

Hot provincial momentum to lose steam

September 12, 2022

Sky-high inflation, soaring interest rates and exceptionally tight labour markets have weighed on all provincial economies this year. And they've brought a new set of challenges to households and businesses just as fading pandemic disruptions were supposed to make things easier. But these are symptoms of economies running hot. In fact, 2022 is shaping up to be another year of solid growth for most provinces—effectively completing the recovery process following massive pandemic-induced contractions in 2020.

Elevated commodity prices and a sharp rebound in agricultural production are poised to accelerate growth in the Prairie provinces, with Saskatchewan (6.4%), Alberta (5.1%) and Manitoba (3.7%) topping our 2022 growth rankings. We expect growth to moderate in all other provinces—though remain positive—as the new headwinds hit.

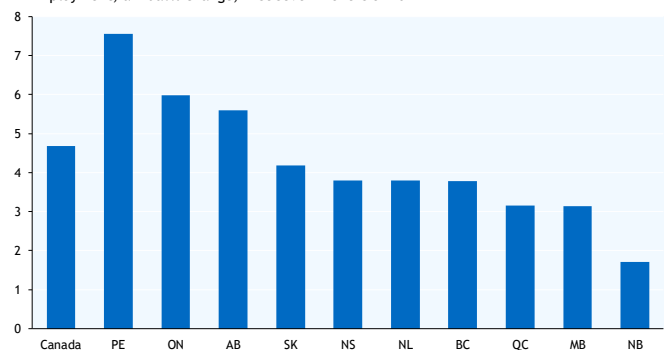
We expect a higher cost of living and the Bank of Canada's tighter monetary policy to slow momentum to a crawl in 2023. At the national level, we project a mild recession in the middle of the year, which will be felt broadly across the country.

Provincial economies still in expansion mode

Most signs point to growth being sustained at a healthy clip over the first half of 2022. Job markets burst at the seams virtually everywhere in Canada. Inflation didn't hinder overall household spending much or at all. Goods-producing sectors continued to ride high on strong domestic and global demand (with supply chain snarls and labour shortages the primary constraint). Hard-hit service industries rebounded following the lifting of pandemic restrictions. Businesses boosted non-residential investment in a majority of provinces. Better weather conditions significantly upgraded the outlook for crop production in the Prairies. And government revenues have surged.

Demand for labour continues to be strong across the country

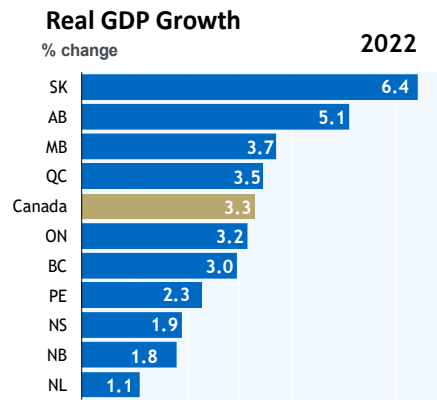
Employment, annual % change, first seven months of 2022



Source: Statistics Canada, RBC Economics



Source: Statistics Canada, RBC Economics



Source: Statistics Canada, RBC Economics



Source: Statistics Canada, RBC Economics

Rising interest rates are chilling housing markets...

The main development to the contrary has been the sharp housing market correction. The Bank of Canada’s rate hike campaign that began in March triggered a pullback in activity. This was widely felt across the country though Ontario and British Columbia have been the epicentres. To date, home resales are down more than 40% in both provinces, far exceeding the 18% drop in the rest of the country. Home prices are under heavier downward pressure in Ontario and British Columbia where earlier gains were extreme and where buyers are especially sensitive to higher interest rates. We see the housing market softness spreading further in the near term as the Bank of Canada raises its policy rate to 3.5%—into ‘restrictive’ territory—by the fall of this year.

The housing downturn will mark a notable turning point for most provincial economies. A booming residential sector in the past two years provided tremendous thrust to the recovery from the pandemic recession. In Ontario, it directly accounted for one-sixth of the GDP growth since the second quarter of 2020. We expect the sector to subtract materially from growth in 2023 in every province. In fact, housing headwinds are already a notable restraining factor this year in Ontario and British Columbia.

...but turning up the heat on households

The impact of higher interest rates will be felt in other ways too. Canadian households have accumulated a lot of debt over the past decade. And they’ll soon face significantly higher debt service payments. This is a bigger issue in British Columbia, Ontario and Alberta where household debt is highest relative to disposable income. This shift comes at a time when soaring inflation is already squeezing many households’ budgets and the drop in residential property values is shrinking their net wealth. We expect the one-two-three punch of rising rates, high inflation and eroding wealth to take a serious toll on supercharged consumer spending. Indeed, a steep drop in consumer confidence across the country since spring is already pointing in this direction. The mood has so far swung more sharply in Atlantic Canada where the country’s highest inflation no doubt weighs heavily on people’s minds. Prairie consumers’ confidence, on the other hand, has held up comparatively better, possibly reflecting brighter income prospects arising from improved commodity markets.

Consumers soon tapped out?

Our tracking of (near real-time) RBC payment card use shows strong consumer spending is beginning to level off—particularly in the Maritimes. We think this heralds a widespread softening. The lifting of pandemic restrictions earlier this year kept consumers going as they turned their attention to services—with Canadians resuming travel and other previously curtailed activities. But there’s

Housing markets to cool into 2023

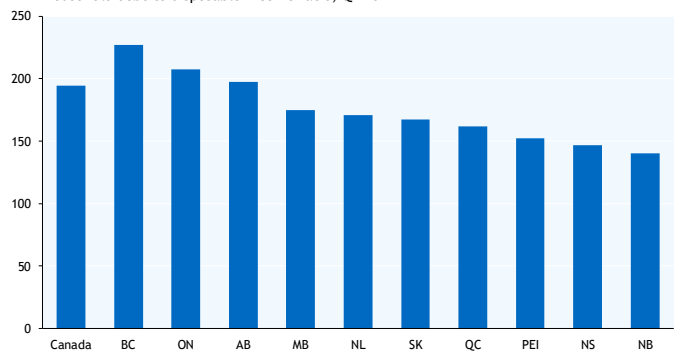
Annual % change in home resales



Source: Canadian Real Estate Association, RBC Economics

BC, Ontario and Alberta households are most sensitive to interest rates

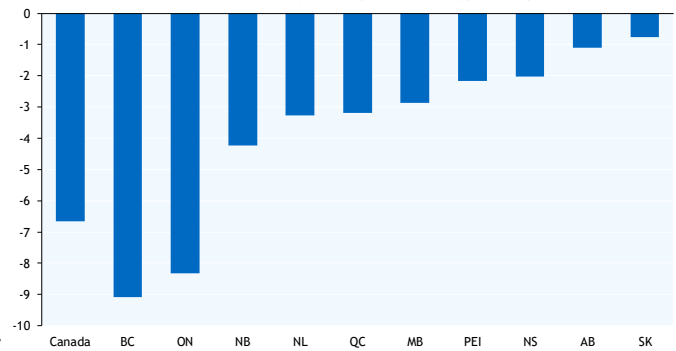
Household debt to disposable income ratio, Q1 2022



Source: Statistics Canada, RBC Economics

Hit to households' net worth larger in BC and Ontario

Decline in household net worth arising from expected housing price drop, in %



Source: Statistics Canada, RBC Economics

emerging evidence that the shift in spending patterns may have run its course. RBC data shows card use eased slightly mid-year at service providers in Atlantic Canada, Quebec and the Prairie Provinces. We expect similar trends in other provinces in the period ahead.

A tight labour market is restraining growth

Solid demand for workers and generally tepid labour force growth continue to intensify labour market challenges from coast to coast. If anything, labour shortages impede the realization of the full potential of many industries, including construction and hospitality.

For most provinces, unemployment rates recently reached their lowest levels since at least the mid-1970s. Job markets in Quebec, British Columbia, Saskatchewan, Manitoba and PEI have are especially challenged with job vacancies exceeding the number of unemployed workers.

Although Canada is on track to hit Ottawa’s aggressive immigration target of 432,000 new permanent residents this year, the influx of people has yet to ease labour market pressures. Increased immigration will nonetheless be part of the longer-term solution to address workforce imbalances.

Softening provincial economies will help the rebalancing process temporarily next year. Our expectation of a recession in Canada in 2023 encompasses a moderate rise in unemployment rates in all provinces except Alberta.

Governments raking in revenue windfall

The vigorous economic activity to date—which comes alongside decades-high inflation and vastly improved commodity market conditions—have led to a revenue windfall for provincial governments. Budget updates released in recent months invariably revealed massive upward revisions to all sorts of revenues, including personal and business income taxes, consumption taxes and non-renewable resource revenues. Alberta, Saskatchewan and New Brunswick now expect surpluses in 2022-23, with Quebec projecting a very small deficit after payments to its Generations Fund. We expect more provinces to slice earlier deficit projections for this year (including Ontario). The much improved fiscal outlook represents a dramatic turn of events. Only a couple of years ago, budget shortfalls hit record levels.

Inflation has likely peaked

Inflation continues to be a painful pressure point across the country. Maritimers feel it most (largely due to surging rents, and mounting home heating bills and food prices) but other Canadians also struggle to cope with soaring costs of living. The good news is we see inflation moderating over the coming year as supply-chain snarls ease and demand for goods and services softens. The moderation isn’t likely to bring instant relief though. We expect inflation to stay well above the Bank of Canada’s 2% target next year in every province.

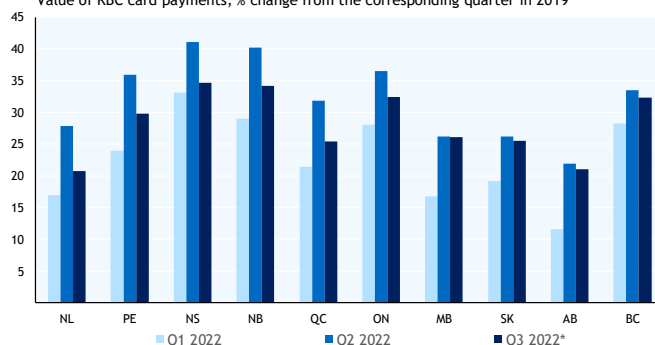
Cross-Canada Update:

British Columbia: Tourism rebounded this year and capital investment remains brisk. Still, we expect annual growth to slow to 3.0% in 2022 from 5.9% in 2021, as the post-pandemic spending boom plateaus and the housing market correction weighs on activity. B.C. is likely to be hit harder by the housing market correction than most other provinces as residential investment represents a larger share of its economy. The negative wealth effect from falling property values will further amplify the weakness by slowing consumption.

Alberta: The economy is on track to (finally) recover from the 2015-16 recession. This is largely due to a much improved out-

Consumers may be running out of steam in most provinces

Value of RBC card payments, % change from the corresponding quarter in 2019



* Based on data up to the end of August
Source: RBC Data & Analytics, RBC Economics

look for the energy and agricultural sectors. Our projected growth of 5.1% this year would mark the second-straight year the pace exceeds 5%. Soaring commodity prices and high inflation are further swelling the province’s nominal GDP (forecast to top 20% this year), setting a very high base for Alberta government revenues. The result is stunning: the province is now expecting a record surplus (\$13 billion). While we see its economic momentum slowing in 2023, Alberta will be in a good position to outpace most other provinces since activity and prices in the energy sector are poised to stay at favourable levels. And the completion of the Trans Mountain pipeline expansion by mid-year will boost Alberta’s energy export capacity.

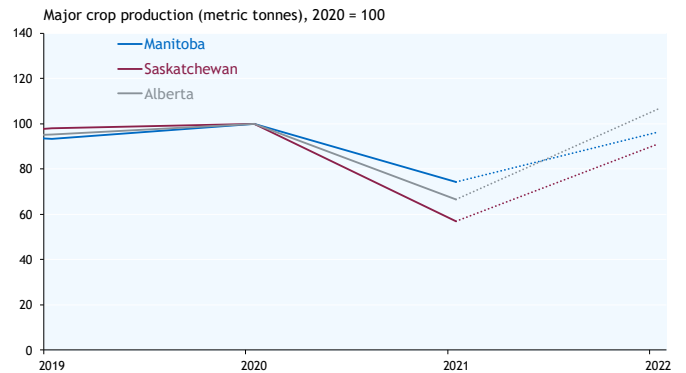
Saskatchewan/Manitoba: Both provincial economies are on stronger tracks in 2022, with crop conditions improving substantially and yields expected to return to pre-pandemic levels in most areas. Farmers have benefitted from solid global demand for agricultural products and elevated commodity prices. This bodes well for a sharp increase in provincial exports. Potash production is running higher in Saskatchewan and likely to grow further in the future with massive investments in production facilities underway. In Manitoba, manufacturing production is rising rapidly thanks in part to a new food processing plant now operating. We expect the impact of the housing market correction to be relatively subdued in both provinces since residential investment accounts for a smaller share of the economy. We project growth of 3.7% in Manitoba and a nation-leading 6.4% in Saskatchewan this year, up from measly rates of 1.2% and -0.3%, respectively, in 2021.

Ontario: The picture is mixed but mostly positive this year. Consumers came out in force this winter and spring—especially after restrictions were lifted—though some fatigue has set in this summer. Hospitality and other hard-hit service industries have largely bounced back. Provincial manufacturers continue to navigate choppy waters amid supply chain issues, rising materials costs and labour shortages. Builders also share many of the same concerns. After an exuberant start to the year, Ontario’s housing market has since plunged below pre-pandemic activity levels. We expect sustained softness to contribute to a slowdown in growth from 4.6% in 2021 to 3.2% this year.

Quebec: The provincial economy maintained a strong pace in the early part of this year. The ramping up of recoveries in the transportation, arts, entertainment, recreation, and accommodation and food services industries—though still partial in all cases—added a welcome dimension to the economic upswing. Manufacturing production has largely returned to pre-pandemic levels though Quebec’s aerospace industry still lags considerably. Growth stalled this spring, however, as activity in the construction and real estate sectors moderated. We think this marks an inflection point. We expect tighter monetary policy to keep the momentum sluggish going forward, taking the annual rate of growth down to 3.5% this year and 0.6% next year from 5.7% in 2021.

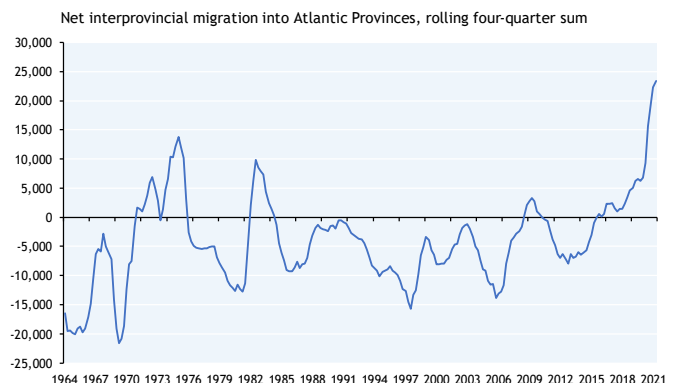
Atlantic Canada: Interprovincial migration to the region is booming, reaching its highest level in history over the past year. Ongoing investment to accommodate this influx of people—and the boost to demand for goods and services this has generated—continues to support growth despite a slower than anticipated recovery in tourism. We expect growth to slow in 2023 as headwinds from higher interest rates get stiffer—in line with the trend in the rest of Canada. The restarting of the West Rose offshore oil project will give a lift to Newfoundland and Labrador’s economy next year, making it the only province for which we project a growth acceleration.

Early crop production estimates show strong rebound in the Prairies



Source: Statistics Canada, RBC Economics

Canadians flock to Atlantic Canada in record numbers



Source: Statistics Canada, RBC Economics

Forecast details

% change unless otherwise indicated

| | Real GDP | | | | Nominal GDP | | | | Employment | | | | Unemployment rate, % | | | | Housing starts, (000s) | | | | Retail sales | | | | CPI | | | |
|---------------|-------------|------------|------------|------------|-------------|-------------|-------------|------------|-------------|------------|------------|-------------|----------------------|------------|------------|------------|------------------------|------------|------------|------------|--------------|-------------|------------|------------|------------|------------|------------|------------|
| | 20 | 21F | 22F | 23F | 20 | 21F | 22F | 23F | 20 | 21 | 22F | 23F | 20 | 21 | 22F | 23F | 20 | 21 | 22F | 23F | 20 | 21 | 22F | 23F | 20 | 21 | 22F | 23F |
| N.& L. | -5.4 | 1.2 | 1.1 | 1.7 | -10.7 | 18.4 | 10.2 | 0.7 | -5.7 | 2.8 | 3.3 | 0.1 | 14.1 | 12.9 | 11.5 | 12.8 | 0.8 | 1.0 | 1.5 | 0.9 | 1.8 | 11.0 | 5.9 | 2.7 | 0.2 | 3.7 | 6.7 | 3.4 |
| P.E.I. | -1.7 | 6.5 | 2.3 | 1.1 | 0.9 | 12.9 | 9.5 | 3.8 | -3.2 | 3.6 | 6.6 | 0.5 | 10.4 | 9.2 | 7.3 | 8.1 | 1.2 | 1.3 | 1.2 | 1.3 | 1.1 | 19.0 | 7.0 | 4.2 | 0.0 | 5.1 | 9.0 | 3.8 |
| N.S. | -2.5 | 5.8 | 1.9 | 0.4 | 0.7 | 10.9 | 8.5 | 2.9 | -4.7 | 5.4 | 3.2 | 0.3 | 9.8 | 8.4 | 6.8 | 8.0 | 4.9 | 6.0 | 6.7 | 6.3 | -2.0 | 16.3 | 5.9 | 3.7 | 0.3 | 4.1 | 7.4 | 3.6 |
| N.B. | -3.2 | 5.3 | 1.8 | 0.5 | -1.3 | 10.6 | 8.4 | 3.2 | -2.6 | 2.5 | 1.8 | 0.5 | 10.0 | 9.0 | 7.4 | 8.1 | 3.5 | 3.8 | 4.7 | 4.5 | 1.1 | 12.6 | 7.3 | 3.4 | 0.2 | 3.8 | 7.4 | 3.6 |
| QUE. | -5.5 | 5.7 | 3.5 | 0.6 | -2.4 | 12.8 | 9.7 | 3.4 | -4.8 | 4.1 | 2.2 | -0.3 | 8.9 | 6.1 | 4.6 | 6.3 | 54.1 | 67.8 | 61.6 | 51.3 | 0.4 | 14.4 | 8.2 | 3.2 | 0.8 | 3.8 | 6.5 | 3.3 |
| ONT. | -5.1 | 4.6 | 3.2 | 0.3 | -2.8 | 11.7 | 9.3 | 3.2 | -4.8 | 4.9 | 4.2 | -0.4 | 9.6 | 8.0 | 5.7 | 6.3 | 81.3 | 99.6 | 91.8 | 91.0 | -3.5 | 9.3 | 13.9 | 3.1 | 0.6 | 3.5 | 6.8 | 3.1 |
| MAN. | -4.6 | 1.2 | 3.7 | 1.0 | -1.4 | 7.9 | 8.9 | 3.3 | -3.7 | 3.5 | 2.4 | 0.2 | 8.0 | 6.4 | 4.7 | 5.7 | 7.3 | 8.0 | 8.1 | 7.8 | -0.3 | 13.3 | 7.7 | 3.7 | 0.5 | 3.2 | 7.5 | 3.4 |
| SASK. | -4.9 | -0.3 | 6.4 | 2.0 | -6.6 | 7.9 | 20.2 | 1.5 | -4.7 | 2.6 | 3.4 | 0.5 | 8.4 | 6.5 | 4.8 | 5.2 | 3.1 | 4.2 | 4.5 | 4.1 | 0.3 | 14.6 | 7.4 | 4.0 | 0.6 | 2.6 | 6.3 | 3.6 |
| ALTA. | -7.9 | 5.1 | 5.1 | 1.8 | -16.1 | 21.9 | 23.0 | 2.5 | -6.6 | 5.1 | 5.0 | 1.0 | 11.4 | 8.7 | 5.6 | 5.4 | 24.0 | 31.9 | 38.6 | 37.3 | -2.1 | 11.5 | 6.2 | 4.6 | 1.1 | 3.2 | 6.3 | 3.0 |
| B.C. | -3.4 | 5.9 | 3.0 | 0.4 | -0.5 | 13.9 | 7.6 | 3.1 | -6.6 | 6.6 | 2.9 | 0.0 | 8.9 | 6.5 | 4.9 | 5.4 | 37.7 | 47.6 | 42.2 | 36.0 | 1.2 | 12.6 | 3.7 | 3.9 | 0.8 | 2.8 | 6.5 | 3.0 |
| CANADA | -5.2 | 4.5 | 3.3 | 0.5 | -4.5 | 13.0 | 11.5 | 3.0 | -5.2 | 4.8 | 3.5 | -0.1 | 9.5 | 7.5 | 5.4 | 6.2 | 218 | 271 | 261 | 240 | -1.3 | 11.8 | 9.2 | 3.5 | 0.7 | 3.4 | 6.7 | 3.2 |

Key provincial comparisons

(2020 unless otherwise stated)

| | Canada | NL | PE | NS | NB | QC | ON | MB | SK | AB | BC |
|---|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Population (000s, 2021) | 38,246 | 521 | 164 | 982 | 789 | 8,604 | 14,826 | 1,384 | 1,180 | 4,443 | 5,215 |
| Gross domestic product (\$ billions) | 2,206.8 | 31.6 | 7.5 | 46.8 | 37.6 | 449.1 | 866.9 | 72.8 | 77.8 | 294.8 | 309.3 |
| Real GDP (\$2012 billions) | 1,999.4 | 32.3 | 6.5 | 40.7 | 32.8 | 385.6 | 762.2 | 65.1 | 82.6 | 319.7 | 265.8 |
| Share of provincial GDP of Canadian GDP (%) | 100.0 | 1.4 | 0.3 | 2.1 | 1.7 | 20.3 | 39.3 | 3.3 | 3.5 | 13.4 | 14.0 |
| Real GDP growth (CAGR, 2015-20, %) | 0.6 | -0.4 | 2.3 | 1.1 | 0.5 | 0.9 | 1.0 | 0.5 | -0.4 | -1.1 | 1.9 |
| Real GDP per capita (\$ 2012) | 52,564 | 62,001 | 40,024 | 41,412 | 41,844 | 44,951 | 51,687 | 47,179 | 70,001 | 72,331 | 51,518 |
| Real GDP growth rate per capita (CAGR, 2015-20, %) | -0.6 | -0.1 | 0.1 | 0.2 | -0.1 | -0.1 | -0.5 | -0.9 | -1.4 | -2.3 | 0.4 |
| Personal disposable income per capita (\$) | 36,745 | 34,554 | 32,412 | 33,163 | 32,589 | 33,093 | 37,420 | 32,706 | 36,019 | 40,344 | 40,423 |
| Employment growth (CAGR, 2016-21, %) | 1.0 | -1.0 | 2.2 | 1.1 | 0.4 | 1.0 | 1.3 | 0.7 | 0.0 | 0.4 | 1.6 |
| Employment rate (July 2022, %) | 61.6 | 50.6 | 60.8 | 57.2 | 55.4 | 60.8 | 61.4 | 63.3 | 64.0 | 65.5 | 62.0 |
| Discomfort index (inflation + unemp. rate, July 2022) | 5.0 | 10.3 | 5.8 | 6.0 | 7.2 | 4.2 | 5.4 | 3.6 | 4.1 | 4.9 | 4.8 |
| Manufacturing industry output (% of GDP) | 9.5 | 3.4 | 11.0 | 7.1 | 9.6 | 12.6 | 10.4 | 9.4 | 5.4 | 7.8 | 6.4 |
| Personal expenditures on goods & services (% of GDP) | 55.6 | 54.1 | 63.1 | 66.4 | 64.9 | 55.1 | 54.9 | 56.3 | 48.8 | 51.7 | 61.3 |
| International exports (% of GDP) | 29.4 | 38.6 | 22.5 | 15.1 | 29.8 | 27.2 | 32.8 | 22.4 | 39.9 | 31.6 | 21.3 |

Forecast Details

% change unless otherwise specified

British Columbia

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021F | 2022F | 2023F |
|-------------------------------------|------|------|------|------|------|-------|-------|-------|
| Real GDP | 2.8 | 3.8 | 3.6 | 3.1 | -3.4 | 5.9 | 3.0 | 0.4 |
| Nominal GDP | 5.2 | 7.0 | 5.4 | 4.6 | -0.5 | 13.9 | 7.6 | 3.1 |
| Employment | 3.5 | 4.1 | 1.4 | 3.0 | -6.6 | 6.6 | 2.9 | 0.0 |
| Unemployment Rate (%) | 6.1 | 5.2 | 4.7 | 4.7 | 8.9 | 6.5 | 4.9 | 5.4 |
| Retail Sales | 7.7 | 9.3 | 2.0 | 0.6 | 1.2 | 12.6 | 3.7 | 3.9 |
| Housing Starts (Thousands of Units) | 41.8 | 43.7 | 40.9 | 44.9 | 37.7 | 47.6 | 42.2 | 36.0 |
| Consumer Price Index | 1.9 | 2.1 | 2.7 | 2.3 | 0.8 | 2.8 | 6.5 | 3.0 |

Alberta

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021F | 2022F | 2023F |
|-------------------------------------|------|------|------|------|-------|-------|-------|-------|
| Real GDP | -3.5 | 4.5 | 2.2 | -0.1 | -7.9 | 5.1 | 5.1 | 1.8 |
| Nominal GDP | -6.1 | 9.2 | 4.2 | 1.5 | -16.1 | 21.9 | 23.0 | 2.5 |
| Employment | -2.3 | 1.1 | 1.9 | 0.7 | -6.6 | 5.1 | 5.0 | 1.0 |
| Unemployment Rate (%) | 8.2 | 7.9 | 6.7 | 7.0 | 11.4 | 8.7 | 5.6 | 5.4 |
| Retail Sales | -1.1 | 7.2 | 2.0 | -0.5 | -2.1 | 11.5 | 6.2 | 4.6 |
| Housing Starts (Thousands of Units) | 24.5 | 29.5 | 26.1 | 27.3 | 24.0 | 31.9 | 38.6 | 37.3 |
| Consumer Price Index | 1.1 | 1.5 | 2.5 | 1.7 | 1.1 | 3.2 | 6.3 | 3.0 |

Saskatchewan

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021F | 2022F | 2023F |
|-------------------------------------|------|------|------|------|------|-------|-------|-------|
| Real GDP | -0.1 | 2.6 | 1.8 | -1.1 | -4.9 | -0.3 | 6.4 | 2.0 |
| Nominal GDP | -5.0 | 6.0 | 4.3 | -0.4 | -6.6 | 7.9 | 20.2 | 1.5 |
| Employment | -0.9 | 0.0 | 0.5 | 1.9 | -4.7 | 2.6 | 3.4 | 0.5 |
| Unemployment Rate (%) | 6.4 | 6.4 | 6.2 | 5.6 | 8.4 | 6.5 | 4.8 | 5.2 |
| Retail Sales | 1.5 | 4.4 | 0.1 | 1.1 | 0.3 | 14.6 | 7.4 | 4.0 |
| Housing Starts (Thousands of Units) | 4.8 | 4.9 | 3.6 | 2.4 | 3.1 | 4.2 | 4.5 | 4.1 |
| Consumer Price Index | 1.1 | 1.7 | 2.3 | 1.7 | 0.6 | 2.6 | 6.3 | 3.6 |

Manitoba

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021F | 2022F | 2023F |
|-------------------------------------|------|------|------|------|------|-------|-------|-------|
| Real GDP | 1.4 | 3.3 | 2.0 | 0.4 | -4.6 | 1.2 | 3.7 | 1.0 |
| Nominal GDP | 2.1 | 5.9 | 2.9 | 0.7 | -1.4 | 7.9 | 8.9 | 3.3 |
| Employment | -0.3 | 1.7 | 1.1 | 1.0 | -3.7 | 3.5 | 2.4 | 0.2 |
| Unemployment Rate (%) | 6.2 | 5.4 | 6.0 | 5.3 | 8.0 | 6.4 | 4.7 | 5.7 |
| Retail Sales | 3.7 | 7.7 | 2.0 | 0.6 | -0.3 | 13.3 | 7.7 | 3.7 |
| Housing Starts (Thousands of Units) | 5.3 | 7.5 | 7.4 | 6.9 | 7.3 | 8.0 | 8.1 | 7.8 |
| Consumer Price Index | 1.3 | 1.6 | 2.5 | 2.3 | 0.5 | 3.2 | 7.5 | 3.4 |

Ontario

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021F | 2022F | 2023F |
|-------------------------------------|------|------|------|------|------|-------|-------|-------|
| Real GDP | 2.1 | 2.8 | 3.4 | 2.0 | -5.1 | 4.6 | 3.2 | 0.3 |
| Nominal GDP | 4.0 | 4.3 | 4.3 | 3.7 | -2.8 | 11.7 | 9.3 | 3.2 |
| Employment | 1.1 | 1.9 | 1.7 | 2.8 | -4.8 | 4.9 | 4.2 | -0.4 |
| Unemployment Rate (%) | 6.6 | 6.0 | 5.7 | 5.6 | 9.6 | 8.0 | 5.7 | 6.3 |
| Retail Sales | 6.9 | 7.7 | 4.6 | 2.5 | -3.5 | 9.3 | 13.9 | 3.1 |
| Housing Starts (Thousands of Units) | 75.0 | 79.1 | 78.7 | 69.0 | 81.3 | 99.6 | 91.8 | 91.0 |
| Consumer Price Index | 1.8 | 1.7 | 2.4 | 1.9 | 0.6 | 3.5 | 6.8 | 3.1 |

Forecast Details

% change unless otherwise specified

Quebec

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021F | 2022F | 2023F |
|-------------------------------------|------|------|------|------|------|-------|-------|-------|
| Real GDP | 1.6 | 2.9 | 2.9 | 2.8 | -5.5 | 5.7 | 3.5 | 0.6 |
| Nominal GDP | 3.0 | 4.9 | 5.0 | 4.7 | -2.4 | 12.8 | 9.7 | 3.4 |
| Employment | 0.5 | 2.5 | 1.5 | 2.0 | -4.8 | 4.1 | 2.2 | -0.3 |
| Unemployment Rate (%) | 7.2 | 6.1 | 5.5 | 5.1 | 8.9 | 6.1 | 4.6 | 6.3 |
| Retail Sales | 6.6 | 5.6 | 3.9 | 1.3 | 0.4 | 14.4 | 8.2 | 3.2 |
| Housing Starts (Thousands of Units) | 38.9 | 46.5 | 46.9 | 48.0 | 54.1 | 67.8 | 61.6 | 51.3 |
| Consumer Price Index | 0.7 | 1.1 | 1.7 | 2.1 | 0.8 | 3.8 | 6.5 | 3.3 |

New Brunswick

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021F | 2022F | 2023F |
|-------------------------------------|------|------|------|------|------|-------|-------|-------|
| Real GDP | 0.8 | 2.5 | 1.2 | 1.3 | -3.2 | 5.3 | 1.8 | 0.5 |
| Nominal GDP | 2.6 | 4.4 | 3.7 | 2.4 | -1.3 | 10.6 | 8.4 | 3.2 |
| Employment | 0.1 | 0.7 | 0.6 | 0.8 | -2.6 | 2.5 | 1.8 | 0.5 |
| Unemployment Rate (%) | 9.7 | 8.2 | 8.0 | 8.1 | 10.0 | 9.0 | 7.4 | 8.1 |
| Retail Sales | 2.1 | 6.8 | 1.7 | 2.1 | 1.1 | 12.6 | 7.3 | 3.4 |
| Housing Starts (Thousands of Units) | 1.8 | 2.3 | 2.3 | 2.9 | 3.5 | 3.8 | 4.7 | 4.5 |
| Consumer Price Index | 2.2 | 2.3 | 2.2 | 1.7 | 0.2 | 3.8 | 7.4 | 3.6 |

Nova Scotia

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021F | 2022F | 2023F |
|-------------------------------------|------|------|------|------|------|-------|-------|-------|
| Real GDP | 1.6 | 1.8 | 1.9 | 3.0 | -2.5 | 5.8 | 1.9 | 0.4 |
| Nominal GDP | 2.2 | 4.1 | 3.6 | 3.7 | 0.7 | 10.9 | 8.5 | 2.9 |
| Employment | 0.0 | 0.7 | 1.9 | 2.3 | -4.7 | 5.4 | 3.2 | 0.3 |
| Unemployment Rate (%) | 8.4 | 8.6 | 7.7 | 7.4 | 9.8 | 8.4 | 6.8 | 8.0 |
| Retail Sales | 4.7 | 7.8 | 0.2 | 2.6 | -2.0 | 16.3 | 5.9 | 3.7 |
| Housing Starts (Thousands of Units) | 3.8 | 4.0 | 4.8 | 4.7 | 4.9 | 6.0 | 6.7 | 6.3 |
| Consumer Price Index | 1.2 | 1.1 | 2.2 | 1.6 | 0.3 | 4.1 | 7.4 | 3.6 |

Prince Edward Island

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021F | 2022F | 2023F |
|-------------------------------------|------|------|------|------|------|-------|-------|-------|
| Real GDP | 2.1 | 4.7 | 1.7 | 4.7 | -1.7 | 6.5 | 2.3 | 1.1 |
| Nominal GDP | 4.7 | 6.5 | 2.8 | 6.6 | 0.9 | 12.9 | 9.5 | 3.8 |
| Employment | -1.5 | 3.5 | 4.2 | 3.3 | -3.2 | 3.6 | 6.6 | 0.5 |
| Unemployment Rate (%) | 10.9 | 9.9 | 9.5 | 8.7 | 10.4 | 9.2 | 7.3 | 8.1 |
| Retail Sales | 7.3 | 6.3 | 2.6 | 3.9 | 1.1 | 19.0 | 7.0 | 4.2 |
| Housing Starts (Thousands of Units) | 0.6 | 0.9 | 1.1 | 1.5 | 1.2 | 1.3 | 1.2 | 1.3 |
| Consumer Price Index | 1.2 | 1.8 | 2.3 | 1.2 | 0.0 | 5.1 | 9.0 | 3.8 |

Newfoundland and Labrador

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021F | 2022F | 2023F |
|-------------------------------------|------|------|------|------|-------|-------|-------|-------|
| Real GDP | 1.5 | 1.5 | -2.6 | 3.3 | -5.4 | 1.2 | 1.1 | 1.7 |
| Nominal GDP | 1.1 | 6.9 | 2.7 | 2.3 | -10.7 | 18.4 | 10.2 | 0.7 |
| Employment | -2.1 | -2.1 | 0.6 | 1.1 | -5.7 | 2.8 | 3.3 | 0.1 |
| Unemployment Rate (%) | 14.0 | 15.1 | 14.1 | 12.3 | 14.1 | 12.9 | 11.5 | 12.8 |
| Retail Sales | 0.4 | 2.4 | -2.3 | 0.0 | 1.8 | 11.0 | 5.9 | 2.7 |
| Housing Starts (Thousands of Units) | 1.4 | 1.4 | 1.1 | 0.9 | 0.8 | 1.0 | 1.5 | 0.9 |
| Consumer Price Index | 2.7 | 2.4 | 1.7 | 1.0 | 0.2 | 3.7 | 6.7 | 3.4 |

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