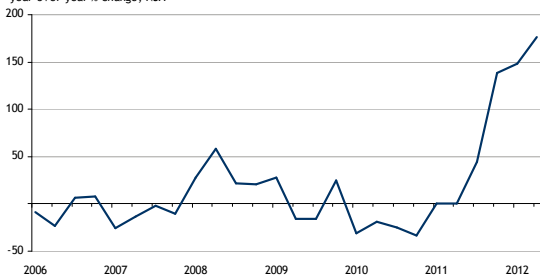
year-over-year % change, quarterly, NSA



Source: Statistics Canada, RBC Economics Research

Domestic exports, machinery and equipment: P.E.I.

year-over-year % change, NSA



Source: Statistics Canada, RBC Economics Research

Prince Edward Island forecast at a glance

% change unless otherwise indicated

	2010	2011	2012F	2013F
Real GDP	2.6	1.1	1.8	1.9
Employment	3.0	1.9	1.4	1.0
Unemployment rate (%)	11.1	11.4	11.0	10.3
Retail sales	5.3	5.6	5.1	4.2
Housing starts (units)	756	940	900	800
Consumer price index	1.8	2.9	2.1	2.0

Laura Cooper
Economist

David Onyett-Jeffries
Economist

Everything in moderation

As the economy with the highest projected growth of the Atlantic Provinces in 2012, Prince Edward Island is enjoying a good run in its export sector and continued resilience on its domestic side. Although we expect the domestic economy to face headwinds going forward, largely due to the effects of fiscal restraint and slower population growth, overall performance, in our opinion, will continue to maintain a moderately improving tone, with real GDP growth forecasted to accelerate to 1.8% in 2012 and 1.9% 2013 from 1.1% in 2011.

Exports flying high

After soaring to new heights in 2011, machinery and equipment exports have continued to glide on the wings of the aerospace industry, rising 176% year over year in the second quarter of 2012. Strong nominal export gains can also be attributed to improvements in the agriculture and fishing industry, led by a renewed strength in lobster landings as the value for the spring harvest increased (despite multi-year low lobster prices). While last summer's cool wet weather plagued the agricultural sector, weeks of dry hot weather this year have presented further challenges to the province's largest crops. Potato exports are down 31% year to date, while soybean prices have soared, affecting livestock farmers who rely on the legume for feed. Cruise ship tourism, which was earlier expected to be quite strong this year, is down nearly 70% from levels seen last summer. Despite the challenges, total nominal exports have surged in 2012 and will be supported going forward as US growth is sustained and as emerging industries of bioscience and renewable energy provide a foundation for longer-term growth.

Population growth decelerates

Following four years of strong population growth, this key impetus for economic activity has slowed substantially in 2012, yet the effect has been muted thus far. In the housing sector, activity has been quite brisk this year. Home resales are up 26% year to date, and housing starts strengthened in the second quarter of 2012 to levels (annualized) near the 2011 total, which was the strongest in 23 years in the province. Retail sales also are up impressively year to date, despite some moderation in the pace in the second quarter, although any adverse effect from slower population growth on this sector may well have been superseded by the positive effect of a strong provincial labour market—PEI's unemployment rate fell to its lowest level in more than two years in July 2012 (before rising in August). We forecast retail sales in the province to grow at some of the faster rates in Canada this year and next, rising by 5.1% and 4.2%, respectively.

Fiscal restraint weighs on domestic economy

Projected public capital spending reductions of 27% in 2012 and 21% in 2013 by the provincial government will have a dampening effect on PEI's economy in the near term. While the private sector is expected to remain healthy in 2012, the effect of fiscal restraint on public-sector employment, along with slowing population growth, is expected to weigh on domestic demand in 2013. The harmonization of the provincial sales tax with the federal government's GST next April could also have a temporary dampening effect on consumer spending because the tax base for the provincial portion will be extended to include certain items previously excluded. On the other hand, the harmonization could provide a longer lasting bright spot for hiring and investment since it will lessen the tax burden for businesses, thereby freeing up resources to be deployed in more productive ways.

Oil sputters as mining fuels growth

The effect of maintenance work at two of Newfoundland & Labrador's major oil fields on provincial crude production is evident with a decline of 10.5% during the first half of 2012 relative to year-ago levels. Indications are that these declines will likely intensify in the third quarter of this year. This sizable drop in oil and gas extraction output, the province's largest contributor to GDP on an industry basis, will slow economic growth substantially to 1.5% in the province this year from last year's robust 3.0% pace. The return to operation of both fields will lead to a rebound in oil production in 2013, and with metal mining production booming in the province, we project real GDP to grow by a much faster 3.3% in 2013.

Iron ore, no longer a bore

Solid gains in exports of industrial goods more than offset recent declines in energy exports and drove Newfoundland & Labrador nominal exports higher by 13% year to date. Iron ore exports increased nearly 18% year to date through June, as the industry totals this year incorporated shipments from the new Labrador Iron Mines project and the newly expanded Iron Ore Company of Canada operations. A more than 10-fold increase in machinery and equipment exports in the second quarter of 2012—largely due to a surge in aerospace exports—was an impressive turnaround following four consecutive years of declines. The ramping up of production at new and existing mining sites in the province, including the Direct Shipping iron ore project, will support further gains in mineral output next year. With all oil fields back in operation by then, Newfoundland & Labrador's export sector will be firing on all cylinders in 2013.

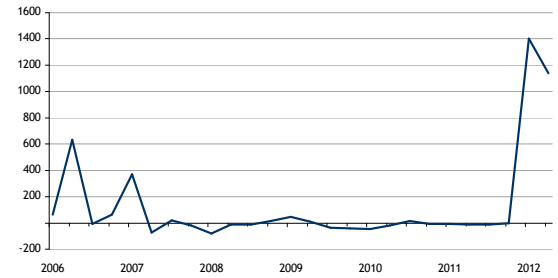
Investment to continue supporting growth

With the announcements of a proposed transportation link for iron ore producers estimated at around \$5 billion and an investment in Alderon Iron Ore Corp. estimated at \$3.1 billion, it appears as if major project spending will continue to support growth in the province for the longer term. This year, business investment is expected to be a key support for the economy, yet at a more moderate pace than last year when project spending supported one of the stronger growth rates in the country. With a third year of planned investment growth exceeding 20%, construction spending at the Hebron oil field and in the iron ore industry will keep investment strong in 2012. For 2013, capital spending will decline at Vale's hydromet facility; however, pre-development work at the Muskrat Falls hydroelectric project is expected to provide some offset, thereby maintaining prospects for further modest business investment growth in the province in 2013.

Positive performance for the domestic economy

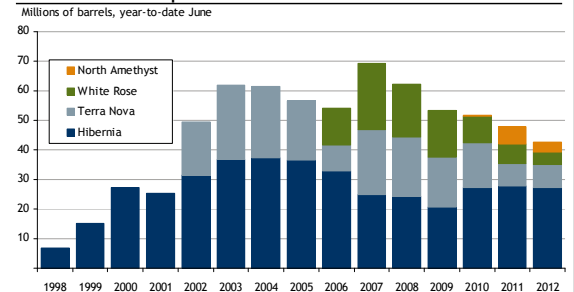
Domestically, the provincial economy continues to show signs of moderate growth this year. Although employment has retreated from an all-time high in the spring, we anticipate that job gains will pick up during the remainder of this year and post a 1.7% gain for 2012 as a whole. Labour market conditions are expected to improve further during the forecast horizon and support consumer spending and housing construction. Both consumers and businesses, therefore, are set to keep Newfoundland & Labrador's domestic economy humming in 2013.

Domestic exports, machinery and equipment: Newfoundland and Labrador
year-over-year % change, NSA



Source: Statistics Canada, RBC Economics Research

Offshore crude oil production: Newfoundland and Labrador



Source: Canada-Newfoundland & Labrador Offshore Petroleum Board, RBC Economics Research

Newfoundland forecast at a glance

% change unless otherwise indicated

	2010	2011	2012F	2013F
Real GDP	6.1	3.0	1.5	3.3
Employment	3.4	2.7	1.7	1.4
Unemployment rate (%)	14.4	12.7	12.5	11.5
Retail sales	4.6	5.1	4.0	4.6
Housing starts (units)	3,606	3,488	3,600	3,400
Consumer price index	2.4	3.4	2.4	2.0

Laura Cooper
Economist

David Onyett-Jeffries
Economist

Forecast detail

Average annual % change unless otherwise indicated

	Real GDP				Employment				Unemployment rate %				Housing starts Thousands				Retail sales				CPI			
	10	11F	12F	13F	10	11	12F	13F	10	11	12F	13F	10	11	12F	13F	10	11	12F	13F	10	11	12F	13F
N.&L.	6.1	3.0	1.5	3.3	3.4	2.7	1.7	1.4	14.4	12.7	12.5	11.5	3.6	3.5	3.6	3.4	4.6	5.1	4.0	4.6	2.4	3.4	2.4	2.0
P.E.I.	2.6	1.1	1.8	1.9	3.0	1.9	1.4	1.0	11.1	11.4	11.0	10.3	0.8	0.9	0.9	0.8	5.3	5.6	5.1	4.2	1.8	2.9	2.1	2.0
N.S.	1.9	0.5	1.3	2.3	0.2	0.1	0.9	1.2	9.3	8.8	9.0	8.5	4.3	4.6	4.4	4.5	4.5	3.5	4.0	4.0	2.2	3.8	2.1	2.0
N.B.	3.1	0.2	1.0	1.8	-1.0	-1.1	0.5	1.0	9.3	9.5	9.8	9.3	4.1	3.5	3.4	3.2	5.0	4.8	1.5	4.1	2.1	3.5	2.0	1.9
QUE.	2.5	1.7	1.0	1.7	1.7	1.0	0.3	1.1	8.0	7.8	7.9	7.9	51.4	48.4	47.0	41.0	6.2	2.9	2.2	4.0	1.3	3.0	2.2	1.8
ONT.	3.0	1.9	2.2	2.3	1.7	1.8	0.9	1.3	8.7	7.8	7.8	7.6	60.4	67.8	76.3	68.0	5.4	3.6	2.8	3.9	2.4	3.1	1.6	1.8
MAN.	2.4	1.3	3.3	3.2	1.9	0.8	0.9	1.3	5.4	5.4	5.4	5.1	5.9	6.1	6.9	5.7	5.7	4.3	3.0	4.8	0.8	2.9	1.6	2.0
SASK.	4.0	4.8	3.6	4.0	0.9	0.3	1.9	1.9	5.2	5.0	4.9	4.6	5.9	7.0	9.0	7.8	3.4	7.5	6.4	6.2	1.3	2.8	1.9	2.5
ALTA.	3.3	5.2	3.8	3.6	-0.4	3.8	3.0	2.5	6.5	5.5	4.6	4.5	27.1	25.7	32.8	32.0	6.0	6.9	8.8	6.4	1.0	2.4	1.1	1.4
B.C.	3.0	2.9	2.3	2.7	1.7	0.8	1.8	1.5	7.6	7.5	6.8	6.6	26.5	26.4	27.3	23.0	5.4	3.1	4.6	4.2	1.4	2.3	1.4	1.2
CANADA	3.2	2.4	2.1	2.4	1.4	1.6	1.1	1.4	8.0	7.5	7.3	7.1	190	194	212	189	5.6	4.1	3.9	4.4	1.8	2.9	1.6	1.7

Key provincial comparisons

2010 unless otherwise indicated

	N. & L.	P.E.I.	N.S.	N.B.	QUE	ONT	MAN	SASK	ALTA	B.C.
Population (000s) (2011)	511	146	945	755	7,980	13,373	1,251	1,058	3,779	4,573
Gross domestic product (\$ billions)	28.2	5.0	36.4	29.4	319.3	612.5	54.3	63.6	263.5	203.1
Real GDP (\$2002 billions)	19.0	4.3	30.0	24.2	273.9	527.8	43.7	41.5	183.3	167.1
Share of provincial GDP of Canadian GDP (%)	1.7	0.3	2.2	1.8	19.7	37.7	3.3	3.9	16.2	12.5
Real GDP growth (CAR, 2005-10, %)	1.6	1.8	1.3	1.4	1.4	0.7	2.4	1.3	1.4	1.7
Real GDP per capita (\$ 2002)	37,214	29,966	31,701	32,166	34,640	39,902	35,435	39,769	49,249	36,899
Real GDP growth rate per capita (CAR, 2005-10, %)	1.7	1.1	1.2	1.2	0.5	-0.4	1.4	0.3	-0.9	0.2
Personal disposable income per capita (\$)	27,402	24,645	27,308	27,091	26,642	29,893	27,645	30,593	37,885	29,175
Employment growth (CAR, 2006-11, %)	1.0	1.1	0.5	0.1	1.1	0.9	1.2	1.3	1.8	1.2
Employment rate (Aug. 2012, %)	53.6	59.8	58.5	56.7	60.0	61.0	65.2	66.7	69.9	60.8
Discomfort index (inflation + unemp. rate, Jul. 2012)	14.4	11.7	10.8	10.9	9.5	8.6	7.5	6.7	5.5	8.1
Manufacturing industry output (% of GDP, 2008)	3.5	9.9	7.8	11.2	16.3	14.1	13.7	6.5	6.3	8.1
Personal expenditures on goods & services (% of GDP)	46.3	72.3	69.7	64.4	62.2	60.1	59.5	46.5	43.5	65.4
International exports (% of GDP)	37.1	20.7	19.1	40.5	25.5	31.5	27.0	39.1	33.3	21.5

Tables

British Columbia

		2006	2007	2008	2009	2010	2011	2012F	2013F
Real GDP	\$2002 millions	159,729	164,496	165,641	162,225	167,140	171,987	175,943	180,605
	% change	4.1	3.0	0.7	-2.1	3.0	2.9	2.3	2.7
Employment	thousands	2,147	2,223	2,266	2,218	2,257	2,275	2,315	2,349
	% change	2.6	3.5	2.0	-2.1	1.7	0.8	1.8	1.5
Unemployment rate	%	4.8	4.3	4.6	7.7	7.6	7.5	6.8	6.6
Retail sales	\$ millions	53,133	56,930	57,783	55,222	58,220	60,005	62,742	65,347
	% change	7.6	7.1	1.5	-4.4	5.4	3.1	4.6	4.2
Housing starts	units	36,443	39,195	34,321	16,077	26,479	26,400	27,300	23,000
	% change	5.1	7.6	-12.4	-53.2	64.7	-0.3	3.4	-15.8
Consumer price index	2002=100	108.1	110.0	112.3	112.3	113.8	116.5	118.1	119.5
	% change	1.7	1.7	2.1	0.0	1.4	2.3	1.4	1.2

Alberta

		2006	2007	2008	2009	2010	2011	2012F	2013F
Real GDP	\$2002 millions	180,852	184,008	185,668	177,376	183,251	192,780	200,009	207,110
	% change	5.8	1.7	0.9	-4.5	3.3	5.2	3.8	3.6
Employment	thousands	1,916	1,991	2,054	2,025	2,017	2,094	2,156	2,210
	% change	5.0	3.9	3.1	-1.4	-0.4	3.8	3.0	2.5
Unemployment rate	%	3.4	3.5	3.6	6.6	6.5	5.5	4.6	4.5
Retail sales	\$ millions	55,972	61,487	61,614	56,478	59,849	64,004	69,657	74,147
	% change	15.4	9.9	0.2	-8.3	6.0	6.9	8.8	6.4
Housing starts	units	48,962	48,336	29,164	20,298	27,088	25,704	32,800	32,000
	% change	19.9	-1.3	-39.7	-30.4	33.5	-5.1	27.6	-2.4
Consumer price index	2002=100	112.3	117.9	121.6	121.5	122.7	125.7	127.0	128.8
	% change	3.9	4.9	3.2	-0.1	1.0	2.4	1.1	1.4

Saskatchewan

		2006	2007	2008	2009	2010	2011	2012F	2013F
Real GDP	\$2002 millions	38,266	39,626	41,466	39,911	41,520	43,513	45,079	46,860
	% change	-1.6	3.6	4.6	-3.8	4.0	4.8	3.6	4.0
Employment	thousands	492	504	513	519	524	526	536	546
	% change	1.8	2.4	1.7	1.3	0.9	0.3	1.9	1.9
Unemployment rate	%	4.7	4.2	4.1	4.8	5.2	5.0	4.9	4.6
Retail sales	\$ millions	11,554	13,129	14,673	14,598	15,101	16,234	17,280	18,348
	% change	7.0	13.6	11.8	-0.5	3.4	7.5	6.4	6.2
Housing starts	units	3,715	6,007	6,828	3,866	5,907	7,031	9,000	7,800
	% change	8.1	61.7	13.7	-43.4	52.8	19.0	28.0	-13.3
Consumer price index	2002=100	109.1	112.2	115.9	117.1	118.7	122.0	124.2	127.3
	% change	2.0	2.9	3.2	1.1	1.3	2.8	1.9	2.5

Manitoba

		2006	2007	2008	2009	2010	2011	2012F	2013F
Real GDP	\$2002 millions	40,181	41,263	42,838	42,705	43,746	44,315	45,777	47,219
	% change	3.4	2.7	3.8	-0.3	2.4	1.3	3.3	3.2
Employment	thousands	589	599	608	608	620	624	630	638
	% change	1.2	1.7	1.7	0.0	1.9	0.8	0.9	1.3
Unemployment rate	%	4.3	4.4	4.2	5.2	5.4	5.4	5.4	5.1
Retail sales	\$ millions	12,874	14,016	14,980	14,915	15,766	16,448	16,938	17,759
	% change	4.1	8.9	6.9	-0.4	5.7	4.3	3.0	4.8
Housing starts	units	5,028	5,738	5,537	4,174	5,888	6,083	6,900	5,700
	% change	6.3	14.1	-3.5	-24.6	41.1	3.3	13.4	-17.4
Consumer price index	2002=100	108.7	110.9	113.4	114.1	115.0	118.4	120.3	122.6
	% change	1.9	2.1	2.2	0.6	0.8	2.9	1.6	2.0

Ontario

		2006	2007	2008	2009	2010	2011	2012F	2013F
Real GDP	\$2002 millions	522,998	533,233	529,828	512,685	527,813	537,841	549,405	561,767
	% change	2.4	2.0	-0.6	-3.2	3.0	1.9	2.2	2.3
Employment	thousands	6,449	6,564	6,666	6,502	6,610	6,731	6,791	6,877
	% change	1.2	1.8	1.6	-2.5	1.7	1.8	0.9	1.3
Unemployment rate	%	6.3	6.4	6.5	9.0	8.7	7.8	7.8	7.6
Retail sales	\$ millions	140,591	145,965	151,672	147,920	155,964	161,608	166,111	172,512
	% change	4.0	3.8	3.9	-2.5	5.4	3.6	2.8	3.9
Housing starts	units	73,417	68,123	75,076	50,370	60,433	67,821	76,300	68,000
	% change	-6.8	-7.2	10.2	-32.9	20.0	12.2	12.5	-10.9
Consumer price index	2002=100	108.8	110.8	113.3	113.7	116.5	120.1	122.0	124.2
	% change	1.8	1.8	2.3	0.4	2.4	3.1	1.6	1.8

Quebec

		2006	2007	2008	2009	2010	2011	2012F	2013F
Real GDP	\$2002 millions	260,033	265,585	269,083	267,290	273,856	278,512	281,157	285,797
	% change	1.8	2.1	1.3	-0.7	2.5	1.7	1.0	1.7
Employment	thousands	3,743	3,834	3,880	3,848	3,915	3,954	3,964	4,008
	% change	1.1	2.4	1.2	-0.8	1.7	1.0	0.3	1.1
Unemployment rate	%	8.1	7.2	7.2	8.5	8.0	7.8	7.9	7.9
Retail sales	\$ millions	86,505	90,406	94,806	93,740	99,509	102,444	104,683	108,840
	% change	4.9	4.5	4.9	-1.1	6.2	2.9	2.2	4.0
Housing starts	units	47,877	48,553	47,901	43,403	51,363	48,387	47,000	41,000
	% change	-6.0	1.4	-1.3	-9.4	18.3	-5.8	-2.9	-12.8
Consumer price index	2002=100	108.7	110.4	112.7	113.4	114.8	118.3	120.9	123.1
	% change	1.7	1.6	2.1	0.6	1.3	3.0	2.2	1.8

Tables

New Brunswick

		2006	2007	2008	2009	2010	2011	2012F	2013F
Real GDP	\$2002 millions	23,174	23,439	23,583	23,484	24,216	24,264	24,507	24,948
	% change	2.4	1.1	0.6	-0.4	3.1	0.2	1.0	1.8
Employment	thousands	350	357	359	360	356	352	354	357
	% change	1.0	1.9	0.6	0.1	-1.0	-1.1	0.5	1.0
Unemployment rate	%	8.7	7.5	8.5	8.8	9.3	9.5	9.8	9.3
Retail sales	\$ millions	8,858	9,407	10,018	10,093	10,593	11,102	11,273	11,734
	% change	6.2	6.2	6.5	0.7	5.0	4.8	1.5	4.1
Housing starts	units	4,085	4,242	4,274	3,521	4,101	3,452	3,400	3,200
	% change	3.2	3.8	0.8	-17.6	16.5	-15.8	-1.5	-5.9
Consumer price index	2002=100	109.2	111.3	113.2	113.5	115.9	120.0	122.3	124.7
	% change	1.7	1.9	1.7	0.3	2.1	3.5	2.0	1.9

Nova Scotia

		2006	2007	2008	2009	2010	2011	2012F	2013F
Real GDP	\$2002 millions	28,174	28,611	29,378	29,390	29,951	30,101	30,492	31,178
	% change	0.6	1.6	2.7	0.0	1.9	0.5	1.3	2.3
Employment	thousands	441	448	452	451	452	453	457	462
	% change	-0.1	1.6	0.9	-0.1	0.2	0.1	0.9	1.2
Unemployment rate	%	7.9	7.9	7.7	9.2	9.3	8.8	9.0	8.5
Retail sales	\$ millions	11,141	11,616	12,089	12,102	12,652	13,097	13,620	14,165
	% change	5.8	4.3	4.1	0.1	4.5	3.5	4.0	4.0
Housing starts	units	4,896	4,750	3,982	3,438	4,309	4,644	4,400	4,500
	% change	2.5	-3.0	-16.2	-13.7	25.3	7.8	-5.3	2.3
Consumer price index	2002=100	110.4	112.5	115.9	115.7	118.2	122.7	125.3	127.8
	% change	2.1	1.9	3.0	-0.1	2.2	3.8	2.1	2.0

Prince Edward Island

		2006	2007	2008	2009	2010	2011	2012F	2013F
Real GDP	\$2002 millions	4,077	4,149	4,179	4,189	4,297	4,344	4,422	4,506
	% change	4.0	1.8	0.7	0.2	2.6	1.1	1.8	1.9
Employment	thousands	68	69	70	69	71	72	73	74
	% change	0.6	0.7	1.2	-1.4	3.0	1.9	1.4	1.0
Unemployment rate	%	11.0	10.3	10.7	12.0	11.1	11.4	11.0	10.3
Retail sales	\$ millions	1,509	1,621	1,703	1,681	1,770	1,869	1,964	2,047
	% change	6.0	7.4	5.1	-1.3	5.3	5.6	5.1	4.2
Housing starts	units	738	750	712	877	756	940	900	800
	% change	-14.4	1.6	-5.1	23.2	-13.8	24.3	-4.3	-11.1
Consumer price index	2002=100	111.6	113.6	117.5	117.3	119.5	123.0	125.6	128.1
	% change	2.2	1.8	3.4	-0.1	1.8	2.9	2.1	2.0

Newfoundland & Labrador

		2006	2007	2008	2009	2010	2011	2012F	2013F
Real GDP	\$2002 millions	18,129	19,791	19,712	17,930	19,027	19,598	19,892	20,548
	% change	3.0	9.2	-0.4	-9.0	6.1	3.0	1.5	3.3
Employment	thousands	215	216	219	212	219	225	229	232
	% change	0.8	0.8	1.1	-3.0	3.4	2.7	1.7	1.4
Unemployment rate	%	14.7	13.5	13.2	15.5	14.4	12.7	12.5	11.5
Retail sales	\$ millions	6,012	6,528	7,009	7,120	7,451	7,830	8,139	8,510
	% change	3.2	8.6	7.4	1.6	4.6	5.1	4.0	4.6
Housing starts	units	2,234	2,649	3,261	3,057	3,606	3,488	3,600	3,400
	% change	-10.6	18.6	23.1	-6.3	18.0	-3.3	3.2	-5.6
Consumer price index	2002=100	109.5	111.1	114.3	114.6	117.4	121.4	124.2	126.8
	% change	1.8	1.4	2.9	0.3	2.4	3.4	2.4	2.0

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