PROVINCIAL OUTLOOK

June 7, 2019

Momentum shifting down in most provinces

- **Growth to moderate across most of the country:** Six out of 10 provinces to see a slowdown in 2019; outlook brightens in Newfoundland and Labrador after sharp contraction in 2018
- **Alberta's economy facing challenges:** Mandated oil production cuts by the government have been scaled back but effects of last fall's oil price tumble will continue to impact the economy negatively in 2019
- **Housing market cooling**: Housing markets have seen a correction, particularly in B.C. and Ontario, limiting their contribution to growth
- **Labour market tight in the majority of provinces:** Unemployment rate below 6% in five out of 10 provinces

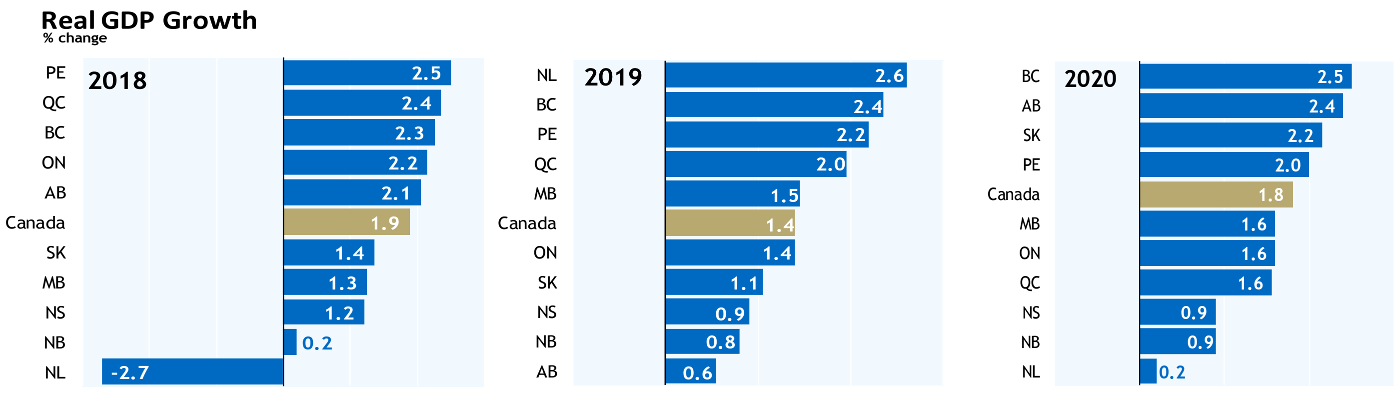
The overall climate facing provincial economics is far from stellar. The blows to the oil patch along with the unwinding from heavy reliance on the housing market in parts of the country temper growth expectations in 2019 across most provinces. The general moderation will continue this year, after growth in 2018 slowed to 1.9%. Although there was some good news with the removal of steel and aluminum tariffs, global trade disputes aren't helping the story.

The labour market remains a bright spot. Job creation has picked up and historically low unemployment rates have persisted in the majority of provinces so far this year. However, this will add more pressure on employers who have already been hiring from a smaller pool of laborers.

Housing, which provided a solid boost to growth over a number of years, has turned on its heels in B.C. and Ontario. The cooling of the housing market – more stark in B.C., but equally visible in Ontario, will act as a drag on GDP in 2019. While the housing related grind will ease as the year progresses in both provinces, we don't see scope for a material rebound in the next year either. Ontario will see softer growth this year, however B.C.'s will accelerate slightly thanks to the construction of the $40 billion LNG Canada megaproject in Kitimat. As for Quebec, improving fundamentals that include a growing working-age population, and a sturdy housing market will keep the province near the top of the provincial rankings.

Alberta's oil patch continues to face significant challenges with the effects spreading beyond the energy sector. We expect materially weaker growth this year. Amongst the other Prairie Provinces, Saskatchewan will see sluggish growth on the back of lower mining output and threats to its agricultural exports to China. Ratification of the CUSMA coupled with a strong labour market will boost Manitoba's prospects.

Out east, Newfoundland and Labrador will see a welcome return to positive growth with a big boost from oil production, and mining and offshore oil construction projects. PEI will extend its winning streak thanks to strong immigration and a robust labour market bolstering consumer spending. Nova Scotia will see a modest pullback in growth owing to lower business investment, while New Brunswick's economy will get into gear after a refinery explosion last year brought things to a virtual standstill.



Source: Statistics Canada, RBC Economic Research

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

Ramya Muthukumaran | Economist | 416-974-7577 | ramya.muthukumaran@rbc.com

BRITISH COLUMBIA – As housing slumps, business investment takes over

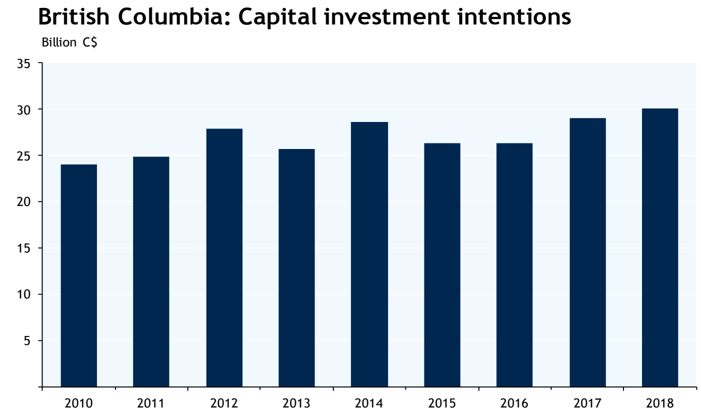
While the housing market downturn grabs most headlines these days, a $4 billion surge in business capital spending is the bigger story this year. It will keep BC near the top of the provincial growth rankings.

After leading all provinces in growth in 2016 and 2017, the BC economy slowed its pace last year—albeit to a still-respectable rate of 2.3% (third-fastest rate among the provinces). The significant cooling in the provincial housing market contributed strongly to this slowing, which had ripple effects across a number housing-sensitive industries in the services and manufacturing sectors. The labour market continued to be very robust, however. Job creation was healthy, if unspectacular, and the unemployment rate stood as the lowest among the provinces (4.7%).

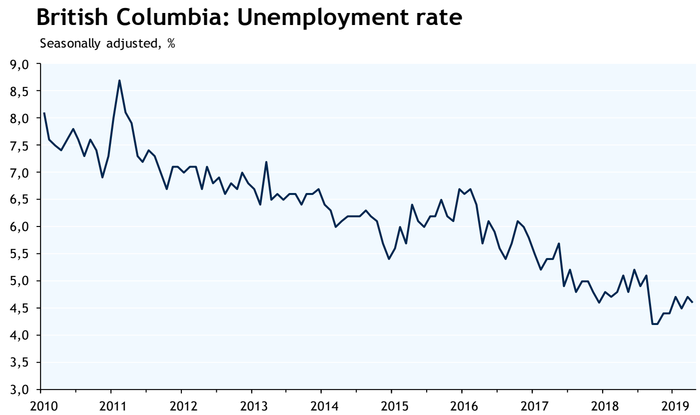
Generally softer undertones have carried into 2019. Activity in the Vancouver housing market fell to a decade low this spring and prices continued to slide. There are now a lot more units for sale in the province which reduces demand for, and construction of new homes (especially of more expensive single-detached). Declining sales of building materials, furniture and motor vehicles are clear signs that the housing downturn is weighing on BC consumers who have become more circumspect. This is in stark contrast to their overflowing confidence not so long ago when rapidly-rising housing wealth fueled a four-year long shopping spree in the province.

Multiple layers of housing policy tightening will keep the market cool. Vancouver's benchmark price is down 8.9% since the June 2018 peak and we see it sliding further in the near term. This won't fuss policymakers who we suspect are quite pleased with the current state of affairs. Their intent ultimately is to tackle Vancouver's (and arguably Victoria's) severe affordability issues, so we expect them to keep suppressing homebuyer demand to sustain downward pressure on property values.

Yet a soft housing market and more cautious consumers aren't about to trip up BC's economy. A surge in spending on major capital projects will pick up any slack. Businesses plan to boost their capital expenditures by nearly $4 billion (up 13%) this year—the biggest increase ever in dollar terms. The ramping up of construction of the $40-billion LNG Canada megaproject in Kitimat, in particular, will generate a groundswell of activity in the province. Commercial real estate also is on an upswing—driving non-residential investment 21% above year-ago levels in the first quarter of 2019. Vigour in the non-residential construction will keep overall economic growth near the 2.5% mark in 2019 and 2020—strong enough to uphold BC's top-tier provincial growth ranking.



Source: Statistics Canada, RBC Economic Research



Source: Statistics Canada, RBC Economic Research

British Columbia forecast at a glance

% change unless otherwise specified

	2016	2017	2018F	2019F	2020F
Real GDP	3.2	3.8	2.3	2.4	2.5
Nominal GDP	6.0	6.9	4.6	4.5	4.7
Employment	3.2	3.7	1.1	2.5	0.7
Unemployment Rate (%)	6.0	5.1	4.7	4.9	5.0
Retail Sales	7.7	9.3	2.0	3.0	3.5
Housing Starts (Thousands of Units)	41.8	43.7	40.9	39.8	35.0
Consumer Price Index	1.9	2.1	2.7	2.2	1.8

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

ALBERTA - Rough start to 2019 but positive growth still expected

Last fall's oil price tumble still reverberates across the Alberta economy. Not only is provincial oil production being scaled back, bruised confidence hampers business investment and consumer spending. The hit will leave a deeper mark than we previously anticipated.

Economic conditions deteriorated markedly since the fall in Alberta. There have even been signs of contraction early this year as provincial government-mandated cuts in oil production took hold, cash-conscious energy producers sliced capital spending (active drilling rigs plummeted by 32%), and the provincial housing market slumped. The souring of sentiment spread beyond the energy sector. Consumers have had little inclination to make trips to shopping malls, and even less to car dealerships (new motor vehicle sales fell nearly 6% from a year ago in the first quarter). They saw the slow recovery in the labour market stall in the opening months of 2019, which no doubt gave them reason to pause.

This turn of events is a setback after the Alberta economy grew for a second-straight year in 2018 at the respectable rate of 2.1%. There were encouraging signs that engineering construction finally turned a corner, and that the manufacturing and services sectors were gaining traction.

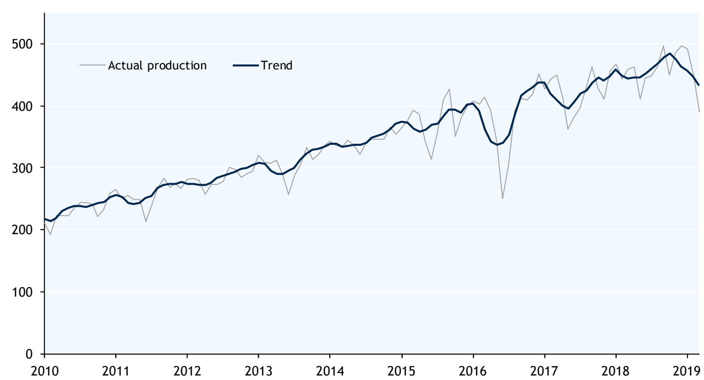
Not all is lost. Mandated oil production cuts are already easing. The Alberta government twice rolled back part of the initial 325,000 barrels per day reduction imposed on large producers of crude oil and bitumen by a total of 150,000 barrels per day. Oil prices received by Alberta producers have bounced back from last fall's crisis levels, which has improved cash flows and the prospects for capital spending in the industry. This likely was a factor in small business confidence soaring in April and May. Recent housing market statistics lead us to believe that the cyclical bottom has been reached in Calgary and Edmonton. This augurs well for home prices to stabilize, market confidence to be restored and housing construction to pick up later this year. We see tentative signs that the labour market's dry spell is ending. April job numbers showed a strong 21,400 gain, which we believe will mark a turning point.

And the announcement in May of a cut in the corporate income tax rate from 12% to 8% over four years by the new UCP government is poised to stoke business investment in the province. The first one-percentage point cut will take effect this July 1st and will be followed by an equal-sized reductions on January 1, 2020, 2021 and 2022.

All considered, we believe that Alberta's economy will be able to get past its rough start to 2019 and stay in the positive growth column this year. That said, we have revised down our projected growth rate from 1.3% to 0.6% on evidence that the turbulence since the fall left a deeper mark than we previously anticipated.

Alberta: Non-conventional oil production

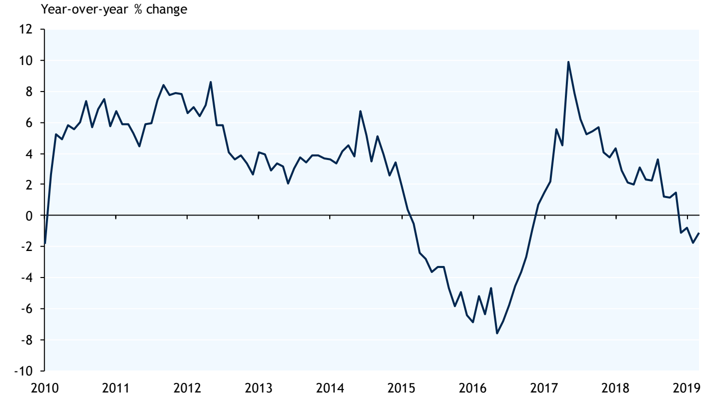
Thousand cubic metres per day



Source: National Energy Board, RBC Economic Research

Alberta Activity Index

Year-over-year % change



Source: Alberta Treasury Board and Finance, RBC Economic Research

Alberta forecast at a glance

% change unless otherwise specified

	2016	2017	2018F	2019F	2020F
Real GDP	-4.2	4.4	2.1	0.6	2.4
Nominal GDP	-6.8	10.0	4.4	0.6	5.5
Employment	-1.6	1.0	1.9	0.9	1.1
Unemployment Rate (%)	8.1	7.8	6.6	6.8	6.4
Retail Sales	-1.1	7.1	2.0	3.5	3.9
Housing Starts (Thousands of Units)	24.5	29.5	26.1	24.4	26.5
Consumer Price Index	1.1	1.5	2.5	1.9	1.9

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

SASKATCHEWAN – Weak growth expected

Struggling energy sector, trade issues hampering agriculture spell for slower growth ahead. Yet labour market is hanging in.

The Saskatchewan economy continued to recover in 2018, with GDP growing for the second-straight year (1.4%). Goods-producing industries led the way with crop production rebounding modestly, oil and gas extraction advancing further (despite substantial volatility in energy prices in the latter part of the year) and manufacturing activity growing strongly for a second-straight year. Indicators are mixed so far in 2019. Our outlook for the Saskatchewan economy calls for slower growth (1.2%) in 2019, in part due to the indefinite shutdown of the McArthur River uranium mine. Trade uncertainties and dry weather conditions pose downside risks, having affected crop planting intentions. We expect some of these pressures to lessen and project the provincial economy to grow by 2.2% in 2020.

The Saskatchewan labour market is finally picking up after a disappointing 0.4% rise in 2018. Employment rose an impressive 1.8% so far in 2019 and the unemployment rate fell sharply to 4.9% in March leaving the average year-to-date rate at 5.4%. Wages kept pace with the national average at 2.0% in Q1 2019.

The agriculture sector seems to have had a mixed start. While farm cash receipts are up 4.5% in the first quarter of 2019, exports of crops are down 6.6%. China has restricted access to its canola market in the last two months, by revoking import licenses of the two largest exporters, ostensibly due to concerns regarding pest infestations. This poses a risk to Saskatchewan farmers. The 2019 March Field Crop Survey by Statistics Canada expects farmers to plan 11.7 million acres of canola in 2019 – down 5.6% from 2018. Seeding of lentils has likewise fallen 8% as a result of an ongoing tariff on exports to India.

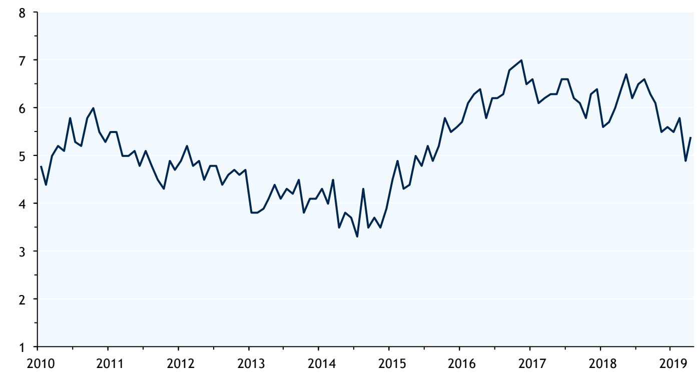
The demographic situation in the province isn't much to write home about. Population growth slowed slightly to 1% in Q1, from 1.2% a year ago. Saskatchewan has been losing people to other provinces since 2012, with the largest out migration recorded last year since 2004.

Another sector weighing on growth is housing. Residential construction investment fell 5% in the first quarter of 2019 with all of this decline in multi-unit dwellings, due to high unsold inventories. Housing starts fell significantly as well, with year to date numbers suggesting a 10 year low.

The outlook for the energy and non-energy mining sectors is mixed. Mineral sales were up this year rising 39% in Q1 2019, thanks to a surge in potash sales. Uranium sales, however, fell 19.6% and a positive outlook is bleak due to the indefinite shutdown of the major uranium producer in the province. The outlook for oil drilling activity is expected to be lower this year with oil production in the region still bumping up against stretched pipeline transportation capacity.

Saskatchewan: Unemployment rate

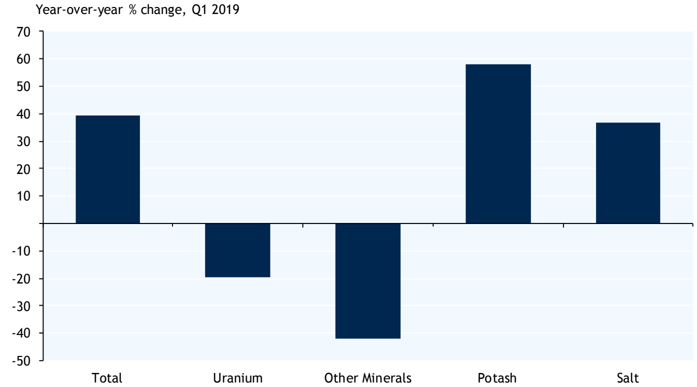
Seasonally adjusted, %



Source: Statistics Canada, RBC Economic Research

Mineral sales by commodity

Year-over-year % change, Q1 2019



Source: Saskatchewan Ministry of Energy and Resources, RBC Economic Research

Saskatchewan forecast at a glance

% change unless otherwise specified

	2016	2017	2018F	2019F	2020F
Real GDP	-0.4	2.2	1.4	1.1	2.2
Nominal GDP	-4.8	4.8	4.2	2.6	4.9
Employment	-0.9	-0.2	0.4	1.4	0.6
Unemployment Rate (%)	6.3	6.3	6.1	5.6	5.6
Retail Sales	1.5	4.1	-0.3	1.8	3.3
Housing Starts (Thousands of Units)	4.8	4.9	3.6	2.8	5.0
Consumer Price Index	1.1	1.7	2.3	1.9	2.6

Ramya Muthukumaran | Economist | 416-974-7577 | ramya.muthukumaran@rbc.com

MANITOBA – Steady as she goes

After a weak end to 2018, things are looking more upbeat – particularly in the labour market.

Manitoba's economy expanded 1.3% in 2018 as a consequence of lower mining output and weather related crop production weakness. While mining activity will continue to be subdued in 2019, strong labour markets and work on some private capital investment projects should accelerate growth slightly to 1.5%. 2020 will see GDP grow at 1.6%.

After a strong rise in exports last year of 12%, numbers were pretty much flat so far in Q1 2019. Digging deeper, while exports to the U.S. increased 7.8% in 2019, non-US exports declined. While there has been a lot of protectionist sentiment in the recent past, we see the outlook for exports to be positive as some trade restrictions have been lifted. The potential ratification of the CUSMA (NAFTA replacement) could further develop bilateral US-Canada trade relations. Additionally, the CPTPP coming into force this year will support Manitoba in diversifying its export markets.

Job creation has been strong in Manitoba in the first quarter of 2019, with employment rising 1.8% from a year ago. Goods sector employment has bounced back to a new high, led by a surge in manufacturing jobs and record high construction employment. The unemployment rate fell to 5.3% year-to-date through April from 6% in the same period last year. Wage growth was still modest at 2.5% in the first quarter of 2019 but above the Canadian average of 2.0%.

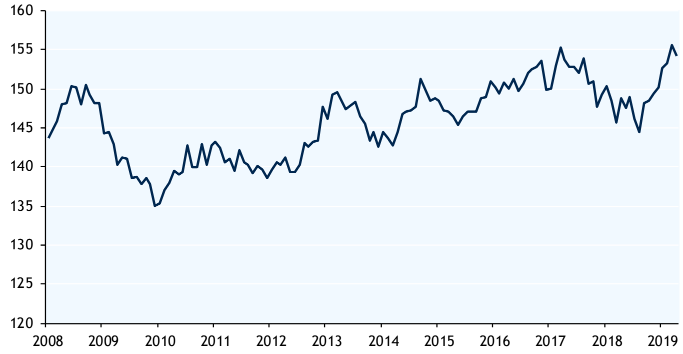
Consumer spending hasn't seen big gain. After growing 2.9% in 2018, retail sales in the first quarter of 2019 saw an increase of just 0.7% from a year prior. In the recent budget, the provincial government introduced a measure that will see a reduction of the Retail Sales Tax rate from 8% to 7%. The tax cut, slated to begin on July 1st 2019, should provide some support to retail sales growth in the latter half of the year.

Capital expenditures are set to decline overall. Most of the drop in spending is concentrated in the utilities sector with winding down of the BiPole III project. Private sector spending, on the other hand, will increase by 4.5%. Work on some capital projects will ramp up this year – including construction on the largest pea processing plant in the world which is slated to open for production in Q4 2020, as well as an extension to a potato processing plant that will begin production in the fall of 2019. Non-residential construction investment has also seen strength (6.5%), mainly from building of industrial and commercial structures.

Crop receipts declined in 2018 due to lower commodity prices as well as bad weather affecting output. This year is also off to a slow start amidst dry conditions, with farm cash receipts declining 5.4% in Q1 2019. We see scope for a turnaround if weather conditions improve.

Manitoba: Employment in goods-producing sector

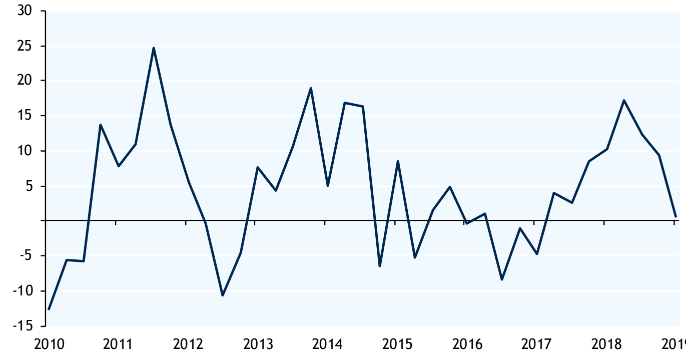
Thousands, seasonally adjusted



Source: Statistics Canada, RBC Economics Research

Manitoba: Exports

Year-over-year % change, quarterly



Source: Statistics Canada, RBC Economics Research

Manitoba forecast at a glance

% change unless otherwise specified

	2016	2017	2018F	2019F	2020F
Real GDP	1.6	3.2	1.3	1.5	1.6
Nominal GDP	2.3	5.4	2.7	2.3	3.8
Employment	-0.4	1.7	0.6	1.5	0.6
Unemployment Rate (%)	6.1	5.4	6.0	5.3	5.7
Retail Sales	3.7	7.8	2.9	1.6	2.9
Housing Starts (Thousands of Units)	5.3	7.5	7.4	6.0	5.5
Consumer Price Index	1.3	1.6	2.5	2.1	2.2

Ramya Muthukumaran | Economist | 416-974-7577 | ramya.muthukumaran@rbc.com

ONTARIO – Housing downturn leaves a mark

The sharp cooling of Ontario's housing market is taking a toll on provincial growth. With little else to pick up the slack, 2019 will mark the first material growth slowdown in six years.

The downturn in the Toronto-area housing market finally caught up with Ontario's economy in the late stages of 2018. Plummeting residential investment was a key factor contributing to growth slowing down below 1% in the fourth quarter—the first such occurrence since mid-2016. The provincial economy still ended up expanding at the respectable rate of 2.2% in 2018 as a whole (thanks to impressive vigour mid-year). But the hand-off to 2019 clearly was weak. And with the housing market slump carrying over to the initial months of 2019, the sluggish economic pace has persisted. This soft patch will affect growth overall in 2019, which we now forecast to moderate to a six-year low of 1.4%.

The drop in residential investment wasn't a surprise. The writing was on the wall the moment provincial and federal policy makers took action in 2017 and at the start of 2018 to cool overheated housing markets in southern Ontario. The effect on the home resale market was nearly immediate but it took until the fall of 2018 for new home construction to gear down in a material way. After contributing 0.4 percentage points to the average 2.5% provincial growth rate between 2015 and 2017, residential investment subtracted 0.4 percentage points in 2018. This included an outsized 1.3 percentage-point drag on annualized growth in the fourth quarter (which finished at just 0.6%).

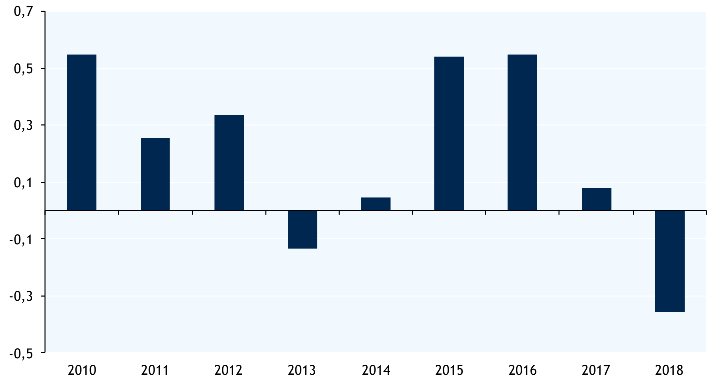
We expect the housing-related drag to ease in the remainder of 2019. Signs of a resale market bottom have emerged this spring and housing construction picked up recently. Yet we see little scope for a material rebound in residential investment this year or next. Severe affordability issues will continue to restrain housing demand in the Toronto area and shift activity toward lower-priced units.

Non-residential investment has been a generally positive—albeit volatile—factor for Ontario's economy and we expect this to continue in 2019. The successful conclusion of the NAFTA renegotiations (provided the tentative agreement is ratified) and recent elimination of tariffs on Canadian steel and aluminum exports to the US should boost business confidence to invest in the province. Private and public organizations in fact plan to increase their capital spending for a third consecutive year. We are especially encouraged by a recent upswing in machinery and equipment investment. We believe that this will go a long way toward addressing significant labour shortage issues in the province.

The outlook for household spending is mixed. A persistently tight labour market is poised to generate more meaningful income gains at some point. However, past interest rate increases are still filtering down to borrowers and putting a squeeze on highly indebted Ontarians. Rising debt service costs will restrain spending budgets for big ticket, discretionary items.

Ontario: Residential investment

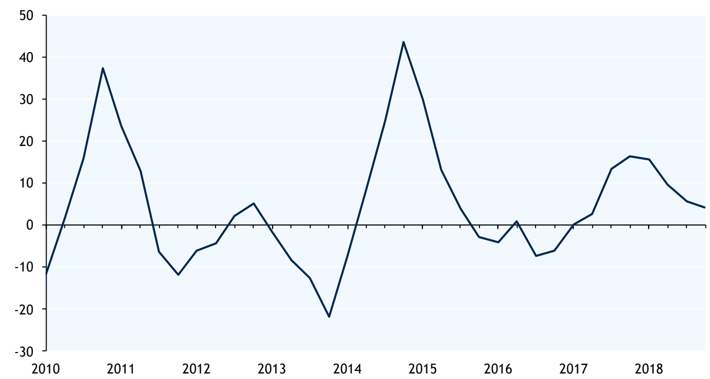
Contribution to change, percentage points



Source: Ontario Ministry of Finance, RBC Economic Research

Ontario: Business investment in machinery and equipment

Year-over-year % change



Source: Ontario Ministry of Finance, RBC Economic Research

Ontario forecast at a glance

% change unless otherwise specified

	2016	2017	2018F	2019F	2020F
Real GDP	2.3	2.8	2.2	1.4	1.6
Nominal GDP	4.4	4.1	3.4	3.4	3.5
Employment	1.1	1.8	1.6	2.2	0.7
Unemployment Rate (%)	6.5	6.0	5.6	5.9	6.0
Retail Sales	6.9	7.7	4.4	2.3	3.5
Housing Starts (Thousands of Units)	75.0	79.1	78.7	73.1	71.0
Consumer Price Index	1.8	1.7	2.4	1.9	2.1

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

QUEBEC - A new economic powerhouse?

Quebec emerged as one of the more vibrant provincial economies over the past two years. 2019 is shaping up to be no different with most industrial sectors in expansion mode. We project growth to exceed the national average for a second-straight year.

Not that long ago Quebec's economy was stuck in the slow lane. Declining working-age population, weak business investment and lagging labour productivity significantly restrained growth. Between 2012 and 2016, Quebec's GDP growth consistently ranked in the bottom half of the provincial rankings, averaging just 1.2%. Things turned around in a big way in 2017 when the provincial economy recorded its strongest advance in 15 years (2.8%). A number of factors came together—including exceptionally low interest rates, successive provincial budget surpluses, an immigration wave and a thriving housing market—that boosted confidence across the province. Businesses went on a hiring spree and increased capital spending.

The good times continued to roll in 2018. Preliminary estimates place Quebec's GDP growth rate (2.4%) second behind only Prince Edward Island (2.5%). The broad-based expansion—all major industrial sectors grew last year—kept the labour market very tight. Quebec's unemployment rate fell to its lowest level (5.5%) in more than 40 years. This led to a sharp rise in the number of positions going unfilled. In fact, recruiting and retaining labour last year was one of the top challenges facing businesses.

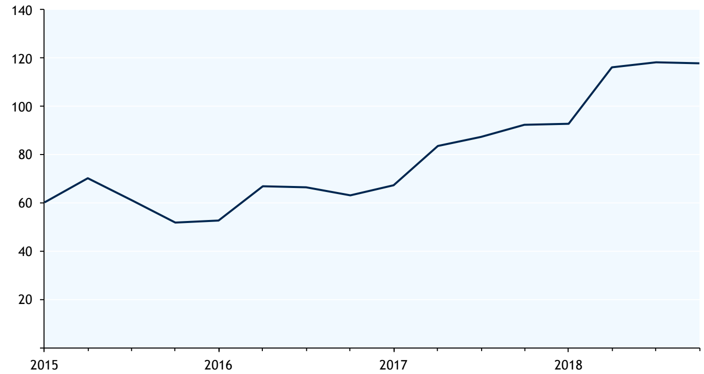
We see little that would throw Quebec's economy off its faster track in the near term. Momentum remains impressive at this stage with monthly GDP estimates from the Institut de la statistique du Québec running close to 3% above year ago levels. Most industrial sectors—including manufacturing, construction, and retail and wholesale trade—had a solid first quarter of 2019. After stalling briefly late last year, hiring resumed in the initial months of 2019 despite the pool of job seekers shrinking. The unemployment rate drifted lower to 4.9% in April.

More importantly, Quebec's growth renaissance is being supported by improved economic fundamentals. A wave of immigrants and non-permanent residents has stemmed the decline in the working-age population—now growing for the first time since 2012. And labour productivity growth has accelerated thanks in part to a material rise in business capital investment in the past couple of years. Solid capital spending intentions this year bode well for these gains to be sustained. We believe that strong momentum and improved fundamentals will keep Quebec near the top of the provincial growth rankings this year with a rate of 2.0%. This would be more than 0.5 percentage points above the national average for the second-straight year.

Whether this qualifies Quebec as an economic powerhouse is debatable. What's undeniable is that the impressive growth spurt is doing wonders to the Quebec government's books. Strong revenue tracking has prompted the government to boost its 2018-2019 projected budget surplus to $3.6 billion—by far the largest on record in dollar terms. Staying out of the slow lane will keep the fiscal affairs in good standing.

Quebec: Job vacancies

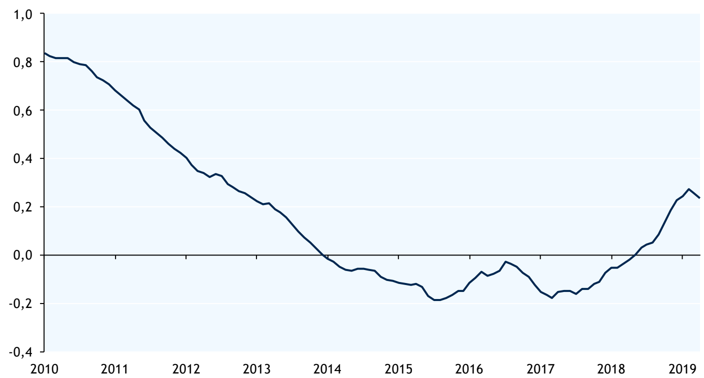
Thousands, quarterly



Source: Statistics Canada, RBC Economic Research

Quebec: Working-age population (15-64)

Year-over-year % change, monthly



Source: Statistics Canada, RBC Economic Research

Quebec forecast at a glance

% change unless otherwise specified

	2016	2017	2018F	2019F	2020F
Real GDP	1.4	2.8	2.4	2.0	1.6
Nominal GDP	2.8	5.0	4.5	3.8	3.4
Employment	0.9	2.2	0.9	1.6	0.7
Unemployment Rate (%)	7.1	6.1	5.5	5.3	5.6
Retail Sales	6.6	5.5	2.9	2.9	3.4
Housing Starts (Thousands of Units)	38.9	46.5	46.9	48.5	43.5
Consumer Price Index	0.7	1.1	1.7	1.9	2.1

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

NEW BRUNSWICK – Staying in the slow lane

Softness in exports and manufacturing sector are weighing on the economic growth, and capital spending remains weak. Labour market has displayed strength to begin the year.

New Brunswick's economy barely budged in 2018, growing by just 0.2%. The goods-producing sector in particular experienced a slowdown with major industries contracting within the sector. An explosion at the refinery in Saint John in Q4 2018 slowed petroleum product production and restrained export growth. This provided a weak base from which to start 2019. We expect growth to expand by 0.8% in 2019 as the refinery resumes normal function. 2020 will see the province grow by 0.9% in 2020.

Construction investment also saw a pullback of 19.7% from a year ago in Q1 2019, with declines in both residential and non-residential structures. The public sector will also provide limited support. The provincial government has committed fewer dollars to capital spending in order to rein in provincial debt.

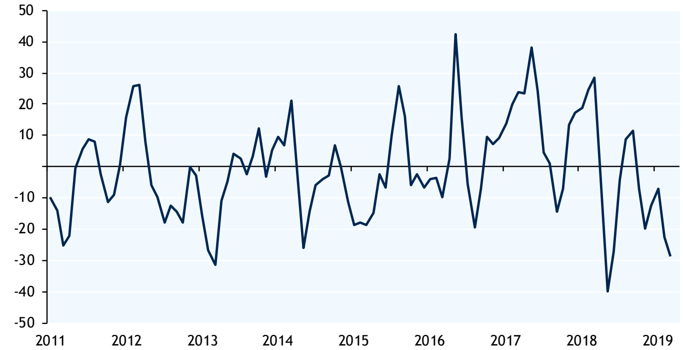
Both the labour force and employment have been making good gains so far in 2019. The labour force expanded at 0.6% in the first four months of the year while employment grew 0.8%. The services sector led the growth in employment, reaching a decade high level in March 2019. The unemployment rate has remained flat at 8.2%. The job vacancy rate reached a new high at the end of 2018 (3%). Like other regions, wage growth has been softer than would normally be expected given ostensibly tight labour markets, but 2.0% average hourly earnings growth year-to-date is in line with the Canadian average.

Like many provinces, New Brunswick saw record high immigration levels last year. Not only that, immigration was the sole contributor to population growth in 2018. While the growth in 2019 has continued at the same pace as the previous year (0.5%), the province would need to see bigger waves of immigration to compensate for older workers leaving the workforce. Else, New Brunswick's aging population will continue to be a limiting factor when it comes to GDP growth.

Manufacturing and trade have been a damper on growth prospects. Manufacturing shipments are down 13.4% in 2019 led by non-durable goods. Exports are also down 10.3% led by petroleum products and lumber. While activity has picked up since the explosion, repairs to the Saint John facility will continue to curtail growth in refined oil products in 2019. The softwood lumber dispute with the United States has also adversely affected lumber exports – which fell 18% in Q1 2019.

New Brunswick: Real construction investment

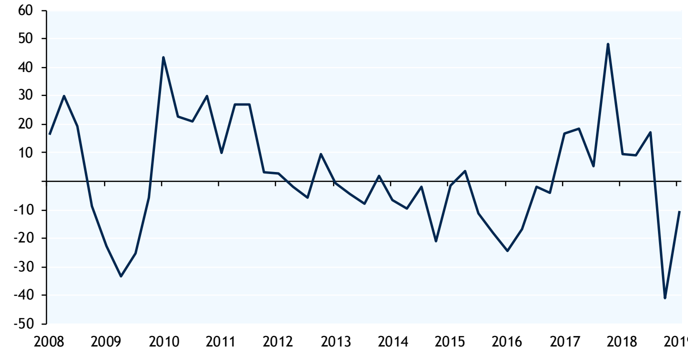
Year-over-year % change



Source: Statistics Canada, RBC Economics Research

New Brunswick: Exports

Year-over-year % change, quarterly



Source: Statistics Canada, RBC Economics Research

New Brunswick forecast at a glance

% change unless otherw ise specified

	2016	2017	2018F	2019F	2020F
Real GDP	1.4	1.8	0.2	0.8	0.9
Nominal GDP	3.6	4.3	1.2	2.1	2.4
Employment	-0.1	0.4	0.3	0.7	0.3
Unemployment Rate (%)	9.6	8.1	8.0	7.9	7.5
Retail Sales	2.1	6.8	1.7	3.9	3.7
Housing Starts (Thousands of Units)	1.8	2.3	2.3	2.0	2.3
Consumer Price Index	2.2	2.3	2.2	1.8	2.2

Ramya Muthukumaran | Economist | 416-974-7577 | ramya.muthukumaran@rbc.com

NOVA SCOTIA – Sailing along

The Nova Scotia economy hasn't run out of steam after five consecutive years of growth. While the drivers of growth continue to contribute in 2019, lower capital investment will temper the increase.

Nova Scotia's economy ended 2018 on solid footing with 1.2% growth, just shy of the 1.5% advance in 2017. An inflow of international and interprovincial immigrants provided solid underpinnings. Population growth reached a 34-year high. This, along with a strong job market, boosted housing demand. 2019 will retain some of that momentum seen in the last few years, however growth will be limited by a pullback in business investment. We expect the provincial economy to expand by 0.9% in both 2019 and 2020.

The labour market in 2019 is off to a sprightly start. Employment surged 2.3% in the first four months of 2019. The monthly labour market numbers are notoriously volatile, but this is an impressive feat for a province that hasn't experienced such growth on an annual basis since 2004. Growth was relatively broad based with 10 out of 16 sectors expanding. Employment in the goods sector reached a six-year high in March. The unemployment rate also fell by a percentage point to average 6.6% and hit the lowest point in March at 6.2%. This strength also made its way to labour income, with average weekly earnings increasing 3.4% - the fastest growth in the country so far in 2019.

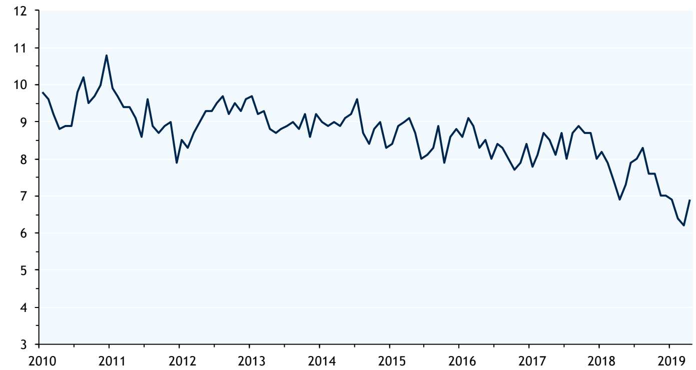
Population growth is continuing at the strong pace set in 2018, accelerating over 1% for the first time since 1985. This, combined with a strong labour market, is boosting retail sales growth – which saw a 2.6% rise in the first quarter compared to just 0.3% in all of 2018. A big part of the increase came from the motor vehicles component, which saw an 11% surge.

There was also strength in the external side of the economy in Q1 2019 with exports growing 6.4%. This was led by sales of consumer goods and farm, fishing and intermediate food products. Amidst trade tensions, Nova Scotia has made efforts to diversify its export partners by launching the Nova Scotia-Europe Engagement Strategy. Exports to China also grew 31.5% in 2018 to reach a new high, led by seafood exports.

Nova Scotia saw the sharpest decline in non-residential investment intentions among the provinces with a projected dip of 6%, led by a pullback in public sector spending (17.6%) while private sector spending ticked up (3%). However, there is good news on the residential construction spending side which grew 11% in the first quarter. The housing market is quite hot, particularly in Halifax. Stronger home building should serve to alleviate some of the housing related supply constraints, since all of the growth was in multi-unit dwellings. This is again a boon to Halifax, which saw its rental vacancy rate dip to multi year lows in 2018 at 1.6%.

Nova Scotia: Unemployment rate

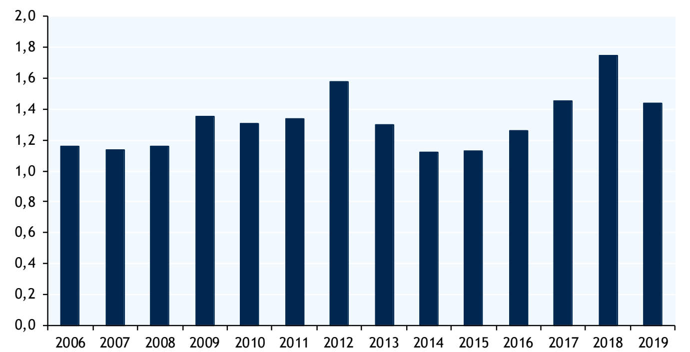
Seasonally adjusted, monthly, %



Source: Statistics Canada, RBC Economic Research

Nova Scotia: Public sector capital expenditures

C$ billions, annual



Source: Statistics Canada, RBC Economics Research

Nova Scotia forecast at a glance

% change unless otherwise specified

	2016	2017	2018F	2019F	2020F
Real GDP	1.5	1.5	1.2	0.9	0.9
Nominal GDP	2.2	2.9	2.2	2.6	2.6
Employment	-0.4	0.6	1.5	1.9	0.6
Unemployment Rate (%)	8.3	8.4	7.6	7.1	7.2
Retail Sales	4.7	7.8	0.3	2.2	3.0
Housing Starts (Thousands of Units)	3.8	4.0	4.8	4.1	3.8
Consumer Price Index	1.2	1.1	2.2	1.6	2.3

Ramya Muthukumaran | Economist | 416-974-7577 | ramya.muthukumaran@rbc.com

PRINCE EDWARD ISLAND – On a winning streak

Rapidly-growing population, flourishing labour market, steady export gains and a vibrant manufacturing sector—clearly Prince Edwards Island's economy still has a lot going for it in 2019

PEI's economy continues to impress having beat our growth expectations in 2018 by leading the nation with rate of 2.5%. Given that this was the second-straight year that growth exceeded the national average, one might expect the pace to slow down in 2019. Yet indicators for the first quarter of 2019 showed population growth was still strong while manufacturing sales and exports were solid. Accordingly, we have boosted our 2019 GDP forecast for the province from 1.7% to 2.2%. We project growth to moderate slightly to 2.0% in 2020.

External demand continues to provide much of the wind in PEI's sail. Exports were up almost 10% in the first quarter, thanks primarily to strong deliveries in the aerospace sector. We see scope for other export commodities to contribute positively later this year as improved weather conditions should reverse recent declines in farm, fishing and intermediate food products exports.

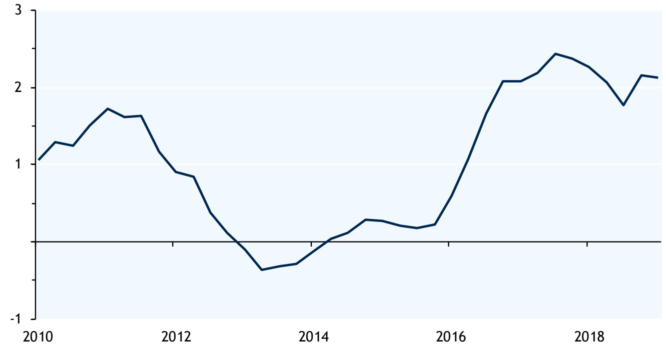
Strong immigration bolstered PEI's population growth which beat all other provinces in the last two years in percentage terms. This trend is continuing with the province's population growing 2.1% in Q1 2019 and still leading the country. The wave of immigrants is helping to address the growing demands from employers given that PEI had the second highest rate of job vacancies in Canada at the end of last year. Employment rose 1.4% in the first four months of 2019, with all of the jobs created being full-time positions. The unemployment rate has also been steadily trending down and is currently tracking 9.2% - the lowest level since 1976! Given the tightness of the labour market and high job vacancy rate, conditions are ripe for wage growth to accelerate following a period of subpar gains in recent months.

The improving demographic and labour market backdrop is supporting consumer spending which continued to rise in 2019. Retail sales rose 2.4% in the first quarter buoyed by a whopping 24% jump in new motor vehicle sales, setting PEI apart from Canada's other provinces.

The strong economic underpinnings of the province have delivered handsomely on the fiscal side. While the provincial election means the province hasn't yet tabled its 2019 budget, the latest fiscal update showed a surplus of $13.8 million - nine times higher than previously estimated ($1.5 million). Against the backdrop of another solid year for the economy, all signs point to the province maintaining strong fiscal health in the budget for 2019.

Prince Edward Island: Population growth

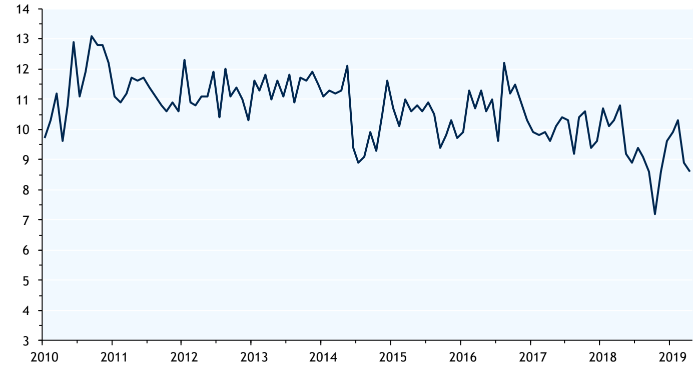
Year-over-year % change, seasonally adjusted, quarterly



Source: Statistics Canada, RBC Economics Research

Prince Edward Island: Unemployment rate

Seasonally adjusted, %



Source: Statistics Canada, RBC Economic Research

Prince Edward Island forecast at a glance

% change unless otherw ise specified

	2016	2017	2018F	2019F	2020F
Real GDP	1.8	3.5	2.5	2.2	2.0
Nominal GDP	4.5	4.8	3.3	4.2	4.0
Employment	-2.2	3.1	3.0	1.8	1.2
Unemployment Rate (%)	10.8	9.8	9.4	8.9	8.6
Retail Sales	7.3	6.3	2.9	3.5	3.2
Housing Starts (Thousands of Units)	0.6	0.9	1.1	0.7	0.8
Consumer Price Index	1.2	1.8	2.3	1.0	2.3

Ramya Muthukumaran | Economist | 416-974-7577 | ramya.muthukumaran@rbc.com

NEWFOUNDLAND & LABRADOR - Encouraging start to year bodes well for a return to growth in 2019

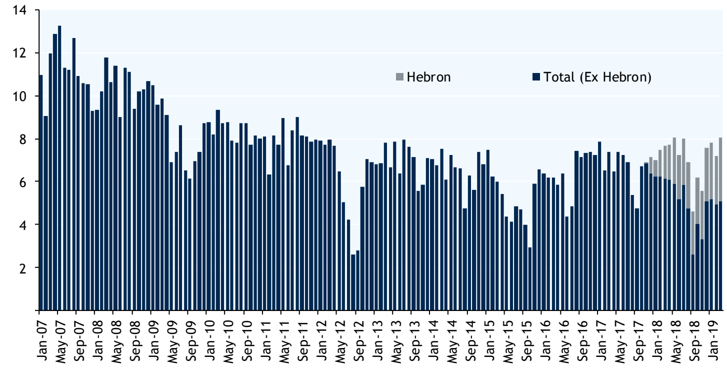
Springing back up from an economic contraction in 2018, the province will see a rebound in its resource sector – driving exports higher and supporting a welcome improvement in the labour market

The winding down of major capital projects and a lower mining output caused Newfoundland and Labrador's economy to contract significantly (-2.7%) in 2018. The good news is that 2019 has already shown signs of a reversal of fortunes, with oil production rising and the labour market off to a sturdy start. We expect the provincial economy to expand by 2.6% in 2019 followed by a more subdued rate of 0.2% in 2020.

The resource sector, which has been a mixed bag for the province in recent years, looks poised to deliver good things in 2019. Oil production is up 4.3% in Q1 2019 as Hebron continues to ramp up to full capacity (150,000 bpd). Energy products are also behind the growth in exports – which rose 9.3% in Q1 2019. Mining shipments are set to increase, after a labour strike at the Iron Ore Company of Canada reduced provincial output last year. This will be accompanied by a 12% rise in capital expenditures by the mining, quarrying, oil and gas extraction industry reflecting growing construction at Vale's Voisey's Bay nickel mine and the West White Rose offshore oil project.

Newfoundland & Labrador: Monthly oil production

Millions of bbls/month.

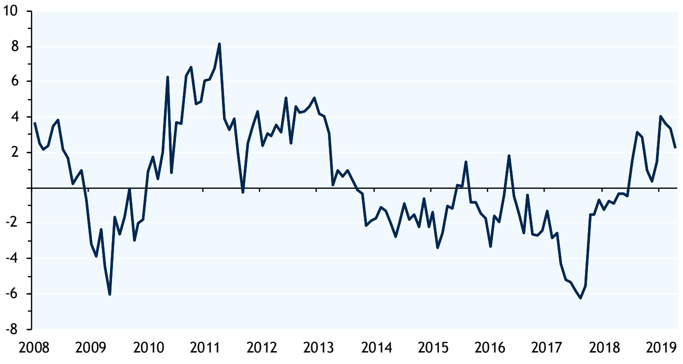


Source: Canada Newfoundland & Labrador Offshore Petroleum Board, RBC Economics Research

The winding down of construction at the Muskrat Falls facility (96% complete at the end of 2018), however, will weigh significantly on overall capital expenditures in the province, which are slated to drop for a fourth-consecutive year in 2019.

Newfoundland & Labrador: Total employment

Year-over-year % change, seasonally adjusted



Source: Statistics Canada, RBC Economics Research

The provincial labour market started 2019 on a surprisingly strong note. Employment is up by more than 3% from a year ago with full-time positions representing the bulk of the increase. The unemployment rate is trending down, reaching its lowest point (11.3%) in four years in January. We now expect Newfoundland and Labrador's annual unemployment rate to fall below 12% for only the second time ever in 2019. So far, the improvement in the labour market has had a limited impact on consumer spending but we expect things to pick up modestly going forward. One factor that continues to be a thorn on the province's side is demographics. Newfoundland and Labrador is the only province with a declining population. This is due primarily to the significant loss of migrants to other provinces and low immigration levels compared to other parts of Canada.

Newfoundland and Labrador forecast at a glance

% change unless otherwise specified

	2016	2017	2018F	2019F	2020F
Real GDP	1.8	0.9	-2.7	2.6	0.2
Nominal GDP	1.8	4.3	2.9	4.2	2.0
Employment	-1.5	-3.7	0.5	1.5	-0.6
Unemployment Rate (%)	13.4	14.8	13.8	12.1	12.5
Retail Sales	0.4	2.4	-2.3	3.9	3.6
Housing Starts (Thousands of Units)	1.4	1.4	1.1	0.8	1.4
Consumer Price Index	2.7	2.4	1.7	1.2	2.2

The recently renewed Atlantic Accord saw the federal government handing an unexpected one-time $2.5 billion transfer to the province this fiscal year. This allowed the provincial government to project a $1.9 billion surplus in its 2019-2020 budget while delaying previously-announced program spending cuts by a year. Fiscal restraint will return over the remaining three years of the fiscal plan, however.

Ramya Muthukumaran | Economist | 416-974-7577 | ramya.muthukumaran@rbc.com

Forecast details

% change unless otherwise indicated

	Real GDP				Nominal GDP				Employment				Unemployment				Housing starts				Retail sales				CPI			
	17	18F	19F	20F	17	18F	19F	20F	17	18	19F	20F	17	18	19F	20F	17	18	19F	20F	17	18	19F	20F	17	18	19F	20F
N.& L.	0.9	-2.7	2.6	0.2	4.3	2.9	4.2	2.0	-3.7	0.5	1.5	-0.6	14.8	13.8	12.1	12.5	1.4	1.1	0.8	1.4	2.4	-2.3	3.9	3.6	2.4	1.7	1.2	2.2
P.E.I	3.5	2.5	2.2	2.0	4.8	3.3	4.2	4.0	3.1	3.0	1.8	1.2	9.8	9.4	8.9	8.6	0.9	1.1	0.7	0.8	6.3	2.9	3.5	3.2	1.8	2.3	1.0	2.3
N.S.	1.5	1.2	0.9	0.9	2.9	2.2	2.6	2.6	0.6	1.5	1.9	0.6	8.4	7.6	7.1	7.2	4.0	4.8	4.1	3.8	7.8	0.3	2.2	3.0	1.1	2.2	1.6	2.3
N.B.	1.8	0.2	0.8	0.9	4.3	1.2	2.1	2.4	0.4	0.3	0.7	0.3	8.1	8.0	7.9	7.5	2.3	2.3	2.0	2.3	6.8	1.7	3.9	3.7	2.3	2.2	1.8	2.2
QUE.	2.8	2.4	2.0	1.6	5.0	4.5	3.8	3.4	2.2	0.9	1.6	0.7	6.1	5.5	5.3	5.6	46.5	46.9	48.5	43.5	5.5	2.9	2.9	3.4	1.1	1.7	1.9	2.1
ONT.	2.8	2.2	1.4	1.6	4.1	3.4	3.4	3.5	1.8	1.6	2.2	0.7	6.0	5.6	5.9	6.0	79.1	78.7	73.1	71.0	7.7	4.4	2.3	3.5	1.7	2.4	1.9	2.1
MAN.	3.2	1.3	1.5	1.6	5.4	2.7	2.3	3.8	1.7	0.6	1.5	0.6	5.4	6.0	5.3	5.7	7.5	7.4	6.0	5.5	7.8	2.9	1.6	2.9	1.6	2.5	2.1	2.2
SASK.	2.2	1.4	1.1	2.2	4.8	4.2	2.6	4.9	-0.2	0.4	1.4	0.6	6.3	6.1	5.6	5.6	4.9	3.6	2.8	5.0	4.1	-0.3	1.8	3.3	1.7	2.3	1.9	2.6
ALTA.	4.4	2.1	0.6	2.4	10.0	4.4	0.6	5.5	1.0	1.9	0.9	1.1	7.8	6.6	6.8	6.4	29.5	26.1	24.4	26.5	7.1	2.0	3.5	3.9	1.5	2.5	1.9	1.9
B.C.	3.8	2.3	2.4	2.5	6.9	4.6	4.5	4.7	3.7	1.1	2.5	0.7	5.1	4.7	4.9	5.0	43.7	40.9	39.8	35.0	9.3	2.0	3.0	3.5	2.1	2.7	2.2	1.8
CANADA	**3.0**	**1.9**	**1.4**	**1.8**	**5.6**	**3.6**	**3.2**	**4.0**	**1.9**	**1.3**	**1.9**	**0.7**	**6.3**	**5.8**	**5.9**	**6.0**	**220**	**213**	**202**	**195**	**7.1**	**2.9**	**2.7**	**3.5**	**1.6**	**2.3**	**1.9**	**2.1**

Key provincial comparisons

(2017 unless otherwise stated)

	Canada	NL	PE	NS	NB	QC	ON	MB	SK	AB	BC
Population (000s)	**37,059**	525	153	960	771	8,390	14,323	1,352	1,162	4,307	4,992
Gross domestic product ($ billions)	**2,137.5**	33.1	6.7	42.7	36.1	417.2	825.8	71.0	79.5	331.9	282.2
Real GDP ($2012 billions)	**2,016.4**	33.8	6.1	39.5	32.9	383.1	761.3	66.6	85.5	336.8	256.9
Share of provincial GDP of Canadian GDP (%)	**100.0**	1.6	0.3	2.0	1.7	19.6	39.1	3.3	3.7	14.9	13.0
Real GDP growth (CAGR, 2012-17, %)	**2.0**	1.1	1.7	0.8	0.7	1.6	2.3	2.2	1.9	1.5	3.0
Real GDP per capita ($ 2012)	**55,184**	63,967	40,241	41,508	42,924	46,175	54,103	49,870	74,329	79,353	52,188
Real GDP growth rate per capita (CAGR, 2013-18, %)	**0.8**	-0.4	0.6	0.7	0.5	1.1	1.2	0.5	-0.2	-0.8	1.5
Personal disposable income per capita ($)	**32,300**	31,996	28,997	28,978	29,261	28,785	32,645	29,603	32,973	36,705	34,976
Employment growth (CAGR, 2013-18, %)	**1.1**	-1.5	0.5	0.1	0.0	1.0	1.2	0.7	0.2	0.9	1.9
Employment rate (Apr. 2019, %)	**62.1**	51.9	60.9	57.7	56.5	61.7	61.4	63.2	65.3	66.9	62.8
Discomfort index (inflation + unemp. rate, Apr. 2019)	**7.7**	13.2	9.8	8.2	9.7	6.7	7.9	7.5	7.7	8.9	7.3
Manufacturing industry output (% of GDP)	**10.4**	4.6	10.5	7.6	11.0	14.0	12.2	9.7	6.1	8.3	7.1
Personal expenditures on goods & services (% of GDP)	**56.4**	51.3	67.7	71.4	64.8	58.3	57.4	57.2	47.4	46.5	63.7
International exports (% of GDP)	**31.0**	33.8	24.1	17.1	38.9	28.1	34.5	23.8	39.5	32.8	23.8

Forecast Details

% change unless otherwise specified

British Columbia

	2012	2013	2014	2015	2016	2017	2018F	2019F	2020F
Real GDP	2.5	2.2	3.7	2.1	3.2	3.8	2.3	2.4	2.5
Nominal GDP	2.1	3.4	5.7	2.9	6.0	6.9	4.6	4.5	4.7
Employment	1.6	0.1	0.6	1.2	3.2	3.7	1.1	2.5	0.7
Unemployment Rate (%)	6.8	6.6	6.1	6.2	6.0	5.1	4.7	4.9	5.0
Retail Sales	1.9	2.8	6.3	7.0	7.7	9.3	2.0	3.0	3.5
Housing Starts (Thousands of Units)	27.5	27.1	28.4	31.4	41.8	43.7	40.9	39.8	35.0
Consumer Price Index	1.1	-0.1	1.0	1.1	1.9	2.1	2.7	2.2	1.8

Alberta

	2012	2013	2014	2015	2016	2017	2018F	2019F	2020F
Real GDP	3.9	5.7	5.9	-3.7	-4.2	4.4	2.1	0.6	2.4
Nominal GDP	4.3	9.6	10.0	-14.0	-6.8	10.0	4.4	0.6	5.5
Employment	3.5	2.5	2.2	1.2	-1.6	1.0	1.9	0.9	1.1
Unemployment Rate (%)	4.6	4.6	4.7	6.0	8.1	7.8	6.6	6.8	6.4
Retail Sales	6.9	7.2	7.9	-4.0	-1.1	7.1	2.0	3.5	3.9
Housing Starts (Thousands of Units)	33.4	36.0	40.6	37.3	24.5	29.5	26.1	24.4	26.5
Consumer Price Index	1.1	1.4	2.6	1.2	1.1	1.5	2.5	1.9	1.9

Saskatchewan

	2012	2013	2014	2015	2016	2017	2018F	2019F	2020F
Real GDP	1.7	6.5	2.0	-0.9	-0.4	2.2	1.4	1.1	2.2
Nominal GDP	4.2	6.7	-0.4	-3.9	-4.8	4.8	4.2	2.6	4.9
Employment	2.4	3.1	1.0	0.5	-0.9	-0.2	0.4	1.4	0.6
Unemployment Rate (%)	4.7	4.1	3.8	5.0	6.3	6.3	6.1	5.6	5.6
Retail Sales	7.3	5.2	4.7	-3.3	1.5	4.1	-0.3	1.8	3.3
Housing Starts (Thousands of Units)	10.0	8.3	8.3	5.1	4.8	4.9	3.6	2.8	5.0
Consumer Price Index	1.6	1.4	2.4	1.6	1.1	1.7	2.3	1.9	2.6

Manitoba

	2012	2013	2014	2015	2016	2017	2018F	2019F	2020F
Real GDP	3.0	2.9	2.1	1.2	1.6	3.2	1.3	1.5	1.6
Nominal GDP	6.4	4.2	3.1	2.6	2.3	5.4	2.7	2.3	3.8
Employment	1.6	0.7	0.1	1.6	-0.4	1.7	0.6	1.5	0.6
Unemployment Rate (%)	5.3	5.4	5.4	5.6	6.1	5.4	6.0	5.3	5.7
Retail Sales	1.0	3.8	4.2	1.3	3.7	7.8	2.9	1.6	2.9
Housing Starts (Thousands of Units)	7.2	7.5	6.2	5.5	5.3	7.5	7.4	6.0	5.5
Consumer Price Index	1.6	2.3	1.8	1.2	1.3	1.6	2.5	2.1	2.2

Ontario

	2012	2013	2014	2015	2016	2017	2018F	2019F	2020F
Real GDP	1.3	1.4	2.5	2.5	2.3	2.8	2.2	1.4	1.6
Nominal GDP	3.1	2.2	4.4	4.6	4.4	4.1	3.4	3.4	3.5
Employment	0.7	1.8	0.8	0.7	1.1	1.8	1.6	2.2	0.7
Unemployment Rate (%)	7.9	7.6	7.3	6.8	6.5	6.0	5.6	5.9	6.0
Retail Sales	1.6	2.7	5.7	5.3	6.9	7.7	4.4	2.3	3.5
Housing Starts (Thousands of Units)	76.7	61.1	59.1	70.2	75.0	79.1	78.7	73.1	71.0
Consumer Price Index	1.4	1.1	2.3	1.2	1.8	1.7	2.4	1.9	2.1

Forecast Details

% change unless otherwise specified

Quebec

	2012	2013	2014	2015	2016	2017	2018F	2019F	2020F
Real GDP	1.0	1.3	1.6	0.9	1.4	2.8	2.4	2.0	1.6
Nominal GDP	2.7	3.0	3.0	2.9	2.8	5.0	4.5	3.8	3.4
Employment	0.8	1.4	0.0	0.9	0.9	2.2	0.9	1.6	0.7
Unemployment Rate (%)	7.7	7.6	7.7	7.6	7.1	6.1	5.5	5.3	5.6
Retail Sales	1.2	3.0	2.6	1.9	6.6	5.5	2.9	2.9	3.4
Housing Starts (Thousands of Units)	47.4	37.8	38.8	37.9	38.9	46.5	46.9	48.5	43.5
Consumer Price Index	2.1	0.8	1.4	1.1	0.7	1.1	1.7	1.9	2.1

New Brunswick

	2012	2013	2014	2015	2016	2017	2018F	2019F	2020F
Real GDP	-1.1	-0.3	0.1	0.7	1.4	1.8	0.2	0.8	0.9
Nominal GDP	0.7	0.3	1.8	3.1	3.6	4.3	1.2	2.1	2.4
Employment	-0.7	0.4	-0.2	-0.6	-0.1	0.4	0.3	0.7	0.3
Unemployment Rate (%)	10.2	10.3	10.0	9.8	9.6	8.1	8.0	7.9	7.5
Retail Sales	-0.9	0.7	3.7	2.2	2.1	6.8	1.7	3.9	3.7
Housing Starts (Thousands of Units)	3.3	2.8	2.3	2.0	1.8	2.3	2.3	2.0	2.3
Consumer Price Index	1.7	0.8	1.5	0.5	2.2	2.3	2.2	1.8	2.2

Nova Scotia

	2012	2013	2014	2015	2016	2017	2018F	2019F	2020F
Real GDP	-1.0	-0.4	1.0	0.7	1.5	1.5	1.2	0.9	0.9
Nominal GDP	0.5	2.1	2.9	2.2	2.2	2.9	2.2	2.6	2.6
Employment	1.0	-1.1	-1.1	0.1	-0.4	0.6	1.5	1.9	0.6
Unemployment Rate (%)	9.1	9.1	8.9	8.6	8.3	8.4	7.6	7.1	7.2
Retail Sales	0.9	3.2	2.8	0.2	4.7	7.8	0.3	2.2	3.0
Housing Starts (Thousands of Units)	4.5	3.9	3.1	3.8	3.8	4.0	4.8	4.1	3.8
Consumer Price Index	1.9	1.2	1.7	0.4	1.2	1.1	2.2	1.6	2.3

Prince Edward Island

	2012	2013	2014	2015	2016	2017	2018F	2019F	2020F
Real GDP	1.0	1.8	0.2	1.3	1.8	3.5	2.5	2.2	2.0
Nominal GDP	2.7	3.2	1.7	3.9	4.5	4.8	3.3	4.2	4.0
Employment	1.7	1.4	-0.1	-1.2	-2.2	3.1	3.0	1.8	1.2
Unemployment Rate (%)	11.1	11.5	10.6	10.5	10.8	9.8	9.4	8.9	8.6
Retail Sales	3.0	0.9	3.5	2.6	7.3	6.3	2.9	3.5	3.2
Housing Starts (Thousands of Units)	0.9	0.6	0.5	0.6	0.6	0.9	1.1	0.7	0.8
Consumer Price Index	2.0	2.0	1.6	-0.6	1.2	1.8	2.3	1.0	2.3

Newfoundland and Labrador

	2012	2013	2014	2015	2016	2017	2018F	2019F	2020F
Real GDP	-4.4	5.3	-1.2	-1.2	1.8	0.9	-2.7	2.6	0.2
Nominal GDP	-4.5	7.6	-0.5	-9.2	1.8	4.3	2.9	4.2	2.0
Employment	3.8	0.8	-1.7	-1.0	-1.5	-3.7	0.5	1.5	-0.6
Unemployment Rate (%)	12.3	11.6	11.9	12.8	13.4	14.8	13.8	12.1	12.5
Retail Sales	4.3	5.2	3.7	0.7	0.4	2.4	-2.3	3.9	3.6
Housing Starts (Thousands of Units)	3.9	2.9	2.1	1.7	1.4	1.4	1.1	0.8	1.4
Consumer Price Index	2.1	1.7	1.9	0.4	2.7	2.4	1.7	1.2	2.2