



## RBC ECONOMIC OUTLOOK – PROVINCIAL FACT SHEET

*Highlights from across Canada*

December 12th, 2017

### **British Columbia – Still plenty to offer**

British Columbia's economy has impressed in recent years. Growth has averaged a strong 3.5% annually in the past four years and the labour market in the last two years has been nothing short of stellar: unemployment in 2017 dipped to 4.8% - a nine-year low. In 2018, Alberta's recovery is poised to temper the flow of provincial migrants moving to B.C, making it increasingly difficult for employers to find candidates to fill vacancies. We forecast GDP growth to moderate to 2.2% in 2018 from 3.2% in 2017 and project employment to grow in British Columbia in 2018, albeit at a more moderate pace of 1.0%.

"British Columbians enjoy some of the brightest job prospects in the country and feel confident because of it. We think the province will continue to impress in 2018, although expect more moderate GDP growth as the pace of job creation begins naturally to slow," said Craig Wright, Senior Vice-President and Chief Economist, RBC.

Learn more about RBC's Economic Outlook for British Columbia [here](#).

### **Alberta – Moving on to the next (and slower) stage of recovery**

The "easy" stage of Alberta's recovery is drawing to a close. With a projection of 4.1% growth in 2017, this is more likely attributed to the very low base in 2016 than a sign of an economic boom in the province. Strengthening oil prices and improvements to the labour market helped to generate the turnaround through 2017, although it's unlikely that recovery will be as significant in 2018 when RBC forecasts growth to be 2.3%.

"It will take until 2019 for Alberta's economy to recover fully from its severe recession in 2015 and 2016," said Craig Wright, Senior Vice-President & Chief Economist, RBC.

Learn more about RBC's Economic Outlook for Alberta [here](#).

### **Saskatchewan – Building momentum**

Saskatchewan's economy is recovering from a sharp downturn to its energy sector. After diminishing to 0.8% in 2015 and 2016, the economy is now on track to show positive growth in 2017, largely due to the strength of the energy sector. Additionally, greater than expected gains in potash production have contributed to overall economic growth. Furthermore, unemployment rates stabilized throughout 2017 after declining throughout 2016.

“With the energy sector helping to boost growth, we expect economic momentum to continue over the next two years. We also anticipate that the job market will strengthen throughout this time,” said Craig Wright, Senior Vice-President & Chief Economist, RBC.

Learn more about RBC’s Economic Outlook for Saskatchewan [here](#).

### **Manitoba – Manufacturing gaining traction**

Manitoba has surpassed expectations, with the recent strength of the economy exceeding earlier forecasts. 2017 growth is expected to hit 2.6%. Manufacturing has played a significant part contributing to this growth, with activity expected to rise by 6% in 2017. The job market has responded favourably to manufacturing growth, and unemployment levels are expected to drop to 5.4% in 2017 from 6.1% in 2016.

“Manitoba exports have responded favourably to US growth and the low value of the Canadian dollar. We are seeing a similar recovery across the Prairies,” said Craig Wright, Senior Vice-President and Chief Economist, RBC.

Learn more about RBC’s Economic Outlook for Manitoba [here](#).

### **Ontario – Strong pace to slow down a tad**

After a solid run for the past four years, the growth in Ontario’s economy is expected to slow down. GDP growth will ease from a seven-year high of 2.9% in 2017 to 2.1% in 2018. The housing market will begin 2018 on a much different note compared to the start of 2017. Home resale activity has fallen sharply after the introduction of the Fair Housing Plan back in April. Finally, the minimum wage hike will also pose substantial headaches for many businesses in Ontario, and cause modest upward pressure on the provincial unemployment rate.

“With an uncertain trade environment with the US, rising interest rates, and market-cooling measures in housing, we expect that the strong pace of growth will more difficult to maintain throughout 2018,” said Craig Wright, Senior Vice-President and Chief Economist, RBC.

Learn more about RBC’s Economic Outlook for Ontario [here](#).

### **Quebec – A time for renewed optimism**

There is good reason to be optimistic in Quebec. Low unemployment and record provincial budget surpluses have been accompanied by solid economic growth in 2017. The unemployment rate fell to 5.8%, its lowest level in more than 40 years. Another reason to be optimistic: Quebec announced personal income tax cuts in November, and will send cheques to families to help cover the cost of school supplies.

“We expect another year of solid economic growth and sustained labour gains in 2018. However, because of rising interest rates that will likely dampen housing-related spending, it would be a stretch to expect things to remain as strong as they were in 2017,” said Craig Wright, Senior Vice-President and Chief Economist, RBC.

Learn more about RBC’s Economic Outlook for Quebec [here](#).

### **New Brunswick – Running out of steam**

After a strong 2017, New Brunswick’s economy is expected to slow down in 2018. A projected acceleration in the decline in the working-age population is expected take an increasing toll on economic growth in the coming years. After growing by a robust 1.7% in 2017, we anticipate economic growth to slow to 0.7% in 2018 and 0.4% in 2019. However, this means there’s never been a better time to find a job in the province, as unemployment continues to fall.

“We are seeing simultaneous declines in both employment and the unemployment rate because of a shrinking working-age population,” said Craig Wright, Senior Vice-President and Chief Economist, RBC.

Learn more about RBC’s Economic Outlook for New Brunswick [here](#).

### **Nova Scotia – Stiff headwinds on the horizon**

Economic conditions in Nova Scotia are expected to deteriorate a little over the next couple of years. After growing by 0.8% in 2017, growth is expected to slow to 0.6% in 2018 and slip further to 0.4% in 2019. There were about 3,000 net new jobs created in 2017, and RBC expects the unemployment rate to fall throughout 2018 and 2019 as the workforce continues to shrink. Furthermore, in spite of providing some fiscal relief in the form of targeted tax cuts, Nova Scotia’s government will remain focused on maintaining its surplus and will have little room to boost spending in a significant way.

“Economic conditions in Nova Scotia will continue to be challenged by the winding down of major investment projects, and weakening demographic factors,” said Craig Wright, Senior Vice-President and Chief Economist, RBC.

Learn more about RBC’s Economic Outlook for Nova Scotia [here](#).

### **Prince Edward Island – Remains on top in the east**

Prince Edward Island is firing on all cylinders with strong employment growth, surging retail sales, and a jump in residential building. The increase in immigration has led to a surge in housing construction. In these conditions, residential investments are up 25% so far in 2017, and this level is expected to remain elevated in 2018.

“In spite of an aging population, immigration has had a beneficial impact on PEI’s economy. A growing number in the working-age population has reduced constraints on firms wanting to hire within the province,” said Craig Wright, Senior Vice-President and Chief Economist, RBC.

Learn more about RBC’s Economic Outlook for Prince Edward Island [here](#).

### **Newfoundland & Labrador – A very mixed bag**

Newfoundland and Labrador have the unfortunate distinction of being the only province where GDP is set to decline in 2017. The good news is that we expect GDP to expand by 2.1% in 2018 and 2.7% in 2019. The increase in GDP is largely due to the increase in oil production. While this will help the headline GDP number, RBC expects the rest of the economy to continue to contract.

“Job prospects will continue to prompt Newfoundlanders and Labradoreans to exit the labour force and, for some, the province entirely. We see little to stem employment losses in the next two years,” said Craig Wright, Senior Vice-President and Chief Economist, RBC.

Learn more about RBC’s Economic Outlook for Newfoundland & Labrador [here](#).

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