



Industry
Canada

Industrie
Canada

Regional Economic Observer

Second Semester 2003



Micro-Economic Policy Analysis Branch

APME – MEPA

Canada

Table of Contents

Regional Economic Observer	Page
Highlights	3
Newfoundland & Labrador	5
Prince Edward Island	8
Nova Scotia	11
New Brunswick	14
Quebec	17
Ontario.....	20
Manitoba	23
Saskatchewan	26
Alberta	29
British Columbia	32
Territories	35

The Regional Economic Observer (REO) provides a snapshot of provincial economic conditions in a convenient format. The REO attempts to present factual information in an informed and balanced manner consistent with generally accepted economic principles. This report uses data available as of January 9, 2004 and can be accessed via the Internet at http://strategis.ic.gc.ca/epic/internet/ineas-aes.nsf/vwGeneratedInterE/h_ra01871e.html. It has been prepared by Éric Chalifoux, Stéphane Crépeau, Anik Dufour, Kevin Koch, Sue Moore, 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

All provinces, to varying degrees, were hit by a number of shocks, including the Severe Acute Respiratory Syndrome (SARS) outbreak, mad cow disease and the sharp appreciation of the Canadian dollar. Despite improving economic conditions and prospects in the latter part of 2003, real GDP growth is estimated to have moderated in 2003.

Saskatchewan, Newfoundland & Labrador and Alberta were growth leaders in 2003. The return of normal weather has boosted Saskatchewan's economy while Newfoundland & Labrador and Alberta have reaped the benefits of a strong energy sector.

Most provinces are expected to post stronger growth in 2004, reflecting continued low interest rates and higher United States (U.S.) growth. The strong Canadian dollar will likely exert a negative effect.

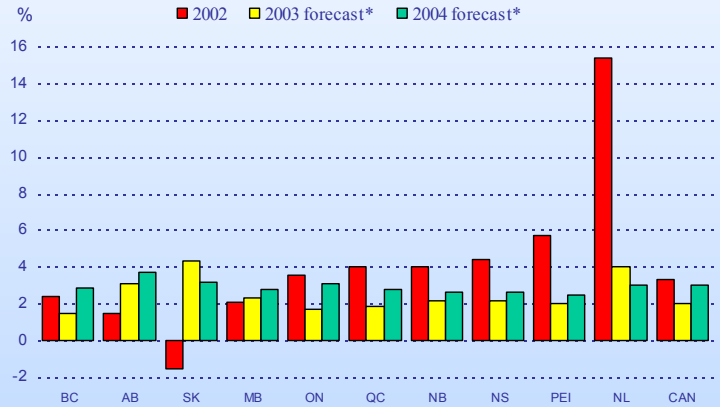
Inflation Trends

Consumer Price Index (CPI) inflation has been falling since February 2003 and is now at its lowest level since February 2002. At 1.7%, Ontario had the highest inflation rate in November 2003, while New Brunswick and Manitoba had the lowest rate (0.6%).

Consumer Spending

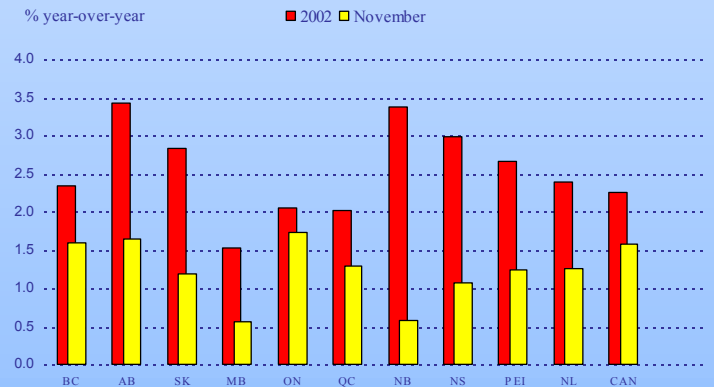
Retail sales for the first ten months of 2003 (compared to the same period in 2002) increased in all provinces. However, performance has been unequal. Sales by retailers edged up 0.3% in Prince Edward Island, but rose 5.1% in Newfoundland & Labrador. Overall, the food and furniture sectors have posted the strongest gains.

Real GDP Growth



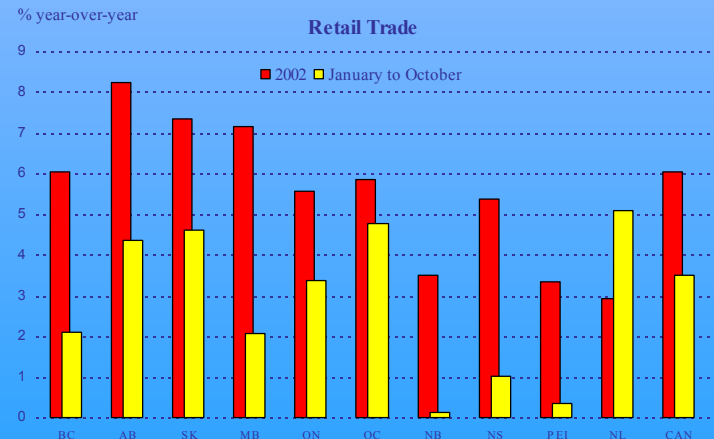
* Forecasts are based on a survey of a number of private forecasters, including the Bank of Montreal, BMO Nesbitt Burns Economics, CIBC, Desjardins, National Bank, Royal Bank, Scotia Group, Global Insight, TD Bank and the Conference Board of Canada.

CPI Inflation Rate*



* Consumer Price Index

Retail Trade



Highlights

Strong consumer confidence and low mortgage rates continue to stimulate the housing market. Over the January to November period, housing starts surged in Prince Edward Island and Nova Scotia. However, they decelerated in Alberta after strong growth in 2002.

Labour Markets

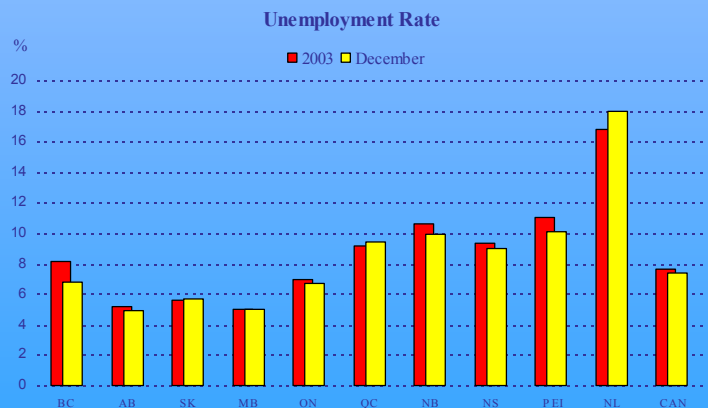
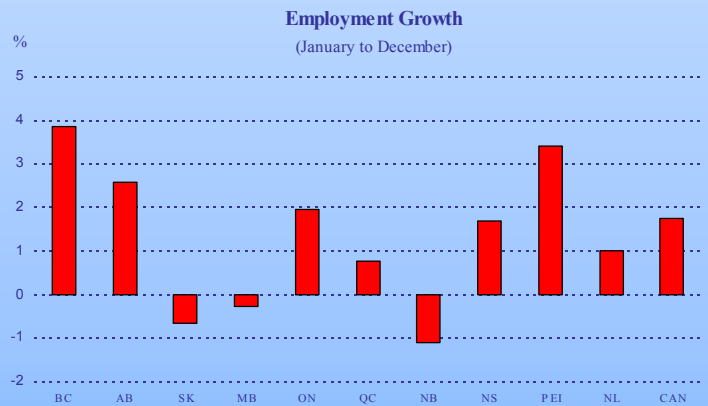
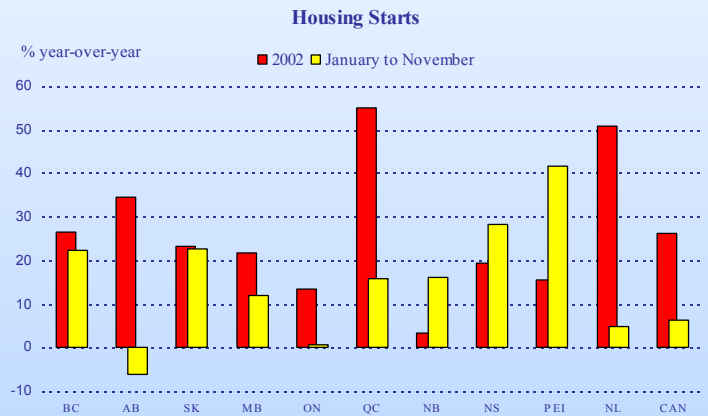
Canada's labour market added 271,000 jobs from December 2002 to December 2003, half as many as in 2002. The overwhelming majority of jobs were created in the last four months of 2003.

Alberta, British Columbia and Prince Edward Island registered the highest employment growth rates in 2003. Meanwhile, Nova Scotia, Prince Edward Island and Newfoundland & Labrador experienced higher employment growth during 2003 compared to 2002. However, Saskatchewan, Manitoba and New Brunswick lost jobs.

The unemployment rate edged down from December 2002 to December 2003 in all provinces, except Quebec and New Brunswick. In December 2003, British Columbia's unemployment rate stood at 6.8%, a rate not seen since May 2001.

Merchandise Trade

The appreciation of the Canadian dollar relative to the U.S. currency, weak global demand and unexpected shocks dampened exports in 2003. Between January and October 2003, merchandise exports decreased everywhere with the exception of Alberta, New Brunswick and Nova Scotia. Higher energy exports (partly due to higher prices) drove exports growth in these provinces.





Newfoundland & Labrador



Demography

Population ('000)	532
Share of Canadian population	1.7
Share of urban ¹ population (%)	57.6
Share of aboriginal population (%)	3.7
Pop. 15-64 years with university degree (%)	9.8
Elderly dependency ratio ² (%)	17.0

Data for 2002 except for urban and aboriginal population (2001)

¹ An urban area has a minimum population concentration of 1,000 persons and a population density of at least 400 persons per square kilometre.

² The elderly dependency ratio is obtained by dividing the population aged 65 and over by the population aged 15 to 64.

Economic Structure

GDP per capita (\$97)	27,128
Natural resources (% of total GDP)	21.2
Manufacturing (% of total GDP)	5.7
Services (% of total GDP)	64.9
Research & Development intensity ¹ (%)	1.0
International trade intensity ² (%)	65.6
Interprovincial trade intensity ² (%)	60.7

Data for 2002 except Research & Development intensity (2000)

¹ Share of GDP

² Exports plus imports as a percentage of GDP

Real Gross Domestic Product

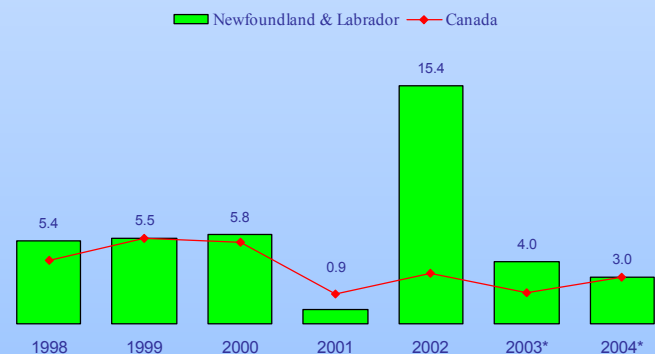
After experiencing an outstanding year in 2002, with real GDP growth of 15.4%, Newfoundland & Labrador's economy is expected to have expanded by 4% in 2003, the second highest projected growth rate among provinces. Important increases in crude oil output (from Hibernia and Terra Nova) continued to drive provincial growth. Construction for the Voisey's Bay and White Rose projects also contributed to Newfoundland & Labrador's good economic performance.

Newfoundland & Labrador is projected to grow at the national average pace of 3% in 2004.

Inflation Trends

Newfoundland & Labrador experienced relatively high inflation earlier in 2003 with rates above 3.5%. Despite a decline in inflation in October and November, Consumer Price Index inflation averaged 3.1% in the first eleven months of 2003, the highest inflation rate recorded since 1991. The main drivers of price increases have been energy, insurance premiums and tobacco taxes.

Real GDP Growth
(Percentage)



*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 Prices

	2002	year-over-year inflation, 2003		
		September	October	November
	(%)	(%)	(%)	(%)
All Items	2.4	2.8	0.9	1.3
Food	2.2	1.2	1.0	2.0
Shelter	0.6	2.7	1.0	0.6
Household	1.2	-0.2	0.7	0.9
Clothing	-3.5	0.4	-2.6	-0.1
Transport	6.3	6.8	1.4	1.8
Health Care	0.8	1.6	0.8	0.6
Recreation	0.8	0.6	-0.6	-0.5
Alcohol & Tobacco	11.1	9.1	7.8	8.2
Energy	-2.3	5.2	-0.6	-1.9
Canada (All Items)	2.2	2.2	1.6	1.6



Newfoundland & Labrador



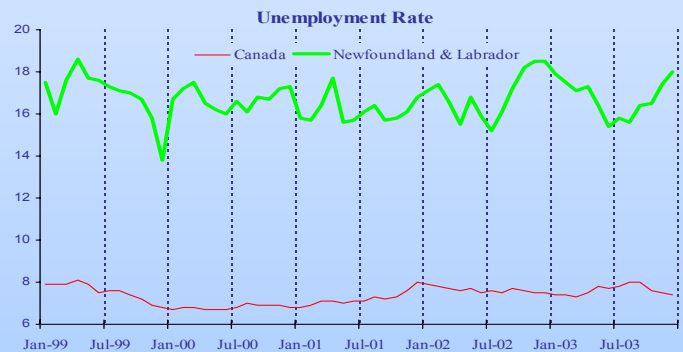
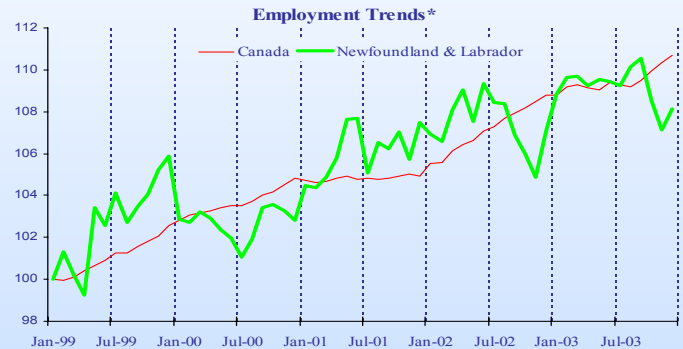
Labour Market

Newfoundland & Labrador's employment reached a peak of 220,400 in September 2003. Despite a decline in the last three months of 2003, employment increased by 2,100 since December 2002, mostly full-time jobs.

Most of the gains were in natural resources (+5,600) and manufacturing (+2,300). Trade recorded the largest decline (-3,600). Employment also grew in information, culture & recreation and other services, while it declined in construction, education, and health care and social assistance.

The unemployment rate declined in the first half of 2003 to 15.4% in June 2003, before increasing to 18% in December 2003.

Since 1997, the participation rate has increased significantly in Newfoundland & Labrador. The average participation rate in 2003 was the highest (59.6%) since the launch of the Labour Force Survey in 1976.



Employment by Industry

	Level	% of Total	Change since		% change since	
			three months ago	last Dec.	three months ago	last Dec.
(in thousands)		December 2003				
TOTAL EMPLOYMENT	215.6	100.0	-4.8	2.1	-2.2	1.0
Full-time	185.2	85.9	-3.9	4.3	-2.1	2.4
Part-time	30.4	14.1	-0.9	-2.2	-2.9	-6.7
Labour Force	262.8	-	-0.9	0.7	-0.3	0.3
Participation rate	59.8	-	-0.3	0.1	-0.5	0.2
Employment rate	49.1	-	-1.1	0.5	-2.2	1.0
Unemployment rate	18.0	-	1.6	-0.5	9.8	-2.7
INDUSTRY						
Goods-producing	48.6	22.5	2.4	5.2	5.2	12.0
Agriculture	1.1	0.5	0.1	-0.9	10.0	-45.0
Natural resources ¹	18.2	8.4	1.0	5.6	5.8	44.4
Utilities	2.2	1.0	-0.4	-0.3	-15.4	-12.0
Construction	10.2	4.7	0.5	-1.6	5.2	-13.6
Manufacturing	16.8	7.8	1.1	2.3	7.0	15.9
Services-producing	167.0	77.5	-7.2	-3.1	-4.1	-1.8
Trade	35.0	16.2	-2.7	-3.6	-7.2	-9.3
Transportation & warehousing	12.5	5.8	-0.2	0.3	-1.6	2.5
FIRE ²	7.7	3.6	0.0	0.6	0.0	8.5
Professional & scientific	7.4	3.4	0.1	-0.3	1.4	-3.9
Management & administrative	7.9	3.7	-0.3	0.2	-3.7	2.6
Educational	16.4	7.6	0.8	-1.1	5.1	-6.3
Health care & social assistance	31.2	14.5	-2.1	-1.6	-6.3	-4.9
Information & culture & recreation	7.2	3.3	-0.9	1.3	-11.1	22.0
Accommodation & food	12.7	5.9	-0.8	-0.8	-5.9	-5.9
Other services	13.0	6.0	-0.4	1.7	-3.0	15.0
Public administration	15.9	7.4	-0.7	0.0	-4.2	0.0

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

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



Newfoundland & Labrador



Economic Activity

Year-to-date retail sales have totalled 4.4 billion dollars, an increase of 5.1% compared to the same period in 2002. Employment and income gains as well as low interest rates fostered growth. Year-to-date manufacturing shipments reached 2 billion dollars in October 2003, an increase of 5.1% compared to the same period in 2002. Increases in fabricated metal products and refined petroleum were the main drivers.

Non-residential construction in 2003 is expected to increase as a result of construction activity associated with Voisey's Bay and White Rose.

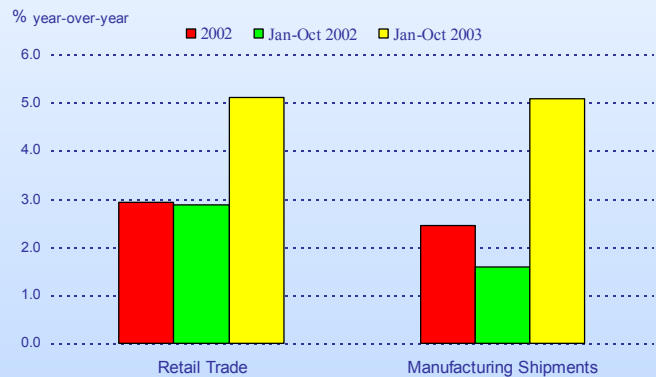
Year-to-date average unit sales have increased 3.2% compared to the same period in 2002. Housing starts fell from 3,100 in October 2002 to 1,300 in January 2003, but rebounded to 3,500 units in October 2003. On average, housing starts were up 4.9% compared to the same period in 2002.

Trade

Exports were down 7.9% from January to October 2003 compared to the same period in 2002. Despite higher oil prices, energy exports (which represent half of total exports) were down 10.6%. A larger share of production sold to other provinces and the appreciation of the Canadian dollar contributed to the decline. Forestry continued to face significant challenges, which resulted in a 30.1% decline of exports.

Year-to-date imports have surged 21% due to an important increase in imports of energy products (+37.1%). Newfoundland & Labrador's year-to-date trade surplus has declined from \$2,880 million to \$2,191 million.

Retail Trade and Manufacturing Shipments



*Seasonally adjusted at annual rates, 3-month moving average. November 2003 is the last available data point.

Merchandise Trade

Level	year-to-date 2002*	year-to-date 2003*	% change
(in millions of dollars)	2002*	2003*	
Total Exports	4,468.0	4,112.8	-7.9
Total Imports	1,587.6	1,921.4	21.0
Balance	2,880.4	2,191.4	
Principal commodity groupings			
Exports			
Agricultural & fishing products	815.4	898.3	10.2
Energy products	2,499.2	2,233.2	-10.6
Forestry products	647.8	453.1	-30.1
Industrial goods & materials	410.1	426.7	4.0
Machinery & equipment	25.7	38.4	49.4
Automotive products	0.9	1.1	22.2
Other consumer goods	1.3	1.4	7.7
Special transaction trade	68.1	60.5	-11.2
Imports			
Agricultural & fishing products	147.0	70.0	-52.4
Energy products	1,118.9	1,533.8	37.1
Forestry products	0.0	0.0	-
Industrial goods & materials	157.5	136.7	-13.2
Machinery & equipment	151.7	160.7	5.9
Automotive products	0.4	4.2	950.0
Other consumer goods	6.0	7.8	30.0
Special transaction trade	5.6	8.5	51.8

*January to October period, Customs-Based



Prince Edward Island



Demography

Population ('000)	140
Share of Canadian population	0.5
Share of urban ¹ population (%)	44.5
Share of aboriginal population (%)	1.0
Pop. 15-64 years with university degree (%)	12.2
Elderly dependency ratio ² (%)	20.1

Data for 2002 except for urban and aboriginal population (2001)

¹ An urban area has a minimum population concentration of 1,000 persons and a population density of at least 400 persons per square kilometre.

² The elderly dependency ratio is obtained by dividing the population aged 65 and over by the population aged 15 to 64.

Economic Structure

GDP per capita (\$97)	23,807
Natural resources (% of total GDP)	7.4
Manufacturing (% of total GDP)	10.2
Services (% of total GDP)	75.4
Research & Development intensity ¹ (%)	1.1
International trade intensity ² (%)	50.4
Interprovincial trade intensity ² (%)	79.7

Data for 2002 except Research & Development intensity (2000)

¹ Share of GDP

² Exports plus imports as a percentage of GDP

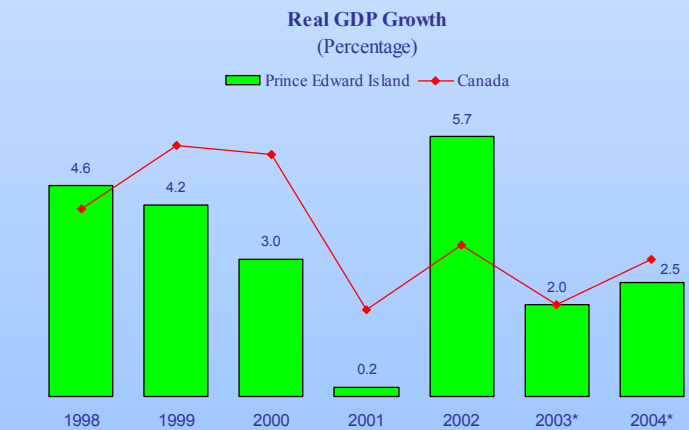
Real Gross Domestic Product

Prince Edward Island's economy had rebounded in 2002 with real GDP growth of 5.7%, helped by the recovery of potato crops and associated processing. In 2003, however, Prince Edward Island's GDP growth is estimated to have slowed to 2% due to 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 stronger growth in the United States and other parts of Canada should stimulate tourism and demand for manufactured products. Still, the appreciation of the Canadian dollar may limit the number of American visitors. Overall, GDP is forecast to grow by 2.5% in 2004.

Inflation Trends

Inflation in Prince Edward Island reached a peak of 7.1% in March 2003. While the inflation rate fell to 1.2% in November, CPI inflation in the first eleven months of 2003 has averaged 3.7%. Alcohol & tobacco, transport and shelter have been the main drivers of price increases in 2003.



*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 Prices

	2002 (%)	year-over-year inflation, 2003		
		September (%)	October (%)	November (%)
All Items	2.7	2.5	1.4	1.2
Food	3.5	1.8	1.4	1.6
Shelter	-0.7	3.2	1.1	1.0
Household	2.1	2.0	2.0	1.7
Clothing	0.7	-1.3	-2.3	-0.7
Transport	3.6	3.8	1.5	0.2
Health Care	0.7	0.1	0.1	0.0
Recreation	2.2	-0.8	-0.5	0.0
Alcohol & Tobacco	20.8	13.6	12.3	12.0
Energy	-4.8	6.6	1.4	-2.5
Canada (All Items)	2.2	2.2	1.6	1.6



Prince Edward Island



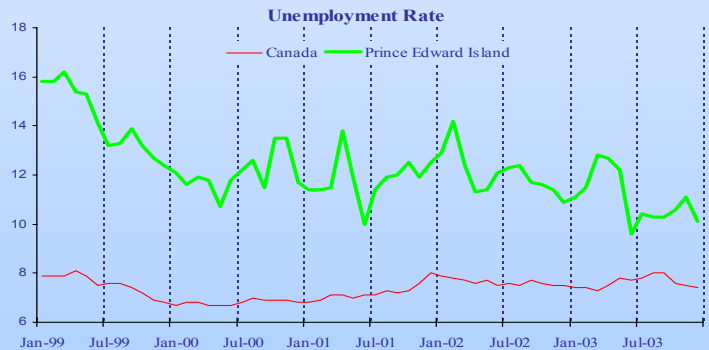
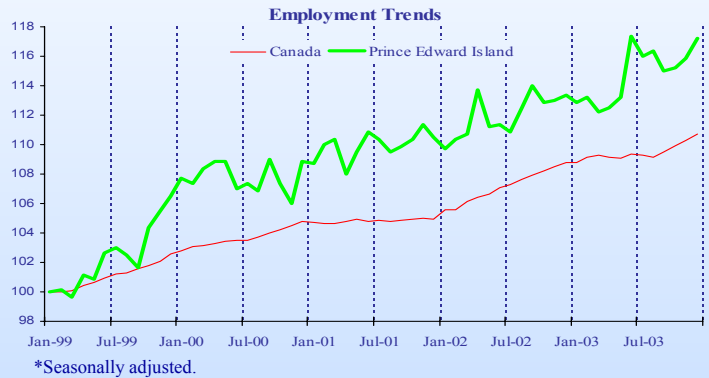
Labour Market

Employment exceeded 70,000 in June and December 2003. Overall, Prince Edward Island has gained 2,300 jobs since December 2002 (+3.4%). Most of the gains have been in full-time jobs (+1,600).

Both goods-producing (+1,500) and services-producing sectors posted gains (+800). Trade recorded the largest increase (+1,300).

The unemployment rate fell in 2003. It stood at 10.1% in December 2003, 0.8 percentage point lower than December 2002.

The participation rate remained high and averaged 68.3% in 2003. Prince Edward Island's participation rate is the highest among the Atlantic provinces.



Employment by Industry

	Level December 2003	% of Total	Change since		% change since	
			three months ago	last Dec.	three months ago	last Dec.
			(in thousands)			
TOTAL EMPLOYMENT	70.2	100.0	1.3	2.3	1.9	3.4
Full-time	58.1	82.8	0.8	1.6	1.4	2.8
Part-time	12.1	17.2	0.4	0.7	3.4	6.1
Labour Force	78.1	-	1.3	1.9	1.7	2.5
Participation rate	68.7	-	1.0	1.0	1.5	1.5
Employment rate	61.7	-	1.0	1.3	1.6	2.2
Unemployment rate	10.1	-	-0.2	-0.8	-1.9	-7.3
INDUSTRY						
Goods-producing	18.8	26.8	1.2	1.5	6.8	8.7
Agriculture	4.2	6.0	0.7	0.9	20.0	27.3
Natural resources ¹	2.8	4.0	0.2	0.3	7.7	12.0
Utilities	0.4	0.6	0.0	0.1	0.0	33.3
Construction	4.2	6.0	-0.3	-0.6	-6.7	-12.5
Manufacturing	7.1	10.1	0.6	0.7	9.2	10.9
Services-producing	51.4	73.2	0.1	0.8	0.2	1.6
Trade	10.8	15.4	0.0	1.3	0.0	13.7
Transportation & warehousing	2.8	4.0	0.1	0.2	3.7	7.7
FIRE ²	2.6	3.7	0.2	0.7	8.3	36.8
Professional & scientific	2.7	3.8	0.4	-0.4	17.4	-12.9
Management & administrative	2.3	3.3	-0.1	-0.5	-4.2	-17.9
Educational	4.9	7.0	0.0	0.0	0.0	0.0
Health care & social assistance	7.8	11.1	0.2	-0.3	2.6	-3.7
Information & culture & recreation	2.6	3.7	-0.5	-0.2	-16.1	-7.1
Accommodation & food	4.9	7.0	0.3	-0.2	6.5	-3.9
Other services	3.6	5.1	0.1	0.1	2.9	2.9
Public administration	6.5	9.3	-0.5	0.2	-7.1	3.2

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

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



Prince Edward Island



Economic Activity

Retail trade reached 1.1 billion dollars over the January to October 2003 period, an increase of 0.3% compared to the same period in 2002. Manufacturing shipments totalled 1.1 billion dollars in the first ten months of 2003, an increase of 1.2% over the same period in 2002.

GDP growth in 2003 has been supported by stronger non-residential construction as a result of important projects, such as Prince County Hospital. The outlook for non-residential construction in 2004 is good with projects, such as construction of federal buildings, a beef processing plant, and a gas-fired power plant.

Average unit sales decreased 65.8% for the January to October 2003 period compared to the same period in 2002. On the other hand, housing starts reached a peak of 1,800 units in June 2003 and averaged 1,050 units from January to November 2003. The latter figure represents a 41.5% increase over the same period in 2002 and has been the best year since 1988. Housing starts should come down to more sustainable levels in 2004.

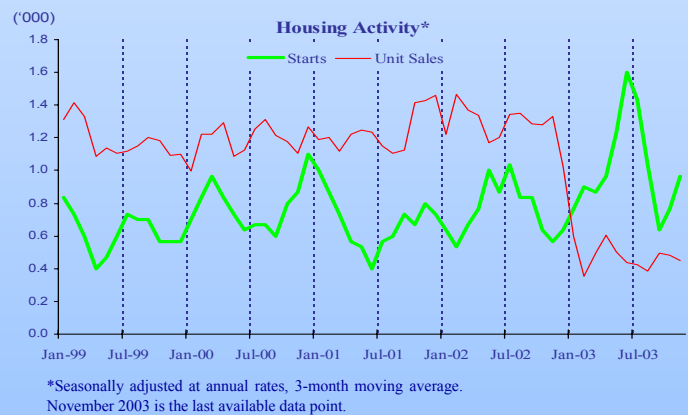
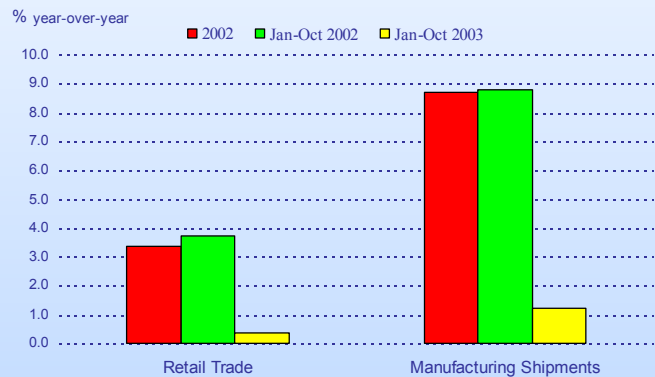
Trade

Exports of agricultural & fishing products are key to Prince Edward Island. Exports were down \$42.9 million (-7.5%) from January to October 2003 compared to the same period in 2002. A good portion of the decline was caused by lower exports of lobster due to the appreciation of the Canadian dollar.

During that period, increases of \$4.4 million in imports of machinery & equipment and \$2.2 million of industrial goods & materials contributed to higher total imports.

Prince Edward Island's trade surplus fell to \$517 million, 8.6% lower than the same period in 2002.

Retail Trade and Manufacturing Shipments



Merchandise Trade

Level	year-to-date 2002*	year-to-date 2003*	% change
(in millions of dollars)	2002*	2003*	
Total Exports	575.4	532.5	-7.5
Total Imports	9.6	15.5	61.5
Balance	565.8	517.0	
Principal commodity groupings			
Exports			
Agricultural & fishing products	425.5	395.6	-7.0
Energy products	0.0	0.1	-
Forestry products	13.2	10.9	-17.4
Industrial goods & materials	17.2	19.1	11.0
Machinery & equipment	57.7	48.5	-15.9
Automotive products	1.7	3.3	94.1
Other consumer goods	7.9	9.8	24.1
Special transaction trade	52.1	45.5	-12.7
Imports			
Agricultural & fishing products	1.8	1.7	-5.6
Energy products	0.0	0.0	-
Forestry products	0.0	0.0	-
Industrial goods & materials	3.6	5.8	61.1
Machinery & equipment	2.8	7.2	157.1
Automotive products	0.2	0.0	-100.0
Other consumer goods	1.0	0.3	-70.0
Special transaction trade	0.0	0.1	-

*January to October period, Customs-Based



Nova Scotia



Demography

Population ('000)	945
Share of Canadian population	3.0
Share of urban ¹ population (%)	55.6
Share of aboriginal population (%)	1.9
Pop. 15-64 years with university degree (%)	14.6
Elderly dependency ratio ² (%)	19.7

Data for 2002 except for urban and aboriginal population (2001)

¹ An urban area has a minimum population concentration of 1,000 persons and a population density of at least 400 persons per square kilometre.

² The elderly dependency ratio is obtained by dividing the population aged 65 and over by the population aged 15 to 64.

Economic Structure

GDP per capita (\$97)	26,270
Natural resources (% of total GDP)	5.7
Manufacturing (% of total GDP)	10.4
Services (% of total GDP)	76.3
Research & Development intensity ¹ (%)	1.5
International trade intensity ² (%)	63.1
Interprovincial trade intensity ² (%)	57.1

Data for 2002 except Research & Development intensity (2000)

¹ Share of GDP

² Exports plus imports as a percentage of GDP

Real Gross Domestic Product

After a strong performance in 2002, real GDP growth is likely to be cut in half in 2003 (from 4.4% to 2.2%) on reduced consumer spending, a cooling housing market and lower non-energy exports, including tourism.

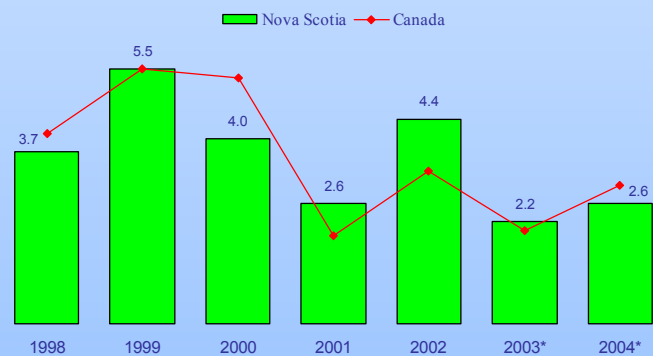
In 2004, tax cuts and lower auto insurance premiums should support consumer spending. In addition, growth will be supported by important tourist events, rising prices for forestry products and continued activity in natural gas projects.

Earlier this year, Nova Scotia's government had forecast a small surplus for 2003-04. It is now projecting a \$22 million deficit. This reflects costs related to natural disasters (Hurricane Juan and serious flooding last spring) as well as expenditures related to the single incident of mad cow disease.

Inflation Trends

Consumer prices in the first eleven months of 2003 were up 3.5% from 2002 after a rise of 3% in 2002. The acceleration largely reflected the effect of rising natural gas prices on shelter cost. For the fourth quarter, falling energy prices have caused a marked slowdown in inflation.

Real GDP Growth
(Percentage)



*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 Prices

	2002 (%)	year-over-year inflation, 2003		
		September (%)	October (%)	November (%)
All Items	3.0	2.4	1.2	1.1
Food	3.3	2.4	2.2	1.9
Shelter	0.7	2.5	1.9	1.7
Household	1.6	1.3	0.4	0.4
Clothing	-2.6	3.2	0.6	-1.2
Transport	5.0	2.2	-1.2	-1.1
Health Care	1.0	1.1	1.6	2.4
Recreation	3.5	0.2	0.3	0.5
Alcohol & Tobacco	19.6	10.9	9.1	9.1
Energy	-0.7	3.5	-2.5	-4.0
Canada (All Items)	2.2	2.2	1.6	1.6



Nova Scotia



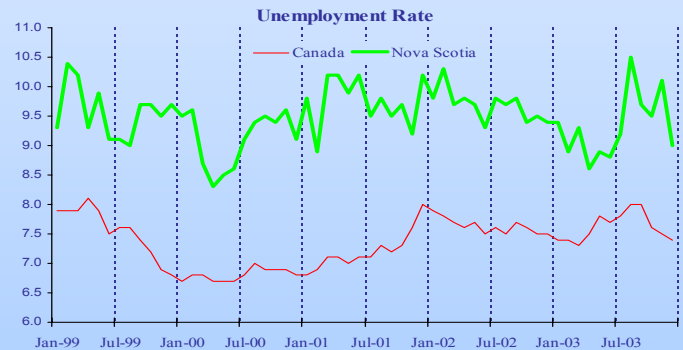
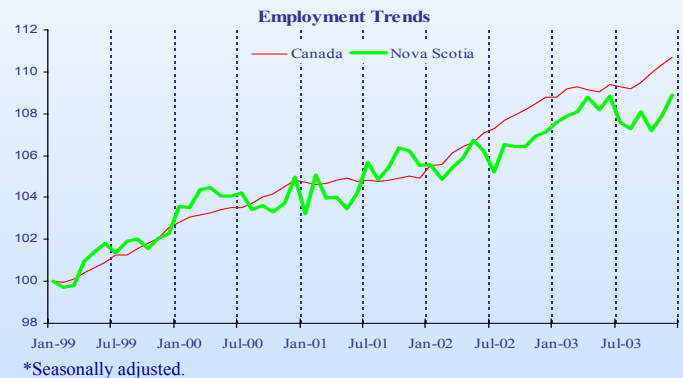
Labour Market

Employment rose 1.7% from December 2002 to December 2003, a faster pace than 2002 (+1.5%) and 2001 (+0.5%).

A recovery of employment in public administration and continued gains in manufacturing helped support the advance. Job losses in trade, FIRE² and accommodation & food services limited the overall gain.

The unemployment rate reached 9% in December 2003, down from 9.4% in December 2002. This reflected a faster increase in employment than in the labour force (+1.2%).

The employment rate reached 57.8% during the first half of 2003, its highest level since the Labour Force Survey was launched in 1976. The participation rate hit a record high of 63.6% in the second half of the year.



Employment by Industry

(in thousands)	Level	% of Total December 2003	Change since		% change since	
			three	last	three	last
			months	Dec.	months	Dec.
			ago		ago	
TOTAL EMPLOYMENT	439.5	100.0	3.3	7.2	0.8	1.7
Full-time	351.7	80.0	-0.2	4.3	-0.1	1.2
Part-time	87.7	20.0	3.4	2.8	4.0	3.3
Labour Force	482.8	-	-0.2	5.9	0.0	1.2
Participation rate	63.4	-	-0.1	0.5	-0.2	0.8
Employment rate	57.7	-	0.4	0.6	0.7	1.1
Unemployment rate	9.0	-	-0.7	-0.4	-7.2	-4.3
INDUSTRY						
Goods-producing	99.8	22.7	5.5	4.9	5.8	5.2
Agriculture	6.6	1.5	-0.5	0.4	-7.0	6.5
Natural resources ¹	14.3	3.3	0.9	-1.0	6.7	-6.5
Utilities	2.7	0.6	0.4	-0.2	17.4	-6.9
Construction	28.3	6.4	4.7	3.3	19.9	13.2
Manufacturing	47.7	10.9	-0.2	2.1	-0.4	4.6
Services-producing	339.7	77.3	-2.2	2.2	-0.6	0.7
Trade	74.8	17.0	1.3	-0.6	1.8	-0.8
Transportation & warehousing	20.1	4.6	-0.7	0.8	-3.4	4.1
FIRE ²	19.6	4.5	0.3	-2.4	1.6	-10.9
Professional & scientific	18.6	4.2	-1.0	-2.2	-5.1	-10.6
Management & administrative	24.1	5.5	1.7	2.4	7.6	11.1
Educational	33.8	7.7	1.1	-0.7	3.4	-2.0
Health care & social assistance	55.1	12.5	-1.1	3.4	-2.0	6.6
Information & culture & recreation	18.8	4.3	0.0	1.7	0.0	9.9
Accommodation & food	26.3	6.0	-5.6	-2.0	-17.6	-7.1
Other services	19.1	4.3	1.4	-3.3	7.9	-14.7
Public administration	29.4	6.7	0.3	5.5	1.0	23.0

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

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



Nova Scotia



Economic Activity

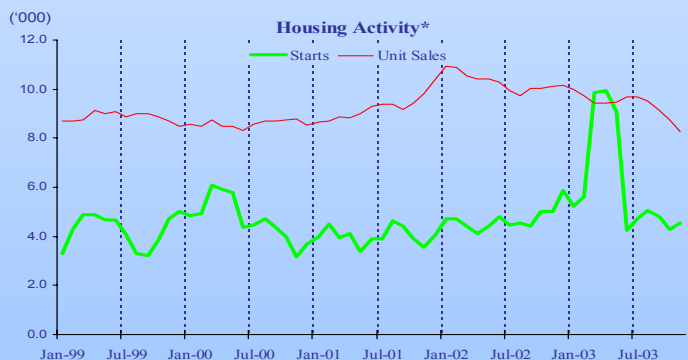
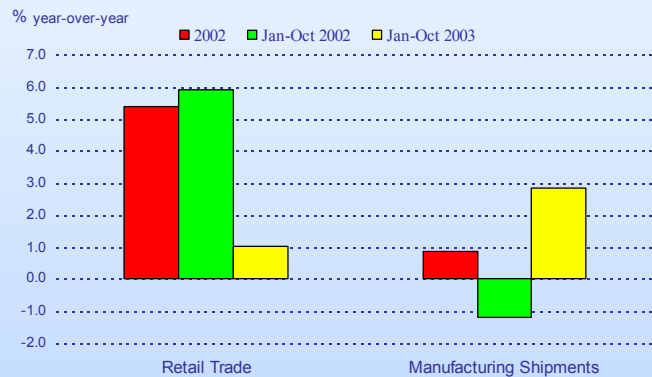
Consumer spending has decelerated sharply in 2003, mainly on declines in car sales and sales at general merchandise stores. Housing activity has cooled off in 2003 as sales on the secondary market fell. Meanwhile, the value of residential permits issued was essentially unchanged, following a significant rise in 2002. Helped by rising sales of petroleum and paper products, manufacturing shipments have recovered in 2003 despite a large decline in transportation equipment shipments.

Trade

Exports in the first ten months of 2003 were up 6.1% from the same period in 2002 due to the effect of rising natural gas prices on energy exports. Excluding energy products, exports were down 6.8% as weak lumber prices and an appreciating currency caused declines in exports of forestry products and machinery & equipment. In contrast, imports of energy and non-energy products were up 8.1% and 18%, respectively. Imports of machinery & equipment and industrial products both rebounded sharply after declines in 2002.

In light of these developments, the trade balance moved from a surplus of \$53.6 million to a deficit position of \$362.8 million.

Retail Trade and Manufacturing Shipments



*Seasonally adjusted at annual rates, 3-month moving average.
November 2003 is the last available data point.

Merchandise Trade

Level	year-to-date (in millions of dollars)	year-to-date	% change
	2002*	2003*	
Total Exports	4,338.7	4,604.8	6.1
Total Imports	4,285.1	4,967.6	15.9
Balance	53.6	-362.8	
Principal commodity groupings			
Exports			
Agricultural & fishing products	1,171.9	1,159.1	-1.1
Energy products	692.7	1,205.2	74.0
Forestry products	837.8	746.7	-10.9
Industrial goods & materials	387.2	364.5	-5.9
Machinery & equipment	1,016.5	894.6	-12.0
Automotive products	102.7	111.1	8.2
Other consumer goods	44.9	47.2	5.1
Special transaction trade	85.2	76.3	-10.4
Imports			
Agricultural & fishing products	231.7	300.0	29.5
Energy products	916.3	990.8	8.1
Forestry products	6.4	6.9	7.8
Industrial goods & materials	509.5	552.1	8.4
Machinery & equipment	728.5	1,005.9	38.1
Automotive products	1,824.8	2,043.1	12.0
Other consumer goods	51.4	54.0	5.1
Special transaction trade	16.9	14.7	-13.0

*January to October period, Customs-Based



New Brunswick



Demography

Population ('000)	757
Share of Canadian population	2.4
Share of urban ¹ population (%)	50.2
Share of aboriginal population (%)	2.4
Pop. 15-64 years with university degree (%)	11.4
Elderly dependency ratio ² (%)	19.0

Data for 2002 except for urban and aboriginal population (2001)

¹ An urban area has a minimum population concentration of 1,000 persons and a population density of at least 400 persons per square kilometre.

² The elderly dependency ratio is obtained by dividing the population aged 65 and over by the population aged 15 to 64.

Economic Structure

GDP per capita (\$97)	25,882
Natural resources (% of total GDP)	5.5
Manufacturing (% of total GDP)	14.8
Services (% of total GDP)	70.7
Research & Development intensity ¹ (%)	0.8
International trade ² intensity ² (%)	82.4
Interprovincial trade intensity ² (%)	76.4

Data for 2002 except Research & Development intensity (2000)

¹ Share of GDP

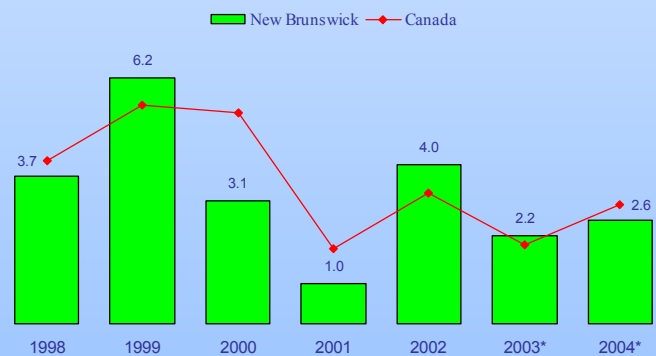
² Exports plus imports as a percentage of GDP

Real Gross Domestic Product

After strong and widespread growth in 2002, real GDP appears to have slowed to near 2% in 2003 as stagnant employment restrained spending on cars and other consumer goods while the strengthening of the loonie contributed to a slowdown in exports growth. Housing activity also moderated. On the bright side, higher investments have supported economic growth.

In 2004, economic growth is expected to accelerate to 2.6%, as consumer spending recovers, supported by new home owners buying furniture and durable goods. Residential construction and other investments are expected to moderate.

Real GDP Growth
(Percentage)



*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 Prices

	2002 (%)	year-over-year inflation, 2003		
		September (%)	October (%)	November (%)
All Items	3.4	2.4	1.3	0.6
Food	3.6	2.8	2.5	2.1
Shelter	0.5	1.9	1.4	1.0
Household	2.2	0.2	0.2	0.0
Clothing	-1.5	-0.3	-0.2	-2.6
Transport	6.2	4.0	0.1	-2.0
Health Care	0.6	1.3	0.6	1.4
Recreation	3.2	0.5	0.2	0.3
Alcohol & Tobacco	17.7	11.0	9.2	9.2
Energy	0.8	4.7	-1.1	-2.5
Canada (All Items)	2.2	2.2	1.6	1.6

Inflation Trends

Prices in the first eleven months of 2003 were up 3.7% from 2002 levels, almost the same rate as in 2002. Inflation in New Brunswick has been higher than the national average in the last two years largely due to increasing transportation costs. Price increases slowed sharply in the second half of 2003, bringing the inflation rate down to 0.6% in November.



New Brunswick



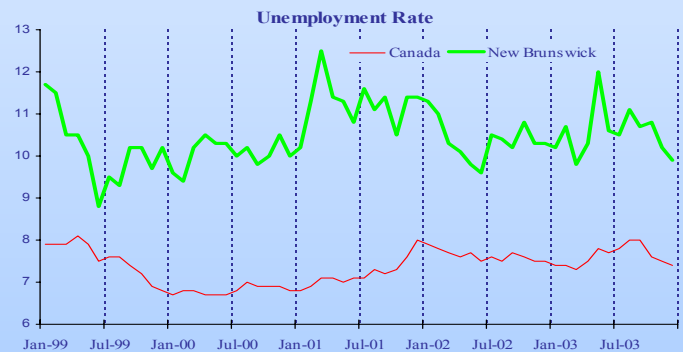
Labour Market

Employment in New Brunswick fell 1.1% from December 2002 to December 2003, a contrast with a year ago when it had grown by 3.9%.

The slowdown in 2003 was largely due to job losses in accommodation & food services as well as much smaller gains in management of company services following remarkable advances in the previous three years.

New Brunswick's average unemployment rate increased from 10.4% in 2002 to 10.6% in 2003. However, it has fallen significantly since last August, reaching 9.9% in December 2003.

In early 2003, the participation rate reached 64.5% and the employment rate hit 57.7%, the highest levels since the launch of Labour Force Survey in 1976. Both rates fell back subsequently.



Employment by Industry

	Level December 2003	% of Total	Change since		% change since	
			three months ago	last Dec.	three months ago	last Dec.
(in thousands)						
TOTAL EMPLOYMENT	346.1	100.0	3.4	-3.9	1.0	-1.1
Full-time	293.3	84.7	2.7	-2.5	0.9	-0.8
Part-time	52.7	15.2	0.6	-1.5	1.2	-2.8
Labour Force	384.2	-	0.5	-6.0	0.1	-1.5
Participation rate	62.9	-	0.0	-1.2	0.0	-1.9
Employment rate	56.7	-	0.5	-0.8	0.9	-1.4
Unemployment rate	9.9	-	-0.8	-0.4	-7.5	-3.9
INDUSTRY						
Goods-producing	84.2	24.3	4.6	4.6	5.8	5.8
Agriculture	4.6	1.3	-0.4	-1.9	-8.0	-29.2
Natural resources ¹	12.1	3.5	1.0	1.0	9.0	9.0
Utilities	3.4	1.0	-0.6	-0.6	-15.0	-15.0
Construction	19.5	5.6	2.9	-0.1	17.5	-0.5
Manufacturing	44.6	12.9	1.6	6.1	3.7	15.8
Services-producing	261.9	75.7	-1.1	-8.5	-0.4	-3.1
Trade	55.8	16.1	0.7	1.9	1.3	3.5
Transportation & warehousing	17.6	5.1	-1.9	-2.1	-9.7	-10.7
FIRE ²	14.8	4.3	0.1	0.4	0.7	2.8
Professional & scientific	14.4	4.2	-0.2	-1.3	-1.4	-8.3
Management & administrative	21.6	6.2	-1.1	-1.7	-4.8	-7.3
Educational	24.2	7.0	1.6	2.9	7.1	13.6
Health care & social assistance	46.8	13.5	0.5	3.1	1.1	7.1
Information & culture & recreation	9.8	2.8	-0.9	-3.1	-8.4	-24.0
Accommodation & food	21.8	6.3	0.6	-4.0	2.8	-15.5
Other services	17.0	4.9	0.7	-0.9	4.3	-5.0
Public administration	18.0	5.2	-1.3	-3.7	-6.7	-17.1

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

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



New Brunswick



Economic Activity

In line with the weak employment performance, retail trade in the first ten months of 2003 was virtually unchanged from the same period in 2002. The results have been worse than elsewhere in the country. The weakness was widespread, with car sales dropping significantly. Manufacturing shipments moderated as sales of food products, including fish, declined. The housing market remained relatively healthy.

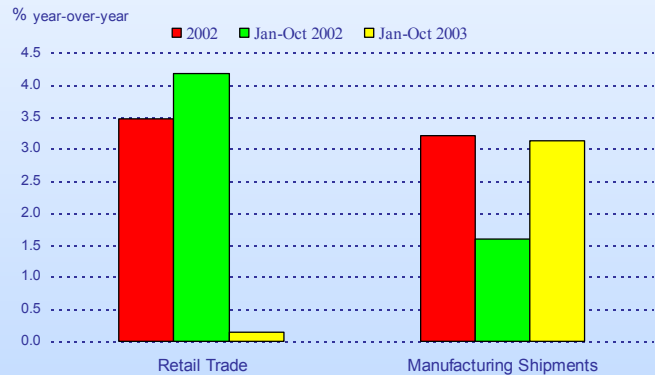
Trade

Exports in the first ten months of 2003 were up 5.3% from the same period in 2002, entirely due to the rise in energy exports. Excluding the energy component, exports were down 4.9% driven in part by the continued decline in exports of forestry products.

Similarly, imports of energy products rose 6.7% while imports of non-energy products fell 4.7% on a large drop in imports of agricultural & fishing products.

In light of these developments, New Brunswick's trade surplus increased from \$1.9 billion to \$2.2 billion.

Retail Trade and Manufacturing Shipments



*Seasonally adjusted at annual rates, 3-month moving average.
November 2003 is the last available data point.

Merchandise Trade

Level	year-to-date 2002*	year-to-date 2003*	% change
(in millions of dollars)	2002*	2003*	
Total Exports	6,784.4	7,145.8	5.3
Total Imports	4,921.0	4,981.8	1.2
Balance	1,863.4	2,164.0	
Principal commodity groupings			
Exports			
Agricultural & fishing products	1,159.8	1,103.7	-4.8
Energy products	2,717.9	3,279.5	20.7
Forestry products	1,749.7	1,694.6	-3.1
Industrial goods & materials	508.1	485.2	-4.5
Machinery & equipment	487.7	435.1	-10.8
Automotive products	24.6	28.3	15.0
Other consumer goods	39.2	30.0	-23.5
Special transaction trade	97.5	89.5	-8.2
Imports			
Agricultural & fishing products	525.6	432.9	-17.6
Energy products	2,572.6	2,743.7	6.7
Forestry products	133.1	125.3	-5.9
Industrial goods & materials	803.1	779.1	-3.0
Machinery & equipment	490.1	521.2	6.3
Automotive products	155.1	182.3	17.5
Other consumer goods	196.1	159.8	-18.5
Special transaction trade	44.9	38.1	-15.1

*January to October period, Customs-Based



Quebec



Demography

Population ('000)	7 455
Share of Canadian population	23.7
Share of urban ¹ population (%)	80.2
Share of aboriginal population (%)	1.1
Pop. 15-64 years with university degree (%)	15.0
Elderly dependency ratio ² (%)	18.9

Data for 2002 except for urban and aboriginal population (2001)

¹ An urban area has a minimum population concentration of 1,000 persons and a population density of at least 400 persons per square kilometre.

² The elderly dependency ratio is obtained by dividing the population aged 65 and over by the population aged 15 to 64.

Economic Structure

GDP per capita (\$97)	30,706
Natural resources (% of total GDP)	2.5
Manufacturing (% of total GDP)	21.7
Services (% of total GDP)	66.9
Research & Development intensity ¹ (%)	2.3
International trade intensity ² (% of total GDP)	72.1
Interprovincial trade intensity ² (% of total GDP)	38.4

Data for 2002 except Research & Development intensity (2000)

¹ Share of GDP

² Exports plus imports as a percentage of GDP

Real Gross Domestic Product

U.S. economic weakness early in 2003, an appreciating dollar and a series of negative shocks affected the Quebec economy in 2003.

The manufacturing sector was hardest hit as it relies heavily on exports. However, domestic demand continued to grow at a rapid pace in 2003, driven by strong consumer spending and housing.

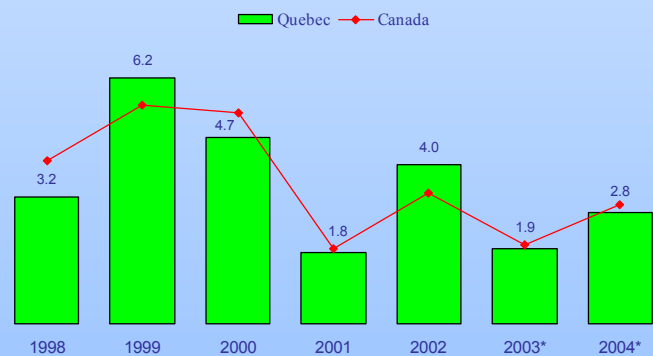
After a solid performance in 2002 (4% growth), Quebec's real GDP growth is now expected to reach only 1.9% in 2003.

The temporary effects of the recent shocks, combined with a surging U.S. economy could stimulate exports in the near term. Quebec's real GDP is expected to grow by 2.8% in 2004, slightly below the national average.

Inflation Trends

After averaging 3.5% in the first six months of 2003, Quebec's CPI inflation averaged 1.6% over the July-November period. Lower energy prices, through its impact on transportation costs, have been responsible for the drop. Like in most provinces, Quebec's energy component recorded deflation in October and November.

Real GDP Growth
(Percentage)



*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 Prices

	2002 (%)	year-over-year inflation, 2003		
		September (%)	October (%)	November (%)
All Items	2.0	1.6	1.4	1.3
Food	2.1	2.0	3.0	2.8
Shelter	1.1	3.0	2.7	2.7
Household	0.5	-1.2	-0.9	-0.8
Clothing	0.4	-3.1	-0.4	-1.2
Transport	1.4	2.9	-0.2	0.2
Health Care	0.5	2.3	1.7	2.2
Recreation	1.1	-0.8	-0.9	-0.9
Alcohol & Tobacco	17.9	5.3	3.9	3.7
Energy	-2.3	2.6	-1.7	-1.3
Canada (All Items)	2.2	2.2	1.6	1.6



Quebec

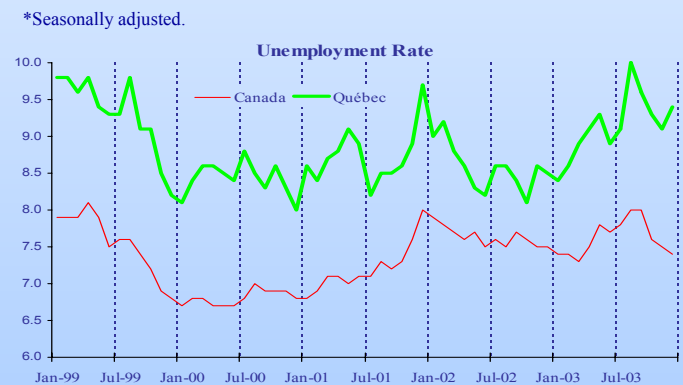
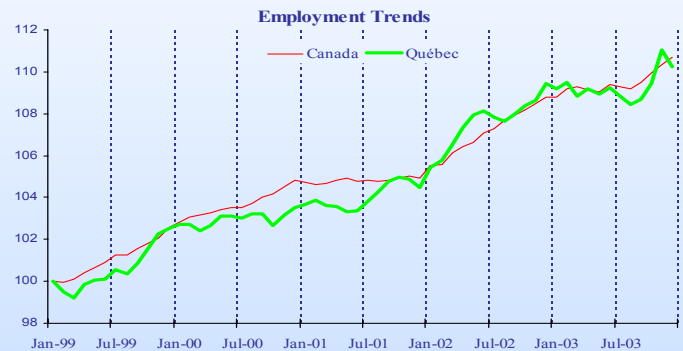


Labour Market

Quebec's employment rose 27,000 from December 2002 to December 2003, all part-time. This is a much weaker pace of job creation than in 2002 (+166,000). However, 60,000 jobs were created in the last four months of 2003.

Weaker employment growth combined with more people looking for a job, pushed up the unemployment rate 0.9 percentage point from 8.5% in December 2002 to 9.4% in December 2003.

In line with a weak U.S. economy in the first half of 2003 and a surging Canadian dollar, the manufacturing sector lost 42,000 jobs in 2003, and was mostly responsible for weak employment growth. In contrast, construction (+17,000), health care & social assistance (+33,000), and FIRE² (+18,000) performed well.



Employment by Industry

(in thousands)	Level December 2003	% of Total	Change since		% change since	
			three months ago	last Dec.	three months ago	last Dec.
TOTAL EMPLOYMENT	3,681.4	100.0	52.8	27.3	1.5	0.7
Full-time	2,973.6	80.8	12.2	-11.6	0.4	-0.4
Part-time	707.8	19.2	40.6	38.9	6.1	5.8
Labour Force	4,061.3	-	46.4	69.6	1.2	1.7
Participation rate	66.4	-	0.5	0.5	0.8	0.8
Employment rate	60.2	-	0.7	-0.1	1.2	-0.2
Unemployment rate	9.4	-	-0.2	0.9	-2.1	10.6
INDUSTRY						
<i>Goods-producing</i>	926.2	25.2	-0.6	-36.6	-0.1	-3.8
Agriculture	57.1	1.6	-0.6	-10.0	-1.0	-14.9
Natural resources ¹	38.7	1.1	2.0	0.3	5.4	0.8
Utilities	29.7	0.8	0.6	-1.5	2.1	-4.8
Construction	177.8	4.8	3.5	17.1	2.0	10.6
Manufacturing	623.0	16.9	-6.0	-42.3	-1.0	-6.4
<i>Services-producing</i>	2,755.2	74.8	53.4	63.9	2.0	2.4
Trade	605.4	16.4	5.0	5.4	0.8	0.9
Transportation & warehousing	163.5	4.4	-1.4	6.7	-0.8	4.3
FIRE ²	200.8	5.5	14.6	17.7	7.8	9.7
Professional & scientific	212.6	5.8	3.8	-11.5	1.8	-5.1
Management & administrative	112.4	3.1	4.7	-10.6	4.4	-8.6
Educational	254.8	6.9	6.9	7.7	2.8	3.1
Health care & social assistance	451.8	12.3	21.9	33.4	5.1	8.0
Information & culture & recreation	161.3	4.4	10.3	7.6	6.8	4.9
Accommodation & food	210.3	5.7	-13.4	-4.1	-6.0	-1.9
Other services	167.8	4.6	8.0	0.6	5.0	0.4
Public administration	214.6	5.8	-6.7	11.1	-3.0	5.5

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

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



Quebec



Economic Activity

Consumer spending has remained strong in 2003 as Quebec's retail sales rose 4.8% in the first ten months of 2003 compared to the same period in 2002. This was the second highest growth rate among provinces.

Residential construction continued to surge in 2003, as housing starts reached a 13-year peak in August. Housing might cool off a bit in 2004, but demand for new housing should remain robust as interest rates are expected to remain low.

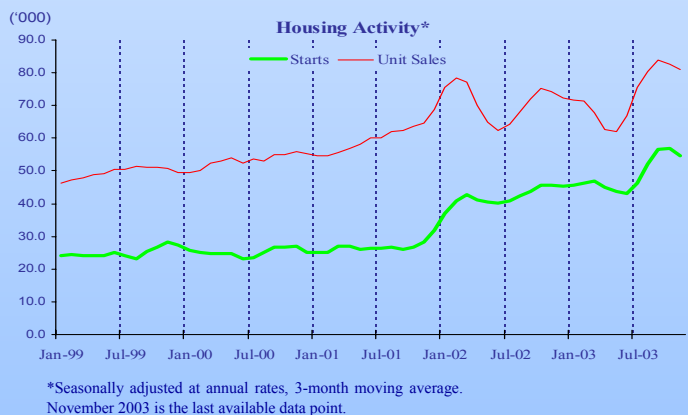
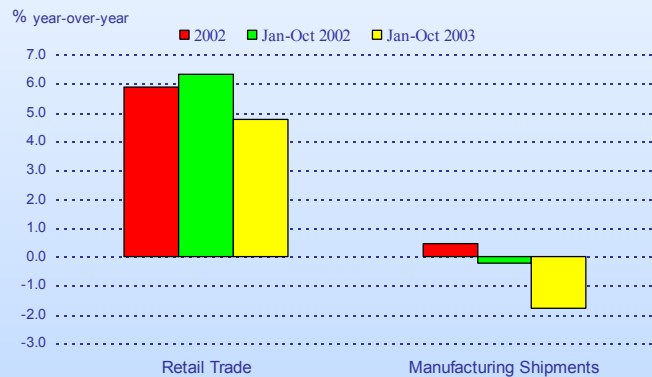
The sluggish U.S. economy (first half of 2003) and the surging dollar had a negative impact on manufacturing shipments. They decreased 1.8% (year-over-year) over the January-October 2003 period. Shipments of durable goods, such as transportation and computer & electronic equipment have been hardest hit.

Trade

Quebec's merchandise exports fell 6.3% in the first ten months of 2003 relative to the same period in 2002. Five of the seven major groups lost ground during this period. Automotive products (-35.6%) recorded the largest loss, mainly reflecting the closing of GM's Boisbriand vehicle assembly plant in August 2002.

Over the January-October period, merchandise imports rose 2.8%, essentially in energy products (+22.7%) and other consumer goods categories (+10.7%).

Retail Trade and Manufacturing Shipments



Merchandise Trade

Level	year-to-date 2002*	year-to-date 2003*	% change
(in millions of dollars)	2002*	2003*	
Total Exports	54,989.1	51,507.3	-6.3
Total Imports	42,735.3	43,946.2	2.8
Balance	12,253.8	7,561.1	
Principal commodity groupings			
Exports			
Agricultural & fishing products	2,916.1	3,008.7	3.2
Energy products	1,213.2	1,359.7	12.1
Forestry products	8,350.1	7,600.3	-9.0
Industrial goods & materials	13,098.7	12,173.5	-7.1
Machinery & equipment	20,853.9	20,307.7	-2.6
Automotive products	3,174.3	2,044.0	-35.6
Other consumer goods	3,952.0	3,705.3	-6.2
Special transaction trade	1,431.3	1,308.4	-8.6
Imports			
Agricultural & fishing products	2,383.1	2,580.5	8.3
Energy products	6,607.3	8,105.4	22.7
Forestry products	730.7	703.0	-3.8
Industrial goods & materials	9,951.6	9,742.9	-2.1
Machinery & equipment	13,414.7	12,504.6	-6.8
Automotive products	1,817.1	1,851.7	1.9
Other consumer goods	6,999.8	7,752.0	10.7
Special transaction trade	830.3	706.0	-15.0

*January to October period, Customs-Based



Ontario



Demography

Population ('000)	12 068
Share of Canadian population	38.4
Share of urban ¹ population (%)	84.6
Share of aboriginal population (%)	1.7
Pop. 15-64 years with university degree (%)	18.6
Elderly dependency ratio ² (%)	18.4

Data for 2002 except for urban and aboriginal population (2001)

¹ An urban area has a minimum population concentration of 1,000 persons and a population density of at least 400 persons per square kilometre.

² The elderly dependency ratio is obtained by dividing the population aged 65 and over by the population aged 15 to 64.

Economic Structure

GDP per capita (\$97)	37,379
Natural resources (% of total GDP)	1.8
Manufacturing (% of total GDP)	20.4
Services (% of total GDP)	70.2
Research & Development intensity ¹ (%)	2.1
International trade intensity ² (%)	93.6
Interprovincial trade intensity ² (%)	30.0

Data for 2002 except Research & Development intensity (2000)

¹ Share of GDP

² Exports plus imports as a percentage of GDP

Real Gross Domestic Product

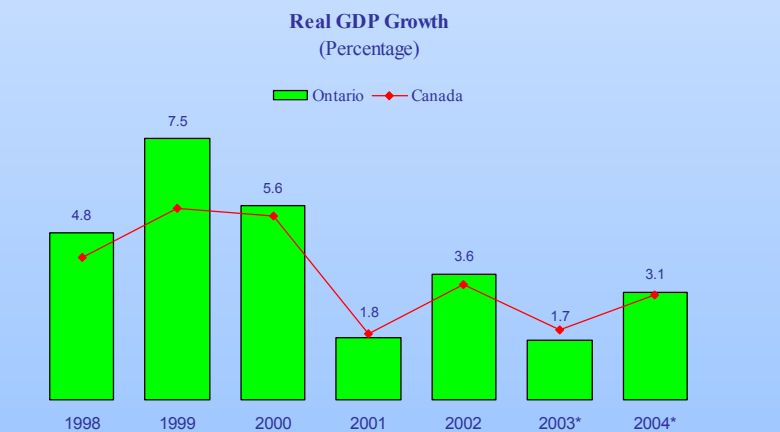
As a result of a sluggish U.S. economy early in 2003, a strong Canadian dollar, Severe Acute Respiratory Syndrome (SARS) and the power outage in August, Ontario's real GDP is expected to grow by only 1.7% in 2003.

The manufacturing sector has been the most affected, particularly exports of motor vehicles & automotive parts and aerospace products. Due to SARS, the tourism industry suffered in 2003, especially in Toronto.

Driven by solid domestic demand and a surging U.S. economy, Ontario's real GDP growth should pick up in 2004, and is expected to surpass 3%. However, continued strength of the Canadian dollar could hold back economic growth in 2004.

Inflation Trends

Ontario's inflation has been relatively stable in recent months, averaging 1.9% over the July-November period. This is mainly due to a lower increase in the transport component of the CPI index, caused by smaller energy price increases in recent months.



*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 Prices

	2002 (%)	year-over-year inflation, 2003 (%)		
		September (%)	October (%)	November (%)
All Items	2.0	2.2	1.7	1.7
Food	3.0	1.4	1.7	0.7
Shelter	1.0	2.6	1.8	2.1
Household	1.4	1.6	2.1	1.4
Clothing	-1.7	-2.8	-3.1	-0.5
Transport	2.3	5.2	3.2	2.9
Health Care	1.1	1.7	1.1	1.4
Recreation	1.4	-1.0	-0.2	0.2
Alcohol & Tobacco	16.2	4.8	4.0	4.0
Energy	-3.2	7.5	-0.1	1.3
Canada (All Items)	2.2	2.2	1.6	1.6



Ontario

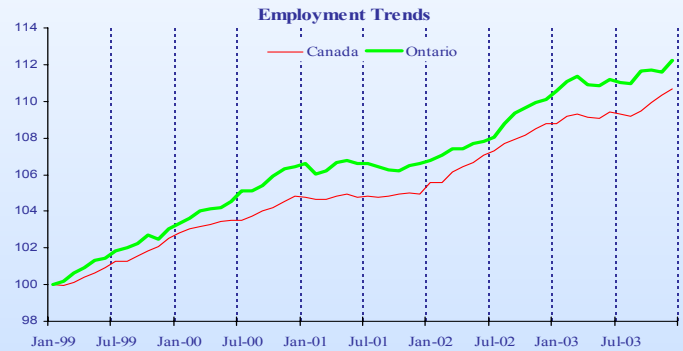


Labour Market

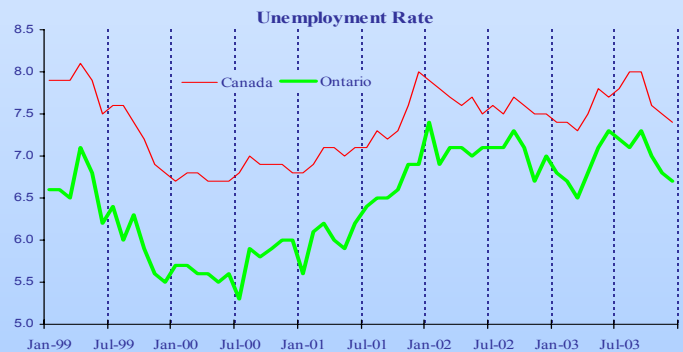
After a difficult period from April to August 2003, Ontario's employment growth rebounded in recent months. Overall, 120,000 jobs were created from December 2002 to December 2003, almost all full-time. Ontario created 196,000 jobs over the same period in 2002.

The largest job gains in 2003 were recorded in health care & social assistance (+41,000), management & administrative (+32,000). Despite a slight increase in the last two months (+13,000), the manufacturing sector lost 35,000 jobs in 2003, in line with a sluggish U.S. economy and the strong increase of the Canadian dollar. Professional & scientific services also recorded large losses in 2003 (-29,000).

The unemployment rate fell to 6.7% in December 2003, 0.3 percentage point lower than the level recorded a year ago.



*Seasonally adjusted.



Employment by Industry

	Level % of Total December 2003		Change since		% change since	
			three months ago	last Dec.	three months ago	last Dec.
(in thousands)						
TOTAL EMPLOYMENT	6,285.8	100.0	34.1	119.8	0.5	1.9
Full-time	5,146.1	81.9	32.9	106.3	0.6	2.1
Part-time	1,139.7	18.1	1.2	13.5	0.1	1.2
Labour Force	6,736.3	-	-5.0	103.2	-0.1	1.6
Participation rate	68.3	-	-0.4	-0.1	-0.6	-0.1
Employment rate	63.8	-	0.1	0.3	0.2	0.5
Unemployment rate	6.7	-	-0.6	-0.3	-8.2	-4.3
INDUSTRY						
Goods-producing	1,651.9	26.3	-10.6	-4.3	-0.6	-0.3
Agriculture	87.0	1.4	2.6	5.1	3.1	6.2
Natural resources ¹	31.8	0.5	0.3	-0.4	1.0	-1.2
Utilities	55.0	0.9	-1.8	4.6	-3.2	9.1
Construction	395.3	6.3	-9.2	21.9	-2.3	5.9
Manufacturing	1,082.9	17.2	-2.3	-35.3	-0.2	-3.2
Services-producing	4,633.9	73.7	44.6	124.1	1.0	2.8
Trade	938.4	14.9	8.4	1.7	0.9	0.2
Transportation & warehousing	294.6	4.7	10.5	17.2	3.7	6.2
FIRE ²	433.9	6.9	-9.2	24.7	-2.1	6.0
Professional & scientific	415.8	6.6	-16.2	-29.0	-3.8	-6.5
Management & administrative	290.0	4.6	28.8	31.7	11.0	12.3
Educational	392.8	6.2	6.2	-4.1	1.6	-1.0
Health care & social assistance	626.0	10.0	8.2	40.9	1.3	7.0
Information & culture & recreation	291.9	4.6	-7.4	12.5	-2.5	4.5
Accommodation & food	384.6	6.1	21.1	5.9	5.8	1.6
Other services	252.5	4.0	-4.7	3.4	-1.8	1.4
Public administration	313.4	5.0	-1.0	19.1	-0.3	6.5

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

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



Ontario



Economic Activity

Over the January-October 2003 period, retail sales have increased by 3.4% in Ontario compared to the same period in 2002, close to the national average of 3.5%.

Residential construction remained strong in 2003. Low interest rates, combined with high consumer confidence and healthy job growth should keep consumer spending and residential investment in good shape in 2004.

The value of manufacturing shipments decreased 1.7% (year-over-year) over the first ten months of 2003, mostly in the heavily exports-oriented automotive sector.

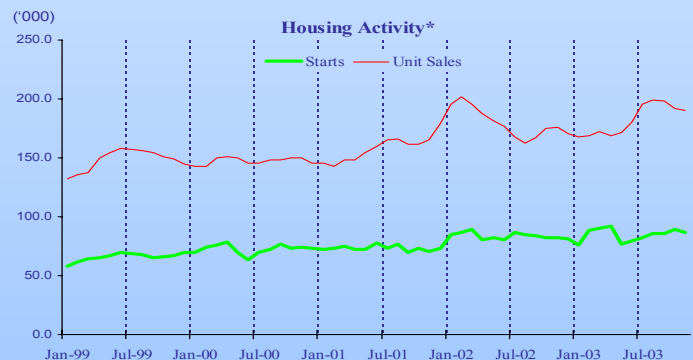
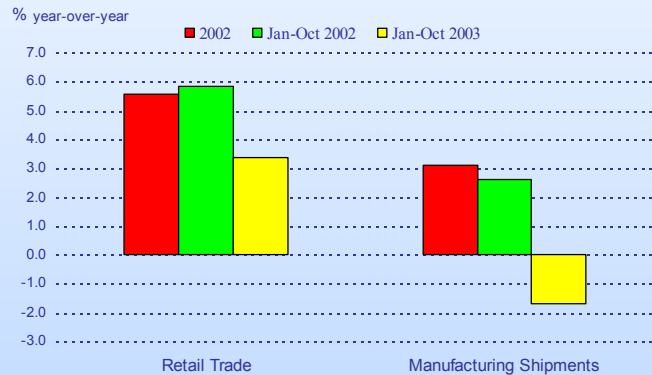
Trade

The Canadian dollar appreciated nearly 22% vis-à-vis its U.S. counterpart in 2003. This, combined with a sluggish U.S. economy in the first half of 2003, took its toll on Ontario exports.

Ontario's merchandise exports were down 7.5% over the first ten months of 2003 compared to the same period in 2002. Machinery & equipment (-10.9%), industrial goods & materials (-8.4%), and automotive products (-8.3%) recorded significant drops over that period.

Over the January-October period, merchandise imports declined (-6.2%) compared to the same period in 2002. All principal groups, but energy products, posted losses.

Retail Trade and Manufacturing Shipments



*Seasonally adjusted at annual rates, 3-month moving average.
November 2003 is the last available data point.

Merchandise Trade

Level	year-to-date 2002*	year-to-date 2003*	% change
(in millions of dollars)			
Total Exports	152,394.1	140,996.4	-7.5
Total Imports	188,135.6	176,419.1	-6.2
Balance	-35,741.5	-35,422.7	
Principal commodity groupings			
Exports			
Agricultural & fishing products	6,359.2	6,533.3	2.7
Energy products	1,388.6	1,827.5	31.6
Forestry products	6,125.3	5,611.3	-8.4
Industrial goods & materials	25,293.4	23,166.5	-8.4
Machinery & equipment	32,321.1	28,787.0	-10.9
Automotive products	71,761.3	65,770.8	-8.3
Other consumer goods	5,813.5	5,998.6	3.2
Special transaction trade	3,332.0	3,301.4	-0.9
Imports			
Agricultural & fishing products	9,921.1	9,767.6	-1.5
Energy products	1,695.3	2,093.5	23.5
Forestry products	1,163.5	1,135.4	-2.4
Industrial goods & materials	36,052.3	33,425.3	-7.3
Machinery & equipment	55,392.4	50,792.6	-8.3
Automotive products	55,458.3	51,606.1	-6.9
Other consumer goods	25,250.6	24,638.5	-2.4
Special transaction trade	3,202.3	2,959.9	-7.6

*January to October period, Customs-Based



Manitoba



Demography

Population ('000)	1 151
Share of Canadian population	3.7
Share of urban ¹ population (%)	71.7
Share of aboriginal population (%)	13.6
Pop. 15-64 years with university degree (%)	13.9
Elderly dependency ratio ² (%)	20.5

Data for 2002 except for urban and aboriginal population (2001)

¹ An urban area has a minimum population concentration of 1,000 persons and a population density of at least 400 persons per square kilometre.

² The elderly dependency ratio is obtained by dividing the population aged 65 and over by the population aged 15 to 64.

Economic Structure

GDP per capita (\$97)	29,566
Natural resources (% of total GDP)	6.8
Manufacturing (% of total GDP)	12.6
Services (% of total GDP)	73.2
Research & Development intensity ¹ (%)	1.2
International trade intensity ² (%)	59.9
Interprovincial trade intensity ² (%)	64.6

Data for 2002 except Research & Development intensity (2000)

¹ Share of GDP

² Exports plus imports as a percentage of GDP

Real Gross Domestic Product

Real GDP growth in 2003 is expected to reach 2.3%. This is slightly better than most other provinces and above the national average.

Construction and agriculture have been the main drivers behind these improved results. Residential construction remained robust and Manitoba's crop production posted the best recovery among prairie provinces.

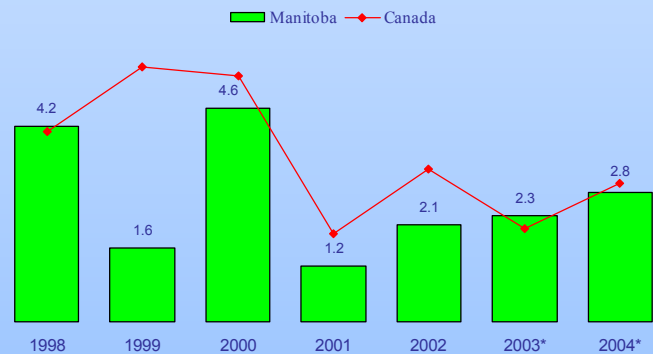
Manufacturing, while relatively diversified, is expected to have advanced only slightly in 2003, as the mad-cow crisis dealt a huge blow to the food processing sector.

Analysts are forecasting a GDP increase of 2.8% in 2004. Improving agricultural prospects and solid consumer demand should support growth.

Inflation Trends

Inflation remains below the national average. In recent months, it has been steadily inching down to 0.6% in November from 1.6% in September.

Real GDP Growth
(Percentage)



*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 Prices

	2002 (%)	year-over-year inflation, 2003		
		September (%)	October (%)	November (%)
All Items	1.5	1.6	1.1	0.6
Food	2.4	2.2	2.5	1.0
Shelter	-0.5	1.9	2.0	1.7
Household	2.6	3.1	0.7	0.7
Clothing	-0.9	0.8	0.9	-1.2
Transport	1.0	-0.5	-1.9	-2.5
Health Care	1.7	1.7	1.1	2.4
Recreation	0.9	0.8	0.8	0.7
Alcohol & Tobacco	15.7	7.0	5.9	5.0
Energy	-3.6	5.7	2.3	-2.2
Canada (All Items)	2.2	2.2	1.6	1.6



Manitoba

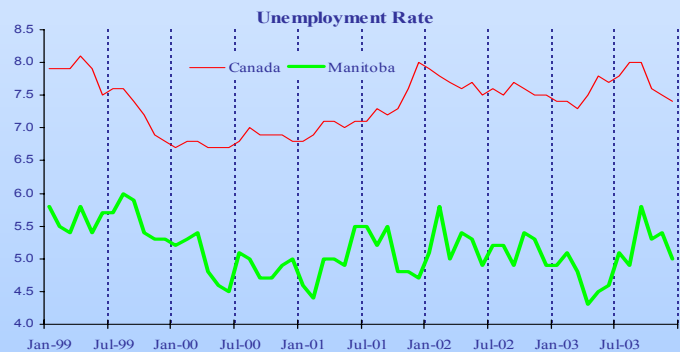
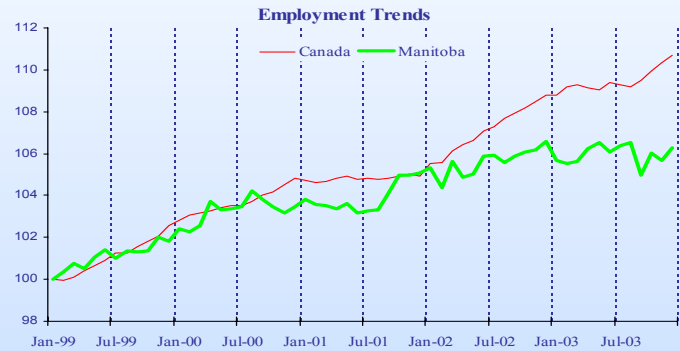


Labour Market

Manitoba's employment fell 0.3% from December 2002 to December 2003. Its labour force has edged down 0.1% since the beginning of 2003. On the positive side, Manitoba's unemployment rate stood at 5% in December 2003, the second lowest rate in the country, slightly above Alberta's.

Employment losses were concentrated in the services-producing sector (-1.4%). Management & administrative services, as well as the health care & social assistance sector posted some of the biggest losses. Meanwhile, goods-producing employment advanced 3.3% as manufacturing posted 5.9% gains, despite problems in the food processing industry.

Increases in private and public investment as well as continued strength in construction and manufacturing bode well for 2004. Analysts are predicting employment growth to match Canada's 1.4% in 2004.



Employment by Industry

	Level December 2003	% of Total	Change since		% change since	
			three months ago	last Dec.	three months ago	last Dec.
(in thousands)						
TOTAL EMPLOYMENT	570.5	100.0	6.8	-1.6	1.2	-0.3
Full-time	461.3	80.9	9.6	-1.0	2.1	-0.2
Part-time	109.2	19.1	-2.8	-0.7	-2.5	-0.6
Labour Force	600.8	-	2.6	-0.7	0.4	-0.1
Participation rate	68.9	-	0.1	-0.6	0.1	-0.9
Employment rate	65.4	-	0.6	-0.7	0.9	-1.1
Unemployment rate	5.0	-	-0.8	0.1	-13.8	2.0
INDUSTRY						
Goods-producing	142.7	25.0	4.2	4.6	3.0	3.3
Agriculture	31.7	5.6	2.6	-0.5	8.9	-1.6
Natural resources ¹	6.0	1.1	0.3	0.3	5.3	5.3
Utilities	6.6	1.2	0.0	0.4	0.0	6.5
Construction	26.5	4.6	0.1	0.4	0.4	1.5
Manufacturing	72.0	12.6	1.3	4.0	1.8	5.9
Services-producing	427.8	75.0	2.6	-6.2	0.6	-1.4
Trade	85.5	15.0	0.9	1.4	1.1	1.7
Transportation & warehousing	34.3	6.0	0.7	-0.6	2.1	-1.7
FIRE ²	30.0	5.3	0.9	2.5	3.1	9.1
Professional & scientific	23.7	4.2	1.0	0.4	4.4	1.7
Management & administrative	16.5	2.9	-1.2	-4.3	-6.8	-20.7
Educational	42.8	7.5	0.9	-0.3	2.1	-0.7
Health care & social assistance	74.9	13.1	2.8	-2.7	3.9	-3.5
Information & culture & recreation	23.5	4.1	0.2	1.2	0.9	5.4
Accommodation & food	39.3	6.9	1.0	-0.1	2.6	-0.3
Other services	24.4	4.3	-3.5	-4.6	-12.5	-15.9
Public administration	32.9	5.8	-1.2	1.0	-3.5	3.1

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

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



Manitoba



Economic Activity

Retail sales was less buoyant in 2003 than in 2002. In the first three quarters, spending increased an average of 2.2% compared with 8.3% for the corresponding period last year. Motor vehicle sales, while recovering somewhat in the third quarter, increased much less than in 2002.

The manufacturing sector was impacted by the mad-cow crisis, as food processing activities were curtailed. Over the January to October period, Manitoba's manufacturing sector managed to post a slight (+1.3%) increase in the value of shipments.

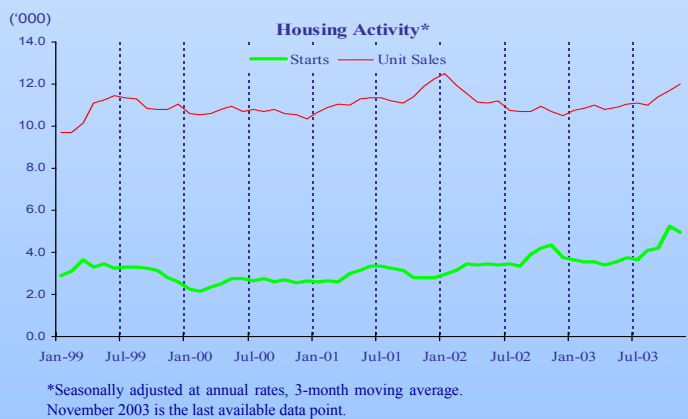
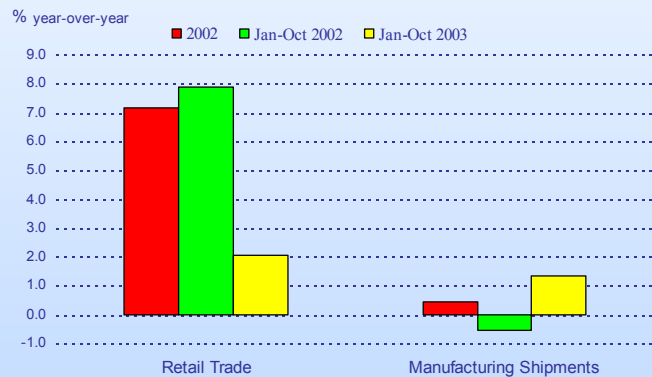
The agricultural sector recovered in 2003. Canola crop production (which represents 26% of crop production and 14% of farm cash receipts) increased 13.5% in the January to October period compared to the same period in 2002.

The housing boom is expected to continue, albeit at a slower pace. Analysts are forecasting 3,600 housing starts in 2004, following 4,000 new units this year. Housing prices appear to be reflecting a slightly less euphoric market as price increases have been on a downward trend since June 2003.

Trade

Despite the appreciation of the Canadian dollar vis-à-vis its U.S. counterpart, exports have dropped less than imports, leading to an improved trade balance in the January-October 2003 period.

Retail Trade and Manufacturing Shipments



Merchandise Trade

Level	year-to-date 2002*	year-to-date 2003*	% change
<i>(in millions of dollars)</i>			
Total Exports	7,792.5	7,343.4	-5.8
Total Imports	9,595.2	8,766.1	-8.6
Balance	-1,802.7	-1,422.7	
Principal commodity groupings			
Exports			
Agricultural & fishing products	2,290.9	2,108.6	-8.0
Energy products	1,062.1	856.7	-19.3
Forestry products	433.2	449.2	3.7
Industrial goods & materials	1,375.1	1,376.9	0.1
Machinery & equipment	1,606.7	1,481.6	-7.8
Automotive products	476.4	460.5	-3.3
Other consumer goods	359.2	416.1	15.8
Special transaction trade	189.5	193.9	2.3
Imports			
Agricultural & fishing products	731.5	688.5	-5.9
Energy products	61.6	71.0	15.3
Forestry products	81.8	81.2	-0.7
Industrial goods & materials	1,987.3	2,127.7	7.1
Machinery & equipment	4,430.6	3,614.5	-18.4
Automotive products	957.4	952.9	-0.5
Other consumer goods	1,238.4	1,124.8	-9.2
Special transaction trade	106.9	106.0	-0.8

*January to October period, Customs-Based



Saskatchewan



Demography

Population ('000)	1 012
Share of Canadian population	3.2
Share of urban ¹ population (%)	64.1
Share of aboriginal population (%)	13.5
Pop. 15-64 years with university degree (%)	12.0
Elderly dependency ratio ² (%)	22.6

Data for 2002 except for urban and aboriginal population (2001)

¹ An urban area has a minimum population concentration of 1,000 persons and a population density of at least 400 persons per square kilometre.

² The elderly dependency ratio is obtained by dividing the population aged 65 and over by the population aged 15 to 64.

Real Gross Domestic Product

The recovering agricultural sector has helped Saskatchewan post positive growth for the first time since 2000. The 4.3% growth rate forecasted for 2003 is twice the Canadian average.

The economy benefited from dissipating drought conditions, which lifted crop yields, and high petroleum and natural gas prices have stimulated drilling activity.

Agriculture and energy are expected to be key sectors in 2004. Analysts are predicting continued recovery in Saskatchewan's agricultural output. Energy prices should remain fairly high in the near future.

While less impressive than 2003's results, analysts forecast 3.2% growth in 2004, which would put Saskatchewan in second place behind Alberta.

Inflation Trends

Inflation (1.2% in November 2003) remained fairly low in the past couple of months. Among the main components, shelter posted one of the largest increase, reflecting, in part, the brisk housing market.

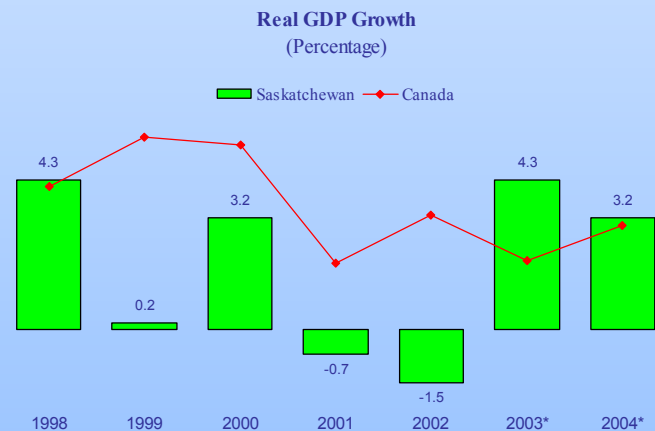
Economic Structure

GDP per capita (\$97)	30,399
Natural resources (% of total GDP)	20.4
Manufacturing (% of total GDP)	7.3
Services (% of total GDP)	64.8
Research & Development intensity ¹ (%)	1.1
International trade intensity ² (%)	65.7
Interprovincial trade intensity ² (%)	62.9

Data for 2002 except Research & Development intensity (2000)

¹ Share of GDP

² Exports plus imports as a percentage of GDP



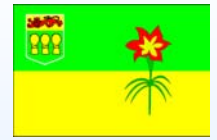
*Forecasts are based on a survey of a number of private forecasters, including the Bank of Montreal, BMO Nesbitt Burns Economics, CIBC, Desjardins, National Bank, Royal Bank, Scotiabank Group, Global Insight, TD Bank and The Conference Board of Canada.

Consumer Prices

	2002 (%)	year-over-year inflation, 2003		
		September (%)	October (%)	November (%)
All Items	2.8	1.8	1.2	1.2
Food	2.0	2.6	2.5	2.3
Shelter	2.5	3.5	3.3	3.4
Household	1.4	0.5	0.0	0.0
Clothing	1.0	-0.9	-1.5	-1.8
Transport	1.4	1.3	-1.2	-1.3
Health Care	1.1	0.3	0.8	1.2
Recreation	3.8	-0.5	0.5	1.1
Alcohol & Tobacco	22.5	5.3	5.0	4.7
Energy	1.8	6.8	2.1	1.9
Canada (All Items)	2.2	2.2	1.6	1.6



Saskatchewan

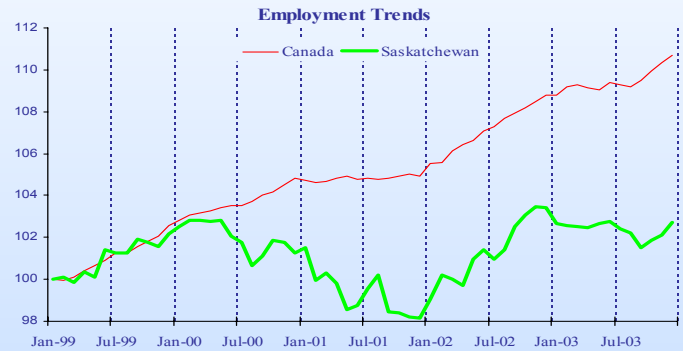


Labour Market

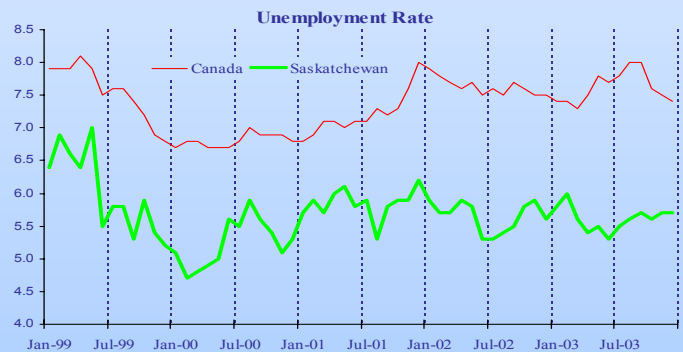
Saskatchewan's labour market lost 3,200 jobs from December 2002 to December 2003. The labour force shrunk by an equal amount, leaving the unemployment rate at a level (5.7%) similar to the beginning of the year.

Losses were concentrated in the goods-producing sector where reductions in agriculture (-3,800) and construction (-2,100) were not completely offset by gains in natural resources. On a more positive note, losses were mostly felt in part-time jobs as full-time employment posted a small gain.

Analysts are predicting 1.1% employment growth for 2004, supported by continued recovery in the agricultural sector and continued strength in resource-based industries.



*Seasonally adjusted.



Employment by Industry

	Level December 2003	% of Total	Change since		% change since	
			three months ago	last Dec.	three months ago	last Dec.
(in thousands)						
TOTAL EMPLOYMENT	488.5	100.0	5.8	-3.2	1.2	-0.7
Full-time	392.4	80.3	12.6	2.3	3.3	0.6
Part-time	96.1	19.7	-6.8	-5.5	-6.6	-5.4
Labour Force	517.8	-	5.9	-3.1	1.2	-0.6
Participation rate	68.5	-	0.8	-0.3	1.2	-0.4
Employment rate	64.6	-	0.8	-0.3	1.3	-0.5
Unemployment rate	5.7	-	0.0	0.1	0.0	1.8
INDUSTRY						
Goods-producing	125.8	25.8	6.8	-1.7	5.7	-1.3
Agriculture	48.9	10.0	5.5	-3.8	12.7	-7.2
Natural resources ¹	20.6	4.2	2.4	4.2	13.2	25.6
Utilities	4.6	0.9	-0.5	0.1	-9.8	2.2
Construction	22.9	4.7	-1.6	-2.1	-6.5	-8.4
Manufacturing	28.8	5.9	1.0	0.0	3.6	0.0
Services-producing	362.7	74.2	-1.0	-1.5	-0.3	-0.4
Trade	79.6	16.3	2.5	-0.9	3.2	-1.1
Transportation & warehousing	23.3	4.8	0.3	-0.4	1.3	-1.7
FIRE ²	26.9	5.5	0.1	0.5	0.4	1.9
Professional & scientific	17.3	3.5	-0.2	-0.2	-1.1	-1.1
Management & administrative	12.2	2.5	1.0	0.4	8.9	3.4
Educational	40.6	8.3	-0.1	0.1	-0.2	0.2
Health care & social assistance	57.3	11.7	-3.9	-0.9	-6.4	-1.5
Information & culture & recreation	23.3	4.8	4.1	3.1	21.4	15.3
Accommodation & food	34.0	7.0	-0.9	-0.5	-2.6	-1.4
Other services	20.8	4.3	-3.9	-3.7	-15.8	-15.1
Public administration	27.3	5.6	-0.1	0.9	-0.4	3.4

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

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



Saskatchewan



Economic Activity

Retail sales have held up relatively well, posting a 4.6% increase (year-over-year) over the first ten months of 2003. In the first three quarters, retail sales increased an average of 5% compared to 7.8% for the corresponding period last year.

Automotive related retailers posted good results in the third quarter. Helped by increases in new motor vehicles sales (+8.6%), automotive parts and accessories (+11.7%), and gasoline service stations (+7.9%).

On the manufacturing front, shipments increased 3.4%. For the January to October period, compared to the same period in 2002, the food component (which accounted for 26% of manufacturing shipments) fared even better, posting a 5.4% increase.

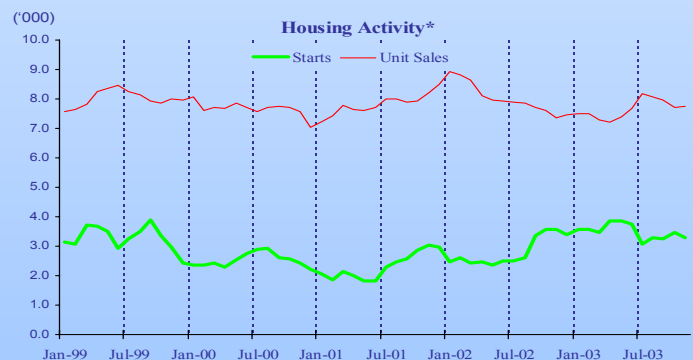
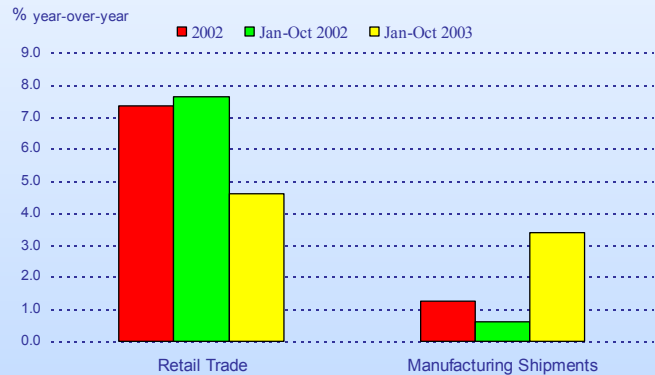
Consumers have also taken advantage of low mortgage rates. As a result, housing prices have been rising at increasing rates for most of 2003. Increased housing supply and net provincial out-migration among young adults is expected to cool off housing price pressures.

Trade

From the January to October period, Saskatchewan's trade balance deteriorated compared to a year ago as exports fell 8.7% while imports remained stable.

Losses were felt in two major export commodity groups, as agricultural & fishing and industrial goods & material exports shrunk by more than 20%.

Retail Trade and Manufacturing Shipments



*Seasonally adjusted at annual rates, 3-month moving average. November 2003 is the last available data point.

Merchandise Trade

Level	year-to-date (in millions of dollars)	year-to-date 2002*	year-to-date 2003*	% change
Total Exports		9,301.2	8,495.3	-8.7
Total Imports		3,490.7	3,518.5	0.8
Balance		5,810.5	4,976.8	
Principal commodity groupings				
Exports				
Agricultural & fishing products	3,120.7	2,475.4	-20.7	
Energy products	2,272.2	2,768.8	21.9	
Forestry products	485.1	492.0	1.4	
Industrial goods & materials	2,819.5	2,198.0	-22.0	
Machinery & equipment	392.5	369.9	-5.8	
Automotive products	82.4	69.1	-16.1	
Other consumer goods	30.0	27.8	-7.3	
Special transaction trade	98.4	94.4	-4.1	
Imports				
Agricultural & fishing products	238.3	231.5	-2.9	
Energy products	56.0	42.6	-23.9	
Forestry products	27.4	22.4	-18.2	
Industrial goods & materials	1,038.5	1,087.1	4.7	
Machinery & equipment	1,440.8	1,481.3	2.8	
Automotive products	458.1	409.4	-10.6	
Other consumer goods	197.6	215.4	9.0	
Special transaction trade	34.1	28.9	-15.2	

*January to October period, Customs-Based



Alberta



Demography

Population ('000)	3 114
Share of Canadian population	9.9
Share of urban ¹ population (%)	80.7
Share of aboriginal population (%)	5.3
Pop. 15-64 years with university degree (%)	15.9
Elderly dependency ratio ² (%)	14.7

Data for 2002 except for urban and aboriginal population (2001)

¹ An urban area has a minimum population concentration of 1,000 persons and a population density of at least 400 persons per square kilometre.

² The elderly dependency ratio is obtained by dividing the population aged 65 and over by the population aged 15 to 64.

Economic Structure

GDP per capita (\$97)	40,390
Natural resources (% of total GDP)	19.0
Manufacturing (% of total GDP)	9.3
Services (% of total GDP)	61.4
Research & Development intensity ¹ (%)	0.9
International trade intensity ² (%)	66.8
Interprovincial trade intensity ² (%)	46.9

Data for 2002 except Research & Development intensity (2000)

¹ Share of GDP

² Exports plus imports as a percentage of GDP

Real Gross Domestic Product

Economic growth in Alberta is expected to reach 3.1 percent in 2003.

Robust year-to-date growth in consumer spending (+4.4%), manufacturing shipments (+6.9%), and exports (+22.8%) explain the improved economic performance compared to 2002. Alberta's decline in livestock sales has had an adverse impact on its economy in 2003. Fortunately, this was offset by a booming oil and gas industry.

Growth in Alberta is expected to rise further to approach 4% in 2004, the best anticipated performance among provinces.

Inflation Trends

Inflation was high at the end of 2002 and during most of 2003. In the last few months, price increases eased to below 2%. Inflation in November was 1.6%, the same as the national, trended down from over 7% in the first quarter.

For 2003, inflation exceeded 4% as the economy operated close to capacity and high employment put upward pressure on aggregate demand and prices.



*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 Prices

	2002 (%)	year-over-year inflation, 2003		
		September (%)	October (%)	November (%)
All Items	3.4	3.3	1.8	1.6
Food	3.0	1.6	1.8	1.4
Shelter	0.7	7.0	2.4	3.0
Household	1.5	2.1	1.7	1.4
Clothing	-0.2	-2.5	-2.3	-0.5
Transport	6.2	4.2	2.4	0.7
Health Care	1.5	1.9	1.6	2.3
Recreation	2.4	0.7	0.6	0.5
Alcohol & Tobacco	28.4	4.9	3.8	4.2
Energy	-2.2	17.0	-2.6	-3.6
Canada (All Items)	2.2	2.2	1.6	1.6



Alberta



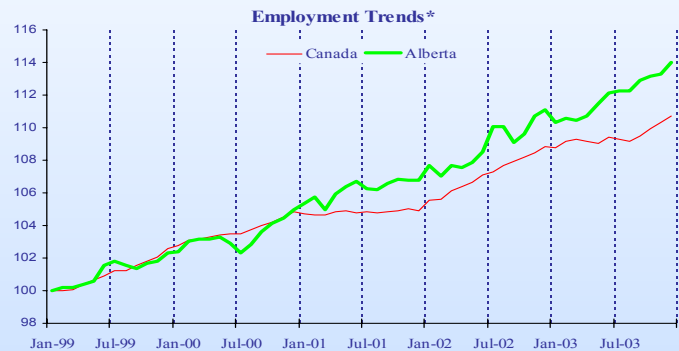
Labour Market

Employment grew by 44,000 (+2.6%) from December 2002 to December 2003. Labour market activity stalled in the first half of the year, but picked up at the end of the year.

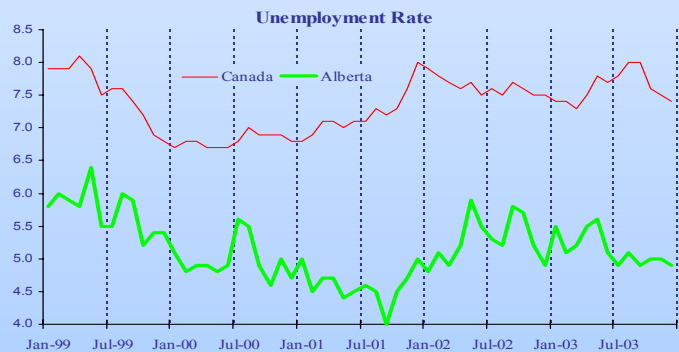
More positions were added in goods-producing industries (+25,500) than service industries (+18,600), mostly due to Alberta's strong oil and gas sector. Employment in trade services (+27,700) also rose notably over the year.

The unemployment rate declined 0.1 percentage point in December 2003 to 4.9%, and remained unchanged from a year ago. Alberta had the lowest unemployment rate in Canada at the end of 2003.

Despite the highest participation rate (73.8%) of all provinces, Alberta's growing economy has added jobs to keep unemployment low.



*Seasonally adjusted.



Employment by Industry

	Level December 2003	% of Total	Change since		% change since	
			three months ago	last Dec.	three months ago	last Dec.
(in thousands)						
TOTAL EMPLOYMENT	1,751.5	100.0	16.5	44.0	1.0	2.6
Full-time	1,433.7	81.9	13.1	33.7	0.9	2.4
Part-time	317.8	18.1	3.4	10.4	1.1	3.4
Labour Force	1,840.8	-	15.7	45.0	0.9	2.5
Participation rate	73.8	-	0.3	0.4	0.4	0.5
Employment rate	70.2	-	0.3	0.4	0.4	0.6
Unemployment rate	4.9	-	0.0	0.0	0.0	0.0
INDUSTRY						
Goods-producing	494.5	28.2	5.0	25.5	1.0	5.4
Agriculture	72.0	4.1	2.0	3.7	2.9	5.4
Natural resources ¹	109.0	6.2	-0.7	15.0	-0.6	16.0
Utilities	15.1	0.9	2.6	-0.9	20.8	-5.6
Construction	145.6	8.3	-10.5	4.8	-6.7	3.4
Manufacturing	152.8	8.7	11.6	2.8	8.2	1.9
Services-producing	1,257.0	71.8	11.5	18.6	0.9	1.5
Trade	275.0	15.7	2.4	27.7	0.9	11.2
Transportation & warehousing	93.4	5.3	1.6	-7.7	1.7	-7.6
FIRE ²	92.1	5.3	2.0	9.2	2.2	11.1
Professional & scientific	120.8	6.9	-0.5	-1.8	-0.4	-1.5
Management & administrative	60.5	3.5	-0.8	-9.7	-1.3	-13.8
Educational	108.7	6.2	0.5	2.1	0.5	2.0
Health care & social assistance	165.8	9.5	8.5	4.2	5.4	2.6
Information & culture & recreation	69.6	4.0	-3.7	-7.0	-5.0	-9.1
Accommodation & food	120.2	6.9	0.5	1.2	0.4	1.0
Other services	79.4	4.5	2.7	2.8	3.5	3.7
Public administration	71.6	4.1	-1.4	-2.3	-1.9	-3.1

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

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



Economic Activity

Alberta's oil industry had a good year in 2003 with year-to-date shipments of petroleum and coal rising 18.5% in 2003 compared to 2002. Month-to-month developments show these shipments have declined recently, but drilling activity has remained high. Fabricated metals production also showed some strength while Alberta's agricultural sector continued to be adversely affected by one case of mad cow disease.

Robust industrial activity supported consumer spending. Retail sales rose 4.4% year-to-date in 2003, although new vehicle sales slipped in November (-2.2%). In contrast to the rest of the country, housing starts declined in 2003, but remained relatively high.

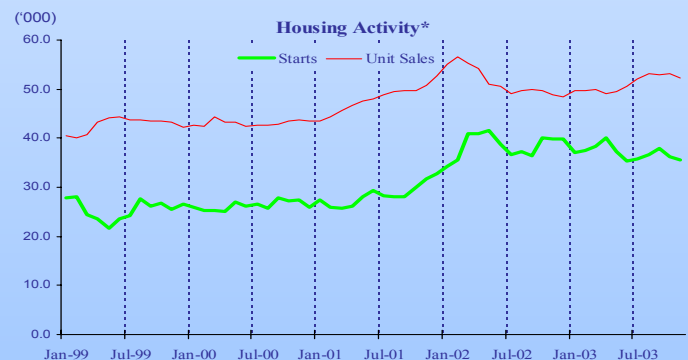
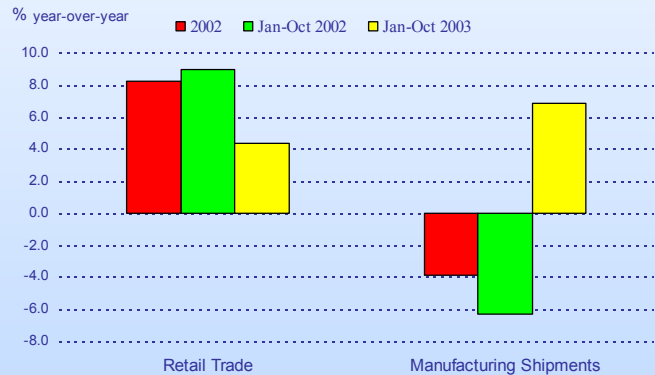
A strong labour market and higher disposable income, which some analysts expect to rise over 5% in 2004, should continue to underpin domestic demand.

Trade

Year-to-date exports increased 22.8% compared to the same period in 2002 on the strength of Alberta's oil and gas industry in which energy product exports jumped 44.2%. Excluding energy products, which accounted for about 70% of Alberta's total exports in 2003, year-to-date exports fell 10.5%. Exports of agricultural products and machinery and equipment (M&E) declined sharply in 2003.

Year-to-date imports advanced 4.7 percent in 2003. M&E, Alberta's most significant imports category, declined 2.9%.

Retail Trade and Manufacturing Shipments



*Seasonally adjusted at annual rates, 3-month moving average.
November 2003 is the last available data point.

Merchandise Trade

Level	year-to-date 2002*	year-to-date 2003*	% change
(in millions of dollars)			
Total Exports	39,142.3	48,057.4	22.8
Total Imports	10,403.1	10,895.4	4.7
Balance	28,739.2	37,162.0	
Principal commodity groupings			
Exports			
Agricultural & fishing products	4,125.4	3,099.6	-24.9
Energy products	23,825.2	34,352.9	44.2
Forestry products	2,265.3	2,104.8	-7.1
Industrial goods & materials	4,131.2	4,440.7	7.5
Machinery & equipment	3,668.3	3,045.3	-17.0
Automotive products	480.4	369.0	-23.2
Other consumer goods	119.3	144.8	21.4
Special transaction trade	527.6	500.5	-5.1
Imports			
Agricultural & fishing products	1,077.1	1,078.5	0.1
Energy products	306.2	614.9	100.8
Forestry products	63.2	58.0	-8.2
Industrial goods & materials	2,296.8	2,497.1	8.7
Machinery & equipment	5,157.0	5,009.3	-2.9
Automotive products	590.2	687.6	16.5
Other consumer goods	691.4	734.1	6.2
Special transaction trade	221.3	215.8	-2.5

*January to October period, Customs-Based



British Columbia



Demography

Population ('000)	4 141
Share of Canadian population	13.2
Share of urban ¹ population	84.6
Share of aboriginal population (%)	4.4
Pop. 15-64 years with university degree (%)	16.2
Elderly dependency ratio ² (%)	19.2

Data for 2002 except for urban and aboriginal population (2001)

¹ An urban area has a minimum population concentration of 1,000 persons and a population density of at least 400 persons per square kilometre.

² The elderly dependency ratio is obtained by dividing the population aged 65 and over by the population aged 15 to 64.

Economic Structure

GDP per capita (\$97)	30,947
Natural resources (% of total GDP)	6.5
Manufacturing (% of total GDP)	10.5
Services (% of total GDP)	75.9
Research & Development intensity ¹ (%)	1.1
International trade intensity ² (%)	58.2
Interprovincial trade intensity ² (%)	34.8

Data for 2002 except Research & Development intensity (2000)

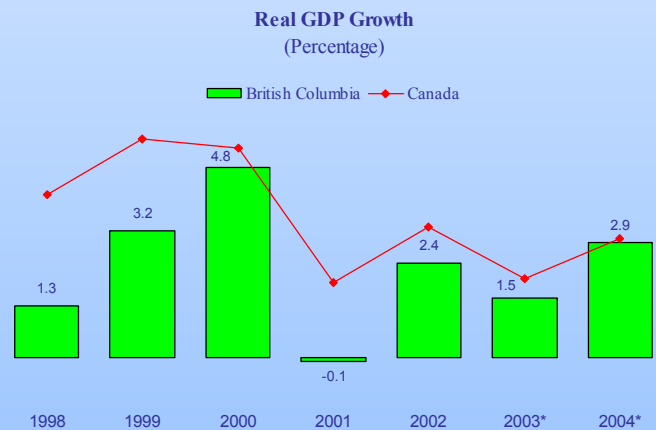
¹ Share of GDP

² Exports plus imports as a percentage of GDP

Real Gross Domestic Product

British Columbia's (B.C.) growth has been estimated at 1.5% in 2003, hampered by the strong Canadian dollar, weak global demand for its exports, and U.S. duties on Canadian forestry products.

With the global economy picking up, and a return to more normal levels of activity in forestry and tourism, analysts expect a better performance for B.C. 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.

Inflation Trends

British Columbia's CPI inflation was 1.9% in the third quarter after averaging 2% in the second quarter of 2003. In October and November, inflation fell further to 1.6%.

Small increases in energy prices helped keep inflation low in B.C. Energy prices remained stable in the October to November period, following an increase of 5.4% in the third quarter. Costs of household operations also moderated somewhat in recent months.

Consumer Prices

	2002	year-over-year inflation, 2003		
		September	October	November
	(%)	(%)	(%)	(%)
All Items	2.3	2.0	1.6	1.6
Food	2.7	2.2	2.7	2.1
Shelter	0.7	1.7	1.9	1.6
Household	2.5	1.7	1.2	1.2
Clothing	0.1	-0.5	-1.3	-1.3
Transport	3.5	1.7	-1.0	0.4
Health Care	1.9	1.2	0.7	0.5
Recreation	1.7	3.9	4.5	4.2
Alcohol & Tobacco	12.8	5.0	4.3	3.9
Energy	1.2	6.4	-0.8	0.4
Canada (All Items)	2.2	2.2	1.6	1.6



British Columbia



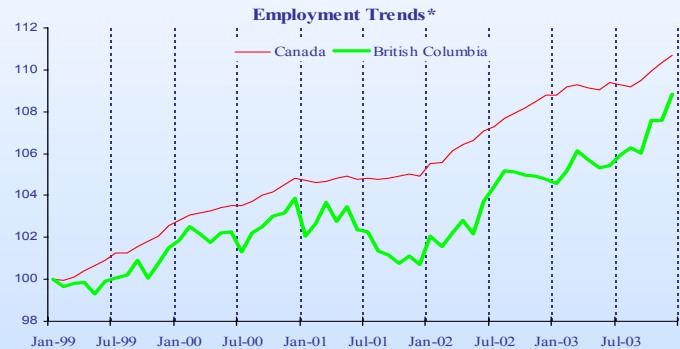
Labour Market

The British Columbia (B.C.) economy added 77,000 jobs (+3.9%) from December 2002 to December 2003, with strong gains in the last four months of 2003.

These additions helped B.C. catch up with the rest of the country, which has seen more jobs created over the past few years.

Almost all new positions were in service industries (+76,500), but manufacturing (+2,100) and construction (+4,500) also saw increases. A decline in natural resource jobs, including forestry, partially offset gains in goods-producing industries.

The B.C. unemployment rate declined from 8.4% in December 2002 to 6.8% in December 2003 (the largest drop of all provinces). This was below the national average (7.4%) and the lowest rate since May 2001. New positions contributed most to the decline as the participation rate remained relatively steady during the year at about 65.5%.



Employment by Industry

	Level December 2003	% of Total	Change since		% change since	
			three months ago	last Dec.	three months ago	last Dec.
(in thousands)						
TOTAL EMPLOYMENT	2,071.5	100.0	53.5	76.9	2.7	3.9
Full-time	1,621.5	78.3	63.2	106.8	4.1	7.1
Part-time	450.0	21.7	-9.7	-29.9	-2.1	-6.2
Labour Force	2,222.5	-	3.6	45.6	0.2	2.1
Participation rate	65.6	-	-0.2	0.5	-0.3	0.8
Employment rate	61.2	-	1.4	1.5	2.3	2.5
Unemployment rate	6.8	-	-2.3	-1.6	-25.3	-19.0
INDUSTRY						
Goods-producing	416.9	20.1	5.1	0.4	1.2	0.1
Agriculture	32.9	1.6	1.5	-3.0	4.8	-8.4
Natural resources ¹	41.0	2.0	-5.0	-1.0	-10.9	-2.4
Utilities	10.9	0.5	-1.5	-2.1	-12.1	-16.2
Construction	128.4	6.2	11.2	4.5	9.6	3.6
Manufacturing	203.7	9.8	-1.1	2.1	-0.5	1.0
Services-producing	1,654.6	79.9	48.4	76.5	3.0	4.8
Trade	321.6	15.5	0.2	-3.3	0.1	-1.0
Transportation & warehousing	115.8	5.6	7.3	0.4	6.7	0.3
FIRE ²	132.7	6.4	8.0	3.8	6.4	2.9
Professional & scientific	145.8	7.0	-5.1	10.3	-3.4	7.6
Management & administrative	91.0	4.4	10.8	16.1	13.5	21.5
Educational	143.4	6.9	3.4	5.2	2.4	3.8
Health care & social assistance	220.3	10.6	13.8	0.7	6.7	0.3
Information & culture & recreation	110.2	5.3	0.3	7.5	0.3	7.3
Accommodation & food	175.6	8.5	4.7	13.7	2.8	8.5
Other services	100.1	4.8	0.1	8.2	0.1	8.9
Public administration	98.0	4.7	4.8	13.8	5.2	16.4

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

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



British Columbia



Economic Activity

B.C.'s forestry industry faced a difficult year, mostly due to the ongoing softwood lumber dispute with the U.S. Year-to-date wood shipments fell 15.2% in 2003 compared to 2002. Despite a stronger dollar, shipments of paper products, chemicals and machinery increased.

Consumer spending remained relatively resilient in 2003, although retail sales slowed somewhat compared to 2002. Job gains in recent months point to continued strength in domestic demand.

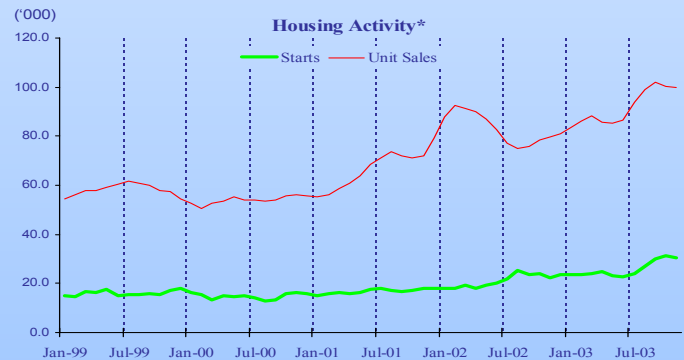
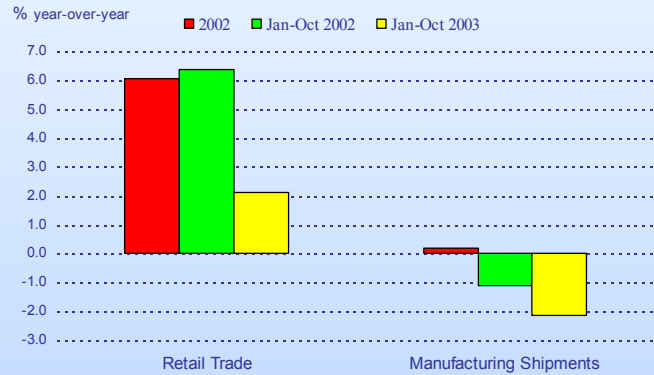
One bright spot in B.C.'s economy is the housing market. Housing starts were up 29.4% from January 2003 to November 2003. This also had an important impact on construction and spending on household furnishings.

Trade

Year-to-date exports have declined 0.1% in B.C. in 2003. Weak demand from Japan and the U.S. as well as the softwood lumber dispute with the U.S. weighed heavily on B.C.'s forestry product exports. Excluding forestry products, exports rose 9.4% due to a 50.3% jump in energy exports and higher exports of industrial goods and materials.

Year-to-date imports have risen 0.7% in 2003. Contributions from industrial goods and materials, and machinery and equipment were offset by lower imports of automotive products.

Retail Trade and Manufacturing Shipments



*Seasonally adjusted at annual rates, 3-month moving average.
November 2003 is the last available data point.

Merchandise Trade

Level	year-to-date 2002*	year-to-date 2003*	% change
(in millions of dollars)	2002*	2003*	
Total Exports	24,216.5	24,188.9	-0.1
Total Imports	26,183.5	26,366.2	0.7
Balance	-1,967.0	-2,177.3	
Principal commodity groupings			
Exports			
Agricultural & fishing products	1,987.0	1,949.4	-1.9
Energy products	2,911.0	4,376.4	50.3
Forestry products	11,441.3	10,208.2	-10.8
Industrial goods & materials	3,098.2	3,220.0	3.9
Machinery & equipment	3,087.5	3,027.3	-1.9
Automotive products	575.9	320.5	-44.3
Other consumer goods	620.3	614.4	-1.0
Special transaction trade	494.8	472.5	-4.5
Imports			
Agricultural & fishing products	2,774.1	2,778.2	0.1
Energy products	506.5	558.4	10.2
Forestry products	457.2	457.8	0.1
Industrial goods & materials	3,826.7	4,082.9	6.7
Machinery & equipment	7,000.0	7,228.5	3.3
Automotive products	6,847.2	6,567.0	-4.1
Other consumer goods	4,359.0	4,371.5	0.3
Special transaction trade	413.2	321.2	-22.3

*January to October period, Customs-Based



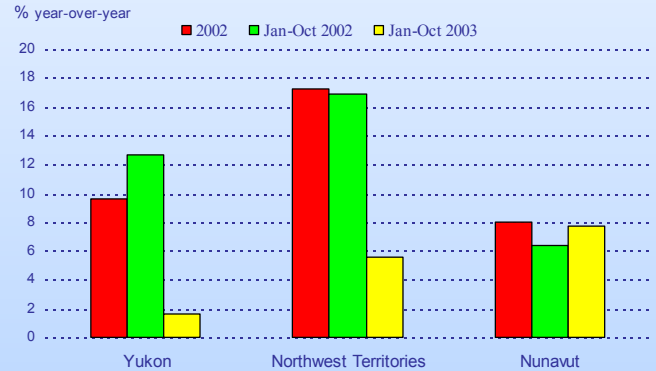
Territories



Consumer Spending

In the first nine months of 2003, retail sales rose in all territories with growth led by Nunavut (7.8%), followed by the Northwest Territories (5.5%) and Yukon (1.7%). However, when compared to 2002, growth decelerated strongly in the Northwest Territories and Yukon.

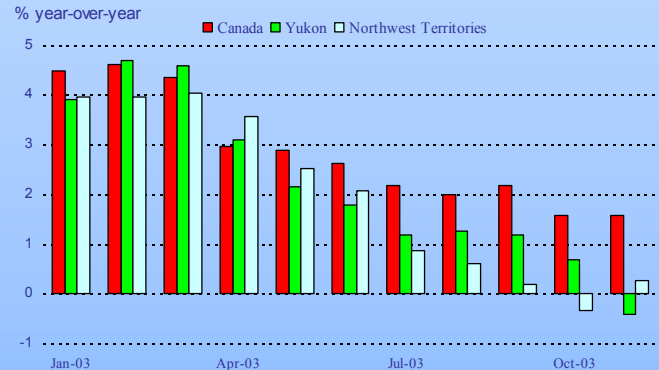
Retail Trade



Inflation Trends

Over the last several months, inflation has been below the national average in the Northwest Territories and Yukon. Furthermore, inflation has been following a downward trend. CPI inflation in November stood at 0.3% in the Northwest Territories and was negative (-0.4%) in Yukon.

CPI Inflation Rate*

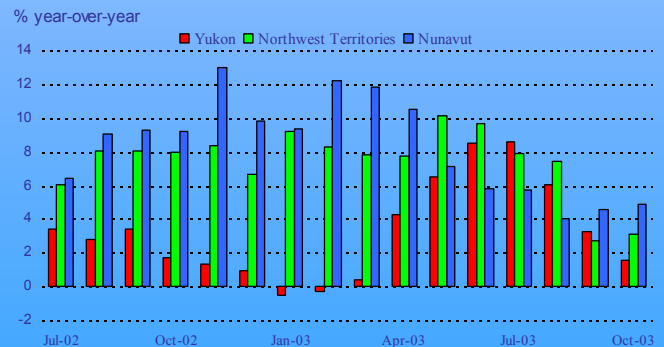


* Nunavut data not available

Labour Markets

In the first ten months of 2003, Yukon's employment rose as the trade, transportation & warehousing and health care & social assistance sectors expanded. Due to a strong increase in public administration, trade and transportation & warehousing, the Northwest Territories posted job gains. Nunavut also recorded an increase with significant gains in accommodation & food services, trade, and health care & social assistance.

Employment Growth



Source: Survey on Employment, Payroll and Hours.

Note: Data for Northwest Territories and Nunavut are unadjusted.