



Industry
Canada

Industrie
Canada

Regional Economic Observer

First Semester 2003



Micro-Economic Policy Analysis Branch

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The "Regional Economic Observer" (REO) provides a snapshot of provincial economic conditions in a convenient format. The REO does not interpret or evaluate government policies, and every attempt is made to present factual information in an informed and balanced manner consistent with generally accepted economic principles. This report uses data available as of July 22, 2003. It has been prepared by Éric Chalifoux, Stéphane Crépeau, Anik Dufour, Kevin Koch, Arif Mahmud, François Rimbaud, and Marc Vachon under the direction of François Poitras. Translation has been provided by Lucie Larocque. Sue Hopf is responsible for production support. All information is taken from public sources, primarily Statistics Canada, the Canada Mortgage and Housing Corporation, and the Canadian Real Estate Association. Please address comments to François Poitras at 613-957-3404 or through the Internet at poitras.francois@ic.gc.ca.

Highlights

Real Gross Domestic Product

Economic activity accelerated strongly across the Canadian provinces in 2002, as real gross domestic product (GDP) growth increased in 8 provinces.

Provincial economies are expected to record lower growth in 2003 with the exception of British Columbia, Alberta, Saskatchewan, and Manitoba. Manitoba and Saskatchewan agricultural sectors should reap the benefits of more seasonal temperature.

Real GDP growth is anticipated to be highest in Alberta and Newfoundland & Labrador primarily because of high oil and gas prices.

Weak U.S. demand and the appreciation of the Canadian dollar should have a negative impact on economic growth in Ontario and Québec in 2003.

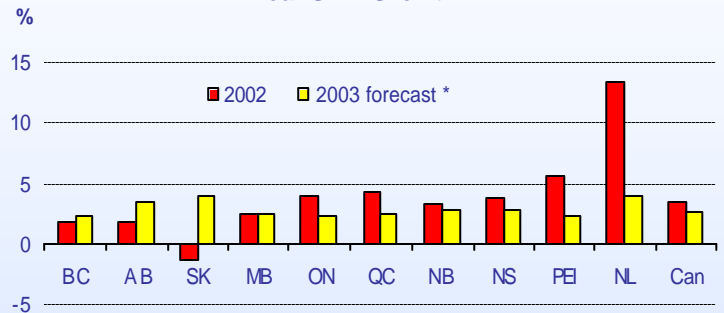
Inflation Trends

Consumer price inflation in June ranged from 1.1% in Manitoba to 4.8% in Alberta. Inflationary pressures across the Canadian provinces have been primarily due to higher prices for shelter and transportation related costs, as energy prices increased.

Consumer Spending

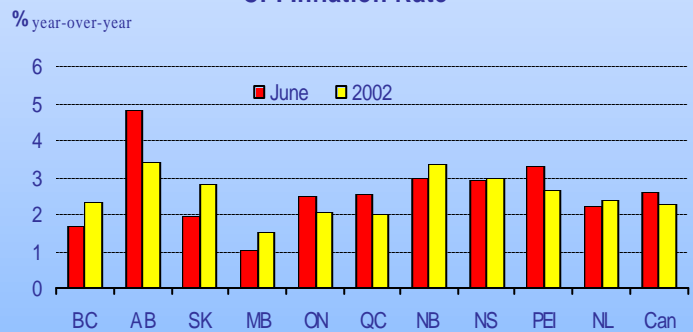
In the first five months of the year, retail sales rose in all provinces except New Brunswick and Prince Edward Island. Saskatchewan and Québec reported the highest increases so far this year on a year-over-year basis. Low interest rates and strong consumer confidence boosted consumer spending.

Real GDP Growth



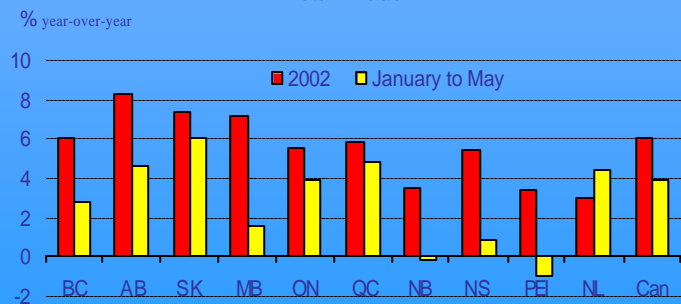
* Forecasts are based on a survey of a number of private forecasters, including the Bank of Montreal, BMO Nesbitt Burns Economics, CIBC, Desjardins, National Bank, Royal Bank, Scotia Group, Global Insight, TD Bank and The Conference Board of Canada.

CPI Inflation Rate*



* Consumer Price Index

Retail Trade



Highlights

Housing starts surged in Nova Scotia, Saskatchewan and British Columbia in the first six months of the year. However, housing starts in Newfoundland & Labrador and Alberta are down so far this year, on a year-over-year basis, after posting strong growth in 2002.

Labour Markets

So far this year, employment has risen in all provinces with the exception of Saskatchewan, Manitoba, Québec, and New Brunswick. Trade, health care & social assistance, manufacturing, accommodation & food have been sources of weakness in each of those provinces. Conversely, strong employment gains were reported in Prince Edward Island and Newfoundland & Labrador. Gains were concentrated in trade and information, culture & recreation respectively.

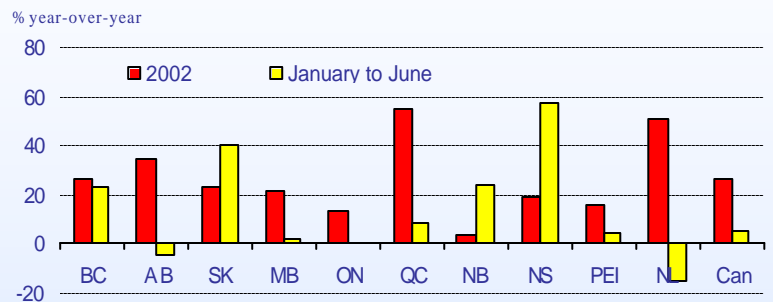
Since December 2002, the unemployment rate has increased in New Brunswick, Québec, Ontario, and Alberta, as labour force went up more than employment in Ontario and Alberta. Labour force increased and employment decreased in Québec and employment decreased more than labour force in New Brunswick.

Unemployment rates have fallen in Prince Edward Island, Nova Scotia and British Columbia as job gains surpassed labour force increases.

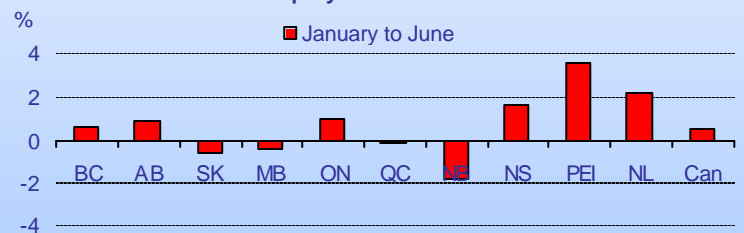
Merchandise Trade

A stronger Canadian dollar and a weaker U.S. economy took its toll on merchandise exports of manufacturing products, particularly in Québec and Ontario. The negative effects of the softwood lumber dispute with the U.S. has also reduced exports of forestry products. However, higher energy prices boosted the value of exports of energy products in most provinces so far this year. Imports of merchandises have increased in all provinces, but Ontario and Manitoba since the beginning of the year.

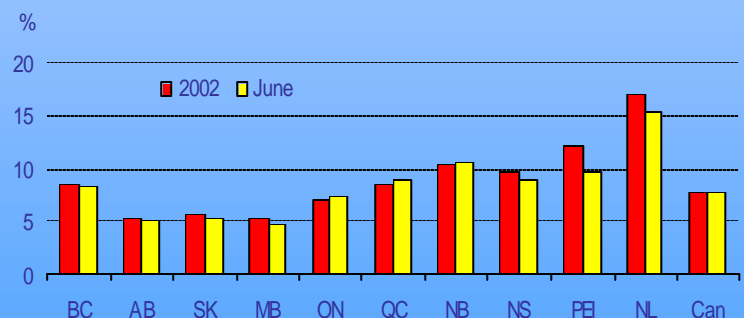
Housing Starts



Employment Growth



Unemployment Rate





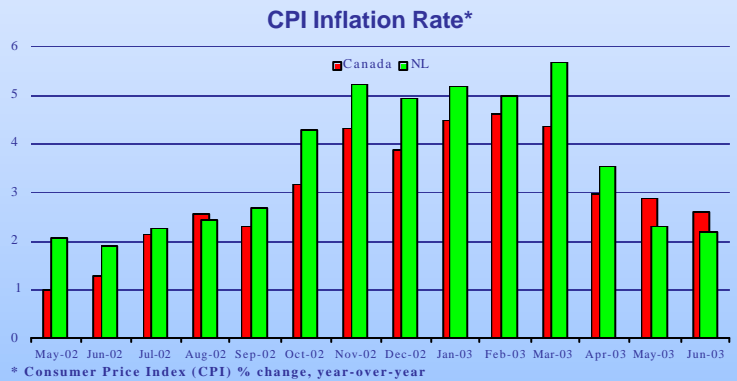
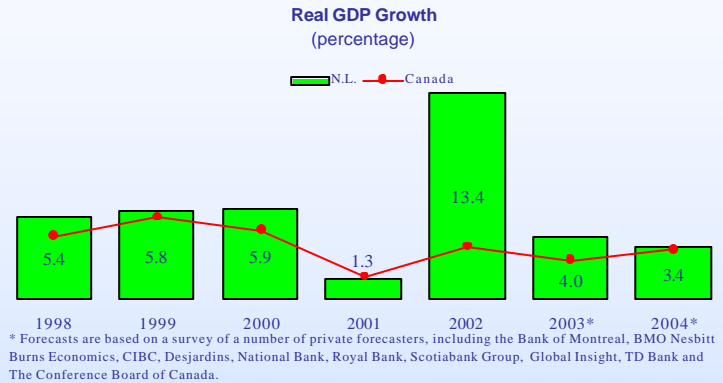
Real Gross Domestic Product

After an outstanding year in 2002, when real GDP grew 13.4%, Newfoundland & Labrador's economy is expected to expand by 4.0% in 2003, the second highest forecasted growth rate among provinces. Further increases in crude oil output will continue to drive provincial growth. The first phase of construction for the Voisey's Bay and White Rose projects will also contribute to Newfoundland & Labrador's economic performance.

Newfoundland & Labrador is also expected to be among growth leaders in 2004.

Inflation Trends

Newfoundland & Labrador experienced relatively high inflation from October 2002 to March 2003 with rates above 4%. Consumer Price Index inflation fell from April to June, reaching its lowest level (2.2%) since July 2002. The main drivers of price increases have been energy, insurance premiums and tobacco taxes. Lower prices for clothing, household and recreation exerted a moderating effect.



Consumer Prices

Newfoundland & Labrador	year-over-year inflation			
	2002	April	May	June
June 2003				
	(%)	(%)	(%)	(%)
All items	2.4	3.5	2.3	2.2
Food	2.2	-0.5	-0.2	0.1
Shelter	0.6	4.4	3.1	3.0
Household	1.2	-0.5	-0.2	-0.5
Clothing	-3.5	0.6	-1.5	1.0
Transport	6.3	10.6	5.6	4.9
Health Care	0.8	1.4	1.7	1.8
Recreation	0.8	-0.6	-0.2	-0.6
Alcohol & Tobacco	11.1	12.9	13.8	11.5
Energy	-2.3	8.6	2.3	2.7



Newfoundland & Labrador



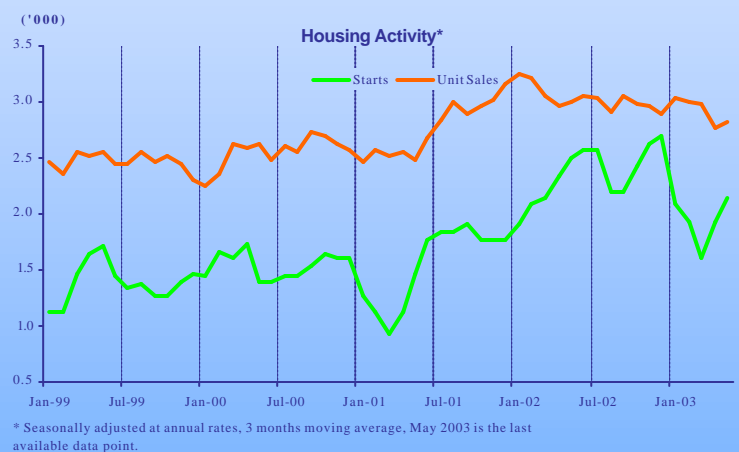
Consumer Spending

On a year-to-date basis, retail sales for 2003 is 4.4% higher than last year. Despite a slight decline (1.1%) from April to May, the year-over-year level is up 6.0%.

In May 2003, sales of new motor vehicles increased by 4.1% on a year-over-year basis. However, the monthly average since the beginning of 2003 (1,947 vehicles) has been below 2002's monthly average (2,149 vehicles).

Real estate market activity has cooled off so far in 2003. Year-to-date unit sales have declined 6.9% compared to the same period last year.

Housing starts fell from 3,100 units in October 2002 to 1,300 in January 2003 and rebounded to reach 2,600 units in May 2003.



Economic Activity

	Level			% Change May-03	
	Mar-03	Apr-03	May-03	3 months ago	12 months ago
DEMAND					
Retail trade (SA, Thousands \$)	442,204	444,151	439,421	0.2	6.0
New motor vehicle sales (SA, units)	1,969	2,021	2,038	-1.9	4.1
CREDIT					
Business bankruptcies	6	11	4	-33.3	-55.6
Consumer bankruptcies	212	182	195	-2.5	13.4

SA - seasonally adjusted



Newfoundland & Labrador



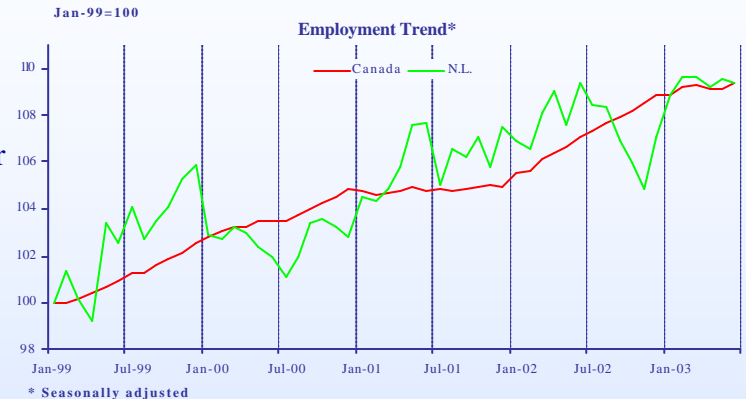
Labour Market

Employment was up throughout the first six months of 2003, as 4,700 jobs were created putting Newfoundland & Labrador (+2.2 %) ahead of other provinces.

Most of the gains were in the services-producing sector (+4,100 jobs). Employment grew in information, culture & recreation and natural resources sectors while it declined in construction and education.

The unemployment rate declined in the first half of 2003 from 18.5% in December 2002 to 15.4% in June 2003, below its June 2002 level (15.9%).

Since 1997, the participation rate has increased significantly in Newfoundland & Labrador. The average participation rate of the first half of 2003 is the highest (58.7%) since the launch of Labour Force Survey in 1976.



Employment per Industry

	Level June 2003	% of Total June 2003	Change since			% change since		
			three months ago	last Dec.	twelve months ago	three months ago	last Dec.	twelve months ago
(in thousands)								
TOTAL EMPLOYMENT	218.2	100.0	-0.5	4.7	0.2	-0.2	2.2	0.1
Full-time	185.8	85.2	2.5	4.9	1.9	1.4	2.7	1.0
Part Time	32.4	14.8	-3.0	-0.2	-1.8	-8.5	-0.6	-5.3
Labour Force	257.8	-	-5.9	-4.3	-1.4	-2.2	-1.6	-0.5
Participation rate	58.8	-	-1.2	-0.9	-0.3	-2.0	-1.5	-0.5
Employment rate	49.7	-	-0.1	1.1	0.0	-0.2	2.3	0.0
Unemployment rate	15.4	-	-1.7	-3.1	-0.5	-9.9	-16.8	-3.1
INDUSTRY								
Goods-producing	44.0	20.2	-0.3	0.6	-5.6	-0.7	1.4	-11.3
Agriculture	1.5	0.7	-0.8	-0.5	0.3	-34.8	-25.0	25.0
Natural resources ¹	15.6	7.1	2.5	3.0	-0.5	19.1	23.8	-3.1
Utilities	2.1	1.0	-0.1	-0.4	-0.7	-4.5	-16.0	-25.0
Construction	9.8	4.5	-1.1	-2.0	-0.4	-10.1	-16.9	-3.9
Manufacturing	15.0	6.9	-0.8	0.5	-4.3	-5.1	3.4	-22.3
Services-producing	174.2	79.8	-0.2	4.1	5.7	-0.1	2.4	3.4
Trade	34.5	15.8	-4.3	-4.1	-2.3	-11.1	-10.6	-6.3
Transportation & warehousing	14.2	6.5	2.0	2.0	3.9	16.4	16.4	37.9
FIRE ²	6.5	3.0	-0.2	-0.6	-1.8	-3.0	-8.5	-21.7
Professional & scientific	8.6	3.9	0.7	0.9	-0.8	8.9	11.7	-8.5
Management & administrative	8.1	3.7	-0.6	0.4	-0.7	-6.9	5.2	-8.0
Educational	15.6	7.1	-1.0	-1.9	-3.6	-6.0	-10.9	-18.8
Health care & social assistance	33.7	15.4	-0.1	0.9	3.6	-0.3	2.7	12.0
Information & culture & recreation	9.3	4.3	2.0	3.4	2.2	27.4	57.6	31.0
Accommodation & food	14.8	6.8	1.3	1.3	3.0	9.6	9.6	25.4
Other services	11.1	5.1	-0.9	-0.2	1.0	-7.5	-1.8	9.9
Public administration	17.7	8.1	0.9	1.8	1.3	5.4	11.3	7.9

1) Includes Forestry, Fishing, Mining, and Oil & Gas.

2) Includes Financial services, Insurance, Real Estate and Leasing



Newfoundland & Labrador

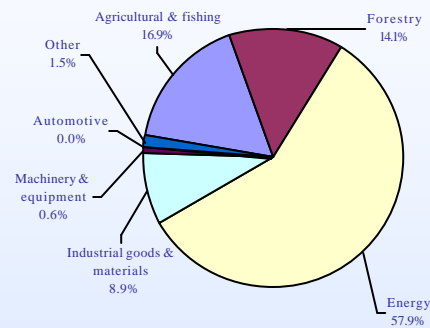


Trade

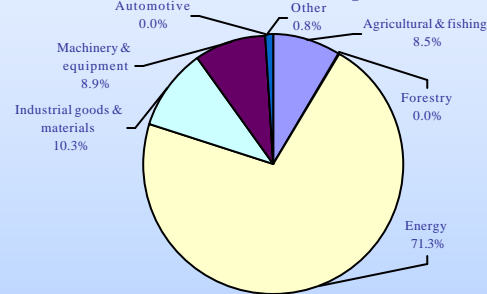
Year-to-date exports are up by 0.7% in 2003. Energy products, which account for close to 60% of all exports are up 4.7% so far this year. Increases in daily production at both Hibernia and Terra Nova are expected to boost total oil production, which will likely translate into a rise of provincial exports in 2003 and 2004. Machinery & equipment (+106.8%) and industrial goods & materials (+27.6%) have registered important gains while forestry products experienced the largest decrease (-29.9 %).

Year-to-date imports have surged 44.3% due to an important increase in imports of energy products (+76.7%). Excluding energy products, imports declined 29.2%. The increase in imports of energy products has reduced Newfoundland & Labrador's year-to-date trade balance from 1,155.3 million to 842.3 million.

Share of Total Exports, 2002



Share of Total Imports, 2002



Merchandise Trade, Customs-Based

Level	year-to-date 2002*	year-to-date 2003*	% Change
(in million of dollars)			
Total Exports	1,891.2	1,904.3	0.7
Total Imports	735.9	1,062.0	44.3
Balance	1,155.3	842.3	
Principal commodity groupings			
<i>Exports</i>			
Agricultural & fishing products	270.6	274.9	1.6
Energy products	1,126.0	1,178.8	4.7
Forestry products	312.8	219.4	-29.9
Industrial goods & materials	138.5	176.7	27.6
Machinery & equipment	11.7	24.2	106.8
Automotive products	0.4	0.4	0.0
Other consumer goods	0.5	0.5	0.0
Special transaction trade	30.9	29.4	-4.9
<i>Imports</i>			
Agricultural & fishing products	72.2	42.4	-41.3
Energy products	510.6	902.4	76.7
Forestry products	0.0	0.0	-
Industrial goods & materials	78.6	61.0	-22.4
Machinery & equipment	70.0	48.1	-31.3
Automotive products	0.2	0.1	-50.0
Other consumer goods	3.1	3.6	16.1
Special transaction trade	1.1	4.4	300.0

* Jan.-May period



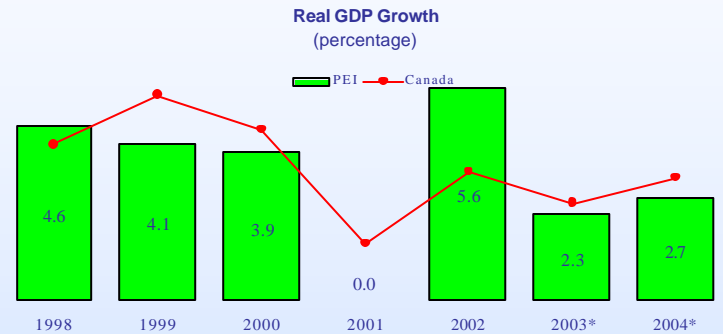
Prince Edward Island



Real Gross Domestic Product

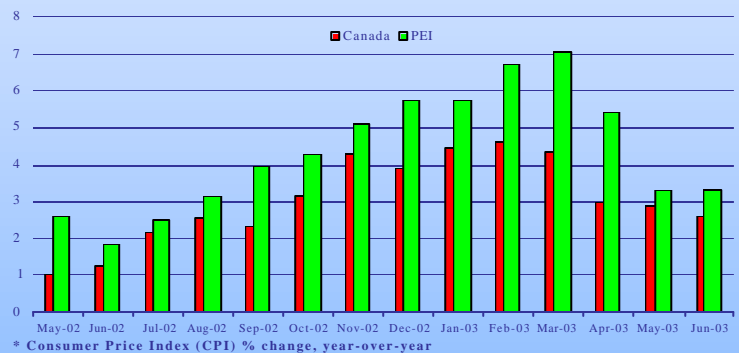
Prince Edward Island's economy rebounded in 2002 with real GDP growth of 5.6%. The improvement reflected the recovery of potato crops and associated processing. For 2003, Prince Edward Island's GDP growth will likely be slowed by a decline in tourism activity resulting from the appreciation of the Canadian dollar and the Severe Acute Respiratory Syndrome (SARS).

It is expected that 2004 will be a better year, as a faster pace of expansion in United States and other parts of Canada stimulate tourism and demand for manufactured products. GDP is forecasted to grow by 2.7% in 2004.



* Forecasts are based on a survey of a number of private forecasters, including the Bank of Montreal, BMO Nesbitt Burns Economics, CIBC, Desjardins, National Bank, Royal Bank, Scotiabank Group, Global Insight, TD Bank and The Conference Board of Canada.

CPI Inflation Rate*



* Consumer Price Index (CPI) % change, year-over-year

Inflation Trends

Inflation in Prince Edward Island increased from June 2002 to March 2003 reaching a peak of 7.1%. While the inflation rate fell to 3.3% in June 2003, it is still above the national average of 2.6%. Alcohol & tobacco, energy, transport and shelter have been the main drivers of price increases.

Consumer Prices

Prince Edward Island		year-over-year inflation		
June 2003	2002	April	May	June
	(%)	(%)	(%)	(%)
All items	2.7	5.4	3.3	3.3
Food	3.5	1.0	0.8	1.8
Shelter	-0.7	8.1	4.0	4.0
Household	2.1	0.3	1.2	1.2
Clothing	0.7	-0.8	-1.0	-0.2
Transport	3.6	11.3	6.3	4.9
Health Care	0.7	1.4	1.7	1.4
Recreation	2.2	1.3	0.4	0.6
Alcohol & Tobacco	20.8	16.5	17.8	16.7
Energy	-4.8	28.0	8.1	6.6



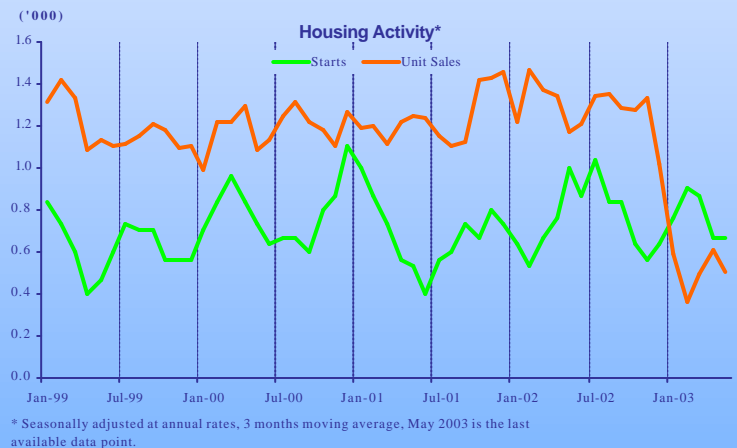
Prince Edward Island



Consumer Spending

For the period January to May 2003, retail sales are 0.9% lower compared to the same period in 2002. Overall, after reaching a low of \$104.8 million in June 2002, retail sales have fluctuated around \$110 million since July 2002.

Real estate activity has cooled off in 2003. Average unit sales for the period January to May were 62.1% lower compared to last year. Housing starts reached a 13 year high in 2002 with 775 units.



Economic Activity

	Level			% Change May-03	
	Mar-03	Apr-03	May-03	3 months ago	12 months ago
DEMAND					
Retail trade (SA, Thousands \$)	110,274	111,626	109,593	-1.5	-1.1
New motor vehicle sales (SA, units)	400	376	427	2.9	9.5
CREDIT					
Business bankruptcies	1	3	3	50.0	200.0
Consumer bankruptcies	13	12	17	30.8	-10.5

SA - seasonally adjusted



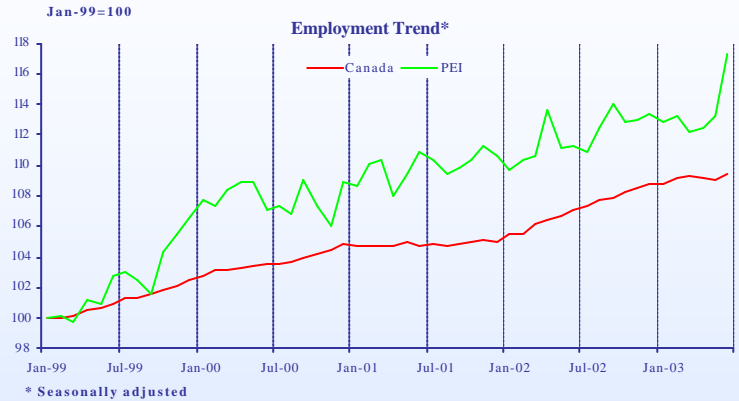
Prince Edward Island



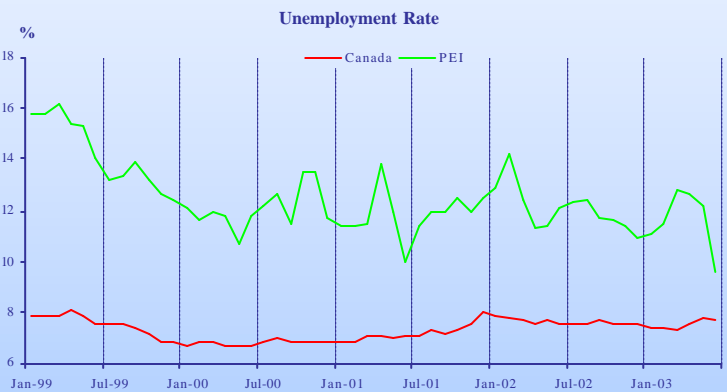
Labour Market

After being relatively stable in the first five months of 2003, employment surged 3.7% in June. This resulted in a 2.6 percentage points decrease of the unemployment rate, which reached 9.6%, the lowest level since October 1978.

Since June 2002, Prince Edward Island has gained 3,600 jobs (+5.4%). Public administration, trade and financial services, insurance, real estate & leasing registered important gains.



* Seasonally adjusted



Employment per Industry

	Level June 2003	% of Total	Change since			% change since		
			three months ago	last Dec.	twelve months ago	three months ago	last Dec.	twelve months ago
(in thousands)								
TOTAL EMPLOYMENT	70.3	100.0	3.1	2.4	3.6	4.6	3.5	5.4
Full-time	58.3	82.9	1.5	1.8	1.9	2.6	3.2	3.4
Part Time	12.1	17.2	1.7	0.7	1.9	16.3	6.1	18.6
Labour Force	77.8	-	0.6	1.6	2.0	0.8	2.1	2.6
Participation rate	68.7	-	0.3	1.0	0.8	0.4	1.5	1.2
Employment rate	62.0	-	2.4	1.6	2.3	4.0	2.6	3.9
Unemployment rate	9.6	-	-3.2	-1.3	-2.5	-25.0	-11.9	-20.7
INDUSTRY								
Goods-producing	17.3	24.6	0.1	0.0	-0.6	0.6	0.0	-3.4
Agriculture	3.4	4.8	0.0	0.1	-0.7	0.0	3.0	-17.1
Natural resources ¹	2.6	3.7	-0.4	0.1	-0.1	-13.3	4.0	-3.7
Utilities	0.4	0.6	0.0	0.1	0.0	0.0	33.3	0.0
Construction	3.9	5.5	-0.3	-0.9	-0.4	-7.1	-18.8	-9.3
Manufacturing	6.9	9.8	0.6	0.5	0.6	9.5	7.8	9.5
Services-producing	53.0	75.4	3.0	2.4	4.2	6.0	4.7	8.6
Trade	10.8	15.4	1.2	1.3	1.0	12.5	13.7	10.2
Transportation & warehousing	2.7	3.8	-0.2	0.1	0.3	-6.9	3.8	12.5
FIRE ²	2.7	3.8	0.7	0.8	0.7	35.0	42.1	35.0
Professional & scientific	3.0	4.3	0.2	-0.1	0.1	7.1	-3.2	3.4
Management & administrative	2.6	3.7	0.0	-0.2	0.0	0.0	-7.1	0.0
Educational	4.9	7.0	0.1	0.0	0.0	2.1	0.0	0.0
Health care & social assistance	8.0	11.4	0.6	-0.1	0.4	8.1	-1.2	5.3
Information & culture & recreation	2.6	3.7	-0.3	-0.2	0.3	-10.3	-7.1	13.0
Accommodation & food	5.1	7.3	0.0	0.0	-0.2	0.0	0.0	-3.8
Other services	3.7	5.3	0.3	0.2	0.4	8.8	5.7	12.1
Public administration	7.0	10.0	0.5	0.7	1.4	7.7	11.1	25.0

1) Includes Forestry, Fishing, Mining, and Oil & Gas.

2) Includes Financial services, Insurance, Real Estate and Leasing



Prince Edward Island

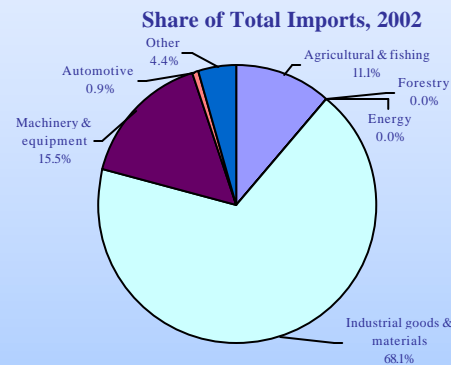
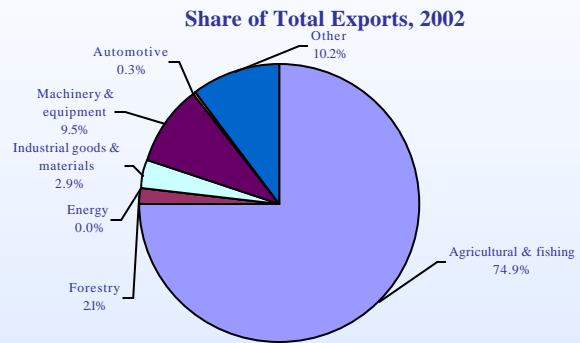


Trade

Exports of agricultural & fishing products are key to Prince Edward Island. Year-to-date total exports have declined by \$10.3 million (4.3%), which is largely due to a \$6.4 million fall in exports of agricultural & fishing products.

A year-to-date increase of \$3.2 million in imports of industrial goods & materials have contributed to higher total imports.

Prince Edward Island's trade balance of \$222.7 million was 5.7% lower compared to same period in 2002.



Merchandise Trade, Customs-Based

Level	year-to-date 2002*	year-to-date 2003*	% Change
(in million of dollars)	2002*	2003*	
Total Exports	240.3	230.0	-4.3
Total Imports	4.2	7.3	73.8
Balance	236.1	222.7	
Principal commodity groupings			
<i>Exports</i>			
Agricultural & fishing products	172.6	166.2	-3.7
Energy products	0.0	0.1	-
Forestry products	5.6	4.2	-25.0
Industrial goods & materials	7.6	10.2	34.2
Machinery & equipment	27.5	28.2	2.5
Automotive products	0.5	2.0	300.0
Other consumer goods	3.8	4.1	7.9
Special transaction trade	22.4	15.2	-32.1
<i>Imports</i>			
Agricultural & fishing products	1.2	1.3	8.3
Energy products	0.0	0.0	-
Forestry products	0.0	0.0	-
Industrial goods & materials	0.9	4.1	355.6
Machinery & equipment	1.4	1.6	14.3
Automotive products	0.2	0.0	-100.0
Other consumer goods	0.4	0.2	-50.0
Special transaction trade	0.0	0.0	-

* Jan.-May period



Nova Scotia



Real Gross Domestic Product

In 2002, real GDP growth reached 3.8% on strengthening consumer spending. Residential construction, furniture and new car sales all showed strong increases. Tire production and fish processing also contributed. Further strength came from federal government purchases of helicopters.

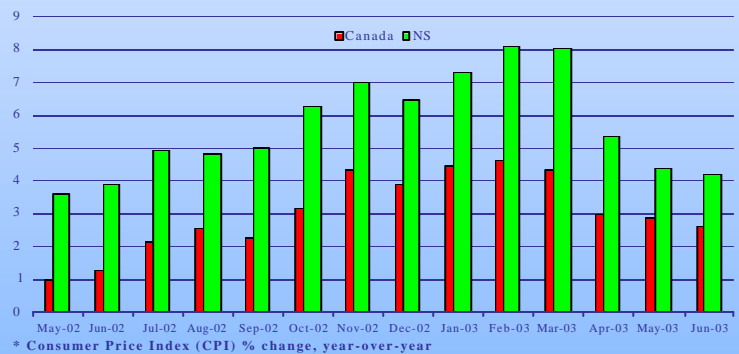
For 2003, the prospects are dampened by developments in two major energy projects; estimates of natural gas reserves for the Sable Offshore Energy project were lowered by about one-third while Encana decided to delay the Deep Panuke natural gas project. The recovery in natural gas prices, however, will help support growth in 2003, expected at 2.7%, as will a rise in non-residential construction.

The Spring Budget 2003 announced an average cut of 10% to personal income taxes effective in January 2004, which should help stimulate growth in 2004.



* Forecasts are based on a survey of a number of private forecasters, including the Bank of Montreal, BMO Nesbitt Burns Economics, CIBC, Desjardins, National Bank, Royal Bank, Scotiabank Group, Global Insight, TD Bank and The Conference Board of Canada.

CPI Inflation Rate*



* Consumer Price Index (CPI) % change, year-over-year

Inflation Trends

Inflation fell from 4.2% in April to 2.9% in both May and June 2003, dampened by smaller year-over-year increases in energy prices throughout the second quarter. Earlier this year, rising car insurance premiums contributed to raise CPI inflation. On June 25, the Government of Nova Scotia announced a plan to lower auto insurance rates by an average of 20%. The plan will limit the benefits for minor injuries, and car owners will have the option to buy enhanced car accident benefits.

Consumer Prices

Nova Scotia	year-over-year inflation			
	2002	April	May	June
June 2003	(%)	(%)	(%)	(%)
All items	3.0	4.2	2.9	2.9
Food	3.3	1.7	2.4	2.7
Shelter	0.7	5.3	4.4	4.5
Household	1.6	1.9	2.0	1.4
Clothing	-2.6	-2.1	1.0	2.0
Transport	5.0	6.9	1.5	1.2
Health Care	1.0	1.8	0.9	0.6
Recreation	3.5	1.9	1.3	1.9
Alcohol & Tobacco	19.6	22.0	15.9	13.9
Energy	-0.7	9.8	1.8	2.2

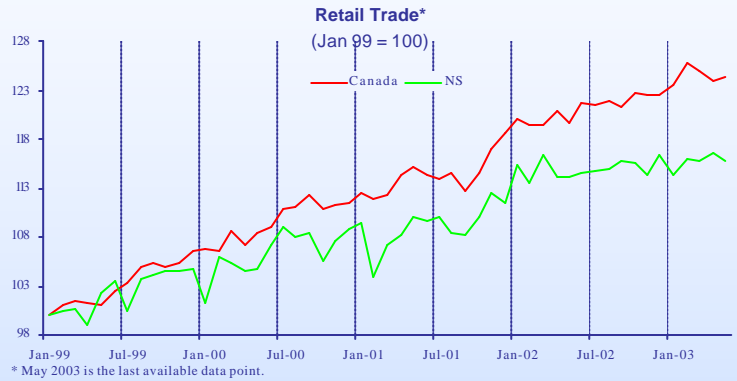


Nova Scotia

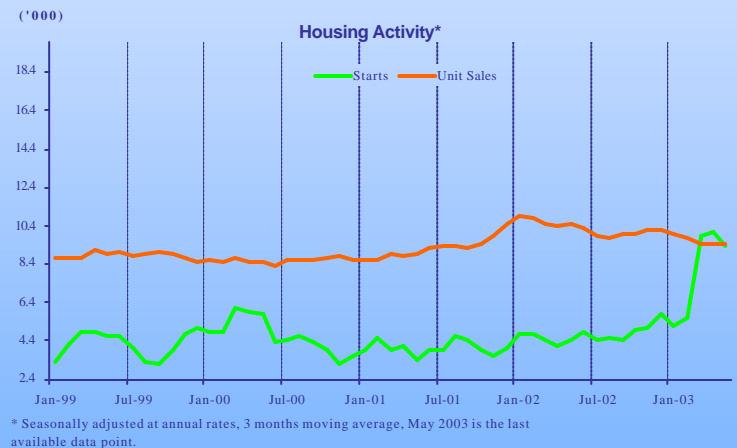


Consumer Spending

Retail sales have been soft for more than one year, following a strong increase in 2001 which had brought growth for 2002 at 5.4%. In the first five months of 2003, however, sales were up only 0.9% from the previous year. Over the same period, motor vehicle sales fell 4.0% after soaring 9.6% in 2002, the third largest advance among provinces. Coinciding with softening consumer spending was a deterioration in consumer finances. The average number of consumer bankruptcies in the first five months of 2003 was 15.7% higher than in the same period in 2002. This followed a 5.4% decline in bankruptcies for the full year in 2002.



Housing activity has been brisk in the past few years. A sharp increase in unit sales in late 2001 brought the number of units sold to 963 in January 2002, their highest level on record. Largely as a result of the rise, average unit sales for 2002 were up 19.4%. Furthermore, housing starts rose by 8.5% in 2002 on the back of a 10.1% increase in 2001. Activity has been cooling off as indicated by the 0.5% decline in the value of residential building permits in the first five months of 2003 compared with the previous year. This followed a 33.4% increase in 2002.



As in most provinces, housing price inflation has continued to rise in 2003. Prices for new houses in the first five months of 2003 were up 3.9% from the previous year, compared with increases of 3.5% in 2002 and 3.0% in 2001.

Economic Activity

	Level			% Change May-03	
	Mar-03	Apr-03	May-03	3 months ago	12 months ago
DEMAND					
Retail trade (SA, Thousands \$)	770,039	775,722	770,436	-0.1	1.5
New motor vehicle sales (SA, units)	3,755	3,687	3,949	-0.5	2.3
CREDIT					
Business bankruptcies	28	26	31	-3.1	19.2
Consumer bankruptcies	341	306	333	10.6	19.8

SA - seasonally adjusted



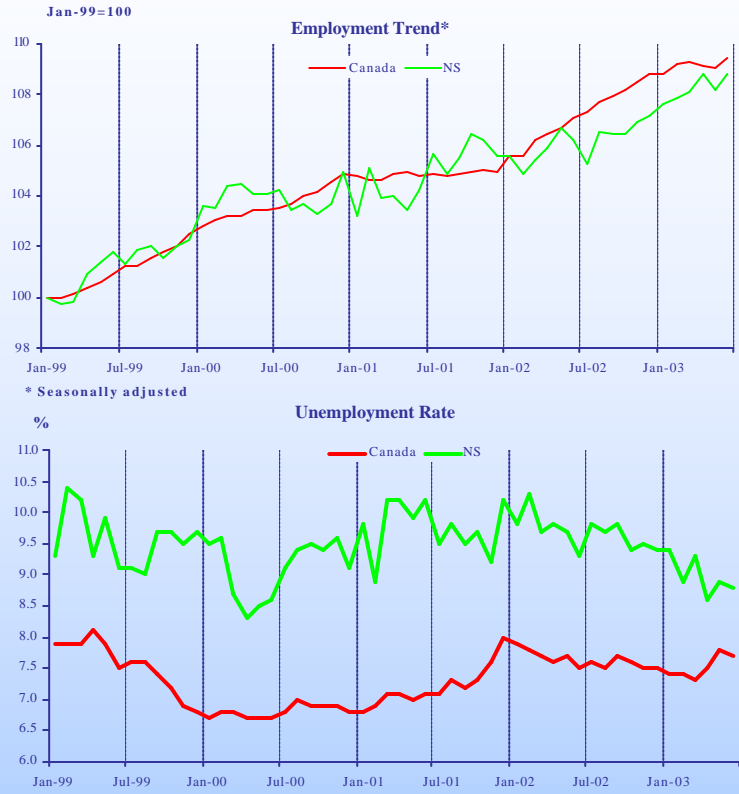
Nova Scotia



Labour Market

The level of employment rose steadily throughout 2002 and into 2003, bringing the job growth for the first half of 2003 to 2.3% from the same period in 2002. These gains pushed the unemployment rate down, close to the low of 8.3% of April 2000. Furthermore, the employment rate reached 57.8% in June, the highest level on record.

Full-time employment, which accounts for four out of five jobs, grew by 1.9% from the first half of 2002, while part-time jobs grew by 4.0%. Manufacturing employment rose 9.1% and jobs in the natural resource sector were up a notable 16.5%. In the service sector, employment was up 1.1%, following a rise of 1.2% in 2002.



Employment per Industry

	Level June 2003	% of Total	Change since			% change since		
			three months ago	last Dec.	twelve months ago	three months ago	last Dec.	twelve months ago
(in thousands)								
TOTAL EMPLOYMENT	439.3	100.0	3.0	7.0	10.6	0.7	1.6	2.5
Full-time	357.2	81.3	1.6	9.8	11.0	0.4	2.8	3.2
Part Time	82.1	18.7	1.4	-2.8	-0.4	1.7	-3.3	-0.5
Labour Force	481.6	-	0.8	4.7	8.8	0.2	1.0	1.9
Participation rate	63.4	-	0.0	0.5	0.8	0.0	0.8	1.3
Employment rate	57.8	-	0.3	0.7	1.0	0.5	1.2	1.8
Unemployment rate	8.8	-	-0.5	-0.6	-0.5	-5.4	-6.4	-5.4
INDUSTRY								
<i>Goods-producing</i>	98.7	22.5	0.2	3.8	5.0	0.2	4.0	5.3
Agriculture	6.4	1.5	-0.5	0.2	-0.3	-7.2	3.2	-4.5
Natural resources ¹	14.0	3.2	-1.7	-1.3	0.3	-10.8	-8.5	2.2
Utilities	2.9	0.7	0.5	0.0	0.6	20.8	0.0	26.1
Construction	25.9	5.9	1.4	0.9	0.6	5.7	3.6	2.4
Manufacturing	49.6	11.3	0.5	4.0	4.0	1.0	8.8	8.8
<i>Services-producing</i>	340.6	77.5	2.8	3.1	5.5	0.8	0.9	1.6
Trade	77.1	17.6	2.6	1.7	0.6	3.5	2.3	0.8
Transportation & warehousing	21.1	4.8	2.1	1.8	1.1	11.1	9.3	5.5
FIRE ²	21.9	5.0	0.1	-0.1	1.6	0.5	-0.5	7.9
Professional & scientific	17.3	3.9	-2.2	-3.5	-2.0	-11.3	-16.8	-10.4
Management & administrative	22.3	5.1	0.3	0.6	1.0	1.4	2.8	4.7
Educational	31.9	7.3	-2.3	-2.6	-1.2	-6.7	-7.5	-3.6
Health care & social assistance	54.6	12.4	1.7	2.9	1.4	3.2	5.6	2.6
Information & culture & recreation	16.4	3.7	-0.4	-0.7	-2.0	-2.4	-4.1	-10.9
Accommodation & food	26.8	6.1	-0.6	-1.5	-4.0	-2.2	-5.3	-13.0
Other services	23.8	5.4	0.5	1.4	4.0	2.1	6.3	20.2
Public administration	27.3	6.2	1.1	3.4	4.9	4.2	14.2	21.9

1) Includes Forestry, Fishing, Mining, and Oil & Gas.

2) Includes Financial services, Insurance, Real Estate and Leasing



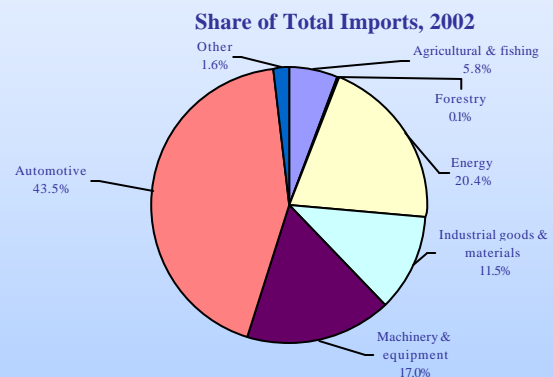
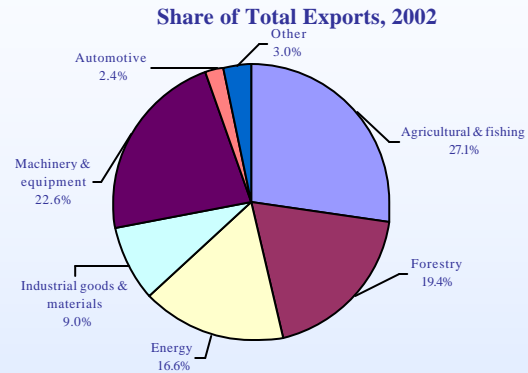
Nova Scotia



Trade

Exports in the first five months of 2003 were up 6.6% from the previous year, driven by rising natural gas prices. Excluding energy, exports were down 5.9% mainly due to large declines in agricultural & fishing and forestry products.

Imports in the first five months of 2003 climbed 28.7% from the previous year and 31.4% if energy is excluded. Automotive products and machinery & equipment led this increase and pushed the merchandise trade balance into a deficit, following surpluses in 2001 and 2002.



Merchandise Trade, Customs-Based

Level (in million of dollars)	year-to-date 2002*	year-to-date 2003*	% Change
Total Exports	2,094.9	2,233.0	6.6
Total Imports	1,988.6	2,560.3	28.7
Balance	106.3	-327.3	
Principal commodity groupings			
<i>Exports</i>			
Agricultural & fishing products	534.9	495.1	-7.4
Energy products	343.2	584.6	70.3
Forestry products	423.1	382.7	-9.5
Industrial goods & materials	187.6	189.4	1.0
Machinery & equipment	496.3	463.8	-6.5
Automotive products	47.4	55.8	17.7
Other consumer goods	18.3	22.8	24.6
Special transaction trade	44.1	39.1	-11.3
<i>Imports</i>			
Agricultural & fishing products	111.0	157.7	42.1
Energy products	422.6	503.2	19.1
Forestry products	2.7	3.4	25.9
Industrial goods & materials	223.0	265.0	18.8
Machinery & equipment	332.0	503.1	51.5
Automotive products	866.0	1,096.3	26.6
Other consumer goods	22.6	25.2	11.5
Special transaction trade	9.0	6.2	-31.1

* Jan.-May period



New Brunswick



Real Gross Domestic Product

After experiencing economic growth in 2002 close to the national average, growth is expected to slow down to 2.8% in 2003. Factors such as the higher value of the dollar and a weak U.S. economy will play a key role.

With an economic turnaround predicted in the overall Canadian economy in 2004, growth in New Brunswick is expected to remain near 3.0%, given infrastructure projects such as the twinning of the Trans-Canada Highway and Irving Oil's proposal to build a \$500 million liquefied natural gas plant near Saint John.

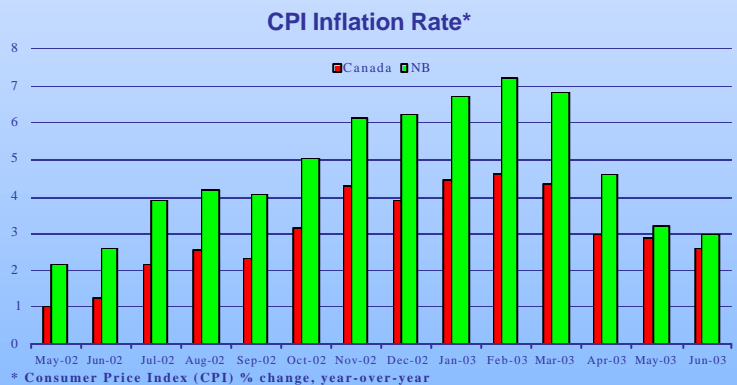
Inflation Trends

Inflation has been on a declining trend in New Brunswick after reaching a peak of 7.2% in February. From April to May, a sharp decline in energy prices growth served as the main driving force, pushing inflation down to 3.2%. In June, inflation moderated slightly (0.2 percentage point) as price declines in alcohol & tobacco and food just offset gains in most other categories.

A major factor contributing to recent inflationary pressures in the province were the high auto insurance premiums. The newly re-elected government introduced a bill amending the Insurance Act. It will require all New Brunswick insurance companies to file new auto insurance rates by August 15th or else face an automatic reduction of 20% on all rates.



* Forecasts are based on a survey of a number of private forecasters, including the Bank of Montreal, BMO Nesbitt Burns Economics, CIBC, Desjardins, National Bank, Royal Bank, Scotiabank Group, Global Insight, TD Bank and The Conference Board of Canada.



* Consumer Price Index (CPI) % change, year-over-year

Consumer Prices

New Brunswick	year-over-year inflation			
	2002	April	May	June
June 2003				
	(%)	(%)	(%)	(%)
All items	3.4	4.6	3.2	3.0
Food	3.6	2.1	2.5	1.9
Shelter	0.5	3.5	2.2	2.3
Household	2.2	1.3	0.6	0.4
Clothing	-1.5	1.8	-1.8	-1.8
Transport	6.2	8.6	5.1	5.4
Health Care	0.6	0.5	-0.2	0.5
Recreation	3.2	2.2	1.1	1.5
Alcohol & Tobacco	17.7	24.4	23.8	18.3
Energy	0.8	6.8	1.5	3.3



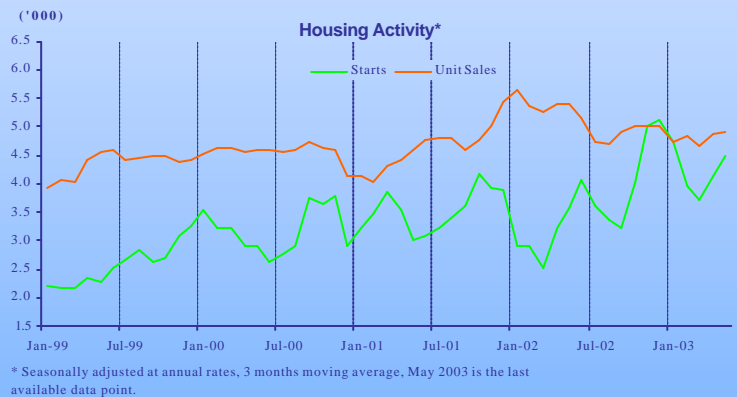
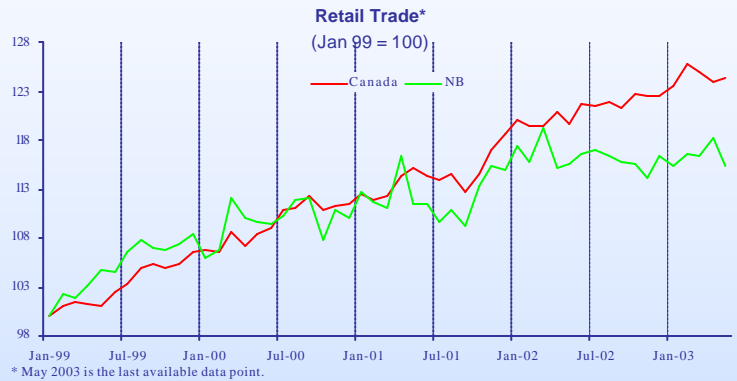
New Brunswick



Consumer Spending

Despite help from a personal income tax reduction in January, consumer spending has slowed. Retail sales have been flat since the end of 2002. Moreover, new motor vehicle sales have fallen 10.1% since the beginning of the year.

On the other hand, housing activity remains an area of strength. Over the first four months of 2003, housing starts were 40% above last year's level. Housing starts are projected to reach a 20-year high of 4,300 units in 2003. With building permits at a historically high level, construction activity is set to remain robust through most of the remainder of 2003.



Economic Activity

	Level			% Change May-03	
	Mar-03	Apr-03	May-03	3 months ago	12 months ago
DEMAND					
Retail trade (SA, Thousands \$)	610,190	620,654	604,973	-1.1	-0.1
New motor vehicle sales (SA, units)	3,091	2,998	3,302	-2.3	-3.9
CREDIT					
Business bankruptcies	20	16	21	61.5	-12.5
Consumer bankruptcies	191	215	195	6.0	19.6

SA - seasonally adjusted



New Brunswick



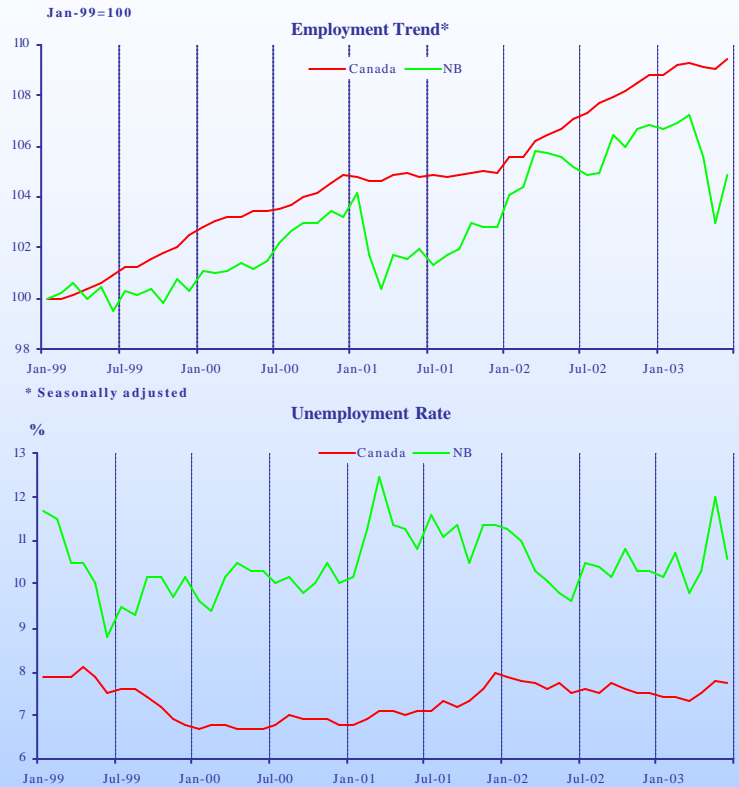
Labour Market

The New Brunswick economy lost over 6,000 jobs (-1.8%) in the first half of 2003. During that period, a lower number of job seekers reduced the labour force by 6,000.

Despite the employment rebound from May to June which reduced the jobless rate to 10.6%, New Brunswick's unemployment rate remained well above the national average of 7.7%.

The services sector has experienced widespread job losses so far this year, particularly in accommodation & food (-4,000) and transportation & warehousing (-2,000).

Unlike other provinces, employment in manufacturing has been a pillar of strength since the beginning of the year with the creation of nearly 4,000 jobs.



Employment per Industry

	Level June 2003	% of Total	Change since			% change since		
			three months ago	last Dec.	twelve months ago	three months ago	last Dec.	twelve months ago
(in thousands)								
TOTAL EMPLOYMENT	343.7	100.0	-7.7	-6.3	-0.9	-2.2	-1.8	-0.3
Full-time	290.1	84.4	-3.4	-5.7	-2.5	-1.2	-1.9	-0.9
Part Time	53.6	15.6	-4.4	-0.6	1.7	-7.6	-1.1	3.3
Labour Force	384.4	-	-5.3	-5.8	3.1	-1.4	-1.5	0.8
Participation rate	63.1	-	-0.9	-1.0	0.3	-1.4	-1.6	0.5
Employment rate	56.4	-	-1.3	-1.1	-0.4	-2.3	-1.9	-0.7
Unemployment rate	10.6	-	0.8	0.3	1.0	8.2	2.9	10.4
INDUSTRY								
Goods-producing	82.3	23.9	-2.5	2.7	3.0	-2.9	3.4	3.8
Agriculture	5.4	1.6	-1.3	-1.1	0.7	-19.4	-16.9	14.9
Natural resources ¹	12.1	3.5	-1.3	1.0	1.2	-9.7	9.0	11.0
Utilities	3.8	1.1	-0.3	-0.2	-1.0	-7.3	-5.0	-20.8
Construction	18.7	5.4	-0.9	-0.9	-0.7	-4.6	-4.6	-3.6
Manufacturing	42.3	12.3	1.3	3.8	2.7	3.2	9.9	6.8
Services-producing	261.4	76.1	-5.3	-9.0	-3.9	-2.0	-3.3	-1.5
Trade	52.2	15.2	-2.0	-1.7	-0.4	-3.7	-3.2	-0.8
Transportation & warehousing	17.5	5.1	-1.4	-2.2	-3.0	-7.4	-11.2	-14.6
FIRE ²	14.0	4.1	0.3	-0.4	-1.0	2.2	-2.8	-6.7
Professional & scientific	15.9	4.6	-0.6	0.2	1.4	-3.6	1.3	9.7
Management & administrative	22.6	6.6	-0.7	-0.7	3.6	-3.0	-3.0	18.9
Educational	21.3	6.2	-0.7	0.0	-0.3	-3.2	0.0	-1.4
Health care & social assistance	45.0	13.1	1.8	1.3	2.5	4.2	3.0	5.9
Information & culture & recreation	13.0	3.8	-0.6	0.1	0.2	-4.4	0.8	1.6
Accommodation & food	22.2	6.5	-0.7	-3.6	-4.8	-3.1	-14.0	-17.8
Other services	17.8	5.2	0.0	-0.1	-0.6	0.0	-0.6	-3.3
Public administration	20.0	5.8	-0.6	-1.7	-1.4	-2.9	-7.8	-6.5

1) Includes Forestry, Fishing, Mining, and Oil & Gas.

2) Includes Financial services, Insurance, Real Estate and Leasing



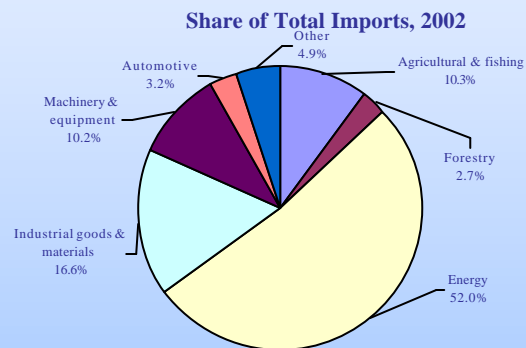
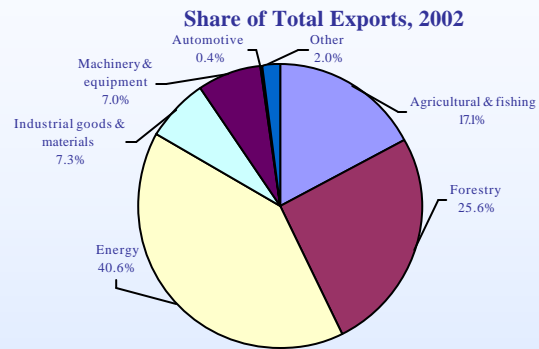
New Brunswick



Trade

Over the January-May period, merchandise exports rose 9.1% compared to the same period last year, despite losses in 5 of the 7 major groupings. A massive gain in energy exports (+35.9%) comprising 40.6% of the province's total exports, easily offset losses in other groups such as industrial goods & materials (-14.6%) and agricultural & fishing products (-10.4%).

Merchandise imports gained 10.2% in the first five months of the year compared to the same period in 2002. Imports rose in 4 of the 7 principle groupings. Energy (52% of total imports) led the way with a 17% increase, while imports of machinery & equipment were up 11.9%. Despite a rising dollar, imports of agricultural & fishing products fell 19.2%.



Merchandise Trade, Customs-Based

Level (in million of dollars)	year-to-date 2002*	year-to-date 2003*	% Change
Total Exports	3,130.8	3,416.3	9.1
Total Imports	2,372.1	2,613.8	10.2
Balance	758.7	802.5	
Principal commodity groupings			
<i>Exports</i>			
Agricultural & fishing products	481.0	430.9	-10.4
Energy products	1,225.4	1,665.9	35.9
Forestry products	859.0	809.0	-5.8
Industrial goods & materials	267.6	228.4	-14.6
Machinery & equipment	231.2	210.6	-8.9
Automotive products	8.0	11.9	48.8
Other consumer goods	13.0	15.8	21.5
Special transaction trade	45.7	44.2	-3.3
<i>Imports</i>			
Agricultural & fishing products	160.8	130.0	-19.2
Energy products	1,326.1	1,551.7	17.0
Forestry products	67.2	66.3	-1.3
Industrial goods & materials	398.0	402.2	1.1
Machinery & equipment	251.2	281.2	11.9
Automotive products	70.8	94.6	33.6
Other consumer goods	82.2	74.2	-9.7
Special transaction trade	15.8	13.7	-13.3

* Jan.-May period



Québec



Real Gross Domestic Product

After rebounding in 2002, Québec's real GDP growth is expected to ease to 2.5% in 2003. A stronger Canadian dollar and a sluggish U.S. economy, mainly affecting the manufacturing sector (especially telecommunication and aerospace equipment sectors), will contribute to the slowdown. Indeed, the value of Québec's manufacturing shipments decreased 4.5% over the first five months of the year.

On the positive side, domestic demand should remain strong in 2003, driven by strong consumer spending and a healthy housing market.

In line with the anticipated economic recovery in the U.S., Québec's real GDP is expected to grow by 3.0% in 2004.

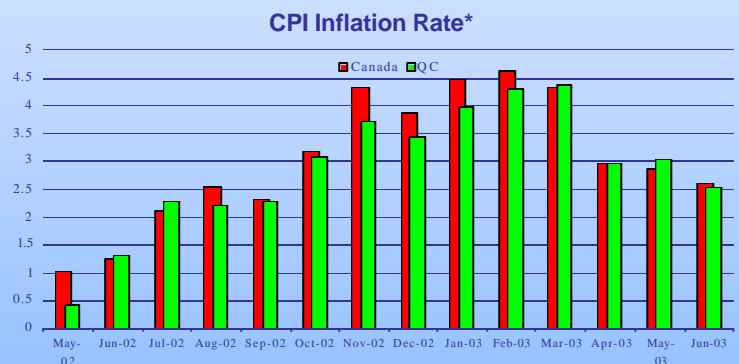
Inflation Trends

Québec's CPI inflation decreased from a peak of 4.4% in March to an average of 2.8% in the last three months (April to June). Over the March-June period, Québec's inflation rates have been similar to the national average.

Higher energy prices were responsible for the higher inflation rates in the first three months of 2003, the transportation component of the CPI being the most affected.



* Forecasts are based on a survey of a number of private forecasters, including the Bank of Montreal, BMO Nesbitt Burns Economics, CIBC, Desjardins, National Bank, Royal Bank, Scotiabank Group, Global Insight, TD Bank and The Conference Board of Canada.



* Consumer Price Index (CPI) % change, year-over-year

Consumer Prices

Québec	year-over-year inflation			
	2002	April	May	June
June 2003	(%)	(%)	(%)	(%)
All items	2.0	3.0	3.0	2.5
Food	2.1	0.8	2.6	3.1
Shelter	1.1	3.5	3.3	3.2
Household	0.5	0.7	0.4	-0.1
Clothing	0.4	-2.2	-1.4	-5.4
Transport	1.4	5.6	4.5	4.9
Health Care	0.5	1.7	1.9	1.0
Recreation	1.1	0.9	0.3	0.8
Alcohol & Tobacco	17.9	18.0	17.8	10.8
Energy	-2.3	4.0	1.4	3.1



Québec



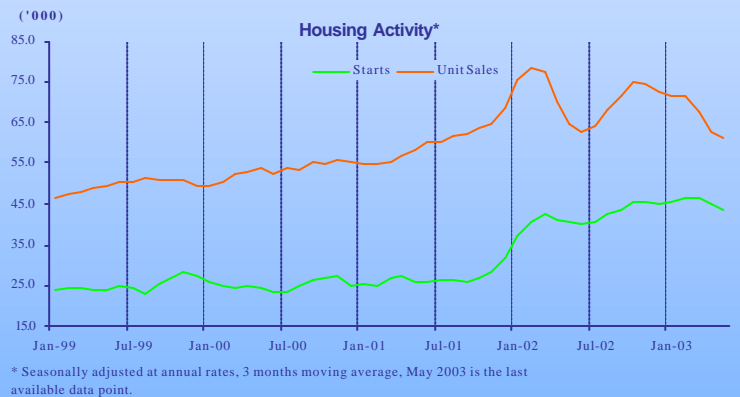
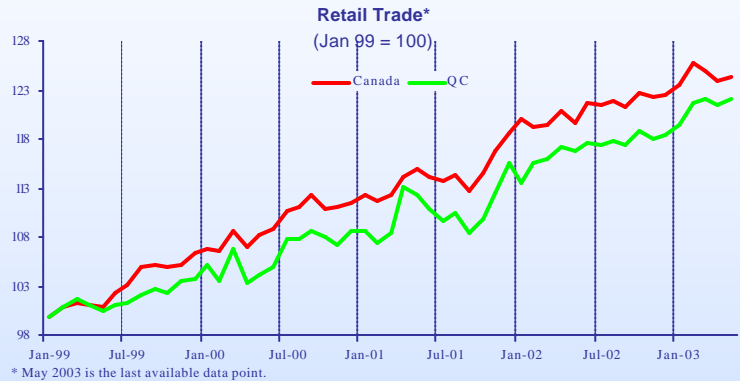
Consumer Spending

Retail sales have increased by 3.1% since the beginning of the year. This is twice the national average and the highest rate among provinces. Moreover, new motor vehicle sales have continued to grow at a healthy pace.

Despite declines in recent months, Québec's housing starts remained high and unit sales are close to their historical highs.

Lower interest rates will continue to stimulate the housing market in Québec.

On a year-over-year basis, Québec's housing prices increased 7.4% in May, the highest increase among provinces.



Economic Activity

	Level			% Change May-03	
	Mar-03	Apr-03	May-03	3 months ago	12 months ago
	DEMAND				
Retail trade (SA, Thousands \$)	6,078,266	6,041,616	6,076,407	0.2	4.6
New motor vehicle sales (SA, units)	35,819	34,967	37,252	1.5	1.4
CREDIT					
Business bankruptcies	231	200	197	1.0	-4.8
Consumer bankruptcies	1,967	2,048	2,012	9.1	-0.5

SA - seasonally adjusted



Québec



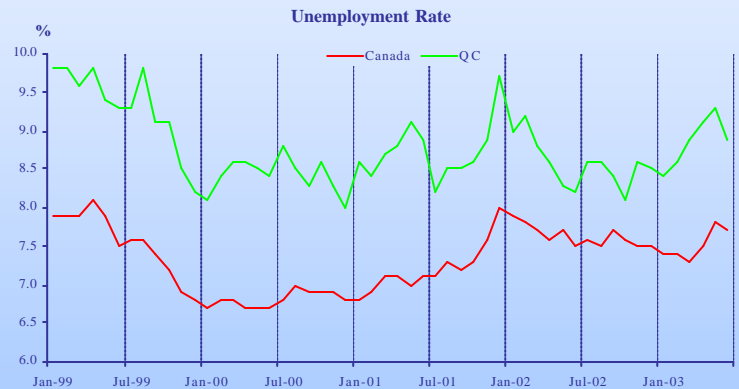
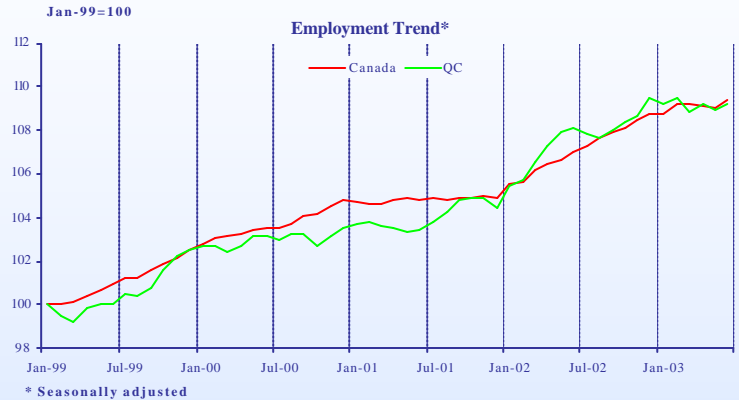
Labour Market

So far this year, Québec has lost 6,000 (-0.2%) jobs, all full-time. This contrasts with the 123,000 jobs created over the same period last year. Nonetheless, employment has increased by 13,000 in the last three months.

Employment losses, combined with an increase in the labour force, pushed the unemployment rate to 9.3% in May. However, employment gains, combined with a decrease in the number of job seekers, reduced the unemployment rate 0.4 percentage point to 8.9% in June.

In line with a struggling U.S. economy and a stronger Canadian dollar, employment in the manufacturing sector has declined by 35,000 since the beginning of the year, the largest decline among provinces.

In the services-producing industries, public administration (+14,000) and educational services (+10,000) recorded the highest employment gains so far this year. On the other hand, the professional & scientific sector has lost 13,000 jobs since December 2002.



Employment per Industry

	Level	% of Total June 2003	Change since			% change since		
			three months ago	last Dec.	twelve months ago	three months ago	last Dec.	twelve months ago
(in thousands)								
TOTAL EMPLOYMENT	3,647.8	100.0	13.3	-6.3	36.5	0.4	-0.2	1.0
Full-time	2,974.2	81.5	0.1	-11.0	-2.4	0.0	-0.4	-0.1
Part Time	673.6	18.5	13.2	4.7	38.9	2.0	0.7	6.1
Labour Force	4,003.3	-	13.5	11.6	70.6	0.3	0.3	1.8
Participation rate	65.8	-	0.0	-0.1	0.6	0.0	-0.2	0.9
Employment rate	60.0	-	0.1	-0.3	0.1	0.2	-0.5	0.2
Unemployment rate	8.9	-	0.0	0.4	0.7	0.0	4.7	8.5
INDUSTRY								
Goods-producing	930.1	25.5	-4.3	-32.7	-31.6	-0.5	-3.4	-3.3
Agriculture	57.7	1.6	1.6	-9.4	-4.5	2.9	-14.0	-7.2
Natural resources ¹	40.4	1.1	1.4	2.0	-3.3	3.6	5.2	-7.6
Utilities	29.8	0.8	1.4	-1.4	1.9	4.9	-4.5	6.8
Construction	171.4	4.7	-4.7	10.7	5.7	-2.7	6.7	3.4
Manufacturing	630.8	17.3	-4.0	-34.5	-31.4	-0.6	-5.2	-4.7
Services-producing	2,717.7	74.5	17.6	26.4	68.1	0.7	1.0	2.6
Trade	598.4	16.4	-2.6	-1.6	5.2	-0.4	-0.3	0.9
Transportation & warehousing	164.8	4.5	5.8	8.0	16.8	3.6	5.1	11.4
FIRE ²	185.5	5.1	-1.5	2.4	-8.2	-0.8	1.3	-4.2
Professional & scientific	211.5	5.8	-3.7	-12.6	-6.5	-1.7	-5.6	-3.0
Management & administrative	120.7	3.3	6.8	-2.3	-7.8	6.0	-1.9	-6.1
Educational	257.3	7.1	7.0	10.2	16.1	2.8	4.1	6.7
Health care & social assistance	424.7	11.6	0.2	6.3	19.5	0.0	1.5	4.8
Information & culture & recreation	153.5	4.2	-0.5	-0.2	-4.1	-0.3	-0.1	-2.6
Accommodation & food	218.3	6.0	-8.1	3.9	14.4	-3.6	1.8	7.1
Other services	165.9	4.5	-1.2	-1.3	10.8	-0.7	-0.8	7.0
Public administration	217.1	6.0	15.3	13.6	12.0	7.6	6.7	5.9

1) Includes Forestry, Fishing, Mining, and Oil & Gas.

2) Includes Financial services, Insurance, Real Estate and Leasing

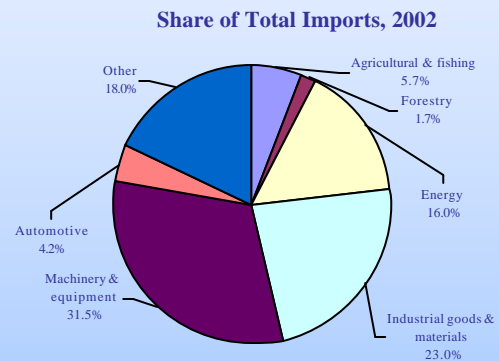


Trade

The weakness of the U.S. economy and the recent Canadian dollar appreciation have greatly affected the province's exports.

Over the January-May period, Québec's merchandise exports declined 4.9% compared to the same period last year. Losses were reported in 4 of the 7 principal groupings. The industrial goods & materials (-8.4%) and forestry (-12.6%) sectors, which accounts for almost 40% of total exports, recorded important losses. The drop in exports of automotive products (-41.3%) coincided with the closing of GM's Boisbriand vehicle assembly plant in August 2002.

On the other hand, merchandise imports increased 8.5% in the first 5 months of the year compared to the same period in 2002. Imports were up in 5 of the 7 principal groupings, the Energy sector reporting the largest growth (+45.3%). However, machinery & equipment imports, which represent one third of total merchandise imports, dropped 3.1%.



Merchandise Trade, Customs-Based

Level (in million of dollars)	year-to-date 2002*	year-to-date 2003*	% Change
Total Exports	27,610.6	26,269.4	-4.9
Total Imports	20,351.3	22,079.8	8.5
Balance	7,259.3	4,189.6	
Principal commodity groupings			
<i>Exports</i>			
Agricultural & fishing products	1,436.5	1,449.7	0.9
Energy products	534.8	770.7	44.1
Forestry products	4,312.4	3,767.2	-12.6
Industrial goods & materials	6,554.9	6,004.0	-8.4
Machinery & equipment	10,425.9	10,817.8	3.8
Automotive products	1,618.6	950.5	-41.3
Other consumer goods	1,941.4	1,859.1	-4.2
Special transaction trade	786.4	650.7	-17.3
<i>Imports</i>			
Agricultural & fishing products	1,171.2	1,297.0	10.7
Energy products	2,785.7	4,048.5	45.3
Forestry products	379.6	375.8	-1.0
Industrial goods & materials	5,063.8	5,101.4	0.7
Machinery & equipment	6,504.8	6,304.8	-3.1
Automotive products	876.8	986.1	12.5
Other consumer goods	3,147.8	3,610.2	14.7
Special transaction trade	421.5	356.0	-15.5

* Jan.-May period



Ontario



Real Gross Domestic Product

In line with the ongoing weakness of the U.S. economy, a stronger Canadian dollar and the negative effects of SARS, Ontario's real GDP is expected to increase by only 2.3% in 2003. This follows an increase of 3.9% in 2002.

The manufacturing sector will be most affected, especially the automotive and electronic industries, of which a large share of production goes to the U.S.

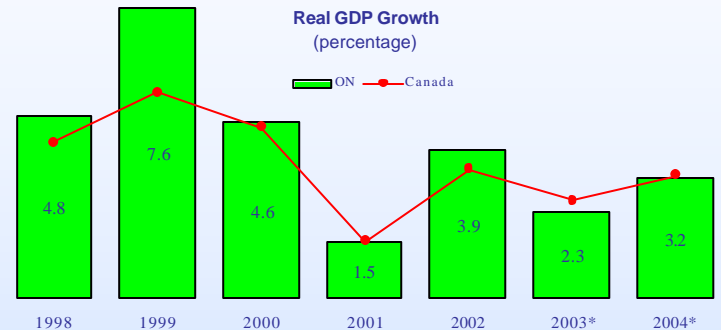
Although Toronto's diversified economy should help weather the SARS storm, tourism and transportation in that city are expected to record significant losses in 2003.

As the U.S. economy recovers, Ontario's GDP is expected to grow by 3.2% in 2004.

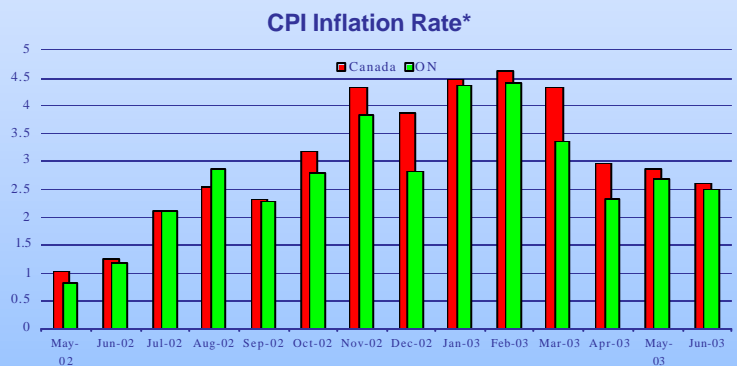
Inflation Trends

Ontario's inflation eased from 4.0% in the first three months of the year to 2.5% in the second quarter of 2003. Energy, through its impact on transportation sector, was responsible for most of the decline, as prices growth declined from an average of 15.0% in the first quarter to 5.2% in the second quarter of 2003.

However, shelter, which is the most important component of the CPI index, increased in the second quarter, reaching 4.1% in June.



* Forecasts are based on a survey of a number of private forecasters, including the Bank of Montreal, BMO Nesbitt Burns Economics, CIBC, Desjardins, National Bank, Royal Bank, Scotiabank Group, Global Insight, TD Bank and The Conference Board of Canada.



* Consumer Price Index (CPI) % change, year-over-year

Consumer Prices

Ontario	year-over-year inflation				
	June 2003	2002	April	May	June
		(%)	(%)	(%)	(%)
All items		2.0	2.3	2.7	2.5
Food		3.0	1.8	1.6	1.2
Shelter		1.0	1.3	3.0	4.1
Household		1.4	0.8	0.8	0.4
Clothing		-1.7	-4.1	-1.4	-4.2
Transport		2.3	5.8	4.5	4.6
Health Care		1.1	1.4	1.0	1.0
Recreation		1.4	0.0	-0.8	-0.7
Alcohol & Tobacco		16.2	16.5	16.7	10.8
Energy		-3.2	-0.2	5.1	10.7



Ontario

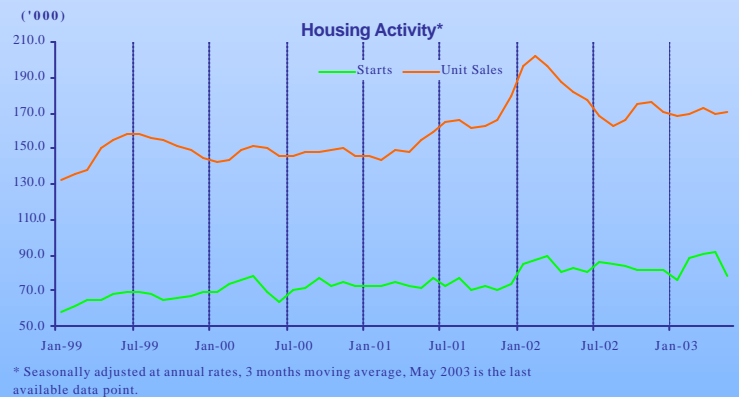


Consumer Spending

Since the beginning of the year, Ontario's retail sales have increased 0.9%, 0.6 percentage point below the national average. Moreover, sales of new motor vehicles have declined 1.8% over the last three months (March to May).

However, residential construction remained strong as new housing starts and unit sales have stayed at high levels. Low interest rates should continue to stimulate the housing market, but to lesser extent than last year.

On a year-over-year basis, Ontario's housing prices rose by 5.9% in May, second highest to Québec (+7.4%).



Economic Activity

	Level			% Change May-03	
	Mar-03	Apr-03	May-03	3 months ago	12 months ago
DEMAND					
Retail trade (SA, Thousands \$)	9,943,247	9,716,293	9,867,117	-1.4	5.7
New motor vehicle sales (SA, units)	56,052	52,269	57,856	-1.8	-0.3
CREDIT					
Business bankruptcies	250	236	253	3.7	-1.9
Consumer bankruptcies	2,606	2,637	2,634	7.3	11.1

SA - seasonally adjusted



Ontario



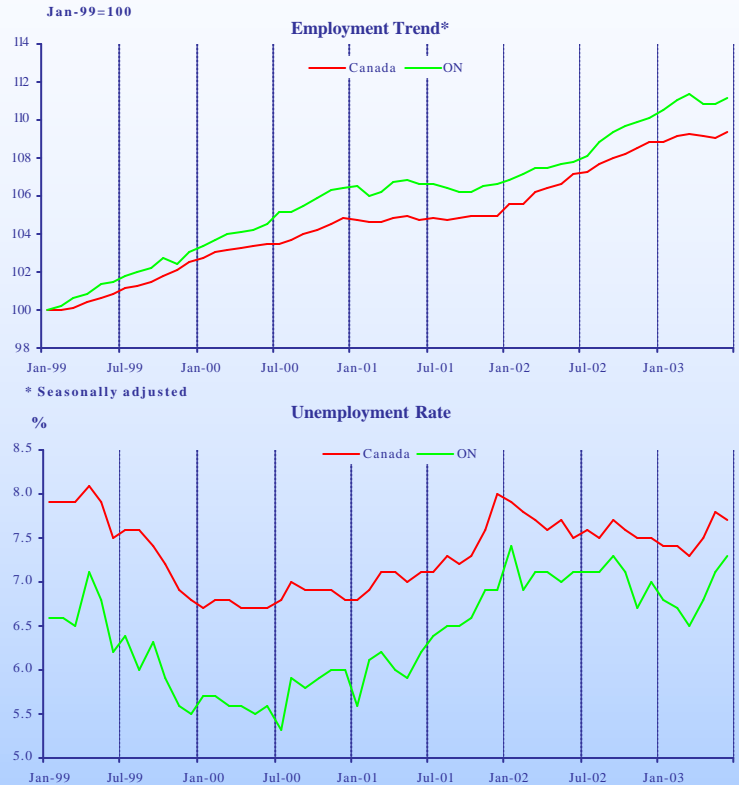
Labour Market

Despite increasing by 17,000 in June, Ontario's employment decreased 10,000 (-0.2%) in the last three months. Nevertheless, 61,000 jobs have been created so far this year, most of them part-time.

Slight job losses and more people entering the labour force pushed up the unemployment rate 0.8 percentage point to 7.3% over the March-June period. Affected by the SARS outbreak, Toronto's unemployment rate went from 7.2% to 8.4% during that period.

A weaker U.S. economy and a stronger Canadian dollar have reduced employment in the manufacturing sector by 32,000 since the beginning of the year. Construction has continued to perform well, creating 19,000 jobs in the last three months.

In the services-producing industries, the largest gains so far this year have been recorded by health care & social assistance (+23,000) and financial, insurance, real estate & leasing (+21,000). In contrast, transportation & warehousing has lost 10,000 since March. Accommodation & food has lost 2,200 jobs over the same period, mostly due to SARS.



Employment per Industry

	Level	% of Total	Change since			% change since		
			June 2003			Dec.		
			three months ago	last Dec.	twelve months ago	three months ago	last Dec.	twelve months ago
(in thousands)								
TOTAL EMPLOYMENT	6,226.8	100.0	-10.2	60.8	187.7	-0.2	1.0	3.1
Full-time	5,059.1	81.2	-36.4	19.3	112.2	-0.7	0.4	2.3
Part Time	1,167.8	18.8	26.3	41.6	75.7	2.3	3.7	6.9
Labour Force	6,720.8	-	48.0	87.7	222.6	0.7	1.3	3.4
Participation rate	68.7	-	0.1	0.3	1.2	0.1	0.4	1.8
Employment rate	63.7	-	-0.4	0.2	0.9	-0.6	0.3	1.4
Unemployment rate	7.3	-	0.8	0.3	0.2	12.3	4.3	2.8
INDUSTRY								
Goods-producing	1,644.5	26.4	0.6	-11.7	24.4	0.0	-0.7	1.5
Agriculture	82.9	1.3	4.2	1.0	10.0	5.3	1.2	13.7
Natural resources ¹	31.3	0.5	-5.5	-0.9	-3.0	-14.9	-2.8	-8.7
Utilities	55.6	0.9	1.3	5.2	1.6	2.4	10.3	3.0
Construction	388.7	6.2	19.2	15.3	44.4	5.2	4.1	12.9
Manufacturing	1,085.9	17.4	-18.6	-32.3	-28.7	-1.7	-2.9	-2.6
Services-producing	4,582.3	73.6	-10.8	72.5	163.3	-0.2	1.6	3.7
Trade	938.8	15.1	-3.8	2.1	17.1	-0.4	0.2	1.9
Transportation & warehousing	271.7	4.4	-9.7	-5.7	-9.7	-3.4	-2.1	-3.4
FIRE ²	430.6	6.9	-2.1	21.4	20.8	-0.5	5.2	5.1
Professional & scientific	458.3	7.4	0.3	13.5	30.3	0.1	3.0	7.1
Management & administrative	260.0	4.2	-0.6	1.7	8.7	-0.2	0.7	3.5
Educational	385.0	6.2	0.5	-11.9	9.2	0.1	-3.0	2.4
Health care & social assistance	608.4	9.8	8.1	23.3	51.1	1.3	4.0	9.2
Information & culture & recreation	281.9	4.5	5.4	2.5	-14.6	2.0	0.9	-4.9
Accommodation & food	380.0	6.1	-2.2	1.3	24.8	-0.6	0.3	7.0
Other services	265.8	4.3	-3.3	16.7	10.3	-1.2	6.7	4.0
Public administration	301.8	4.8	-3.4	7.5	15.3	-1.1	2.5	5.3

1) Includes Forestry, Fishing, Mining, and Oil & Gas.

2) Includes Financial services, Insurance, Real Estate and Leasing



Ontario

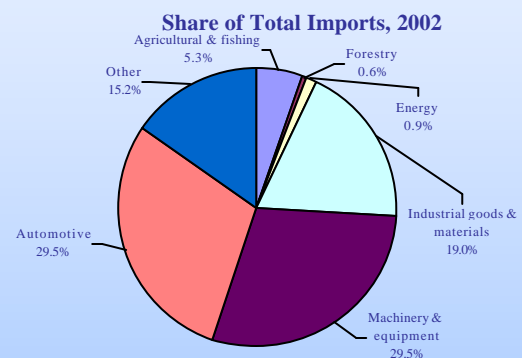
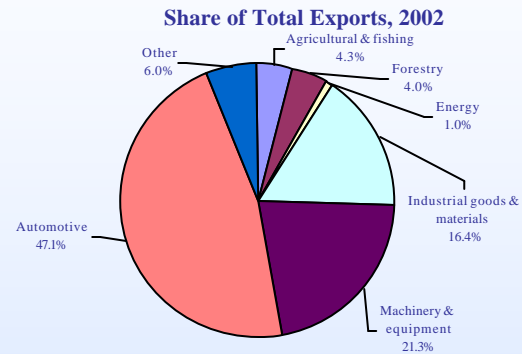


Trade

The struggling U.S. economy and the rise of the Canadian dollar have negatively affected exports in all provinces, but particularly Ontario, which relies heavily on export markets south of the border (more than 90% of total exports).

Ontario's merchandise trade exports fell 4.8% in the first five months of the year compared to the same period in 2002. The largest decreases occurred in forestry (-11.0%) and machinery & equipment (-8.5%). In line with slowing North American auto sales and rising inventories, automotive products exports (half of Ontario's exports) fell 6.0%.

Over the January-May period, merchandise trade imports decreased 2.4% compared to the same period last year. Machinery & equipment (-7.2%), industrial goods & materials (-2.3%) and automotive products (-0.1%), which account for the bulk of imports, recorded losses. Energy imports were up 23.0%.



Merchandise Trade, Customs-Based

Level (in million of dollars)	year-to-date 2002*	year-to-date 2003*	% Change
Total Exports	76,936.3	73,236.1	-4.8
Total Imports	93,708.1	91,501.0	-2.4
Balance	-16,771.8	-18,264.9	
Principal commodity groupings			
<i>Exports</i>			
Agricultural & fishing products	3,048.8	3,353.1	10.0
Energy products	688.9	899.0	30.5
Forestry products	3,136.9	2,790.3	-11.0
Industrial goods & materials	12,544.1	12,098.2	-3.6
Machinery & equipment	16,227.6	14,856.3	-8.5
Automotive products	36,770.4	34,552.5	-6.0
Other consumer goods	2,866.9	2,979.8	3.9
Special transaction trade	1,652.8	1,706.7	3.3
<i>Imports</i>			
Agricultural & fishing products	4,757.8	4,813.5	1.2
Energy products	722.8	889.1	23.0
Forestry products	566.2	577.5	2.0
Industrial goods & materials	17,860.2	17,453.9	-2.3
Machinery & equipment	27,712.7	25,724.0	-7.2
Automotive products	28,685.4	28,643.0	-0.1
Other consumer goods	11,806.4	11,982.2	1.5
Special transaction trade	1,596.5	1,417.8	-11.2

* Jan.-May period



Manitoba



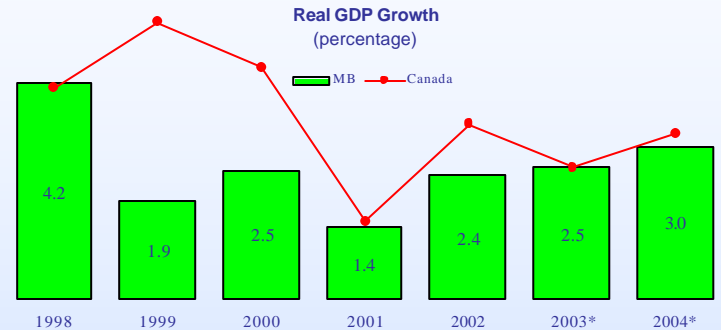
Real Gross Domestic Product

Real GDP growth in 2003 is expected to remain near the level achieved in 2002 (2.4%).

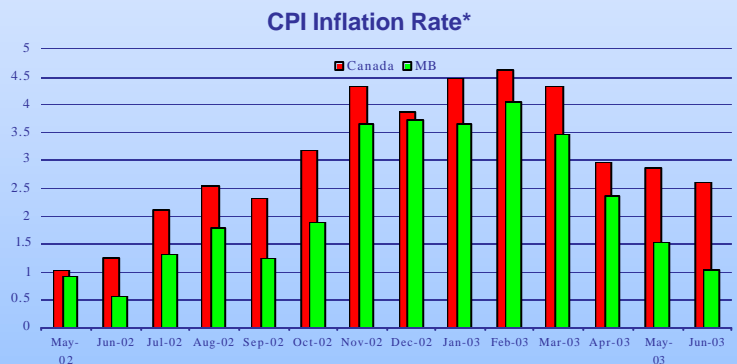
Output in Manitoba's agricultural sector is expected to contribute to growth in 2003 so long as seasonal precipitation levels recover after the dry conditions experienced in 2002. At the same time, other sectors in Manitoba's relatively diverse economy may pick up some slack. The province's manufacturing sector is expected to sustain overall growth in 2003, although shipments have declined 2.8% since the beginning of the year.

Manitoba's construction sector is expected to do well in 2003, stimulated by low interest rates and a relatively healthy labour market.

In 2004, GDP growth should strengthen somewhat, remaining close to the national average of around 3.0%.



* Forecasts are based on a survey of a number of private forecasters, including the Bank of Montreal, BMO Nesbitt Burns Economics, CIBC, Desjardins, National Bank, Royal Bank, Scotiabank Group, Global Insight, TD Bank and The Conference Board of Canada.



* Consumer Price Index (CPI) % change, year-over-year

Inflation Trends

Inflation in Manitoba remained below the national rate over the past year. In recent months inflation declined, from 4.1% in February to 1.1% in June, the lowest rate among provinces.

Lower energy and transport costs contributed to the low rate of inflation.

Consumer Prices

Manitoba	year-over-year inflation			
	2002	April	May	June
June 2003	(%)	(%)	(%)	(%)
All items	1.5	2.4	1.5	1.1
Food	2.4	1.2	1.8	1.2
Shelter	-0.5	2.7	1.3	1.4
Household	2.6	1.1	0.4	0.5
Clothing	-0.9	-1.3	-0.1	1.1
Transport	1.0	2.4	0.8	-0.3
Health Care	1.7	1.6	1.7	1.4
Recreation	0.9	1.8	1.2	0.5
Alcohol & Tobacco	15.7	16.7	11.6	8.7
Energy	-3.6	6.7	-1.0	-1.6



Manitoba

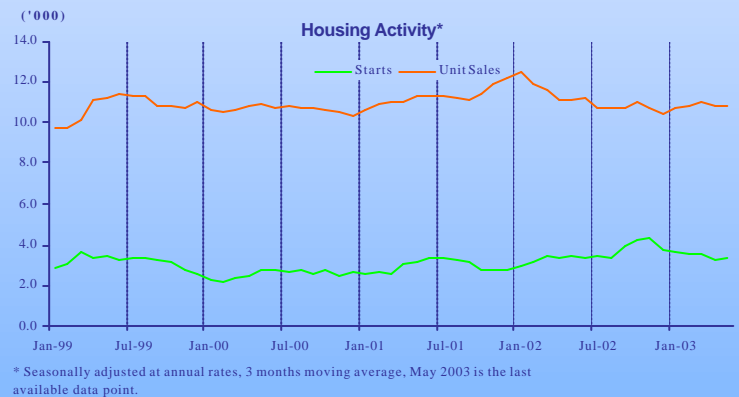


Consumer Spending

In 2002, retail sales in Manitoba advanced 7.2% with auto service, motor vehicle, and household goods sectors contributing most to the increase.

Consumer spending continued to increase in 2003 with retail sales growing 1.3% since December in Manitoba compared to 1.5% nationally. New motor vehicle sales rebounded after plunging in January, partially accounting for the increase.

Over the January-May period, housing starts fell but unit sales remained at high levels. Manitoba's housing prices rose 3.9% in May on a year-over-year basis.



Economic Activity

	Level			% Change May-03	
	Mar-03	Apr-03	May-03	3 months ago	12 months ago
	DEMAND				
Retail trade (SA, Thousands \$)	901,989	900,614	902,894	1.0	2.1
New motor vehicle sales (SA, units)	3,826	3,811	4,084	4.9	-0.1
CREDIT					
Business bankruptcies	26	20	23	43.8	9.5
Consumer bankruptcies	224	239	245	19.5	9.9

SA - seasonally adjusted



Manitoba

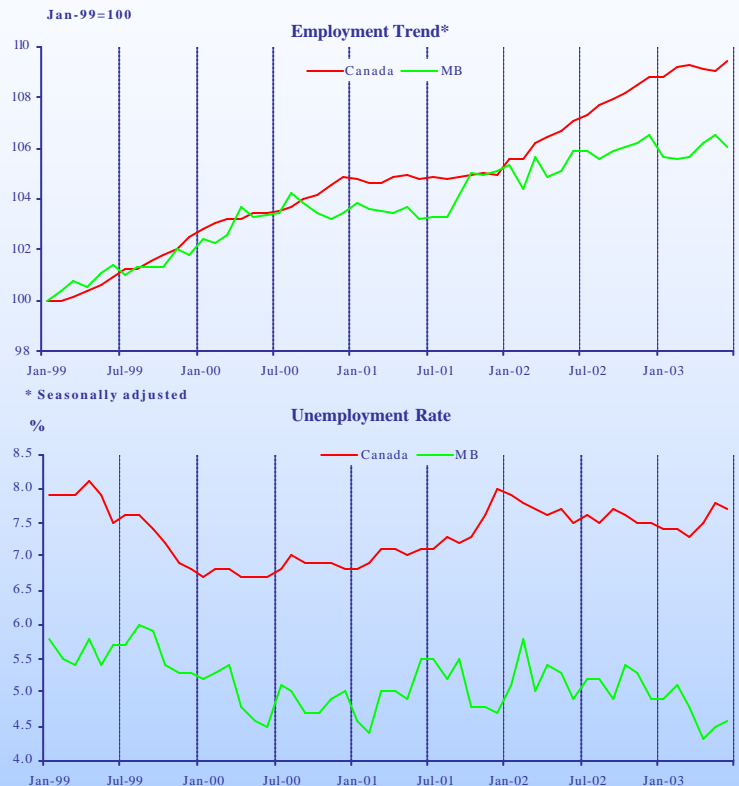


Labour Market

Manitoba's employment growth was below the national trend in 2002. Also, the province's labour force grew 1.6% compared to 3.1% in Canada.

In the last three months (April to June), total employment in the province advanced 0.4%. Employment in services contributed more than the goods sector, which contracted 0.5 percentage point. Manufacturing employment declined 2.5%.

Manitoba's unemployment rate, 4.6% in June, remained the lowest in the country.



Employment per Industry

	Level June 2003	% of Total	Change since			% change since		
			three months ago	last Dec.	twelve months ago	three months ago	last Dec.	twelve months ago
TOTAL EMPLOYMENT	569.5	100.0	2.3	-2.6	1.0	0.4	-0.5	0.2
Full-time	458.8	80.6	7.9	-3.5	9.9	1.8	-0.8	2.2
Part Time	110.7	19.4	-5.5	0.8	-8.9	-4.7	0.7	-7.4
Labour Force	596.9	-	0.9	-4.6	-0.7	0.2	-0.8	-0.1
Participation rate	68.8	-	-0.1	-0.7	-0.3	-0.1	-1.0	-0.4
Employment rate	65.6	-	0.1	-0.5	-0.2	0.2	-0.8	-0.3
Unemployment rate	4.6	-	-0.2	-0.3	-0.3	-4.2	-6.1	-6.1
INDUSTRY								
Goods-producing	139.7	24.5	-0.7	1.6	0.6	-0.5	1.2	0.4
Agriculture	31.7	5.6	-1.2	-0.5	-0.7	-3.6	-1.6	-2.2
Natural resources ¹	6.0	1.1	0.7	0.3	-0.9	13.2	5.3	-13.0
Utilities	7.1	1.2	0.2	0.9	0.9	2.9	14.5	14.5
Construction	27.5	4.8	1.2	1.4	3.0	4.6	5.4	12.2
Manufacturing	67.4	11.8	-1.7	-0.6	-1.7	-2.5	-0.9	-2.5
Services-producing	429.9	75.5	3.2	-4.1	0.4	0.7	-0.9	0.1
Trade	83.9	14.7	2.0	-0.2	-6.3	2.4	-0.2	-7.0
Transportation & warehousing	34.5	6.1	-0.6	-0.4	-0.4	-1.7	-1.1	-1.1
FIRE ²	27.8	4.9	0.8	0.3	-1.6	3.0	1.1	-5.4
Professional & scientific	23.0	4.0	-0.2	-0.3	-2.9	-0.9	-1.3	-11.2
Management & administrative	19.3	3.4	-2.1	-1.5	2.1	-9.8	-7.2	12.2
Educational	41.6	7.3	-1.7	-1.5	2.4	-3.9	-3.5	6.1
Health care & social assistance	73.6	12.9	0.4	-4.0	0.5	0.5	-5.2	0.7
Information & culture & recreation	24.1	4.2	2.0	1.8	-2.6	9.0	8.1	-9.7
Accommodation & food	39.5	6.9	-1.0	0.1	6.8	-2.5	0.3	20.8
Other services	30.5	5.4	1.5	1.5	4.3	5.2	5.2	16.4
Public administration	32.1	5.6	1.9	0.2	-2.0	6.3	0.6	-5.9

1) Includes Forestry, Fishing, Mining, and Oil & Gas.

2) Includes Financial services, Insurance, Real Estate and Leasing



Manitoba



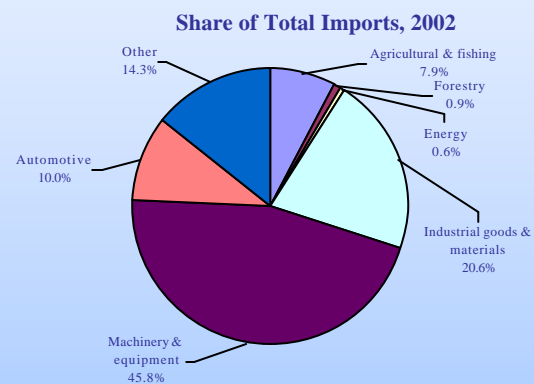
Trade

The rapid appreciation of the Canadian dollar impacted Manitoba's exports, which declined 5.6% from January to May compared to the same period one year ago.

Exports of agricultural & fishing products were down 12.6% and energy products declined 14.7%. An increase in industrial goods & materials exports countered the declines.

Imports fell 3.5% during the same time period, resulting in a trade deficit of \$887 million.

Imports of energy products surged 55.5% while imports of machinery & equipment – the province's largest import sector – dropped 12.7%.



Merchandise Trade, Customs-Based

Level (in million of dollars)	year-to-date 2002*	year-to-date 2003*	% Change
Total Exports	3,900.4	3,683.8	-5.6
Total Imports	4,737.9	4,570.9	-3.5
Balance	-837.5	-887.1	
Principal commodity groupings			
<i>Exports</i>			
Agricultural & fishing products	1,132.5	989.8	-12.6
Energy products	520.6	444.1	-14.7
Forestry products	224.8	205.0	-8.8
Industrial goods & materials	672.2	746.8	11.1
Machinery & equipment	852.5	779.8	-8.5
Automotive products	255.9	237.1	-7.3
Other consumer goods	159.9	193.5	21.0
Special transaction trade	82.5	87.5	6.1
<i>Imports</i>			
Agricultural & fishing products	364.7	363.2	-0.4
Energy products	17.3	26.9	55.5
Forestry products	42.7	41.8	-2.1
Industrial goods & materials	1,091.0	1,176.8	7.9
Machinery & equipment	2,146.9	1,874.2	-12.7
Automotive products	425.3	474.3	11.5
Other consumer goods	598.5	563.2	-5.9
Special transaction trade	51.4	50.4	-1.9

* Jan.-May period



Saskatchewan



Real Gross Domestic Product

Saskatchewan experienced negative growth (-1.4%) in 2002 as drought-like conditions impacted the agricultural sector, and also affected exports. A slowdown in manufacturing further reduced growth.

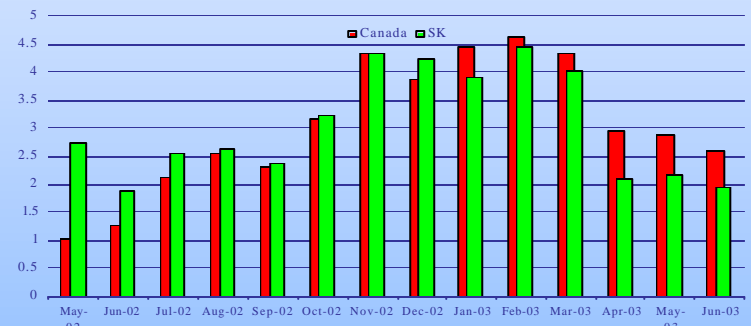
Economic activity is expected to pick up in 2003, with a rebound in the agricultural sector boosting growth to 3.9%, making Saskatchewan a provincial growth leader for the year.

For 2004, economic growth in Saskatchewan is expected to be near the national average of 3.2%.



* Forecasts are based on a survey of a number of private forecasters, including the Bank of Montreal, BMO Nesbitt Burns Economics, CIBC, Desjardins, National Bank, Royal Bank, Scotiabank Group, Global Insight, TD Bank and The Conference Board of Canada.

CPI Inflation Rate*



* Consumer Price Index (CPI) % change, year-over-year

Inflation Trends

After surpassing 4.0% in February, inflation fell in recent months to reach 1.9% in June. Little or no increase in recreation, health care, and household goods prices contributed to smaller price increases in June.

Consumer Prices

Saskatchewan	year-over-year inflation			
	2002	April	May	June
June 2003	(%)	(%)	(%)	(%)
All items	2.8	2.1	2.2	1.9
Food	2.0	2.5	2.8	2.5
Shelter	2.5	2.1	3.7	3.9
Household	1.4	0.3	0.4	0.4
Clothing	1.0	0.0	-2.4	1.0
Transport	1.4	2.9	1.9	1.0
Health Care	1.1	0.7	0.6	0.1
Recreation	3.8	1.4	0.9	0.0
Alcohol & Tobacco	22.5	7.8	7.9	6.2
Energy	1.8	2.0	4.3	4.1



Saskatchewan



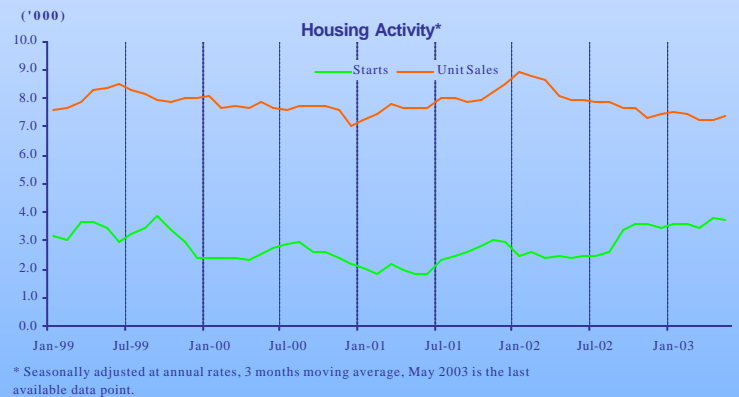
Consumer Spending

Exceeding the national trend, retail sales in Saskatchewan grew 4.5% in 2002, thanks to a rebound in employment and renewed consumer confidence.

Retail sales have increased 1.3% since the beginning of 2003. Strong increases in sales earlier in the year, particularly in the automotive sector, boosted sales growth in Saskatchewan above the national average.

Although new motor vehicle sales increased from April to May, they declined 2.2% compared to three months ago (March to May) and 3.5% from May 2002.

Housing activity was robust in the first five months of 2003, with housing starts increasing and unit sales remaining stable. Housing prices were up 3.5% in May compared to last year.



Economic Activity

	Level			% Change May-03	
	Mar-03	Apr-03	May-03	3 months ago	12 months ago
DEMAND					
Retail trade (SA, Thousands \$)	798,302	790,030	783,448	0.2	4.6
New motor vehicle sales (SA, units)	3,517	3,111	3,491	-2.2	-3.5
CREDIT					
Business bankruptcies	43	44	38	72.7	31.0
Consumer bankruptcies	168	220	172	0.0	-17.7

SA - seasonally adjusted



Saskatchewan



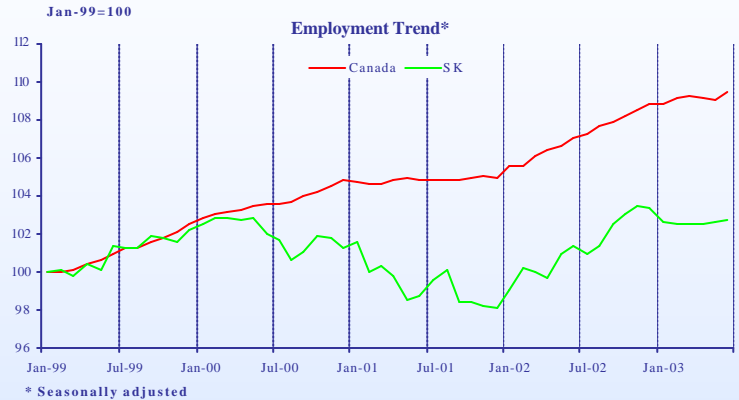
Labour Market

The Saskatchewan labour market added 21,600 jobs (+4.4%) in 2002. The services sector – including retail, health care, and education – contributed most to employment growth in 2002.

Employment growth in 2003 has slowed, with an addition of only 500 jobs since January.

Total employment edged up 0.3% in the last three months. Gains in agriculture and trade – two of Saskatchewan's largest sectors – were partially offset by reductions in some services positions including administrative, and financial, insurance, and real estate (FIRE). Manufacturing employment also declined during the time period.

On a general downward trend since the beginning of 2003, the unemployment rate fell to 5.3% in June.



Employment per Industry

	Level June 2003	% of Total	Change since			% change since		
			three months ago	last Dec.	twelve months ago	three months ago	last Dec.	twelve months ago
(in thousands)								
TOTAL EMPLOYMENT	488.7	100.0	1.3	-3.0	6.4	0.3	-0.6	1.3
Full-time	388.2	79.4	-8.7	-1.9	3.9	-2.2	-0.5	1.0
Part Time	100.5	20.6	10.1	-1.1	2.5	11.2	-1.1	2.6
Labour Force	516.4	-	0.1	-4.5	7.2	0.0	-0.9	1.4
Participation rate	68.3	-	0.1	-0.5	1.3	0.1	-0.7	1.9
Employment rate	64.7	-	0.3	-0.2	1.2	0.5	-0.3	1.9
Unemployment rate	5.3	-	-0.3	-0.3	0.0	-5.4	-5.4	0.0
INDUSTRY								
Goods-producing	122.6	25.1	-0.3	-4.9	-1.7	-0.2	-3.8	-1.4
Agriculture	49.1	10.0	2.0	-3.6	-1.5	4.2	-6.8	-3.0
Natural resources ¹	16.8	3.4	-0.9	0.4	0.8	-5.1	2.4	5.0
Utilities	4.2	0.9	-0.1	-0.3	0.3	-2.3	-6.7	7.7
Construction	24.0	4.9	-1.2	-1.0	-0.7	-4.8	-4.0	-2.8
Manufacturing	28.5	5.8	-0.1	-0.3	-0.6	-0.3	-1.0	-2.1
Services-producing	366.2	74.9	1.7	2.0	8.2	0.5	0.5	2.3
Trade	76.5	15.7	0.9	-4.0	-1.7	1.2	-5.0	-2.2
Transportation & warehousing	23.2	4.7	-0.4	-0.5	-0.7	-1.7	-2.1	-2.9
FIRE ²	27.3	5.6	-0.3	0.9	-2.2	-1.1	3.4	-7.5
Professional & scientific	18.1	3.7	0.2	0.6	0.1	1.1	3.4	0.6
Management & administrative	10.4	2.1	-1.8	-1.4	-1.0	-14.8	-11.9	-8.8
Educational	42.0	8.6	1.0	1.5	7.6	2.4	3.7	22.1
Health care & social assistance	60.0	12.3	0.3	1.8	-0.3	0.5	3.1	-0.5
Information & culture & recreation	21.5	4.4	0.5	1.3	2.6	2.4	6.4	13.8
Accommodation & food	36.4	7.4	0.8	1.9	5.0	2.2	5.5	15.9
Other services	23.3	4.8	-1.0	-1.2	-1.6	-4.1	-4.9	-6.4
Public administration	27.6	5.6	1.6	1.2	0.6	6.2	4.5	2.2

1) Includes Forestry, Fishing, Mining, and Oil & Gas.

2) Includes Financial services, Insurance, Real Estate and Leasing



Saskatchewan



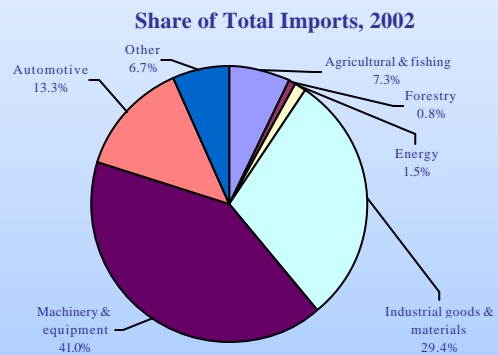
Trade

Exports declined 6.2% from January to May compared to the same period one year ago.

A steep rise in energy products exports (+61.7%), mostly due to price increases in oil and natural gas, was not sufficient to offset the decline in other sectors. Exports of agricultural & fishing products were down 28.4% with Saskatchewan's cattle industry, Canada's second largest after Alberta, undoubtedly affected by the U.S. ban on Canadian beef. Moreover, the strong Canadian dollar impacted exports of industrial goods & materials (-22.1%) and automotive products (-15.0%).

Imports rose 6.0% during the same time period, resulting in a \$400 million decrease in the trade surplus (\$2.5 billion).

At the same time, the cheaper U.S. dollar led to higher imports of industrial goods & materials, and machinery & equipment. 'Other' consumer goods imports, jumping 19.4%, also contributed to an overall rise in imports for the first five months of 2003.



Merchandise Trade, Customs-Based

Level (in million of dollars)	year-to-date 2002*	year-to-date 2003*	% Change
Total Exports	4,728.9	4,436.1	-6.2
Total Imports	1,843.4	1,954.5	6.0
Balance	2,885.5	2,481.6	
Principal commodity groupings			
<i>Exports</i>			
Agricultural & fishing products	1,652.9	1,183.3	-28.4
Energy products	908.9	1,469.7	61.7
Forestry products	246.8	244.2	-1.1
Industrial goods & materials	1,599.7	1,245.4	-22.1
Machinery & equipment	210.1	190.4	-9.4
Automotive products	43.3	36.8	-15.0
Other consumer goods	14.8	13.8	-6.8
Special transaction trade	52.3	52.6	0.6
<i>Imports</i>			
Agricultural & fishing products	116.7	129.4	10.9
Energy products	30.6	22.6	-26.1
Forestry products	13.1	13.9	6.1
Industrial goods & materials	587.8	633.5	7.8
Machinery & equipment	763.8	815.5	6.8
Automotive products	219.6	212.2	-3.4
Other consumer goods	94.3	112.6	19.4
Special transaction trade	17.4	14.7	-15.5

* Jan.-May period



Alberta



Real Gross Domestic Product

Alberta's economy decelerated in 2002, as growth fell to 1.7%.

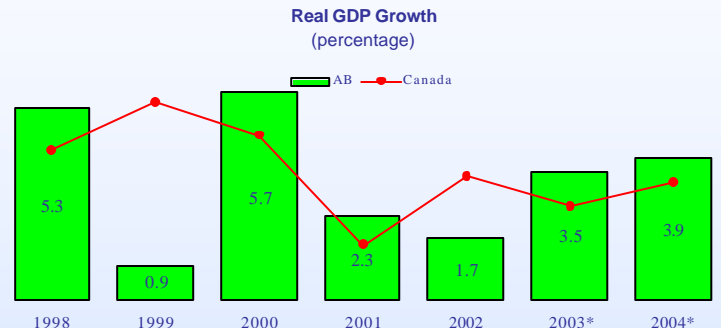
In 2003, economic activity should be boosted by the energy sector, as oil prices increase. However, Alberta's output growth will be hampered by the bovine spongiform encephalopathy (BSE, or mad cow disease). Alberta's economy is forecasted to grow 3.5% this year.

Growth should continue to build in 2004 when Alberta's real GDP is expected to increase by 3.9%.

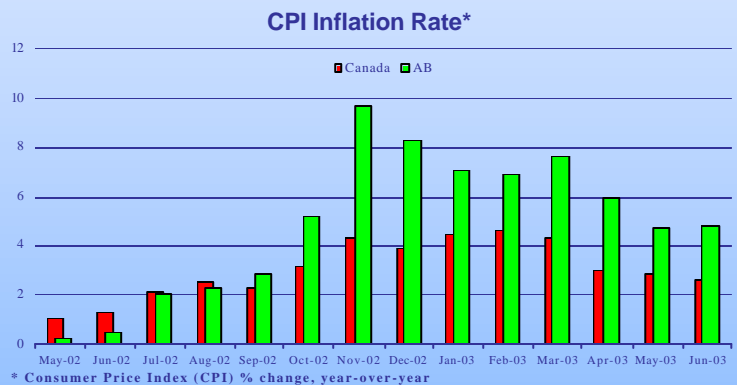
Inflation Trends

Notwithstanding the rise in March, CPI inflation has been on a downward trend since last November.

Inflation averaged 5.2% during the second quarter of 2003, as higher energy prices increased shelter and transportation related costs.



* Forecasts are based on a survey of a number of private forecasters, including the Bank of Montreal, BMO Nesbitt Burns Economics, CIBC, Desjardins, National Bank, Royal Bank, Scotiabank Group, Global Insight, TD Bank and The Conference Board of Canada.



* Consumer Price Index (CPI) % change, year-over-year

Consumer Prices

Alberta	year-over-year inflation			
	2002	April	May	June
June 2003	(%)	(%)	(%)	(%)
All items	3.4	5.9	4.8	4.8
Food	3.0	0.7	2.4	2.2
Shelter	0.7	13.0	9.5	11.4
Household	1.5	-0.3	-0.9	0.2
Clothing	-0.2	-3.0	-0.3	-0.8
Transport	6.2	10.5	8.2	6.3
Health Care	1.5	1.5	1.7	0.9
Recreation	2.4	2.4	1.2	0.8
Alcohol & Tobacco	28.4	8.8	7.8	6.3
Energy	-2.2	35.3	20.3	28.0



Alberta



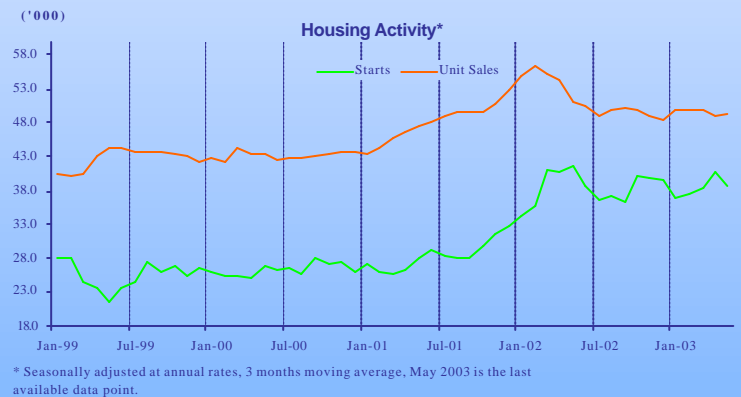
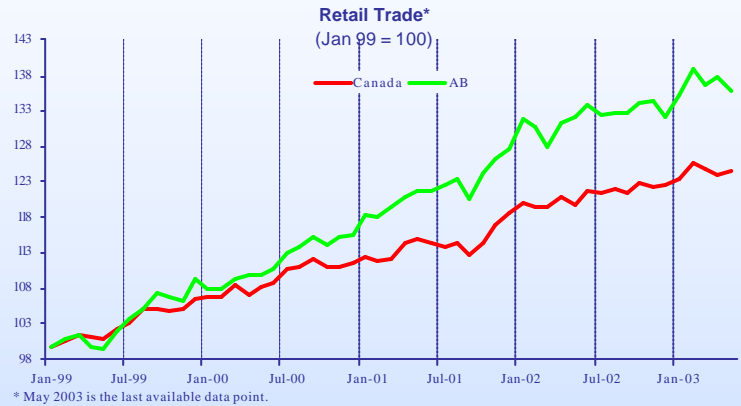
Consumer Spending

Since the beginning of the year, Alberta's retail sales have risen 2.7%, the highest increase after Québec. However, sales of new motor vehicles declined 2.1% over the same period.

After posting strong growth at the beginning of the year, housing starts fell in May. On the other hand, unit sales were virtually unchanged during the first five months of the year.

Housing prices increased 5.3% in May, on a year-over-year basis.

With the economy expected to grow by 3.5% and 3.9%, respectively this year and the next, the picture remains bright and should improve for Alberta's consumers.



Economic Activity

	Level			% Change May-03	
	Mar-03	Apr-03	May-03	3 months ago	12 months ago
DEMAND					
Retail trade (SA, Thousands \$)	3,227,549	3,253,944	3,204,632	-2.4	2.7
New motor vehicle sales (SA, units)	16,064	15,711	16,985	0.5	0.3
CREDIT					
Business bankruptcies	150	142	121	-11.7	-39.5
Consumer bankruptcies	790	828	736	-0.8	4.0

SA - seasonally adjusted



Alberta



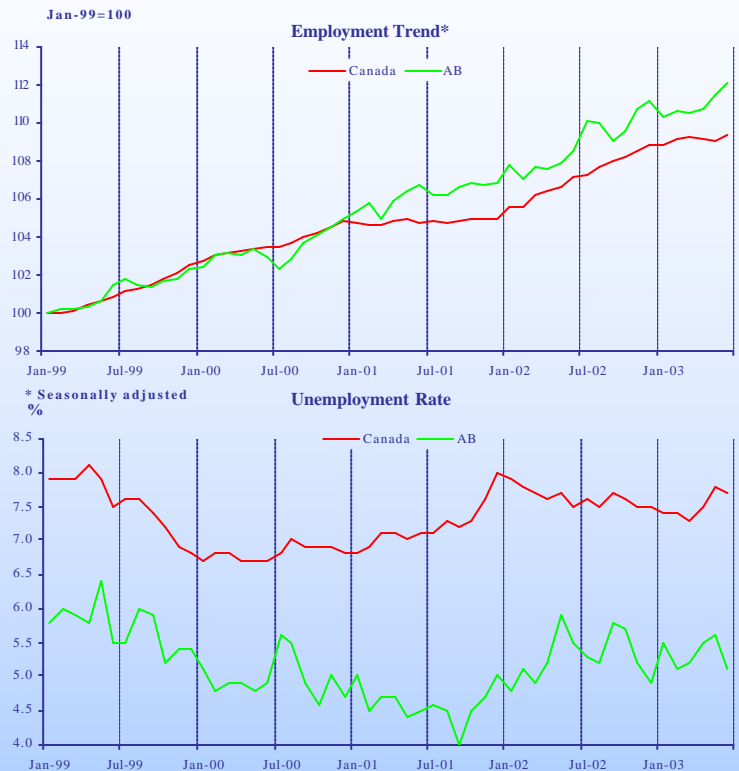
Labour Market

Since last December, total employment has risen by 0.9% (+15,000). The increase was much more pronounced in the part-time category (+4.2%) than in the full-time category (+0.2%).

Since last December, Alberta's unemployment rate has increased from 4.9% to 5.1% (the second lowest rate in the country).

The trade sector posted large employment gains (+10.4%) since the beginning of the year. The largest drops were recorded by the utilities sector (-13.1%) and management & administrative services (-10.8%).

Helped by the energy sector, employment in natural resources has increased 6.7% since the beginning of the year.



Employment per Industry

	Level June 2003	% of Total	Change since			% change since		
			three months ago	last Dec.	twelve months ago	three months ago	last Dec.	twelve months ago
(in thousands)								
TOTAL EMPLOYMENT	1,722.9	100.0	25.3	15.4	55.0	1.5	0.9	3.3
Full-time	1,402.7	81.4	14.0	2.7	35.6	1.0	0.2	2.6
Part Time	320.2	18.6	11.3	12.8	19.5	3.7	4.2	6.5
Labour Force	1,815.9	-	26.0	20.1	50.6	1.5	1.1	2.9
Participation rate	73.5	-	0.6	0.1	0.5	0.8	0.1	0.7
Employment rate	69.7	-	0.6	-0.1	0.7	0.9	-0.1	1.0
Unemployment rate	5.1	-	-0.1	0.2	-0.4	-1.9	4.1	-7.3
INDUSTRY								
<i>Goods-producing</i>	465.4	27.0	-2.0	-3.6	12.5	-0.4	-0.8	2.8
Agriculture	68.6	4.0	1.0	0.3	10.1	1.5	0.4	17.3
Natural resources ¹	100.3	5.8	1.7	6.3	14.2	1.7	6.7	16.5
Utilities	13.9	0.8	0.0	-2.1	-4.3	0.0	-13.1	-23.6
Construction	138.0	8.0	-0.9	-2.8	-4.5	-0.6	-2.0	-3.2
Manufacturing	144.6	8.4	-3.8	-5.4	-3.0	-2.6	-3.6	-2.0
<i>Services-producing</i>	1,257.5	73.0	27.3	19.1	42.5	2.2	1.5	3.5
Trade	273.0	15.8	22.0	25.7	22.9	8.8	10.4	9.2
Transportation & warehousing	99.4	5.8	2.0	-1.7	2.3	2.1	-1.7	2.4
FIRE ²	82.5	4.8	-0.5	-0.4	-2.9	-0.6	-0.5	-3.4
Professional & scientific	119.6	6.9	4.8	-3.0	-5.8	4.2	-2.4	-4.6
Management & administrative	62.6	3.6	-6.3	-7.6	6.1	-9.1	-10.8	10.8
Educational	108.7	6.3	3.4	2.1	3.0	3.2	2.0	2.8
Health care & social assistance	166.8	9.7	7.0	5.2	9.8	4.4	3.2	6.2
Information & culture & recreation	71.2	4.1	0.7	-5.4	4.5	1.0	-7.0	6.7
Accommodation & food	118.1	6.9	-9.0	-0.9	-0.3	-7.1	-0.8	-0.3
Other services	86.0	5.0	4.0	9.4	-1.4	4.9	12.3	-1.6
Public administration	69.7	4.0	-0.9	-4.2	4.6	-1.3	-5.7	7.1

1) Includes Forestry, Fishing, Mining, and Oil & Gas.

2) Includes Financial services, Insurance, Real Estate and Leasing



Alberta



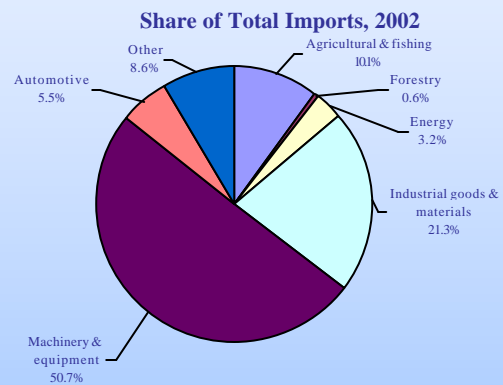
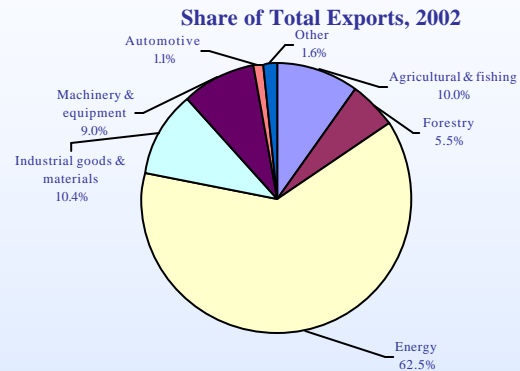
Trade

Over the January-May period, Alberta's exports have risen by 37.9% compared to the same period last year. This stellar growth has been largely propelled by a 70.8% growth in energy products exports.

Agricultural & fishing products exports have fallen by 15.6% over the first five months of the year compared to the same period last year. Mad cow disease, and the resulting ban on Canadian beef imports in several countries, could continue to be a drag on the sector.

Alberta's imports have also posted double digit growth (+11.5%) over the January-May period, on a year-over-year basis. Machinery & equipment, which represented more than half of Alberta's imports in 2002, have fallen 1.1% so far in 2003. However, imports of industrial goods & materials have grown 10.8% and imports of energy products 214.3% in the first 5 months of the year.

On a year-to-date basis (January to May), Alberta posted the strongest trade surplus of all Canadian provinces.



Merchandise Trade, Customs-Based

Level (in million of dollars)	year-to-date 2002*	year-to-date 2003*	% Change
Total Exports	18,571.9	25,617.0	37.9
Total Imports	5,144.0	5,735.4	11.5
Balance	13,427.9	19,881.6	
Principal commodity groupings			
<i>Exports</i>			
Agricultural & fishing products	2,089.8	1,763.3	-15.6
Energy products	11,000.0	18,789.2	70.8
Forestry products	1,218.5	960.9	-21.1
Industrial goods & materials	1,962.7	2,031.3	3.5
Machinery & equipment	1,730.2	1,557.7	-10.0
Automotive products	264.6	194.9	-26.3
Other consumer goods	57.4	72.0	25.4
Special transaction trade	248.9	247.9	-0.4
<i>Imports</i>			
Agricultural & fishing products	524.2	565.3	7.8
Energy products	154.1	484.4	214.3
Forestry products	30.9	28.4	-8.1
Industrial goods & materials	1,195.6	1,324.9	10.8
Machinery & equipment	2,512.4	2,484.4	-1.1
Automotive products	298.3	386.8	29.7
Other consumer goods	320.7	356.7	11.2
Special transaction trade	108.0	104.7	-3.1

* Jan.-May period



British Columbia



Real Gross Domestic Product

Following an increase of 1.8% in 2002, British Columbia's real GDP growth is expected to grow by only 2.2% in 2003. This is the lowest anticipated growth among provinces.

While the softwood lumber dispute with the U.S. remains an important factor affecting the province's economy, a stronger Canadian dollar and a sluggish U.S. economy will also dampen economic growth this year.

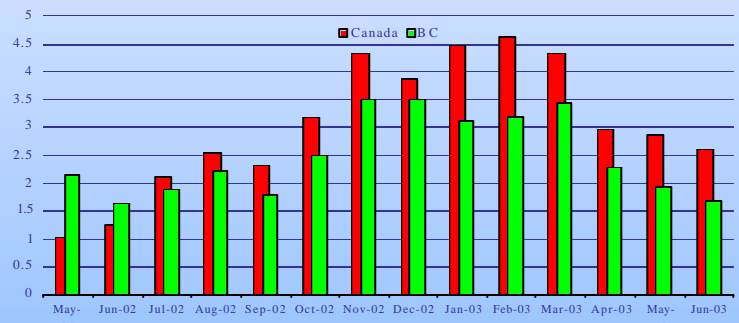
On the positive side, the construction industry should continue to benefit from low interest rates. Moreover, the successful bid for the 2010 Winter Olympics will also improve the industry's outlook, but tangible benefits will be felt later on.

In line with the anticipated recovery of the U.S. economy, British Columbia's real GDP is expected to grow by 3.1% in 2004.



* Forecasts are based on a survey of a number of private forecasters, including the Bank of Montreal, BMO Nesbitt Burns Economics, CIBC, Desjardins, National Bank, Royal Bank, Scotiabank Group, Global Insight, TD Bank and The Conference Board of Canada.

CPI Inflation Rate*



* Consumer Price Index (CPI) % change, year-over-year

Inflation Trends

British Columbia's CPI inflation decreased from a peak of 3.5% last December to an average of 2.0% in the second quarter of 2003. The province's inflation rate has consistently been below the Canadian average since July 2002.

Lower energy prices growth, through its impact on the transportation component of the CPI inflation, was mainly responsible for the decline in the second quarter of 2003. In fact, energy prices eased from an average of 16.3% in the first quarter to 4.7% in the second quarter of 2003.

Consumer Prices

British Columbia	year-over-year inflation			
	2002	April	May	June
June 2003	(%)	(%)	(%)	(%)
All items	2.3	2.3	1.9	1.7
Food	2.7	1.0	2.0	1.9
Shelter	0.7	2.0	2.0	1.8
Household	2.5	0.2	0.6	0.9
Clothing	0.1	-0.6	-0.6	-0.6
Transport	3.5	4.2	2.1	1.6
Health Care	1.9	0.5	-0.1	-0.7
Recreation	1.7	4.3	2.6	1.8
Alcohol & Tobacco	12.8	9.2	8.0	6.7
Energy	12.2	8.3	3.0	2.8



British Columbia



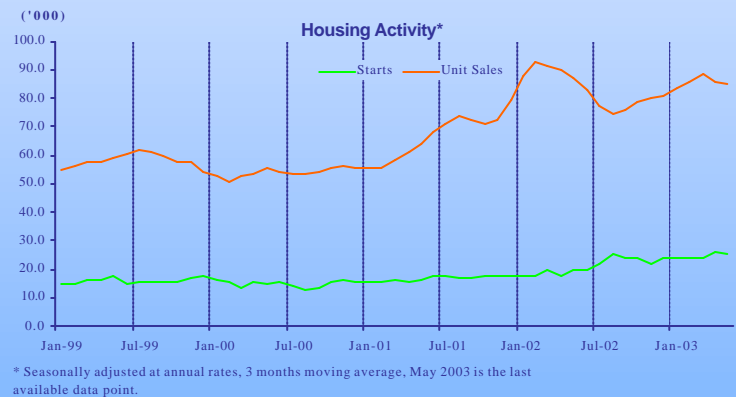
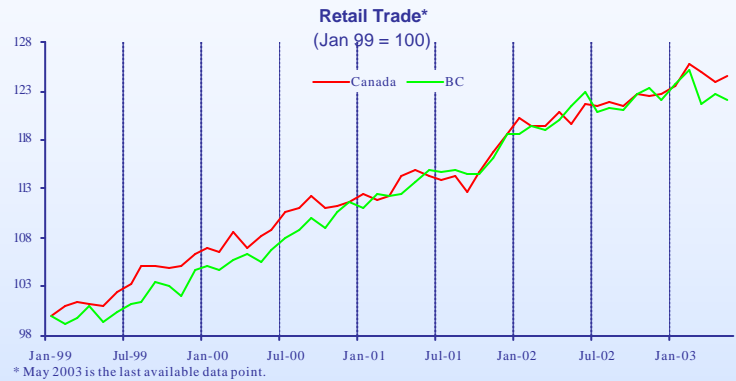
Consumer Spending

After peaking in February, British Columbia's retail sales have been losing steam lately, declining 2.3% over the past three months. Moreover, sales of new motor vehicles dropped 5.5% during the same period.

However, the housing market remains strong as housing starts and unit sales continued to be close to their historical peaks. Also, on a year-over-year basis, housing prices rose by 5.0% in May.

Over the January-July period, the Conference Board's index of consumer confidence has increased by 11.9%, the highest growth among provinces.

The combination of low interest rate and improving consumer confidence should lead to higher consumer spending by the end of the year and into 2004.



Economic Activity

	Level			% Change May-03	
	Mar-03	Apr-03	May-03	3 months ago	12 months ago
DEMAND					
Retail trade (SA, Thousands \$)	3,375,870	3,404,216	3,388,623	-2.3	0.5
New motor vehicle sales (SA, units)	14,491	14,118	14,898	-5.5	-9.8
CREDIT					
Business bankruptcies	103	92	68	-26.9	-29.9
Consumer bankruptcies	879	862	761	-11.2	-6.9

SA - seasonally adjusted



British Columbia



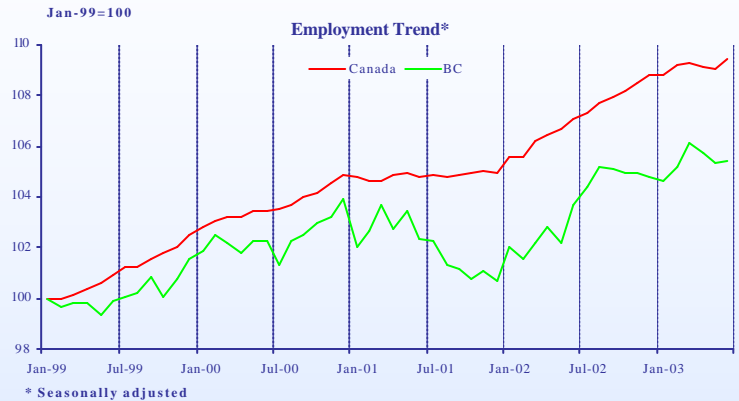
Labour Market

Since last December, British Columbia has gained 12,000 jobs (+0.6%). However, job creation appears to be losing steam as total employment fell by 13,000 over the past three months, all in part-time (-31,000).

In line with recent employment losses, the unemployment rate increased from 7.7% in March to 8.3% in June.

So far this year, employment in the goods-producing sector has increased by 8,000 (+1.8%), but fell by 11,000 (-2.6%) in the last three months, mainly in manufacturing (-6,500) and agriculture (-6,000). Despite small losses since last December, employment in the construction sector will likely benefit from the successful bid of the 2010 Winter Olympics.

In the services-producing industry, the highest employment gains have been recorded by management & administrative (+7,000) and educational (+7,000) since the beginning of the year. However, certain areas, such as trade (-8,000) and financial, insurance, real estate & leasing (-7,000) have recorded significant losses over the same period.



Employment per Industry

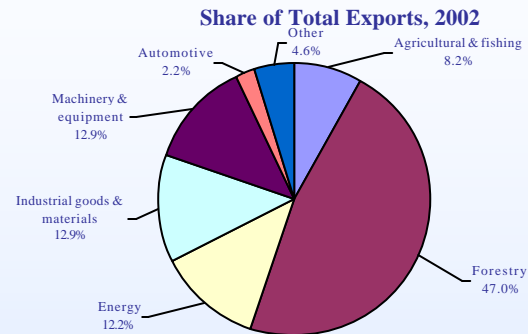
	Level (in thousands)	% of Total June 2003	Change since			% change since		
			three months ago	last Dec.	twelve months ago	three months ago	last Dec.	twelve months ago
TOTAL EMPLOYMENT	2,006.6	100.0	-13.1	12.0	32.5	-0.6	0.6	1.6
Full-time	1,580.0	78.7	17.6	65.3	53.0	1.1	4.3	3.5
Part Time	426.6	21.3	-30.7	-53.3	-20.5	-6.7	-11.1	-4.6
Labour Force	2,187.7	-	0.1	10.8	26.2	0.0	0.5	1.2
Participation rate	65.0	-	-0.3	-0.1	0.0	-0.5	-0.2	0.0
Employment rate	59.6	-	-0.7	-0.1	0.2	-1.2	-0.2	0.3
Unemployment rate	8.3	-	0.6	-0.1	-0.4	7.8	-1.2	-4.6
INDUSTRY								
<i>Goods-producing</i>	424.1	21.1	-11.2	7.6	31.3	-2.6	1.8	8.0
Agriculture	33.5	1.7	-6.1	-2.4	3.1	-15.4	-6.7	10.2
Natural resources ¹	50.1	2.5	0.8	8.1	15.2	1.6	19.3	43.6
Utilities	14.0	0.7	-0.6	1.0	0.3	-4.1	7.7	2.2
Construction	123.0	6.1	1.2	-0.9	5.3	1.0	-0.7	4.5
Manufacturing	203.5	10.1	-6.5	1.9	7.4	-3.1	0.9	3.8
<i>Services-producing</i>	1,582.5	78.9	-1.9	4.4	1.1	-0.1	0.3	0.1
Trade	316.8	15.8	-1.9	-8.1	-2.2	-0.6	-2.5	-0.7
Transportation & warehousing	111.2	5.5	-8.6	-4.2	1.8	-7.2	-3.6	1.6
FIRE ²	122.0	6.1	-5.7	-6.9	3.1	-4.5	-5.4	2.6
Professional & scientific	139.7	7.0	8.7	4.2	2.1	6.6	3.1	1.5
Management & administrative	82.0	4.1	2.7	7.1	5.2	3.4	9.5	6.8
Educational	145.1	7.2	-8.6	6.9	4.1	-5.6	5.0	2.9
Health care & social assistance	214.3	10.7	2.7	-5.3	-4.4	1.3	-2.4	-2.0
Information & culture & recreation	105.5	5.3	3.8	2.8	-1.6	3.7	2.7	-1.5
Accommodation & food	160.2	8.0	0.6	-1.7	-11.9	0.4	-1.1	-6.9
Other services	96.5	4.8	1.1	4.6	0.2	1.2	5.0	0.2
Public administration	89.2	4.4	3.2	5.0	4.7	3.7	5.9	5.6

1) Includes Forestry, Fishing, Mining, and Oil & Gas.

2) Includes Financial services, Insurance, Real Estate and Leasing



British Columbia

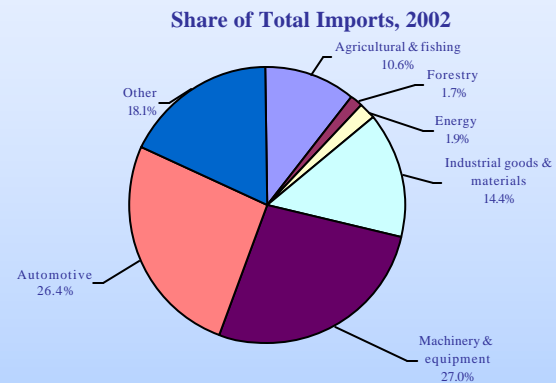


Trade

British Columbia's merchandise exports increased 5.8% in the first five months of the year compared to the same period a year ago.

In line with high natural gas prices, exports of energy products have more than doubled its value of exports compared to last year. On the other hand, exports of forestry products (47.0% of exports in 2002) were down 15.2%, as punitive tariffs imposed by the U.S. on Canadian producers took their toll on the industry. While a recent (preliminary) decision by the World Trade Organization sides with Canada, producers are still subject to combined "countervailing/anti-dumping" tariffs.

Over the January-May period, merchandise imports have risen at a higher pace than exports, leading to a deterioration of the trade balance. Imports were up in all principal groupings, the energy sector reporting the largest growth (+41.1%). Imports of industrial goods & materials (+9.2) and machinery & equipment (+8.8%), which represent about 40% of total imports, also increased significantly.



Merchandise Trade, Customs-Based

Level (in million of dollars)	year-to-date 2002*	year-to-date 2003*	% Change
Total Exports	12,165.6	12,867.6	5.8
Total Imports	12,345.9	13,157.9	6.6
Balance	-180.3	-290.3	
Principal commodity groupings			
<i>Exports</i>			
Agricultural & fishing products	885.2	909.0	2.7
Energy products	1,448.9	3,008.5	107.6
Forestry products	5,996.3	5,087.2	-15.2
Industrial goods & materials	1,473.5	1,608.4	9.2
Machinery & equipment	1,526.3	1,540.9	1.0
Automotive products	310.7	174.9	-43.7
Other consumer goods	289.8	294.1	1.5
Special transaction trade	234.9	244.7	4.2
<i>Imports</i>			
Agricultural & fishing products	1,323.6	1,382.7	4.5
Energy products	199.9	282.0	41.1
Forestry products	218.7	229.0	4.7
Industrial goods & materials	1,848.6	2,018.8	9.2
Machinery & equipment	3,330.6	3,625.0	8.8
Automotive products	3,364.7	3,472.0	3.2
Other consumer goods	1,856.7	1,987.7	7.1
Special transaction trade	203.6	160.2	-21.3

* Jan.-May period

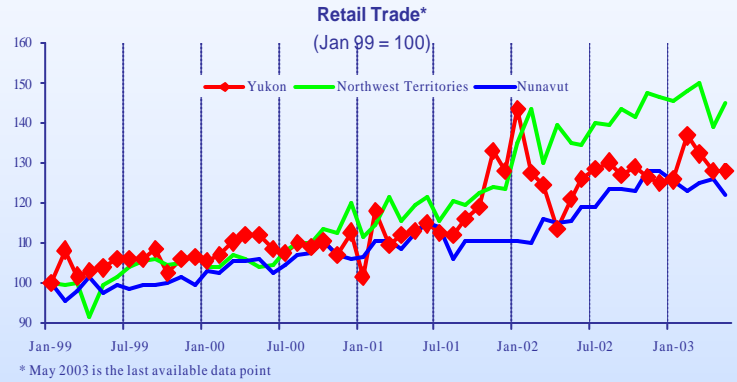


Territories



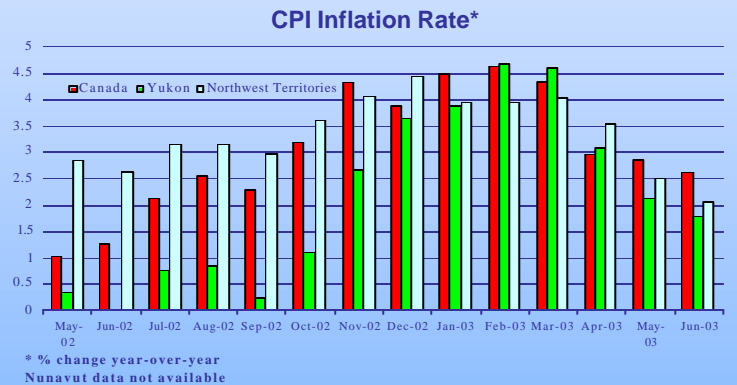
Consumer Spending

Retail activities increased in all territories over the first five months of 2003. Nunavut posted the strongest increase on a year-over-year basis (9.6%) followed by the Northwest Territories (6.5%) and Yukon (3.4%).



Inflation Trends

After reaching levels above 4% in March, CPI inflation decreased below the national average in June in the Northwest Territories and Yukon.



Labour Markets

Over the first four months of the year, Yukon's employment rose as the trade and education sectors expanded. Northwest Territories' employment also increased due to the strong gains in transportation & warehousing and trade. However, Nunavut recorded the strongest increase of all territories with significant gains in health care & social assistance and trade.

