

## 2017 Provincial Real GDP Surges Sea to Sea

- Statistics Canada's preliminary real GDP data by industry at basic prices<sup>1</sup> ([here](#)) indicates positive growth for all provinces for the first time since 2011. As expected, Alberta led provincial real GDP gains in 2017 (table 1), followed by BC with a remarkable four-year expansion averaging 3.6% annually.
- Over 2018–19, growth is expected to remain positive across all the provinces but moderate in almost all jurisdictions (*The Provinces, Global Outlook*, [here](#)).

**Alberta's and Saskatchewan's turnaround** is a key factor propelling Canada's 2017 surge (industry detail, table 2). With WTI oil prices averaging 17% higher last year, mining, quarrying and oil & gas extraction in Alberta, Saskatchewan and Newfoundland and Labrador climbed 13.3%, 7.8% and 4.9%, respectively, with even larger increases in oil & gas support activities (56.7%, 35.6%, 15.7%). In Saskatchewan, export strength, largely in US markets, aided a 13.1% jump in potash mining, but weak uranium prices prompted the Rabbit Lake mine closure in 2016 and temporary shutdowns at two other mines last summer.

**Growth in 2017 doubled in Quebec**, reflecting an upswing in manufacturing and mining on the goods side and in services, gains of over 5.0% in wholesale trade, transportation & warehousing and professional, scientific and technical services. Underpinned by broad-based gains, growth also pick up significantly last year in Prince Edward Island, Manitoba and New Brunswick.

**Last year's broad strength in manufacturing** (chart 1) occurred despite setbacks in: BC's forest products from extensive wildfires; Ontario's motor vehicle assembly & parts with a strike and model changes; and Quebec's aerospace and aluminum output. Sizeable offsets occurred across machinery (including agricultural, mining and construction equipment), fabricated metals, plastics & rubber, aluminum in BC and shipbuilding in Nova Scotia.

**Growth in services in 2017 only outpaced goods producers** in Ontario and Nova Scotia. For NS, services represent four-fifths of its real GDP and easily offset its offshore natural gas production winding down. Led by BC, where annual retail sales advances have averaged 6.5% over the past three years, eight provinces witnessed buoyant retail sales in 2017 (chart 2), with PEI, Quebec and BC also reporting 4% gains in hospitality services.

**Of note** is the widespread, sizeable expansion in information, communication and technology services (chart 3). Increases of 6.5% in Ontario and 5.8% in Quebec mirror greater computer systems design activity, and in Quebec, further gains in video game design and development.

**For public administration**, plus health & social assistance and education, relatively modest real growth is the 2017 trend across most provinces. In public administration, a small decline is reported for Nova Scotia and a slight increase is estimated for New Brunswick.

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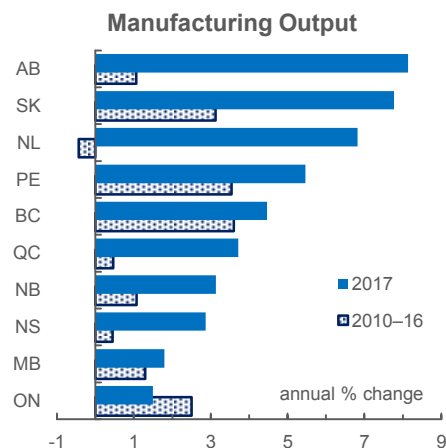
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Table 1  
**Real GDP by Industry, Basic Prices**  
 annual % change  
 2000–14  
 Average 2015 2016 2017p

|        | Average | 2015 | 2016 | 2017p |
|--------|---------|------|------|-------|
| Canada | 2.3     | 1.0  | 1.4  | 3.3   |
| NL     | 2.4     | -1.5 | 1.7  | 2.1   |
| PE     | 1.8     | 1.5  | 2.2  | 3.2   |
| NS     | 1.4     | 1.2  | 1.0  | 1.2   |
| NB     | 1.3     | 2.3  | 1.2  | 1.9   |
| QC     | 1.7     | 1.0  | 1.5  | 3.1   |
| ON     | 1.9     | 2.8  | 2.6  | 2.8   |
| MB     | 2.3     | 1.4  | 2.1  | 2.9   |
| SK     | 2.3     | -1.2 | -0.4 | 2.9   |
| AB     | 3.7     | -3.9 | -3.6 | 4.9   |
| BC     | 2.6     | 3.3  | 3.6  | 3.9   |

Sources: Scotiabank Economics, Statistics Canada.

Chart 1



Sources: Scotiabank Economics, Statistics Canada.

<sup>1</sup> Statistics Canada's real GDP data by industry at basic prices indicates a 3.3% national rise versus the 3.0% national increase indicated for real GDP (by expenditure and by income) at market prices. The release of 2017 provincial real GDP at market prices this Fall may indicate slightly lower growth.

Table 2

**Real Provincial GDP by Industry, Basic Prices**

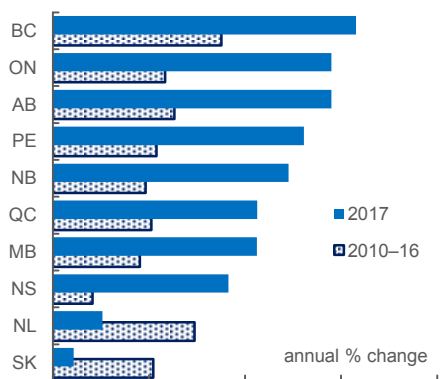
annual % change

|  | NL         | PE         | NS         | NB         | QC         | ON         | MB         | SK         | AB         | BC         | Canada     |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>ALL INDUSTRIES</b>                  | <b>2.1</b> | <b>3.2</b> | <b>1.2</b> | <b>1.9</b> | <b>3.1</b> | <b>2.8</b> | <b>2.9</b> | <b>2.9</b> | <b>4.9</b> | <b>3.9</b> | <b>3.3</b> |
| <b>Goods</b>                           | <b>4.1</b> | <b>6.1</b> | <b>0.3</b> | <b>3.3</b> | <b>3.5</b> | <b>2.1</b> | <b>4.0</b> | <b>3.7</b> | <b>7.9</b> | <b>5.1</b> | <b>4.6</b> |
| Agriculture, Fishing & Forestry        | -13.9      | -1.0       | -3.0       | 0.7        | -0.8       | 1.3        | 8.6        | -2.0       | 1.9        | -3.5       | 0.1        |
| Mining and Oil & Gas                   | 4.9        | 25.0       | -20.2      | -0.5       | 6.3        | -1.8       | -2.2       | 7.8        | 13.3       | -0.5       | 8.3        |
| Utilities                              | 1.9        | 1.8        | -0.2       | 2.3        | 3.6        | -0.3       | 0.4        | 5.2        | 10.1       | 5.3        | 2.7        |
| Construction                           | 5.0        | 18.1       | 2.3        | 6.3        | 3.3        | 4.6        | 7.9        | -3.2       | -0.7       | 9.9        | 3.9        |
| Manufacturing                          | 6.8        | 5.5        | 2.9        | 3.1        | 3.7        | 1.5        | 1.8        | 7.8        | 8.1        | 4.5        | 3.2        |
| <b>Services</b>                        | <b>0.7</b> | <b>2.3</b> | <b>1.5</b> | <b>1.5</b> | <b>2.9</b> | <b>3.0</b> | <b>2.5</b> | <b>2.3</b> | <b>2.9</b> | <b>3.6</b> | <b>2.8</b> |
| Retail Trade                           | 1.0        | 5.2        | 3.7        | 4.9        | 4.3        | 5.8        | 4.2        | 0.4        | 5.8        | 6.3        | 5.2        |
| Wholesale Trade                        | 3.0        | 4.1        | 5.6        | 5.9        | 6.3        | 7.1        | 5.3        | 6.2        | 10.1       | 8.3        | 7.3        |
| Transportation & Warehousing           | 3.3        | 4.5        | 3.3        | 4.3        | 5.8        | 3.8        | 4.9        | 4.9        | 6.6        | 7.5        | 4.8        |
| Information & Culture                  | -1.4       | 0.2        | -0.9       | -1.3       | 0.9        | 2.8        | -0.4       | -0.5       | -0.3       | 0.7        | 1.1        |
| Finance & Insurance                    | -0.7       | 1.4        | -0.6       | 3.5        | 2.1        | 3.0        | 0.7        | 2.3        | 1.7        | 3.6        | 2.6        |
| Real Estate & Leasing                  | 1.8        | 3.0        | 2.4        | 1.9        | 2.7        | 2.1        | 3.0        | 3.1        | 3.9        | 3.2        | 2.8        |
| Professional, Scientific & Technical   | -0.9       | 2.2        | 2.5        | -0.4       | 5.1        | 3.9        | 2.1        | 2.5        | 0.0        | 3.9        | 3.2        |
| Management of Companies                | 3.6        | 3.0        | -6.0       | -6.0       | -6.1       | -3.2       | 0.0        | -6.1       | -5.4       | 3.0        | -3.5       |
| Administrative, Support & Waste        | -5.2       | -2.8       | -0.9       | -0.2       | 1.6        | 0.7        | -0.1       | -2.1       | -0.5       | -1.1       | 0.2        |
| Education                              | -0.2       | 2.0        | 0.9        | 0.6        | 1.4        | 0.8        | 1.3        | 1.6        | 1.4        | 1.7        | 1.2        |
| Health Care & Social Assistance        | 0.7        | 1.4        | 1.5        | -0.5       | 1.7        | 2.2        | 2.3        | 1.0        | 2.2        | 1.9        | 1.8        |
| Arts, Entertainment & Recreation       | -2.0       | 2.2        | 2.6        | 2.5        | 2.3        | 3.3        | 2.7        | 0.1        | 3.1        | 3.7        | 2.8        |
| Accommodation & Food                   | 0.1        | 4.2        | -0.5       | -0.1       | 4.0        | 2.9        | 2.6        | -1.0       | 0.8        | 4.1        | 2.6        |
| Other Services                         | -0.2       | 2.9        | 1.5        | -0.4       | 0.9        | 0.8        | 0.7        | 1.2        | 0.3        | 2.0        | 0.9        |
| Public Administration                  | 1.0        | 1.4        | -0.4       | 0.3        | 2.1        | 2.3        | 1.5        | 2.1        | 1.8        | 2.0        | 2.0        |
| <b>Memo Items:</b>                     |            |            |            |            |            |            |            |            |            |            |            |
| Industrial Production                  | 4.9        | 4.9        | 0.1        | 2.8        | 3.9        | 1.0        | 0.8        | 7.4        | 11.7       | 3.0        | 5.1        |
| Private-Sector Services                | 0.7        | 2.7        | 1.9        | 2.2        | 3.4        | 3.3        | 2.8        | 2.6        | 3.3        | 4.1        | 3.2        |
| Public-Sector Services*                | 0.6        | 1.5        | 0.6        | 0.1        | 1.8        | 1.8        | 1.7        | 1.5        | 1.8        | 1.9        | 1.7        |
| Information & Communication Technology | 0.9        | 1.3        | 4.2        | -1.9       | 5.8        | 6.5        | 1.3        | 1.5        | 3.3        | 4.7        | 4.6        |

\* Education, health care & social assistance and public administration.

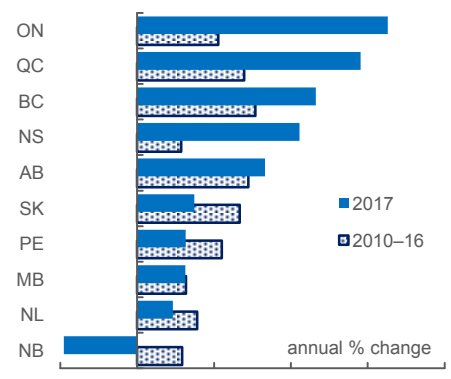
Sources: Scotiabank Economics, Statistics Canada.

Chart 2 Retail Trade Output



Sources: Scotiabank Economics, Statistics Canada.

Chart 3 ICT\* Industry Output



\* Information & communication technology.  
Sources: Scotiabank Economics, Statistics Canada.

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