



Industry
Canada

Industrie
Canada

Regional Economic Observer

First Semester 2004



Micro-Economic Policy Analysis Branch

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 July 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, Kevin Koch, Sue Moore, François Rimbaud 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

The appreciation of the Canadian dollar, slow growth in the United States (U.S.) during the first half of 2003 and a number of unforeseen events such as SARS led to lower real gross domestic product (GDP) growth in eight of the ten provinces in 2003.

Newfoundland & Labrador was the growth leader at 6.5% while Saskatchewan's economy saw a substantial growth rebound from a fall of 1.5% in 2002 to an increase of 4.5% in 2003, helped by the strong performance of its agricultural sector.

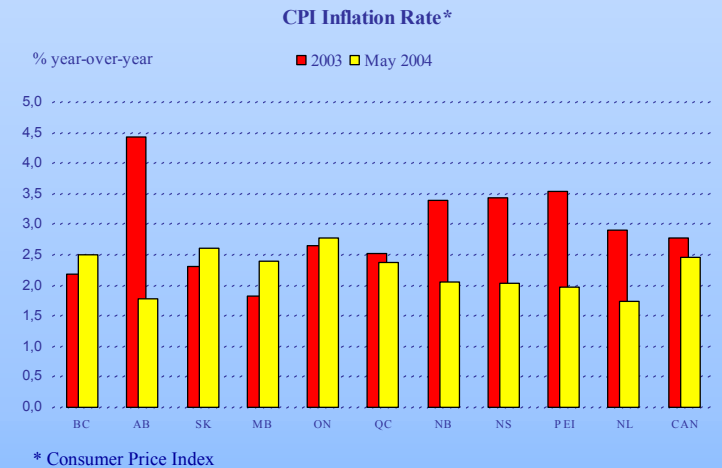
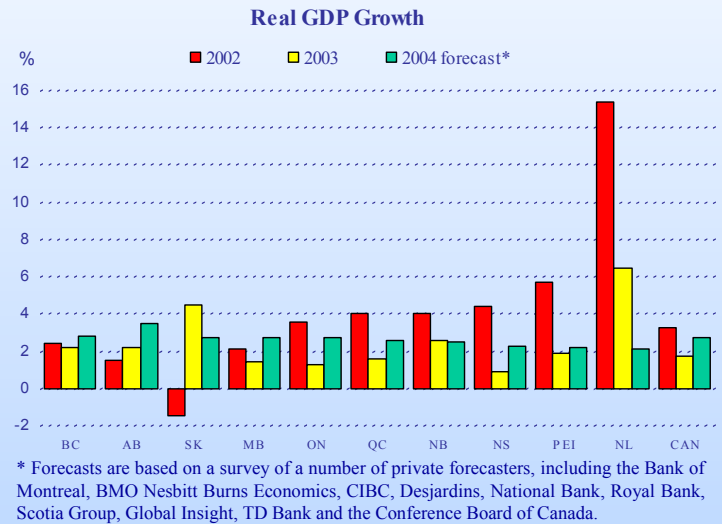
Provincial economic activity has picked up so far in 2004 thanks to improved global economic conditions, high commodity prices, healthy employment growth and the good performance of the housing market. As a result, most provinces are expected to post higher growth in 2004 compared to 2003 with Alberta being the growth leader.

Inflation Trends

From January to March of 2004, Consumer Price Index (CPI) inflation averaged 0.9%. It increased to 2.5% in May due to higher energy prices and their impact on transportation and shelter costs but remained below the inflation rate in 2003.

Consumer Spending

Retail sales for the first four months of 2004 increased 3.6% compared to the same period in 2003. Retailers in Alberta and Manitoba have enjoyed the biggest increases.



Highlights

Supported by low mortgage rates and income growth, the housing market has remained buoyant in 2004. In the first five months of 2004, six provinces registered higher housing starts compared to the same period a year ago.

Consumer spending growth will likely be strong in Western Canada in 2004 as job market conditions improved in Saskatchewan and British Columbia and real personal disposable income continues to grow at a healthy rate in Alberta.

Labour Markets

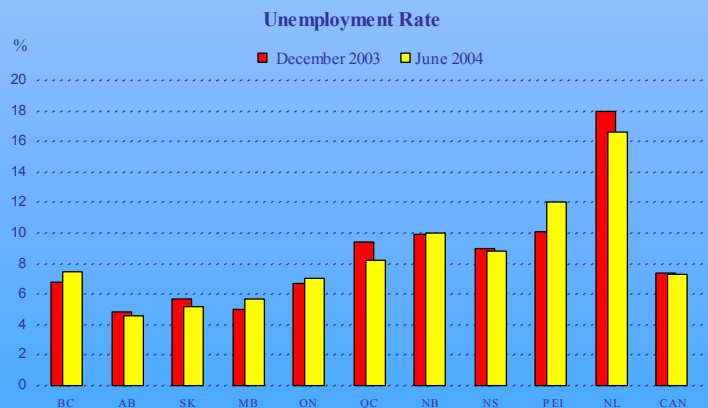
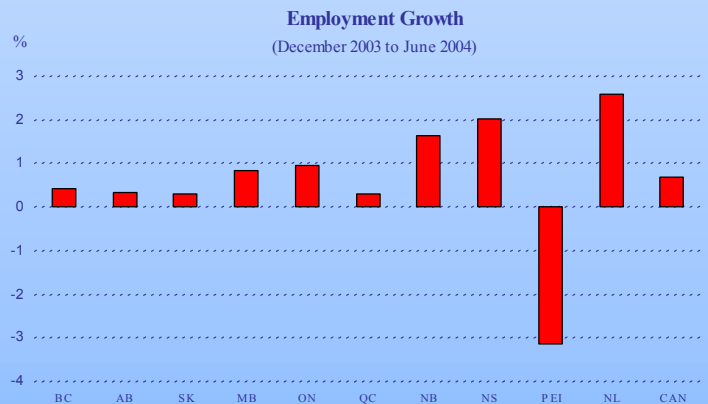
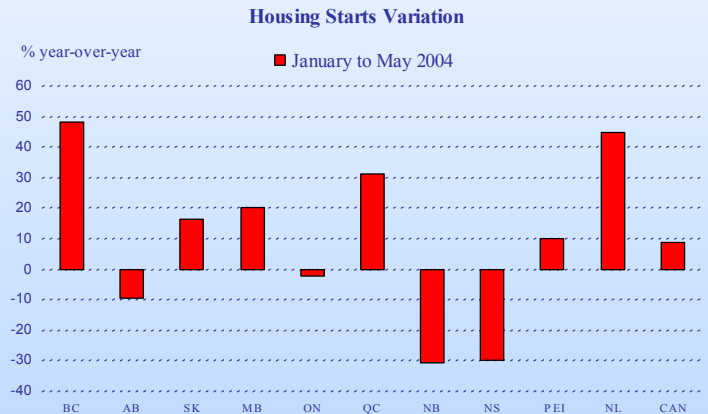
Canada's employment rose in the first half of 2004 with gains concentrated in the second quarter. Public sector employment accounted for more than two-thirds of the total growth over the period. So far this year, all provinces have posted an increase in employment except Prince Edward Island.

Employment gains were led by transportation & warehousing, construction and professional, scientific & technical services. Manufacturing employment rose (3,000), helped by higher U.S. demand.

Unemployment rates have fallen since December 2003 in Alberta, Saskatchewan, Quebec, Nova Scotia, and Newfoundland & Labrador.

Merchandise Trade

Exports rose in half the Canadian provinces in the first four months of 2004 compared to the same period in 2003 albeit the strong Canadian dollar. Saskatchewan led growth (10.4%) followed by Manitoba (3.6%). Both provinces benefited from higher agricultural exports. All provinces posted lower imports except Prince Edward Island.





Newfoundland & Labrador



Demography

Population ('000)	520
Share of Canadian population	1.6
Share of urban ¹ population (%)	57.6
Share of aboriginal population (%)	3.7
Pop. 15 years and over with university degree (%)	10.0
Elderly dependency ratio ² (%)	17.7

Data for 2003 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

After a stellar performance in 2002, Newfoundland & Labrador's economy continued to grow in 2003. Real gross domestic product grew 6.5%, more than three times the national rate, as oil production at Terra Nova and Hibernia remained high. Non-residential construction also spurred Newfoundland & Labrador's economy reflecting higher expenditures on infrastructure in the energy, mining and public sectors. Economic growth has been driven by capital intensive sectors.

Economic growth should slow down in 2004 as crude oil production is expected to moderate. However, the Voisey's Bay and White Rose projects will provide support to Newfoundland & Labrador's economy. The province's economy is projected to expand by 2.1% in 2004.

Inflation Trends

Consumer prices in the first five months of 2004 were up 0.8% in Newfoundland & Labrador. However, inflation stood at 1.7% in May, the lowest rate of all provinces. Shelter, transportation and alcohol & tobacco drove the price increase as the cost of household operations & furnishings, clothing and recreation & education decreased. From March to May, inflation has been lower than the national average.

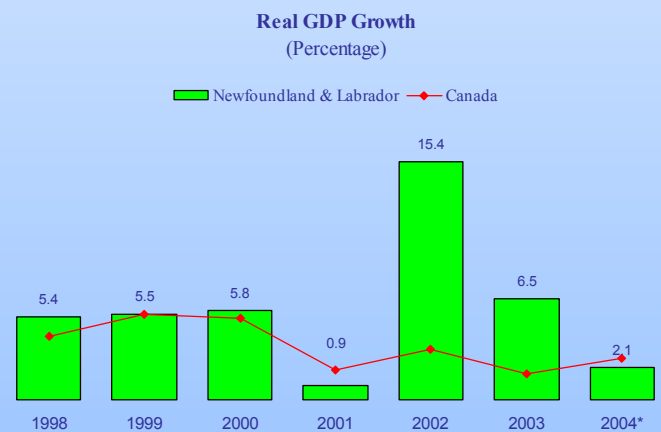
Economic Structure

GDP per capita (\$2003)	34,644
Natural resources (% of total GDP)	23.2
Manufacturing (% of total GDP)	6.2
Services (% of total GDP)	63.0
Research & Development intensity ¹ (%)	1.0
International trade intensity ² (%)	70.1
Interprovincial trade intensity ² (%)	57.4

Data for 2003 except Research & Development intensity (2001)

¹ Share of GDP (\$1997)

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

	2003	year-over-year inflation, 2004		
		March	April	May
	(%)	(%)	(%)	(%)
All Items	2.9	-0.1	0.5	1.7
Food	0.7	-0.1	0.3	0.9
Shelter	3.3	0.4	1.6	2.0
Household	-0.2	0.0	-0.6	-0.7
Clothing	-0.7	-2.5	-5.6	-1.4
Transport	7.8	-0.7	1.8	5.2
Health Care	1.2	0.5	-0.2	0.3
Recreation	-0.1	-0.9	-0.6	-0.5
Alcohol & Tobacco	10.6	5.8	5.2	5.0
Energy	6.0	-1.3	4.7	11.3
Canada (All Items)	2.8	0.7	1.6	2.5



Newfoundland & Labrador



Labour Market

Newfoundland & Labrador's employment reached a peak of 223,300 in March 2004 but has been edging down since. So far this year, employment has increased by 5,600, all part-time jobs.

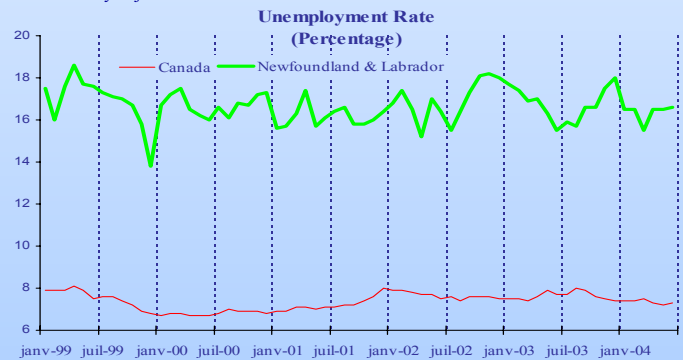
Gains in employment have come from goods-producing industries. Since December 2003, employment gains have been led by manufacturing (2,200) and construction (2,100).

In the services sector, large gains in trade were offset by losses in several other industries.

The unemployment rate declined over the last six months in Newfoundland & Labrador as employment increased more than labour force. The unemployment rate stood at 16.6% in June. Furthermore, the employment rate has reached record levels in the last six months with a peak of 50.8% in March 2004.



*Seasonally adjusted.



Employment by Industry

	Level	% of Total June 2004	Change since		% change since	
			three months ago	last Dec.	three months ago	last Dec.
<i>(in thousands)</i>						
TOTAL EMPLOYMENT	221.2	100.0	-2.1	5.6	-0.9	2.6
Full-time	184.9	83.6	-2.5	-0.3	-1.3	-0.2
Part-time	36.3	16.4	0.3	5.9	0.8	19.4
Labour force	265.2	-	0.8	2.4	0.3	0.9
Participation rate	60.3	-	0.2	0.5	-	-
Employment rate	50.3	-	-0.5	1.2	-	-
Unemployment rate	16.6	-	1.1	-1.4	-	-
INDUSTRY						
Goods-producing	52.8	23.9	1.3	4.4	2.5	9.1
Agriculture	1.3	0.6	0.2	0.2	18.2	18.2
Natural resources ¹	18.3	8.3	-0.2	0.3	-1.1	1.7
Utilities	1.9	0.9	0.1	-0.3	5.6	-13.6
Construction	12.3	5.6	0.7	2.1	6.0	20.6
Manufacturing	19.0	8.6	0.4	2.2	2.2	13.1
Services-producing	168.4	76.1	-3.4	1.2	-2.0	0.7
Trade	41.7	18.9	2.3	6.7	5.8	19.1
Transportation & warehousing	10.9	4.9	-1.8	-1.6	-14.2	-12.8
FIRE ²	7.7	3.5	0.1	0.0	1.3	0.0
Professional & scientific	7.2	3.3	-0.2	-0.2	-2.7	-2.7
Management & administrative	6.8	3.1	-1.1	-1.1	-13.9	-13.9
Educational	16.8	7.6	0.2	0.4	1.2	2.4
Health care & social assistance	32.3	14.6	-0.1	1.0	-0.3	3.2
Information & culture & recreation	7.6	3.4	0.6	0.4	8.6	5.6
Accommodation & food	12.6	5.7	-0.3	-0.1	-2.3	-0.8
Other services	10.6	4.8	-1.9	-2.5	-15.2	-19.1
Public administration	14.3	6.5	-1.0	-1.7	-6.5	-10.6

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

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



Newfoundland & Labrador



Economic Activity

After posting the highest growth rate among provinces in 2003, retail sales continued to increase in the first four months of 2004. Furthermore, manufacturing shipments surged over the January-April period.

Average unit sales of homes have increased 13.1% over the first five months of 2004 compared to the same period in 2003. Housing starts were up 52.5% over the same period. However, housing starts came down substantially in May.

Consumer spending growth is expected to slow as the provincial government will likely cut public administration jobs over the coming years.

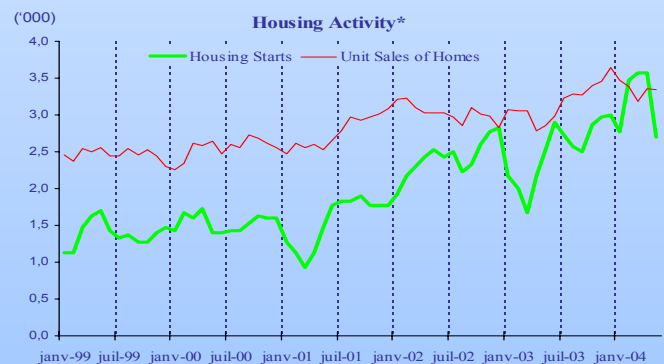
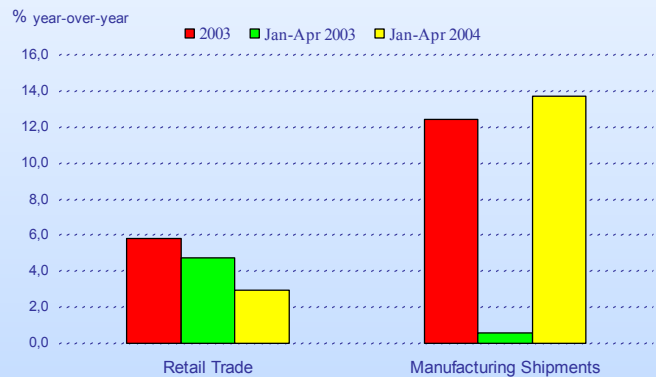
Trade

Exports in the first four months of 2004 were down 9.6% from the same period in 2003, mainly due to lower exports of energy products. Excluding energy products, exports were up 3.9% over the same period.

Furthermore, imports declined 32.4% as imports of energy products decreased strongly. Energy imports decreased as Newfoundland & Labrador ended oil refining from the United Nations Oil-for-Food Program (Iraq was selling oil to finance the purchase of humanitarian goods, which ended in November 2003).

Although exports and imports were lower, Newfoundland & Labrador's year-to-date trade surplus rose to \$780.4 million.

Retail Trade and Manufacturing Shipments Growth



*Seasonally adjusted at annual rates, 3-month moving average.
May 2004 is the last available data point.

Merchandise Trade

Level	year-to-date 2003*	year-to-date 2004*	% change
(in millions of dollars)			
Total Exports	1,544.0	1,396.4	-9.6
Total Imports	911.2	616.0	-32.4
Balance	632.8	780.4	
Principal commodity groupings			
Exports			
Agricultural & fishing products	174.2	146.8	-15.7
Energy products	1,030.8	863.1	-16.3
Forestry products	179.2	168.0	-6.2
Industrial goods & materials	115.5	184.0	59.3
Machinery & equipment	19.6	11.7	-40.3
Automotive products	0.3	1.0	233.3
Other consumer goods	0.4	0.8	100.0
Special transaction trade	24.2	21.1	-12.8
Imports			
Agricultural & fishing products	31.1	19.2	-38.3
Energy products	789.6	506.1	-35.9
Forestry products	0.0	0.1	-
Industrial goods & materials	48.9	48.6	-0.6
Machinery & equipment	34.7	38.2	10.1
Automotive products	0.1	0.1	0.0
Other consumer goods	2.6	2.8	7.7
Special transaction trade	4.3	0.8	-81.4

*January to April period, Customs-Based



Prince Edward Island



Demography

Population ('000)	138
Share of Canadian population	0.4
Share of urban ¹ population (%)	44.5
Share of aboriginal population (%)	1.0
Pop. 15 years and over with university degree (%)	13.3
Elderly dependency ratio ² (%)	20.6

Data for 2003 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 (\$2003)	28,138
Natural resources (% of total GDP)	6.9
Manufacturing (% of total GDP)	12.8
Services (% of total GDP)	73.8
Research & Development intensity ¹ (%)	1.0
International trade intensity ² (%)	52.3
Interprovincial trade intensity ² (%)	80.1

Data for 2003 except Research & Development intensity (2001)

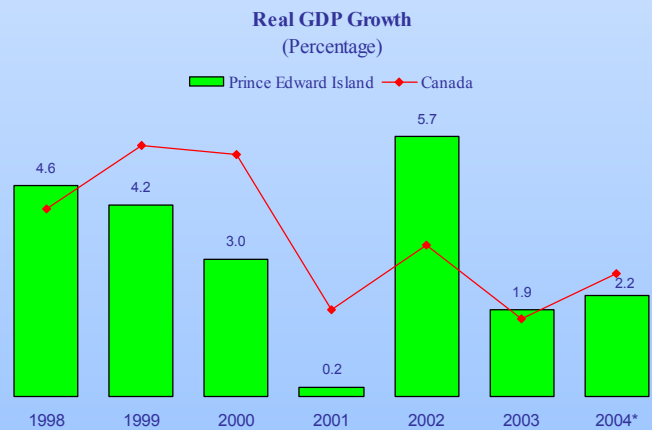
¹ Share of GDP (\$1997)

² Exports plus imports as a percentage of GDP

Real Gross Domestic Product

Prince Edward Island's (PEI) economy grew 1.9% in 2003, spurred by increased manufacturing activity. Residential construction also boosted economic activity due to low interest rates. Furthermore, potato farmers had a normal crop.

Economic growth should go up in 2004 as non-residential construction and North American demand are expected to increase. Moreover, increased tourism activity will bolster economic activity. PEI's economy is projected to grow by 2.2% 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

Inflation in PEI reached its lowest level in more than two years in March as the cost for shelter and transportation decreased on a year-over-year basis. Inflation averaged 1.1% in the first five months of 2004.

Alcohol and tobacco prices continued to increase at a fast rate. Year-over-year inflation averaged 10.2% for that category during the March to May period.

Consumer Prices

	2003 (%)	year-over-year inflation, 2004		
		March (%)	April (%)	May (%)
All Items	3.5	0.5	0.6	2.0
Food	1.4	0.9	0.8	1.0
Shelter	4.3	-0.8	-1.2	1.3
Household	1.1	1.8	2.3	1.1
Clothing	-0.6	0.8	-0.2	0.5
Transport	6.6	-1.2	-0.2	3.3
Health Care	1.0	0.3	0.3	0.2
Recreation	0.6	1.0	1.6	1.8
Alcohol & Tobacco	14.9	11.1	10.8	8.5
Energy	11.1	-7.7	-4.4	8.2
Canada (All Items)	2.8	0.7	1.6	2.5



Prince Edward Island

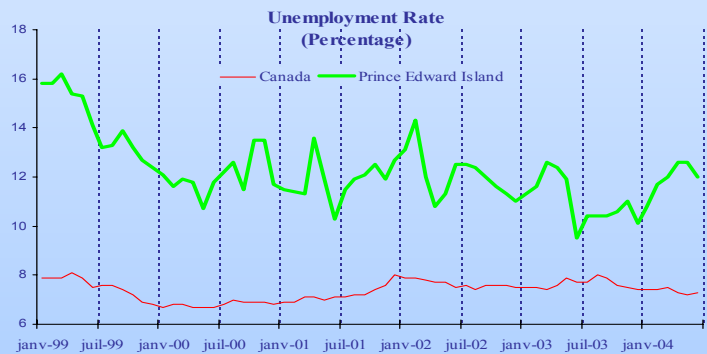
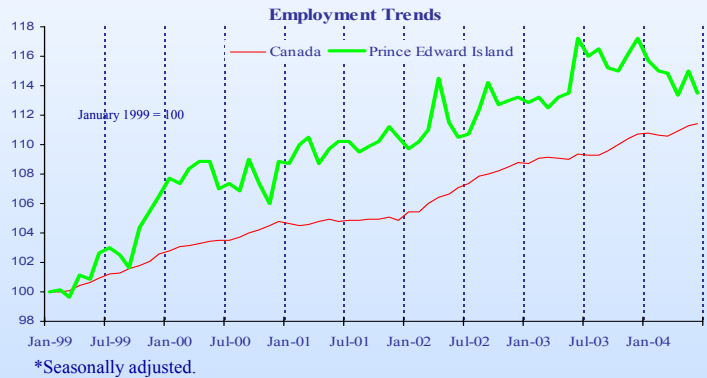


Labour Market

Employment in Prince Edward Island has edged down since December 2003 with most of the losses in part-time jobs. Both goods-producing (1,200) and services-producing sectors have posted losses (1,000).

Manufacturing (800) and trade (1,000) have accounted for the bulk of losses. Lower manufacturing employment was, in part, caused by the closure of lobster plants by Polar Food. On the other hand, strong gains were posted in public administration (1,100).

The unemployment rate has been increasing steadily since December 2003 as employment decreased more than the labour force.



Employment by Industry

	Level	% of Total June 2004	Change since		% change since	
			three months ago	last Dec.	three months ago	last Dec.
(in thousands)						
TOTAL EMPLOYMENT	68.0	100.0	-0.8	-2.2	-1.2	-3.1
Full-time	57.7	84.9	0.4	-0.4	0.7	-0.7
Part-time	10.3	15.1	-1.1	-1.8	-9.6	-14.9
Labour force	77.3	-	-0.9	-0.8	-1.2	-1.0
Participation rate	67.4	-	-1.1	-1.3	-	-
Employment rate	59.3	-	-0.9	-2.4	-	-
Unemployment rate	12.0	-	0.0	1.9	-	-
INDUSTRY						
Goods-producing	17.6	25.9	-0.9	-1.2	-4.9	-6.4
Agriculture	3.9	5.7	0.0	-0.3	0.0	-7.1
Natural resources ¹	2.8	4.1	-0.1	0.0	-3.4	0.0
Utilities	0.4	0.6	0.1	0.0	33.3	0.0
Construction	4.2	6.2	-0.1	0.0	-2.3	0.0
Manufacturing	6.3	9.3	-0.7	-0.8	-10.0	-11.3
Services-producing	50.4	74.1	0.1	-1.0	0.2	-1.9
Trade	9.8	14.4	-0.8	-1.0	-7.5	-9.3
Transportation & warehousing	2.4	3.5	-0.1	-0.4	-4.0	-14.3
FIRE ²	2.8	4.1	0.2	0.2	7.7	7.7
Professional & scientific	2.7	4.0	0.3	0.0	12.5	0.0
Management & administrative	2.4	3.5	0.1	0.1	4.3	4.3
Educational	4.4	6.5	0.0	-0.5	0.0	-10.2
Health care & social assistance	7.7	11.3	0.0	-0.1	0.0	-1.3
Information & culture & recreation	2.5	3.7	0.1	-0.1	4.2	-3.8
Accommodation & food	5.1	7.5	0.0	0.2	0.0	4.1
Other services	3.1	4.6	-0.2	-0.5	-6.1	-13.9
Public administration	7.6	11.2	0.5	1.1	7.0	16.9

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

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



Prince Edward Island



Economic Activity

Retailers enjoyed higher sales over the January to April 2004 period with an increase of 1.2% compared to the same period in 2003. Over the same period, manufacturing shipments rose 10.2%. The good performance of the oil and gas sector in the Atlantic region has contributed to the strong performance of PEI's factories.

After slumping in 2003, average unit sales of homes in the first five months of 2004 surged 158.8% compared to the same period the year before.

Backed by strong fundamentals, housing starts posted a 24.3% increase in the first four months of the year compared to the same period in 2003.

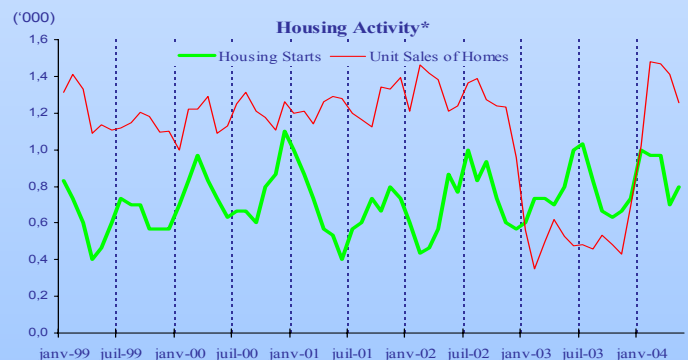
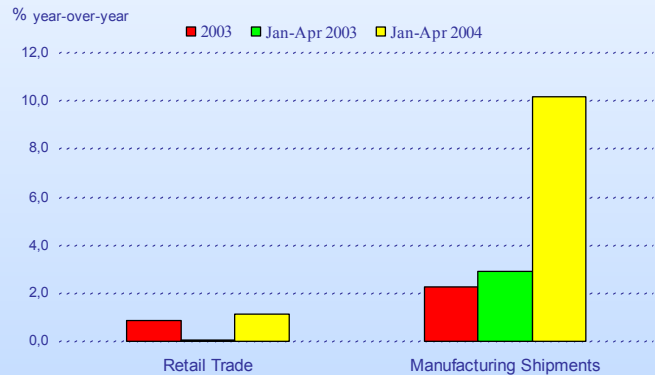
Trade

Exports were down 1.4% from January to April 2004 compared to the same period in 2003. The appreciation of the Canadian dollar dampened exports of agricultural & fishing products, PEI's main export.

Meanwhile, the appreciation of the currency propelled imports during that period. Machinery & equipment and industrial goods & materials led the increase.

In light of these developments, the trade surplus edged down to \$165.7 million in the first four months of 2004.

Retail Trade and Manufacturing Shipments Growth



*Seasonally adjusted at annual rates, 3-month moving average.
May 2004 is the last available data point.

Merchandise Trade

Level	year-to-date 2003*	year-to-date 2004*	% change
(in millions of dollars)	2003*	2004*	
Total Exports	178.8	176.3	-1.4
Total Imports	5.9	10.6	79.7
Balance	172.9	165.7	
Principal commodity groupings			
Exports			
Agricultural & fishing products	129.5	118.8	-8.3
Energy products	0.1	0.0	-
Forestry products	3.7	4.1	10.8
Industrial goods & materials	7.5	6.0	-20.0
Machinery & equipment	21.1	21.3	0.9
Automotive products	1.7	1.5	-11.8
Other consumer goods	3.1	5.8	87.1
Special transaction trade	12.4	18.8	51.6
Imports			
Agricultural & fishing products	0.5	0.9	80.0
Energy products	0.0	0.0	-
Forestry products	0.0	0.0	-
Industrial goods & materials	4.0	6.7	67.5
Machinery & equipment	1.2	2.6	116.7
Automotive products	0.0	0.1	-
Other consumer goods	0.1	0.3	200.0
Special transaction trade	0.0	0.0	-

*January to April period, Customs-Based



Nova Scotia



Demography

Population ('000)	936
Share of Canadian population	3.0
Share of urban ¹ population (%)	55.6
Share of aboriginal population (%)	1.9
Pop. 15 years and over with university degree (%)	15.5
Elderly dependency ratio ² (%)	20.2

Data for 2003 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 (\$2003)	30,783
Natural resources (% of total GDP)	5.1
Manufacturing (% of total GDP)	10.9
Services (% of total GDP)	75.5
Research & Development intensity ¹ (%)	1.4
International trade intensity ² (%)	58.0
Interprovincial trade intensity ² (%)	54.5

Data for 2003 except Research & Development intensity (2001)

¹ Share of GDP (\$1997)

² Exports plus imports as a percentage of GDP

Real Gross Domestic Product

Nova Scotia's real GDP growth stood at 0.9% in 2003, the weakest of all provinces. Oil and gas extraction decreased due to lower output at the Sable Offshore Energy Project. Moreover, lower exports of natural gas and fish & seafood products contributed to the decline in international exports.

Economic growth is expected to increase in 2004. Capital spending in the energy sector should remain strong helped by higher demand south of the border and higher natural gas production. Furthermore, health care spending is expected to increase significantly.



*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

Over the January-May period, CPI inflation averaged 0.7% in Nova Scotia, almost half the Canadian rate.

However, consumer prices were 2.0% higher in May. Most of the increase came from energy and its repercussion on transportation and shelter costs. Moreover, the cost of alcohol & tobacco rose significantly (7.4%).

Consumer Prices

	2003 (%)	year-over-year inflation, 2004		
		March (%)	April (%)	May (%)
All Items	3.4	-0.1	1.0	2.0
Food	2.2	0.2	0.7	0.5
Shelter	4.3	-0.5	1.1	2.3
Household	1.3	0.8	0.6	-0.5
Clothing	0.6	-0.4	-2.0	-5.2
Transport	4.7	-2.9	-0.3	5.6
Health Care	1.2	2.2	1.3	0.9
Recreation	1.5	2.0	2.0	1.8
Alcohol & Tobacco	15.0	4.5	7.7	7.4
Energy	7.8	-6.5	1.4	17.9
Canada (All Items)	2.8	0.7	1.6	2.5



Nova Scotia



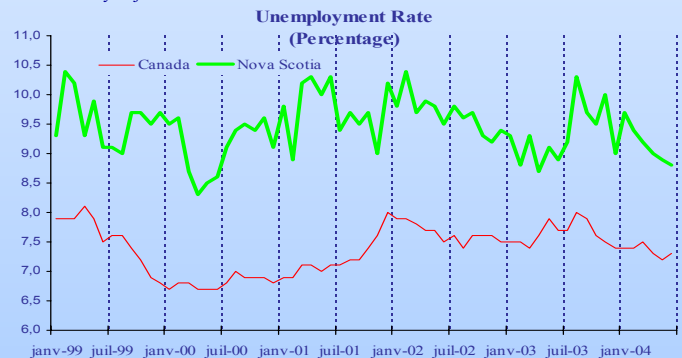
Labour Market

Nova Scotia's employment rose 2.0% over the first half of 2004, with gains all in full-time. Gains were concentrated in services-producing industries as goods-producing industries posted losses.

Losses in the goods sector were in manufacturing (1,800) and agriculture (1,000) as other industries posted gains.

Accommodation & food services (3,900), educational services (3,900) and trade (3,600) led the increase in services-producing industries. Professional & scientific services (12.9%) has experienced significant growth since the beginning of the year.

Both the participation and the employment rate reached record levels in May, at 64.5% and 58.8% respectively. Furthermore, the unemployment rate edged down to 8.8% in June, its lowest level in more than a year.



Employment by Industry

	Level	% of Total	Change since		% change since	
			three months ago	last Dec.	three months ago	last Dec.
(in thousands)		<u>June 2004</u>				
TOTAL EMPLOYMENT	448.1	100.0	5.4	8.9	1.2	2.0
Full-time	364.6	81.4	3.5	13.1	1.0	3.7
Part-time	83.5	18.6	2.0	-4.2	2.5	-4.8
Labour force	491.6	-	4.0	9.1	0.8	1.9
Participation rate	64.3	-	0.4	1.0	-	-
Employment rate	58.6	-	0.6	1.0	-	-
Unemployment rate	8.8	-	-0.4	-0.2	-	-
INDUSTRY						
Goods-producing	98.7	22.0	3.7	-1.0	3.9	-1.0
Agriculture	5.6	1.2	-0.6	-1.0	-9.7	-15.2
Natural resources ¹	14.9	3.3	1.0	0.5	7.2	3.5
Utilities	3.0	0.7	0.6	0.3	25.0	11.1
Construction	29.3	6.5	1.3	1.0	4.6	3.5
Manufacturing	45.9	10.2	1.5	-1.8	3.4	-3.8
Services-producing	349.4	78.0	1.7	10.0	0.5	2.9
Trade	78.3	17.5	0.9	3.6	1.2	4.8
Transportation & warehousing	20.7	4.6	0.3	0.6	1.5	3.0
FIRE ²	21.4	4.8	0.1	1.8	0.5	9.2
Professional & scientific	21.0	4.7	0.2	2.4	1.0	12.9
Management & administrative	25.6	5.7	-0.7	1.5	-2.7	6.2
Educational	37.7	8.4	4.4	3.9	13.2	11.5
Health care & social assistance	53.6	12.0	-1.4	-1.4	-2.5	-2.5
Information & culture & recreation	17.4	3.9	-0.9	-1.4	-4.9	-7.4
Accommodation & food	30.2	6.7	0.1	3.9	0.3	14.8
Other services	19.4	4.3	1.4	0.3	7.8	1.6
Public administration	24.1	5.4	-2.7	-5.3	-10.1	-18.0

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

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



Nova Scotia



Economic Activity

Housing activity has been picking up. Housing starts rose 18.0% from January to May. Furthermore, unit sales of homes were up 13.7% over the same period.

Retail sales (0.5%) and manufacturing shipments (1.0%) growth decreased in the first four months of 2004 compared to the same period in 2003.

Investment activity should benefit from mining exploration and the project to clean up the Sydney tar ponds.

Recent drilling results have been disappointing and have somewhat clouded the offshore exploration outlook.

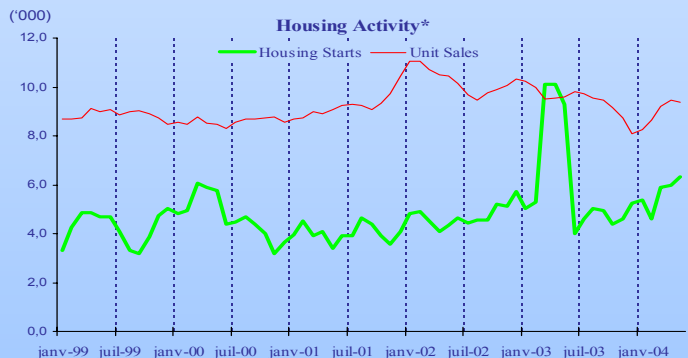
Trade

Over the January-April 2004 period exports were down 6.4% compared to the same period last year. All principal commodities declined except forestry and automotive products, which increased 0.6% and 8.7% respectively.

Higher imports of industrial goods & materials and other consumer goods were not enough to offset losses in other categories. Overall, imports decreased 3.3%.

Nova Scotia's trade deficit rose to \$331.8 million in the first four months of 2004 as exports decreased more than imports.

Retail Trade and Manufacturing Shipments Growth



*Seasonally adjusted at annual rates, 3-month moving average.
May 2004 is the last available data point.

Merchandise Trade

Level	year-to-date 2003*	year-to-date 2004*	% change
(in millions of dollars)	2003*	2004*	
Total Exports	1,837.5	1,719.4	-6.4
Total Imports	2,121.2	2,051.2	-3.3
Balance	-283.7	-331.8	
Principal commodity groupings			
Exports			
Agricultural & fishing products	391.1	351.9	-10.0
Energy products	516.3	477.7	-7.5
Forestry products	298.5	300.4	0.6
Industrial goods & materials	156.2	132.6	-15.1
Machinery & equipment	382.6	363.5	-5.0
Automotive products	42.3	46.0	8.7
Other consumer goods	18.6	16.6	-10.8
Special transaction trade	32.2	30.8	-4.3
Imports			
Agricultural & fishing products	124.7	114.7	-8.0
Energy products	479.6	427.9	-10.8
Forestry products	2.8	2.8	0.0
Industrial goods & materials	198.4	327.4	65.0
Machinery & equipment	412.9	283.2	-31.4
Automotive products	876.7	859.4	-2.0
Other consumer goods	20.9	30.7	46.9
Special transaction trade	5.2	4.9	-5.8

*January to April period, Customs-Based



New Brunswick



Demography

Population ('000)	751
Share of Canadian population	2.4
Share of urban ¹ population (%)	50.2
Share of aboriginal population (%)	2.4
Pop. 15 years and over with university degree (%)	11.8
Elderly dependency ratio ² (%)	19.5

Data for 2003 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 (\$2003)	29,771
Natural resources (% of total GDP)	5.8
Manufacturing (% of total GDP)	15.4
Services (% of total GDP)	69.7
Research & Development intensity ¹ (%)	0.7
International trade intensity ² (%)	83.9
Interprovincial trade intensity ² (%)	69.2

Data for 2003 except Research & Development intensity (2001)

¹ Share of GDP (\$1997)

² Exports plus imports as a percentage of GDP

Real Gross Domestic Product

Investment activity, notably the refurbishing of the Coleson Cove power plant, drove last year's 2.6% real GDP increase.

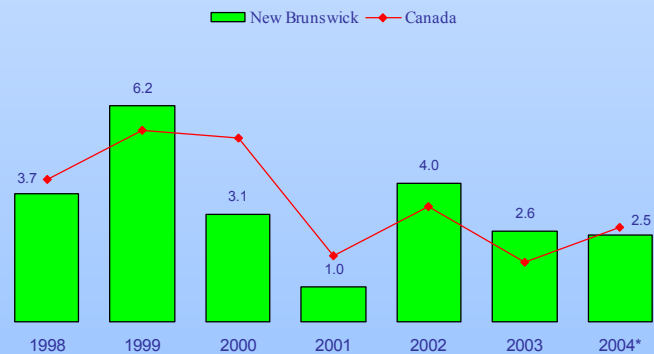
Real GDP is expected to grow by 2.5% in 2004. Private and public non-residential investment projects should continue to contribute. Among others, a \$400 million project to expand the TransCanada highway is expected to boost construction. Further growth is also anticipated for New Brunswick's call centre industry, but heightened sensitivity to outsourcing in the U.S. could pose a challenge.

However, some factors are likely to exert a dampening effect on growth. For one, an important project (Canaport terminal) is currently facing regulatory delays. Moreover, the provincial government plans to restrict spending.

Inflation Trends

Five months into 2004, prices are now 1.6% higher than their 2003 average. New Brunswick's inflation, has been lower than the national average since October 2003.

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

	2003 (%)	year-over-year inflation, 2004		
		March (%)	April (%)	May (%)
All Items	3.4	-0.1	0.4	2.0
Food	2.3	1.2	0.8	0.5
Shelter	2.6	0.7	1.3	2.2
Household	0.4	-0.9	-0.7	0.4
Clothing	-0.8	0.6	-2.1	2.2
Transport	6.9	-3.2	-0.5	4.8
Health Care	0.6	1.8	1.0	1.0
Recreation	1.4	0.3	0.5	0.9
Alcohol & Tobacco	15.8	3.4	2.8	2.6
Energy	6.5	-3.6	2.5	15.5
Canada (All Items)	2.8	0.7	1.6	2.5



New Brunswick

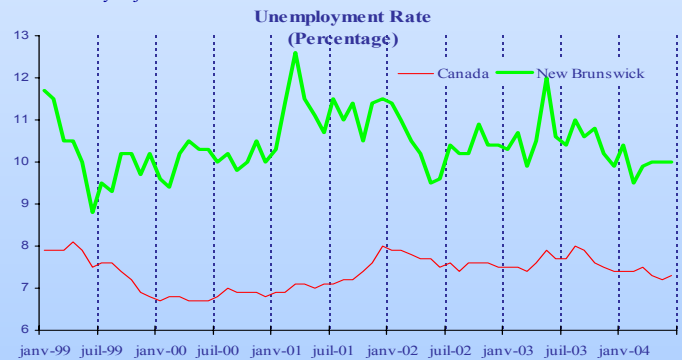


Labour Market

Employment in New Brunswick rose 1.6% from December 2003 to June 2004. The labour force increased at a similar pace (1.7%), leaving the unemployment rate at 10.0% in June. This marks an improvement over 2003. During the same period last year, employment had fallen 1.7% and the unemployment rate was up 0.2 percentage point to 10.6%.

Employment growth in the first six months of 2004 was largely driven by gains (7,900) in the service sector. Employment fell (2,200) in the goods producing sector, as gains in agriculture (2,600) were largely offset by declines in manufacturing (3,200). Among services producing industries, transportation and warehousing (2,900) and health care and social assistance (2,300) posted the largest increases.

These results are broadly in line with analysts' expectations of stronger employment growth in 2004 compared to 2003.



Employment by Industry

	Level	% of Total June 2004	Change since		% change since	
			three months ago	last Dec.	three months ago	last Dec.
(in thousands)						
TOTAL EMPLOYMENT	351.8	100.0	1.6	5.7	0.5	1.6
Full-time	295.2	83.9	0.3	1.9	0.1	0.6
Part-time	56.6	16.1	1.3	3.9	2.4	7.4
Labour force	390.9	-	2.1	6.7	0.5	1.7
Participation rate	63.8	-	0.2	0.9	-	-
Employment rate	57.4	-	0.1	0.7	-	-
Unemployment rate	10.0	-	0.1	0.1	-	-
INDUSTRY						
Goods-producing	82.0	23.3	-2.5	-2.2	-3.0	-2.6
Agriculture	7.2	2.0	0.6	2.6	9.1	56.5
Natural resources ¹	11.1	3.2	-0.4	-1.0	-3.5	-8.3
Utilities	3.8	1.1	0.4	0.4	11.8	11.8
Construction	18.5	5.3	-0.5	-1.0	-2.6	-5.1
Manufacturing	41.4	11.8	-2.7	-3.2	-6.1	-7.2
Services-producing	269.8	76.7	4.2	7.9	1.6	3.0
Trade	54.8	15.6	-0.5	-1.0	-0.9	-1.8
Transportation & warehousing	20.5	5.8	1.8	2.9	9.6	16.5
FIRE ²	14.5	4.1	1.0	-0.3	7.4	-2.0
Professional & scientific	16.2	4.6	0.5	1.8	3.2	12.5
Management & administrative	22.1	6.3	2.7	0.5	13.9	2.3
Educational	25.0	7.1	-0.7	0.8	-2.7	3.3
Health care & social assistance	49.1	14.0	0.0	2.3	0.0	4.9
Information & culture & recreation	10.5	3.0	-0.4	0.7	-3.7	7.1
Accommodation & food	21.1	6.0	-0.6	-0.7	-2.8	-3.2
Other services	17.7	5.0	0.8	0.7	4.7	4.1
Public administration	18.3	5.2	-0.4	0.3	-2.1	1.7

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

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



Economic Activity

Retail sales were up 1.3% in the first four months of 2004 compared to the same period last year.

Manufacturing shipments increased only 0.4% in the first four months of 2004, compared to the same period last year. Shipments of non-durable goods, representing 75.0% of the value, decreased 4.8%, but the decrease was offset by a 20.0% surge in the value of durable goods shipments. Among the larger components, food manufacturing posted a 16.4% increase and wood products manufacturing posted a 14.5% increase.

While unit sales of homes have recovered since the beginning of the year, the housing market appears to be cooling off. Housing starts in the first four months of 2004 are down 30.6% from the same period in 2003. Moreover, house prices have been stable since the beginning of the year and residential building permit sales are advancing at a slow pace.

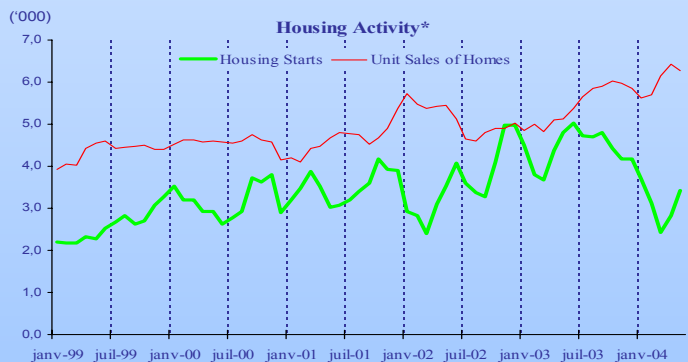
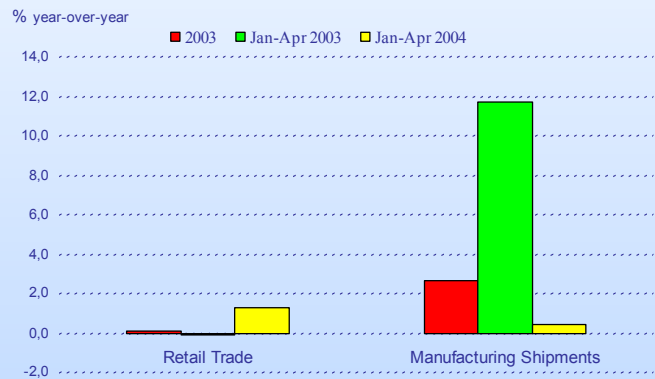
Trade

Exports, in the first four months of 2004, were up 0.7% compared to the same period in 2003. Higher exports of forestry products and of industrial goods and materials were able to offset drops in exports of energy and automotive products.

Imports, in the first four months of 2004, were down 7.3% from the same period in 2003. This was largely due to lower energy imports (57.3% of total imports). Excluding the energy sector, imports would have receded by 0.6%.

New Brunswick's trade balance rose to \$786.1 million, from \$613.6 million during the same period last year, as imports decreased and exports edged up.

Retail Trade and Manufacturing Shipments Growth



*Seasonally adjusted at annual rates, 3-month moving average.
May 2004 is the last available data point.

Merchandise Trade

Level	year-to-date 2003*	year-to-date 2004*	% change
(in millions of dollars)	2003*	2004*	
Total Exports	2,725.7	2,744.3	0.7
Total Imports	2,112.1	1,958.2	-7.3
Balance	613.6	786.1	
Principal commodity groupings			
Exports			
Agricultural & fishing products	322.4	266.0	-17.5
Energy products	1,363.7	1,294.6	-5.1
Forestry products	638.9	726.0	13.6
Industrial goods & materials	178.7	229.2	28.3
Machinery & equipment	166.8	168.6	1.1
Automotive products	8.8	7.9	-10.2
Other consumer goods	11.9	19.3	62.2
Special transaction trade	35.1	33.0	-6.0
Imports			
Agricultural & fishing products	100.4	114.6	14.1
Energy products	1,271.4	1,121.9	-11.8
Forestry products	57.2	46.0	-19.6
Industrial goods & materials	326.4	291.8	-10.6
Machinery & equipment	223.0	232.5	4.3
Automotive products	73.5	63.9	-13.1
Other consumer goods	49.9	77.5	55.3
Special transaction trade	10.5	9.9	-5.7

*January to April period, Customs-Based



Quebec



Demography

Population ('000)	7,487
Share of Canadian population	23.7
Share of urban ¹ population (%)	80.2
Share of aboriginal population (%)	1.1
Pop. 15 years and over with university degree (%)	15.8
Elderly dependency ratio ² (%)	19.2

Data for 2003 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 (\$2003)	33,961
Natural resources (% of total GDP)	2.6
Manufacturing (% of total GDP)	21.4
Services (% of total GDP)	67.3
Research & Development intensity ¹ (%)	2.6
International trade intensity ² (%)	69.3
Interprovincial trade intensity ² (%)	39.4

Data for 2003 except Research & Development intensity (2001)

¹ Share of GDP (\$1997)

² Exports plus imports as a percentage of GDP

Real Gross Domestic Product

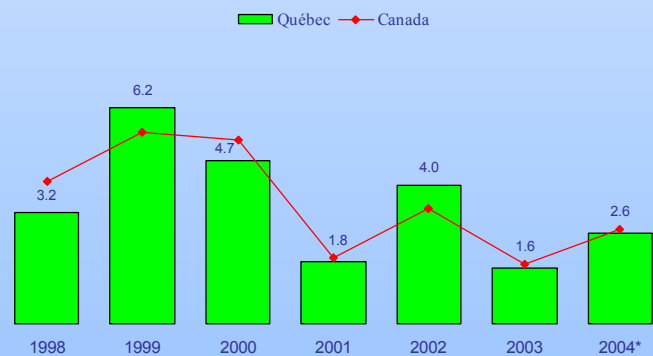
In line with a weak U.S. economy in the first part of 2003 and a rising Canadian dollar, Quebec's economy lost momentum in 2003. Real GDP rose by only 1.6%, less than half the pace of 2002, and slightly below the national average. The heavily exports-oriented manufacturing sector took the hardest hit, through lower demand for aircraft, engines and parts products. However, domestic demand continued to grow at a rapid pace, helped by a buoyant housing market and consumer spending.

A stronger U.S. economy is expected to stimulate Quebec's exports throughout 2004. Housing activity will remain strong. Real GDP is expected to advance 2.6% in 2004.

Inflation Trends

After averaging 0.9% over the first four months of 2004, Quebec's CPI inflation jumped to 2.4% in May. Higher energy prices, through its impact on transportation costs, were responsible for the increase. Quebec's inflation has been close to the national average so far in 2004.

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

	2003 (%)	year-over-year inflation, 2004		
		March (%)	April (%)	May (%)
All Items	2.5	0.6	1.4	2.4
Food	2.1	1.2	2.0	2.2
Shelter	3.3	1.4	2.2	2.3
Household	-0.1	-0.3	0.0	0.3
Clothing	-2.5	-0.7	-1.4	-2.2
Transport	4.9	-0.9	1.5	7.0
Health Care	1.9	2.7	2.8	2.4
Recreation	0.1	-1.4	-1.3	-1.0
Alcohol & Tobacco	10.1	4.8	4.0	3.6
Energy	5.2	-2.3	5.6	18.3
Canada (All Items)	2.8	0.7	1.6	2.5



Quebec



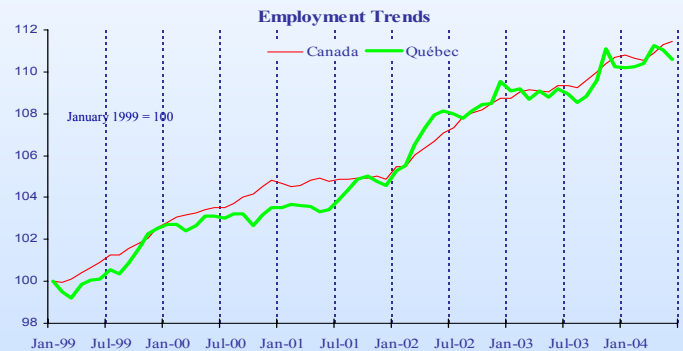
Labour Market

Since December 2003, Quebec's employment has risen by 11,000, all in full-time. Employment has not increased much since last November following a surge of 85,000 from August to November 2003.

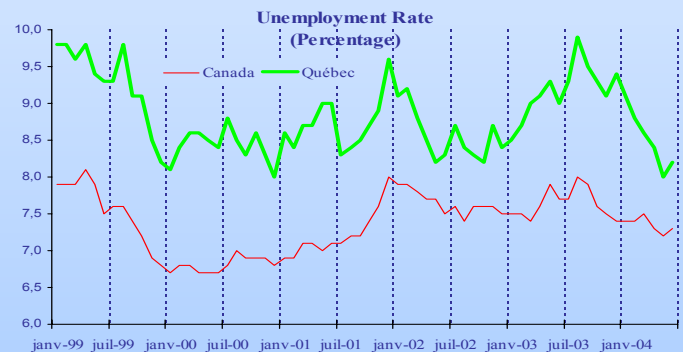
Employment gains, combined with less people looking for work, has reduced Quebec's unemployment rate 1.2 percentage point to 8.2% since December 2003.

Employment in the goods-producing sector has dropped slightly since last December, as gains in manufacturing (1,000) and utilities (5,200) were offset by losses in other sectors.

In services-producing industries, transportation & warehousing (17,400), professional, scientific & technical services (14,800) and trade (13,700) have reported the highest increases so far this year. Educational services continued its downward trend, losing 22,000 jobs since December 2003.



*Seasonally adjusted.



Employment by Industry

	Level	% of Total June 2004	Change since		% change since	
			three months ago	last Dec.	three months ago	last Dec.
(in thousands)						
TOTAL EMPLOYMENT	3,692.9	100.0	6.8	11.0	0.2	0.3
Full-time	3,008.8	81.5	13.0	34.9	0.4	1.2
Part-time	684.1	18.5	-6.2	-23.9	-0.9	-3.4
Labour force	4,021.2	-	-11.8	-40.6	-0.3	-1.0
Participation rate	65.4	-	-0.4	-1.1	-	-
Employment rate	60.1	-	0.0	-0.1	-	-
Unemployment rate	8.2	-	-0.4	-1.2	-	-
INDUSTRY						
Goods-producing	911.4	24.7	-14.9	-14.7	-1.6	-1.6
Agriculture	53.4	1.4	-1.8	-3.6	-3.3	-6.3
Natural resources ¹	31.5	0.9	-7.4	-7.2	-19.0	-18.6
Utilities	34.9	0.9	2.2	5.2	6.7	17.5
Construction	167.6	4.5	-1.6	-10.2	-0.9	-5.7
Manufacturing	624.0	16.9	-6.5	1.0	-1.0	0.2
Services-producing	2,781.5	75.3	21.7	25.8	0.8	0.9
Trade	619.4	16.8	15.7	13.7	2.6	2.3
Transportation & warehousing	181.0	4.9	4.1	17.4	2.3	10.6
FIRE ²	201.8	5.5	4.9	1.1	2.5	0.5
Professional & scientific	227.3	6.2	4.4	14.8	2.0	7.0
Management & administrative	104.3	2.8	-5.0	-8.1	-4.6	-7.2
Educational	233.1	6.3	-15.5	-21.7	-6.2	-8.5
Health care & social assistance	461.2	12.5	4.8	9.0	1.1	2.0
Information & culture & recreation	159.1	4.3	-2.9	-2.2	-1.8	-1.4
Accommodation & food	202.7	5.5	-6.5	-7.6	-3.1	-3.6
Other services	171.2	4.6	9.8	3.5	6.1	2.1
Public administration	220.4	6.0	7.9	5.9	3.7	2.8

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

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



Quebec



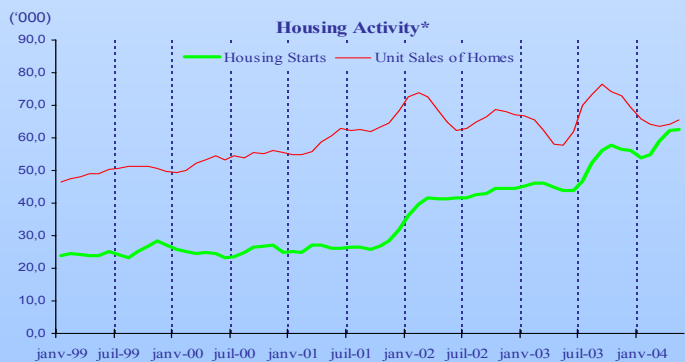
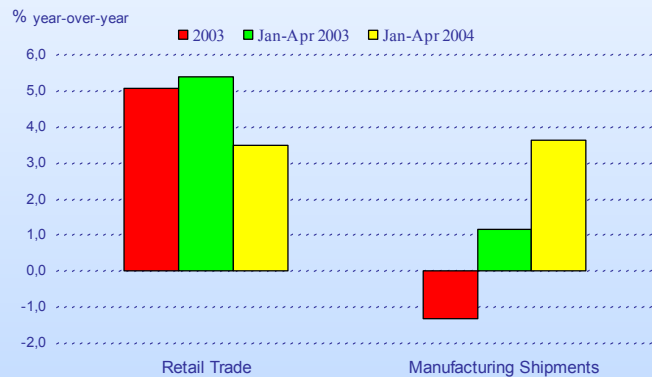
Economic Activity

Consumer spending has remained strong in Quebec since the beginning of the year. Over the January-April 2004 period, retail sales rose 3.5% compared to the same period in 2003.

Low interest rates have continued to support the housing market. Housing starts even reached a 16-year high of 67,800 units (annualized) last March.

In line with the U.S. recovery, Quebec's manufacturing shipments have increased 3.6% in the first four months of the year compared to the same period in 2003. Shipments of food, primary metal and transportation equipment reported the highest increases over the period. On the other hand, clothing is once again restructuring as it is facing stiff competition from China.

Retail Trade and Manufacturing Shipments Growth



*Seasonally adjusted at annual rates, 3-month moving average.
May 2004 is the last available data point.

Trade

Quebec's merchandise exports edged down 0.2% over the first four months of the year compared to the same period in 2003. Despite a strong increase in exports of industrial goods & material (13.1%), significant drops were recorded in energy products (28.2%), automotive products (9.7%) and machinery & equipment (6.9%).

Over the January-April 2004 period, merchandise imports fell 3.2% as increases in industrial goods & material (4.9%) and machinery & equipment (4.8%) were offset by reductions in other categories.

Merchandise Trade

Level	year-to-date 2003*	year-to-date 2004*	% change
(in millions of dollars)	2003*	2004*	
Total Exports	21,307.5	21,266.9	-0.2
Total Imports	17,878.2	17,298.4	-3.2
Balance	3,429.3	3,968.5	
Principal commodity groupings			
Exports			
Agricultural & fishing products	1,170.8	1,181.2	0.9
Energy products	636.3	456.6	-28.2
Forestry products	3,021.8	3,247.5	7.5
Industrial goods & materials	4,887.2	5,527.0	13.1
Machinery & equipment	8,781.8	8,172.7	-6.9
Automotive products	762.8	689.1	-9.7
Other consumer goods	1,502.3	1,511.8	0.6
Special transaction trade	544.4	481.3	-11.6
Imports			
Agricultural & fishing products	1,038.1	1,036.6	-0.1
Energy products	3,339.9	2,804.2	-16.0
Forestry products	314.5	294.1	-6.5
Industrial goods & materials	4,053.5	4,252.1	4.9
Machinery & equipment	5,078.3	5,324.4	4.8
Automotive products	773.8	626.4	-19.0
Other consumer goods	2,989.2	2,691.2	-10.0
Special transaction trade	291.1	269.4	-7.5

*January to April period, Customs-Based



Ontario



Demography

Population ('000)	12,238
Share of Canadian population	38.7
Share of urban ¹ population (%)	84.6
Share of aboriginal population (%)	1.7
Pop. 15 years and over with university degree (%)	19.5
Elderly dependency ratio ² (%)	18.4

Data for 2003 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 (\$2003)	40,318
Natural resources (% of total GDP)	1.9
Manufacturing (% of total GDP)	21.0
Services (% of total GDP)	69.8
Research & Development intensity ¹ (%)	2.3
International trade intensity ² (%)	93.2
Interprovincial trade intensity ² (%)	30.7

Data for 2003 except Research & Development intensity (2001)

¹ Share of GDP (\$1997)

² Exports plus imports as a percentage of GDP

Real Gross Domestic Product

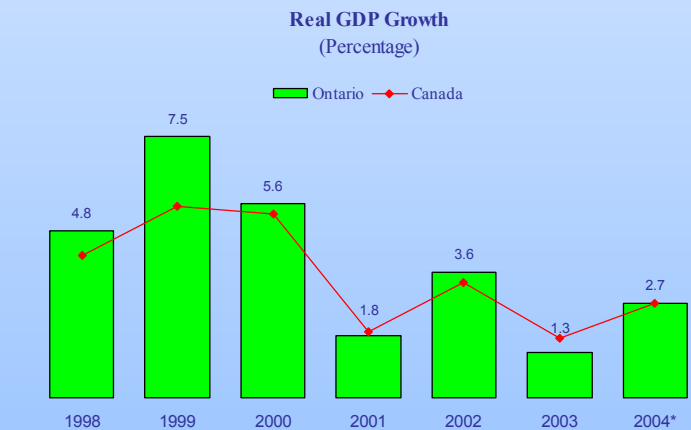
A sluggish U.S. economy in the first half of 2003, the appreciation of the Canadian dollar and a slew of negative shocks (SARS, power outage, strike at Inco) reduced Ontario's GDP growth to 1.3% in 2003. This was the second lowest growth rate among provinces.

The manufacturing sector was most affected, particularly exports of motor vehicles & parts and aerospace products.

A sustained U.S. expansion should provide a boost to Ontario's exports this year. This and solid domestic demand growth are expected to push up Ontario's real GDP growth to 2.7% in 2004.

Inflation Trends

Ontario's CPI inflation has increased since March reaching 2.8% in May. Higher energy prices and their impact on transportation and shelter were mainly responsible for the increase. Since September 2003, Ontario's inflation has been above the national average.



*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

	2003 (%)	year-over-year inflation, 2004 (%)		
		March (%)	April (%)	May (%)
All Items	2.7	1.1	2.3	2.8
Food	1.6	0.6	0.2	1.5
Shelter	2.8	2.1	4.6	2.9
Household	1.0	0.9	1.2	0.9
Clothing	-2.3	0.3	1.4	0.0
Transport	5.8	-0.9	1.4	6.0
Health Care	1.3	1.7	1.5	1.0
Recreation	-0.1	0.6	0.9	1.3
Alcohol & Tobacco	9.9	7.4	7.8	7.4
Energy	8.4	-2.9	14.0	17.7
Canada (All Items)	2.8	0.7	1.6	2.5



Ontario

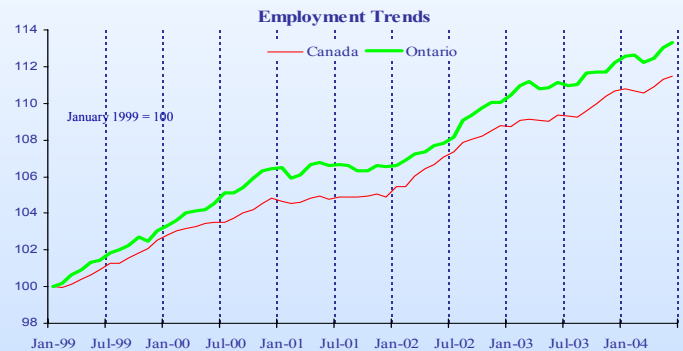


Labour Market

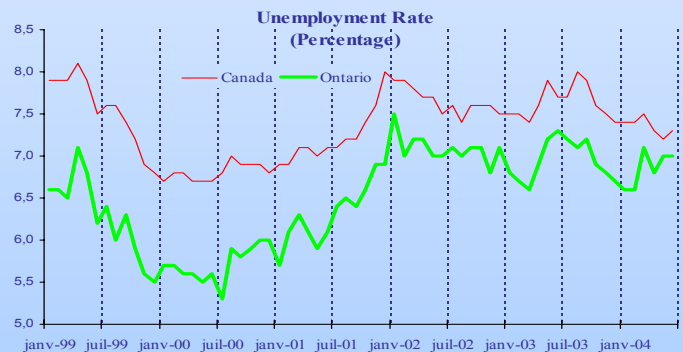
Ontario's employment has risen 61,000 so far this year, all in full-time. This brings total gains to 128,000 since August 2003, when the recent upward trend began. However, the unemployment rate has increased 0.3 percentage point since last December, as labour force growth surpassed employment growth.

In line with the economic recovery in the U.S., manufacturing's employment regained momentum in 2004, increasing by 21,000. This follows a series of monthly declines in 2003.

In the services-producing industries, recent employment gains have been concentrated in professional, scientific & technical and educational services, while employment in management of companies & administrative services has continued to lost ground.



*Seasonally adjusted.



Employment by Industry

	Level June 2004	% of Total	Change since		% change since	
			three months ago	last Dec.	three months ago	last Dec.
TOTAL EMPLOYMENT	6,346.6	100.0	62.8	60.8	1.0	1.0
Full-time	5,243.6	82.6	76.2	97.4	1.5	1.9
Part-time	1,103.0	17.4	-13.4	-36.7	-1.2	-3.2
Labour force	6,820.9	-	57.6	84.7	0.9	1.3
Participation rate	68.6	-	0.3	0.3	-	-
Employment rate	63.8	-	0.3	0.0	-	-
Unemployment rate	7.0	-	-0.1	0.3	-	-
INDUSTRY						
Goods-producing	1,666.7	26.3	31.7	14.7	1.9	0.9
Agriculture	83.8	1.3	0.8	-3.3	1.0	-3.8
Natural resources ¹	37.9	0.6	3.1	6.1	8.9	19.2
Utilities	54.5	0.9	1.6	-0.5	3.0	-0.9
Construction	386.9	6.1	19.2	-8.4	5.2	-2.1
Manufacturing	1,103.6	17.4	7.1	20.8	0.6	1.9
Services-producing	4,679.8	73.7	31.0	45.9	0.7	1.0
Trade	953.6	15.0	-4.5	15.2	-0.5	1.6
Transportation & warehousing	306.2	4.8	-6.9	11.6	-2.2	3.9
FIRE ²	446.2	7.0	7.5	12.3	1.7	2.8
Professional & scientific	433.6	6.8	0.4	17.9	0.1	4.3
Management & administrative	271.9	4.3	1.4	-17.9	0.5	-6.2
Educational	408.0	6.4	7.9	14.9	2.0	3.8
Health care & social assistance	624.6	9.8	10.3	-1.3	1.7	-0.2
Information & culture & recreation	297.2	4.7	-0.3	5.2	-0.1	1.8
Accommodation & food	376.0	5.9	7.7	-8.6	2.1	-2.2
Other services	255.3	4.0	5.4	2.7	2.2	1.1
Public administration	307.3	4.8	2.1	-6.1	0.7	-1.9

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

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



Ontario



Economic Activity

In the first four months of 2004, Ontario's retail sales have risen by 1.8% compared to the same period last year. Consumer spending should rebound over the short term, thanks to strong growth in personal disposable income and low-cost financing.

Residential construction has remained strong in Ontario, as housing starts have averaged 83,000 units (annualized) since the beginning of 2004. Nonetheless, the housing market is expected to cool down later this year as interest rates will likely rise.

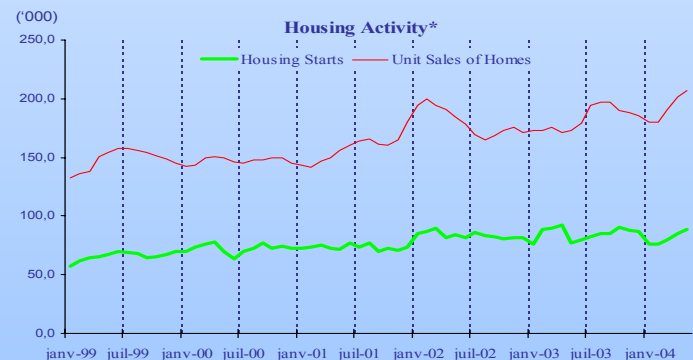
The value of manufacturing shipments decreased 0.6% (year-over-year) over the January-April 2004 period, mostly in the heavily exports-oriented automotive sector.

Trade

Despite a stronger Canadian dollar relative to the U.S. currency, Ontario's exports edged up 1.0% over the first four months of 2004 compared to the same period last year. Five of the seven major groups experienced increases over this period. Gains in industrial goods & materials (9.5%) offset losses in machinery & equipment (5.5%).

Over the January-April period, merchandise imports decreased 3.2% compared to the same period in 2003. All major groups recorded losses except for a huge increase of energy products (93.6%) (a category that represents less than 2% of Ontario's total imports).

Retail Trade and Manufacturing Shipments Growth



*Seasonally adjusted at annual rates, 3-month moving average.
May 2004 is the last available data point.

Merchandise Trade

Level	year-to-date 2003*	year-to-date 2004*	% change
<i>(in millions of dollars)</i>			
Total Exports	58,477.0	59,075.1	1.0
Total Imports	73,220.7	70,887.9	-3.2
Balance	-14,743.7	-11,812.8	
Principal commodity groupings			
Exports			
Agricultural & fishing products	2,674.2	2,474.0	-7.5
Energy products	697.4	839.4	20.4
Forestry products	2,243.9	2,338.3	4.2
Industrial goods & materials	9,628.7	10,541.3	9.5
Machinery & equipment	12,106.4	11,440.2	-5.5
Automotive products	27,316.8	27,726.6	1.5
Other consumer goods	2,420.2	2,424.5	0.2
Special transaction trade	1,389.5	1,290.6	-7.1
Imports			
Agricultural & fishing products	3,776.7	3,712.9	-1.7
Energy products	602.7	1,167.0	93.6
Forestry products	465.3	433.3	-6.9
Industrial goods & materials	14,073.2	13,604.3	-3.3
Machinery & equipment	20,874.2	20,329.9	-2.6
Automotive products	22,675.5	20,855.4	-8.0
Other consumer goods	9,640.4	9,621.9	-0.2
Special transaction trade	1,112.6	1,162.9	4.5

*January to April period, Customs-Based



Manitoba



Demography

Population ('000)	1,163
Share of Canadian population	3.7
Share of urban ¹ population (%)	71.7
Share of aboriginal population (%)	13.6
Pop. 15 years and over with university degree (%)	14.2
Elderly dependency ratio ² (%)	20.5

Data for 2003 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 (\$2003)	32,741
Natural resources (% of total GDP)	7.4
Manufacturing (% of total GDP)	12.1
Services (% of total GDP)	73.5
Research & Development intensity ¹ (%)	1.3
International trade intensity ² (%)	60.2
Interprovincial trade intensity ² (%)	65.0

Data for 2003 except Research & Development intensity (2001)

¹ Share of GDP (\$1997)

² Exports plus imports as a percentage of GDP

Real Gross Domestic Product

Real GDP grew 1.4% in 2003. This was below the national average and 0.7 percentage point lower than 2002's growth rate. Lower exports of grains and hydro-electricity contributed to lower growth.

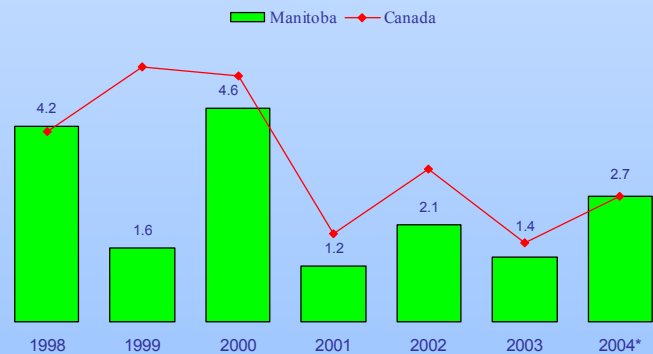
So far in 2004, above-average precipitations bode well for barley, wheat and canola production. Moreover, raising water levels might also provide support to hydro-electricity sales. The reopening of the Springhill hog slaughter plant and higher production from the J.R. Simplot food-processing plant should contribute to a rebound in the agri-food processing sector. Other bright spots include the revitalization of downtown Winnipeg.

Overall, analysts are forecasting a GDP increase of 2.7% in 2004.

Inflation Trends

In the first five months of 2004, inflation in Manitoba was, on average, 0.6 percentage points lower than in Canada. It has, however, been trending up in the past three months, from 0.2% and 0.8%, in March and April respectively, to 2.4% in May.

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

	2003 (%)	year-over-year inflation, 2004		
		March (%)	April (%)	May (%)
All Items	1.8	0.2	0.8	2.4
Food	1.5	1.6	0.9	1.9
Shelter	1.9	0.8	0.7	1.4
Household	1.1	1.2	1.5	1.8
Clothing	0.8	-0.3	1.3	0.2
Transport	1.3	-2.9	0.1	6.1
Health Care	1.5	2.2	1.9	1.6
Recreation	1.2	-0.3	-0.1	0.1
Alcohol & Tobacco	10.5	4.4	4.9	5.4
Energy	4.9	-4.9	-0.4	16.0
Canada (All Items)	2.8	0.7	1.6	2.5



Manitoba

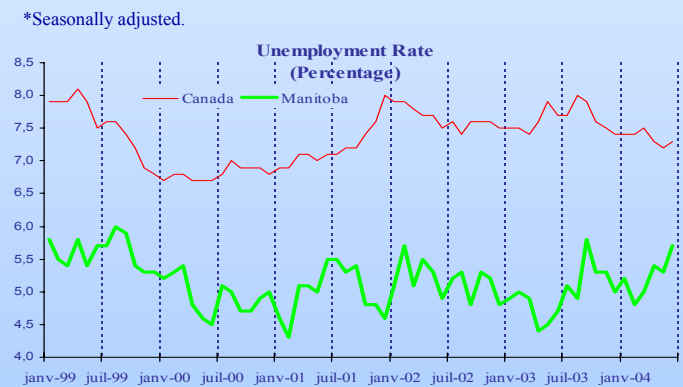


Labour Market

Manitoba's employment rose 0.8% in the first half of 2004, while its labour force increased 1.5%. This resulted in a 0.7 percentage point increase in the unemployment rate to 5.7% in June.

Employment rose 1,200 in the goods producing sector and 3,700 in the services producing sector. Construction and natural resources industries saw employment increases of 1,700 and 1,200 respectively. Within the services producing sector, public administration (4,400), health care and social assistance (3,900) and management and administrative (3,800) industries led the way.

For 2004, analysts expect Manitoba's employment growth to trail Canada's. However, its unemployment rate is expected to remain well below the national average.



Employment by Industry

	Level June 2004	% of Total	Change since		% change since	
			three months ago	last Dec.	three months ago	last Dec.
(in thousands)						
TOTAL EMPLOYMENT	575.4	100.0	3.7	4.8	0.6	0.8
Full-time	464.5	80.7	0.4	3.2	0.1	0.7
Part-time	110.9	19.3	3.4	1.6	3.2	1.5
Labour force	609.9	-	8.5	9.1	1.4	1.5
Participation rate	69.5	-	0.7	0.6	-	-
Employment rate	65.6	-	0.2	0.2	-	-
Unemployment rate	5.7	-	0.7	0.7	-	-
INDUSTRY						
Goods-producing	143.9	25.0	1.0	1.2	0.7	0.8
Agriculture	31.3	5.4	-0.1	-0.4	-0.3	-1.3
Natural resources ¹	7.2	1.3	1.0	1.2	16.1	20.0
Utilities	7.2	1.3	0.8	0.6	12.5	9.1
Construction	28.2	4.9	0.0	1.7	0.0	6.4
Manufacturing	70.0	12.2	-0.7	-2.0	-1.0	-2.8
Services-producing	431.5	75.0	2.7	3.7	0.6	0.9
Trade	82.1	14.3	-1.7	-3.4	-2.0	-4.0
Transportation & warehousing	31.4	5.5	-2.3	-2.9	-6.8	-8.5
FIRE ²	30.2	5.2	1.2	0.2	4.1	0.7
Professional & scientific	26.3	4.6	3.0	2.6	12.9	11.0
Management & administrative	20.3	3.5	0.3	3.8	1.5	23.0
Educational	42.8	7.4	-1.0	-0.1	-2.3	-0.2
Health care & social assistance	78.8	13.7	2.1	3.9	2.7	5.2
Information & culture & recreation	25.3	4.4	1.1	1.8	4.5	7.7
Accommodation & food	32.4	5.6	-1.2	-7.0	-3.6	-17.8
Other services	24.7	4.3	-0.9	0.3	-3.5	1.2
Public administration	37.3	6.5	2.2	4.4	6.3	13.4

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

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



Economic Activity

Retail sales in the first four months of 2004 were 7.9% higher (twice the national average) compared to the same period last year.

In the first four months of 2004, manufacturing shipments increased 5.1% compared to the same period in 2003. Shipments of non-durables surged 10.2% while shipments of durable goods rose 0.8%. Among the larger components, food manufacturing rose 11.2% but transportation equipment dropped 8.6%.

Manitoba's housing market has done well in 2004. In the first four months of 2004, housing starts were up 20.0% compared to the same period in 2003.

Moreover, the value of building permits rose 30.5% in the first four months of 2004 compared to the same period last year.

Trade

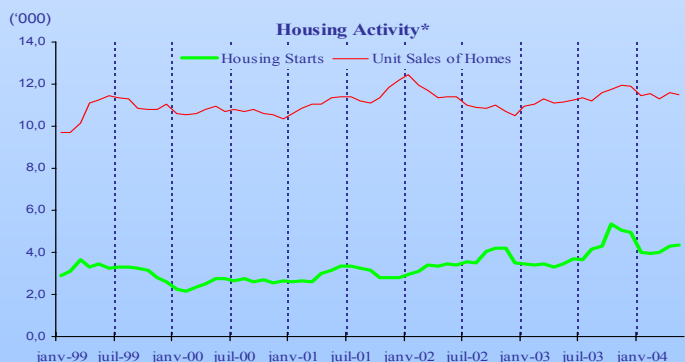
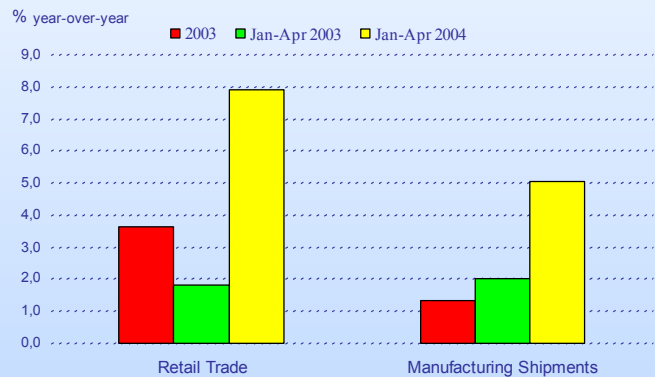
In the first four months of 2004, merchandise exports rose 3.6% compared to the same period in 2003.

Exports of forestry (28.0%) and agricultural & fishing (11.3%) products, and of industrial goods & materials (11.6%), posted sizable increases. The largest decrease (22.8%) was observed in the energy sector.

Imports fell 4.5% in the January to April period, compared to the same period last year. Decreases were observed in five of the seven major commodity groupings. While imports of industrial goods & materials rose 12.9%, the increase was almost offset by a 7.5% drop in machinery & equipment imports. Imports of agricultural, forestry and automotive products registered double-digit declines.

Higher exports and lower imports combined to reduce Manitoba's trade deficit to \$458.2 million in the first four months of 2004.

Retail Trade and Manufacturing Shipments Growth



*Seasonally adjusted at annual rates, 3-month moving average.
May 2004 is the last available data point.

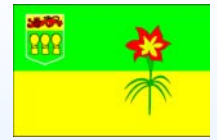
Merchandise Trade

Level	year-to-date 2003*	year-to-date 2004*	% change
(in millions of dollars)			
Total Exports	2,942.7	3,048.0	3.6
Total Imports	3,671.1	3,506.2	-4.5
Balance	-728.4	-458.2	
Principal commodity groupings			
Exports			
Agricultural & fishing products	825.0	918.1	11.3
Energy products	302.4	233.4	-22.8
Forestry products	164.5	210.6	28.0
Industrial goods & materials	584.2	652.0	11.6
Machinery & equipment	647.6	622.4	-3.9
Automotive products	188.8	189.7	0.5
Other consumer goods	157.5	149.3	-5.2
Special transaction trade	72.5	72.6	0.1
Imports			
Agricultural & fishing products	291.2	247.7	-14.9
Energy products	19.4	30.6	57.7
Forestry products	33.7	26.4	-21.7
Industrial goods & materials	932.2	1,052.0	12.9
Machinery & equipment	1,512.4	1,399.5	-7.5
Automotive products	383.5	314.7	-17.9
Other consumer goods	455.5	397.7	-12.7
Special transaction trade	43.2	37.4	-13.4

*January to April period, Customs-Based



Saskatchewan



Demography

Population ('000)	995
Share of Canadian population	3.1
Share of urban ¹ population (%)	64.1
Share of aboriginal population (%)	13.5
Pop. 15 years and over with university degree (%)	12.6
Elderly dependency ratio ² (%)	22.9

Data for 2003 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 (\$2003)	36,963
Natural resources (% of total GDP)	21.1
Manufacturing (% of total GDP)	7.3
Services (% of total GDP)	64.1
Research & Development intensity ¹ (%)	1.2
International trade intensity ² (%)	65.1
Interprovincial trade intensity ² (%)	64.3

Data for 2003 except Research & Development intensity (2001)

¹ Share of GDP (\$1997)

² Exports plus imports as a percentage of GDP

Real Gross Domestic Product

Saskatchewan posted the second highest provincial GDP growth rate in 2003. After two years of drought, farm production increased and the energy sector was buoyant. Consumer spending outpaced personal disposable income for the fourth consecutive year.

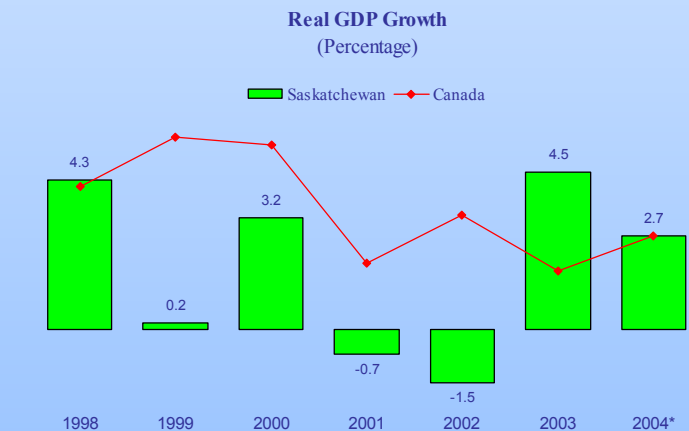
In 2004, the oil and gas sector is expected to remain a key driver of growth. High energy prices are providing incentive for drilling and natural gas production is expected to rise.

Production of all major crops is expected to improve this year. The cattle industry, however, still faces challenges. Analysts do not expect trade in live cattle and beef to fully resume in 2004.

Growth is expected to moderate to 2.7% in 2004, similar to the national average.

Inflation Trends

Inflation crept above the Canadian average in recent months. Higher gasoline and inter-city transportation prices were mostly responsible for the increase.



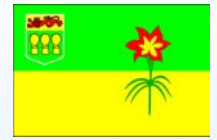
*Forecasts are based on a survey of a number of private forecasters, including the Bank of Montreal, BMO Nesbitt Burns Economics, CIBC, Desjardins, National Bank, Royal Bank, Scotiabank Group, Global Insight, TD Bank and The Conference Board of Canada.

Consumer Prices

	2003 (%)	year-over-year inflation, 2004 (%)		
		March (%)	April (%)	May (%)
All Items	2.3	0.6	1.8	2.6
Food	2.2	1.5	0.5	1.1
Shelter	3.1	3.2	3.3	1.7
Household	0.3	0.2	0.9	1.4
Clothing	-0.4	-1.2	-0.6	1.7
Transport	2.6	-2.8	1.7	6.2
Health Care	0.7	0.7	1.3	1.1
Recreation	1.0	0.1	0.8	1.3
Alcohol & Tobacco	10.2	3.6	8.1	7.0
Energy	5.7	0.6	6.3	10.9
Canada (All Items)	2.8	0.7	1.6	2.5



Saskatchewan

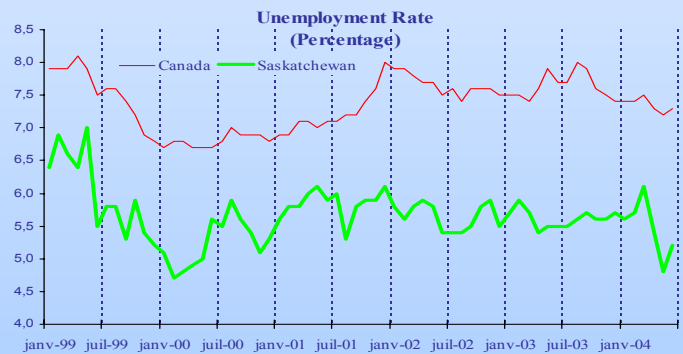


Labour Market

Saskatchewan's employment has risen 0.3% since last December. Its labour force, however, shrunk by 0.2% leading to a 0.5 percentage point drop in the unemployment rate to 5.2% in June 2004. Saskatchewan's unemployment rate is now the second lowest in the country.

Employment advanced slightly in both goods (600) and services (700) producing industries. Manufacturing (2,700) and construction (2,100) were the most important contributors within the goods producing industries. Educational (4,400) and health care and social assistance (2,600) industries led the way within the services-producing sector.

So far this year, public administration employment has fallen by 4,400. As public administrations try to restrain spending, employment losses are unlikely to be recouped in the near term.



Employment by Industry

	Level	% of Total June 2004	Change since		% change since	
			three months ago	last Dec.	three months ago	last Dec.
(in thousands)						
TOTAL EMPLOYMENT	489.8	100.0	2.3	1.4	0.5	0.3
Full-time	393.2	80.3	0.3	0.8	0.1	0.2
Part-time	96.6	19.7	2.0	0.5	2.1	0.5
Labour force	516.6	-	-2.2	-1.2	-0.4	-0.2
Participation rate	68.2	-	-0.3	-0.3	-	-
Employment rate	64.6	-	0.2	0.0	-	-
Unemployment rate	5.2	-	-0.9	-0.5	-	-
INDUSTRY						
Goods-producing	126.3	25.8	-0.4	0.6	-0.3	0.5
Agriculture	45.9	9.4	-4.0	-3.0	-8.0	-6.1
Natural resources ¹	18.5	3.8	-2.4	-2.1	-11.5	-10.2
Utilities	5.5	1.1	-0.3	0.9	-5.2	19.6
Construction	25.0	5.1	2.3	2.1	10.1	9.2
Manufacturing	31.5	6.4	4.1	2.7	15.0	9.4
Services-producing	363.4	74.2	2.7	0.7	0.7	0.2
Trade	76.1	15.5	-0.9	-3.5	-1.2	-4.4
Transportation & warehousing	23.9	4.9	2.4	0.6	11.2	2.6
FIRE ²	27.3	5.6	-0.3	0.4	-1.1	1.5
Professional & scientific	16.4	3.3	-0.8	-0.9	-4.7	-5.2
Management & administrative	13.5	2.8	-0.4	1.3	-2.9	10.7
Educational	45.0	9.2	2.7	4.4	6.4	10.8
Health care & social assistance	59.9	12.2	1.5	2.6	2.6	4.5
Information & culture & recreation	20.6	4.2	-1.1	-2.7	-5.1	-11.6
Accommodation & food	35.0	7.1	0.4	0.9	1.2	2.6
Other services	22.8	4.7	1.6	2.0	7.5	9.6
Public administration	22.9	4.7	-2.4	-4.4	-9.5	-16.1

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

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



Saskatchewan



Economic Activity

In the first four months of 2004, retail sales have advanced 2.8% compared to the same period last year, lower than the national average. Lower sales of motor vehicles, compared to a year ago, limited growth.

For the January to April period, shipments increased 14.6% compared to the same period in 2003. Both shipments of durables (16.5%) and non-durables goods (13.6%) rose. Among the larger manufacturing groups, food shipments increased 11.6%, chemical products rose 23.8% and wood products surged 58.8%.

In May, housing starts posted their third consecutive monthly increase. In the first five months of 2004, they were 16.2% higher, compared to the same period last year. Unit sales of homes remained strong, advancing 5.2%, during the January to May period, compared to the corresponding period in 2003. As unit sales remain strong, house prices in the first five months of 2004 were 6.0% higher than in the corresponding period in 2003.

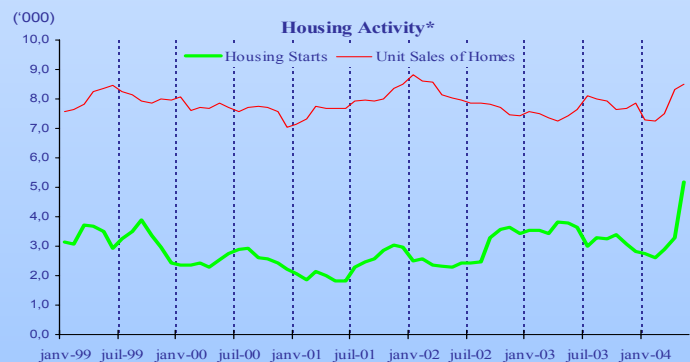
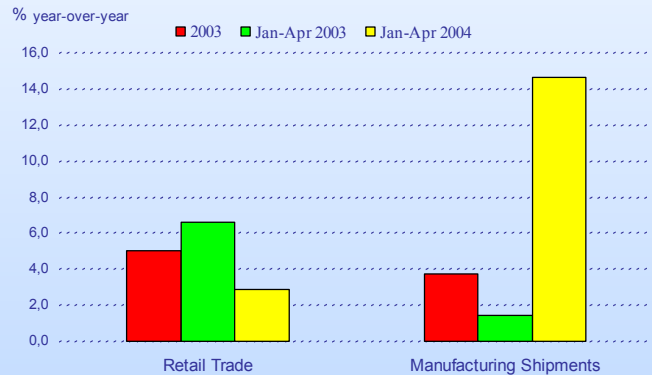
Trade

Exports rose 10.4% in the first four months of 2004 compared to the same period last year. Increases in two major sectors, energy products (8.1%) and agricultural & fishing products (23.6%) more than offset a 4.9% drop in industrial goods & materials exports.

Meanwhile, imports decreased 4.1% during this period. The decrease was widespread across sectors, notably machinery & equipment (3.8%) and industrial goods & materials (1.0%) which, combined, represent roughly 75% of all imports.

The increase in exports, combined with lower imports led to an improvement of Saskatchewan's merchandise trade balance which reached \$2.4 billion in the first four months of 2004.

Retail Trade and Manufacturing Shipments Growth



*Seasonally adjusted at annual rates, 3-month moving average.
May 2004 is the last available data point.

Merchandise Trade

Level (in millions of dollars)	year-to-date 2003*	year-to-date 2004*	% change
Total Exports	3,477.1	3,838.4	10.4
Total Imports	1,572.0	1,507.5	-4.1
Balance	1,905.1	2,330.9	
Principal commodity groupings			
Exports			
Agricultural & fishing products	875.3	1,081.6	23.6
Energy products	1,141.6	1,234.1	8.1
Forestry products	195.6	261.5	33.7
Industrial goods & materials	1,013.3	964.1	-4.9
Machinery & equipment	165.3	217.6	31.6
Automotive products	30.6	25.4	-17.0
Other consumer goods	11.0	12.1	10.0
Special transaction trade	44.2	42.0	-5.0
Imports			
Agricultural & fishing products	104.3	78.7	-24.5
Energy products	17.4	13.6	-21.8
Forestry products	11.5	8.0	-30.4
Industrial goods & materials	509.9	504.7	-1.0
Machinery & equipment	656.0	630.9	-3.8
Automotive products	171.7	181.2	5.5
Other consumer goods	88.5	81.7	-7.7
Special transaction trade	12.8	8.5	-33.6

*January to April period, Customs-Based



Alberta



Demography

Population ('000)	3,154
Share of Canadian population	10.0
Share of urban ¹ population (%)	80.7
Share of aboriginal population (%)	5.3
Pop. 15 years and over with university degree (%)	16.0
Elderly dependency ratio ² (%)	14.8

Data for 2003 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 (\$2003)	54,100
Natural resources (% of total GDP)	18.0
Manufacturing (% of total GDP)	10.2
Services (% of total GDP)	61.6
Research & Development intensity ¹ (%)	1.0
International trade intensity ² (%)	67.0
Interprovincial trade intensity ² (%)	48.8

Data for 2003 except Research & Development intensity (2001)

¹ Share of GDP (\$1997)

² Exports plus imports as a percentage of GDP

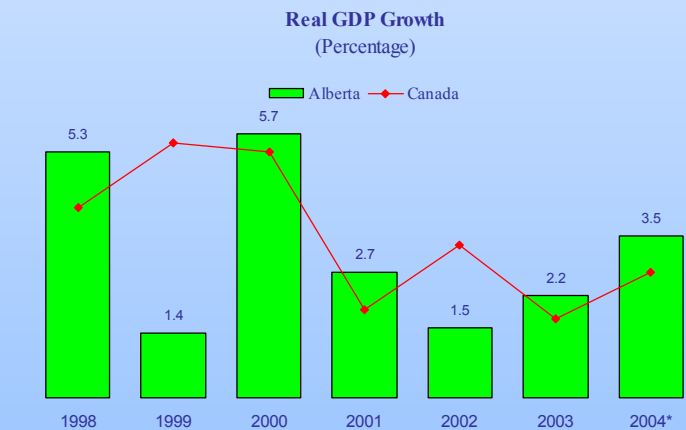
Real Gross Domestic Product

After two years of modest growth (2.2% in 2003 and 1.5% in 2002), Alberta is forecasted to grow 3.5% in 2004, the best performance among provinces.

So far this year, consumer spending has continued to be an important source of growth. While a U.S. import ban on Canadian livestock resulted in lower year-to-date agricultural receipts, Alberta's agricultural sector has been propped up by a 43.0% surge in crop sales. In addition, a 9.0% increase in rig activity in the first five months of 2004 compared to the same period in 2003 suggests that oil and gas exploration will have a good year.

Inflation Trends

Inflation in 2003 was 4.4%, as higher personal income contributed to increased demand and higher prices. In the first quarter of 2004 inflation eased to 0.6%. In May, soaring gas prices pushed up the transport sub-index by 5.3% and inflation increased to 1.8%.



*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

	2003 (%)	year-over-year inflation, 2004 (%)		
		March (%)	April (%)	May (%)
All Items	4.4	0.1	0.3	1.8
Food	1.4	1.3	0.2	0.1
Shelter	8.1	-1.7	-1.5	1.4
Household	0.5	1.0	1.0	1.2
Clothing	-1.0	0.0	1.3	-1.1
Transport	7.4	-0.6	1.2	5.3
Health Care	1.7	2.0	1.7	1.8
Recreation	1.3	0.7	0.5	0.6
Alcohol & Tobacco	10.6	3.2	3.3	2.9
Energy	19.2	-13.9	-7.8	10.9
Canada (All Items)	2.8	0.7	1.6	2.5



Alberta



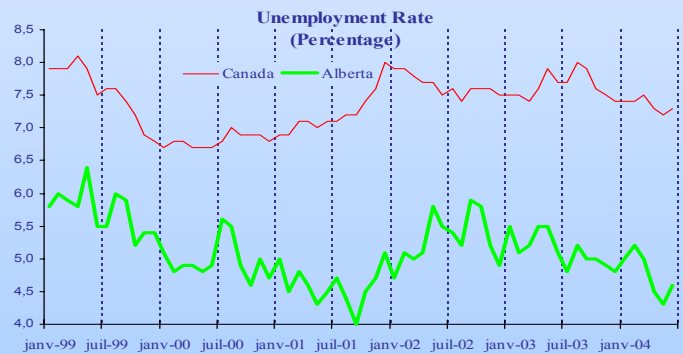
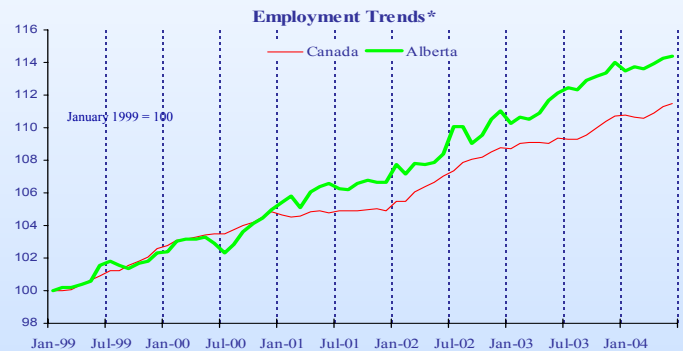
Labour Market

Employment in Alberta continued to grow, increasing by 6,000 (0.3%) from December 2003 to June 2004.

Strength in the construction (8,700) and natural resource (6,800) sectors offset a decline in manufacturing employment (9,600) in the first half of 2004. On the services side, most sectors posted increases while employment in trade (Alberta's largest service sector) fell 7,900 (2.9%).

The unemployment rate rose 0.3 percentage point to 4.6% from May to June 2004. In the first half of the year, Alberta's unemployment rate averaged 4.8%, the lowest unemployment rate among provinces.

Low unemployment and high participation in the labour market (73.2%) bode well for the employment situation in Alberta. Analysts expect employment growth in 2004 to be the highest in Canada.



Employment by Industry

	Level	% of Total June 2004	Change since		% change since	
			three months ago	last Dec.	three months ago	last Dec.
(in thousands)						
TOTAL EMPLOYMENT	1,757.5	100.0	11.5	6.0	0.7	0.3
Full-time	1,438.5	81.8	-1.8	4.8	-0.1	0.3
Part-time	319.0	18.2	13.3	1.2	4.4	0.4
Labour force	1,843.1	-	5.5	2.4	0.3	0.1
Participation rate	73.2	-	-0.2	-0.6	-	-
Employment rate	69.8	-	0.1	-0.4	-	-
Unemployment rate	4.6	-	-0.4	-0.2	-	-
INDUSTRY						
Goods-producing	497.4	28.3	6.6	2.7	1.3	0.5
Agriculture	69.5	4.0	-1.4	-2.5	-2.0	-3.5
Natural resources ¹	115.8	6.6	5.0	6.8	4.5	6.2
Utilities	14.5	0.8	0.1	-0.6	0.7	-4.0
Construction	154.5	8.8	4.9	8.7	3.3	6.0
Manufacturing	143.2	8.1	-1.8	-9.6	-1.2	-6.3
Services-producing	1,260.1	71.7	4.9	3.3	0.4	0.3
Trade	267.0	15.2	-1.3	-7.9	-0.5	-2.9
Transportation & warehousing	100.1	5.7	0.6	6.8	0.6	7.3
FIRE ²	90.3	5.1	-4.0	-1.8	-4.2	-2.0
Professional & scientific	125.4	7.1	0.8	4.6	0.6	3.8
Management & administrative	64.1	3.6	4.8	3.6	8.1	6.0
Educational	112.7	6.4	3.7	4.0	3.4	3.7
Health care & social assistance	169.2	9.6	4.4	3.4	2.7	2.1
Information & culture & recreation	72.4	4.1	1.9	2.8	2.7	4.0
Accommodation & food	118.1	6.7	0.2	-2.1	0.2	-1.7
Other services	76.7	4.4	-2.4	-2.7	-3.0	-3.4
Public administration	64.2	3.7	-3.7	-7.5	-5.4	-10.5

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

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



Economic Activity

Brisk economic growth has led to higher incomes and spending. Retail sales rose 9.6% in the four months of 2004 compared to the same period in 2003. All sub-sectors posted increases led by sales of auto parts and services. Furniture and appliance sales also increased, which coincided with a rise in unit sales. Housing starts, on the other hand, dropped 9.3% in the first five months of 2004 compared to the same period in 2003.

After a strong year in 2003, Alberta's oil industry slowed in the first quarter of 2004. In the first four months of the year shipments of petroleum and coal fell 5.3% compared to the same period in 2003. On the other hand, shipments of food products rose 6.2%, and metal fabrication and machinery shipments advanced 14.6% and 19.8% respectively.

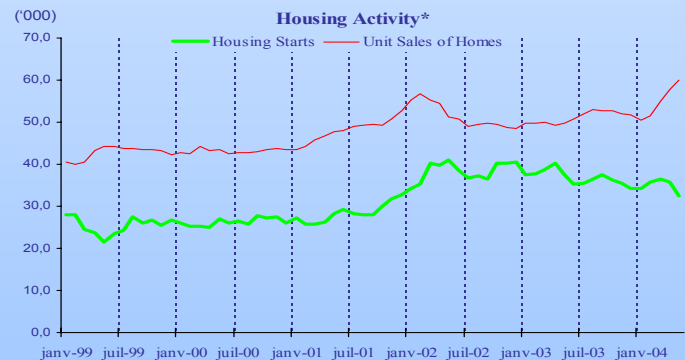
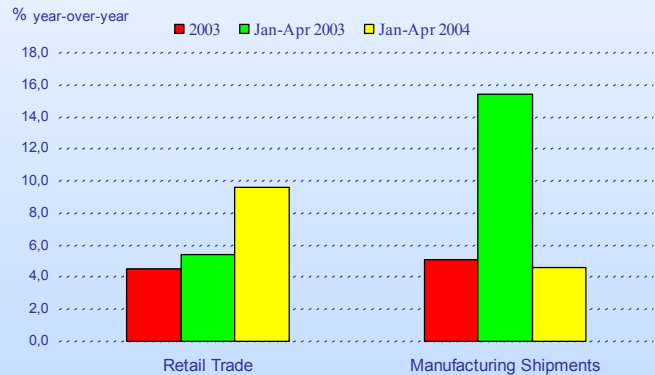
High energy prices should contribute to rising corporate profits and incomes which, along with the elimination of the provincial debt, will underpin investment and domestic demand.

Trade

In the first four months of 2004, exports increased 2.0% compared to the same period in 2003. Gains in exports have been broad-based so far in 2004. Forestry products and industrial goods & materials exports have posted strong gains while energy products, which were the main driver of exports in 2003, declined.

In the first four months of 2004, imports fell 1.3% compared to the same period in 2003. Most import categories contributed to the decline, including machinery & equipment, and agricultural & fishing products.

Retail Trade and Manufacturing Shipments Growth



*Seasonally adjusted at annual rates, 3-month moving average.
May 2004 is the last available data point.

Merchandise Trade

Level	year-to-date 2003*	year-to-date 2004*	% change
(in millions of dollars)			
Total Exports	20,985.7	21,400.4	2.0
Total Imports	4,550.7	4,491.2	-1.3
Balance	16,435.0	16,909.2	
Principal commodity groupings			
Exports			
Agricultural & fishing products	1,487.3	1,563.8	5.1
Energy products	15,468.4	15,042.3	-2.8
Forestry products	761.2	1,049.9	37.9
Industrial goods & materials	1,631.5	2,135.8	30.9
Machinery & equipment	1,175.7	1,238.4	5.3
Automotive products	161.5	124.5	-22.9
Other consumer goods	57.3	59.8	4.4
Special transaction trade	243.1	185.8	-23.6
Imports			
Agricultural & fishing products	448.1	375.6	-16.2
Energy products	279.2	153.6	-45.0
Forestry products	21.6	25.9	19.9
Industrial goods & materials	1,037.6	1,223.7	17.9
Machinery & equipment	2,087.4	2,071.3	-0.8
Automotive products	317.0	294.4	-7.1
Other consumer goods	276.8	273.3	-1.3
Special transaction trade	82.9	73.2	-11.7

*January to April period, Customs-Based



British Columbia



Demography

Population ('000)	4,147
Share of Canadian population	13.1
Share of urban ¹ population	84.6
Share of aboriginal population (%)	4.4
Pop. 15 years and over with university degree (%)	17.6
Elderly dependency ratio ² (%)	19.5

Data for 2003 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 (\$2003)	34,342
Natural resources (% of total GDP)	5.9
Manufacturing (% of total GDP)	11.5
Services (% of total GDP)	75.8
Research & Development intensity ¹ (%)	1.3
International trade intensity ² (%)	58.3
Interprovincial trade intensity ² (%)	34.6

Data for 2003 except Research & Development intensity (2001)

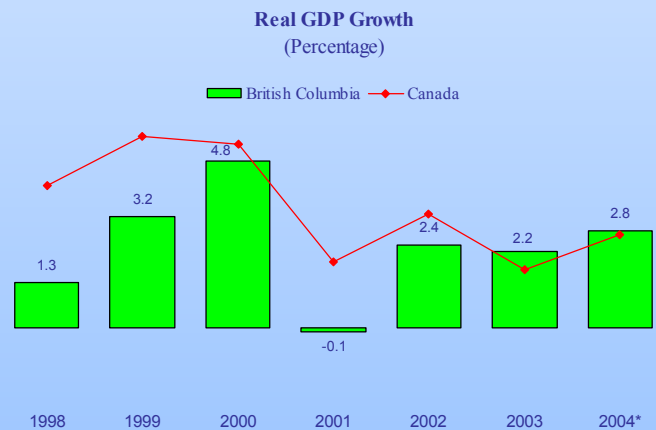
¹ Share of GDP (\$1997)

² Exports plus imports as a percentage of GDP

Real Gross Domestic Product

In 2003, British Columbia's (B.C.) economy grew 2.2% outperforming the national economy despite set-backs including the impact of the appreciation of the dollar, U.S. duties on Canadian softwood lumber and forest fires.

Analysts expect growth to increase to 2.8% in 2004 with a pick-up in forestry and tourism, along with the robust housing market, supporting the economy. Recent oil and gas exploration will also contribute to growth this year.



*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 2.2% in 2003 and then fell to 1.2% in the first quarter of 2004 before rising to 2.5% in May. Higher prices in May for transportation, health care and recreation outpaced slower increases in household, food, and shelter costs.

Consumer Prices

	2003 (%)	year-over-year inflation, 2004 (%)		
		March (%)	April (%)	May (%)
All Items	2.2	0.8	1.7	2.5
Food	1.9	1.0	0.8	0.6
Shelter	1.8	1.4	2.0	1.9
Household	1.1	1.2	1.8	1.6
Clothing	-1.1	-0.8	-1.9	0.4
Transport	3.2	-2.1	1.2	5.5
Health Care	0.7	1.6	2.0	2.8
Recreation	3.5	2.8	2.8	3.0
Alcohol & Tobacco	7.4	5.7	5.8	5.3
Energy	6.6	-3.3	5.0	15.4
Canada (All Items)	2.8	0.7	1.6	2.5



British Columbia

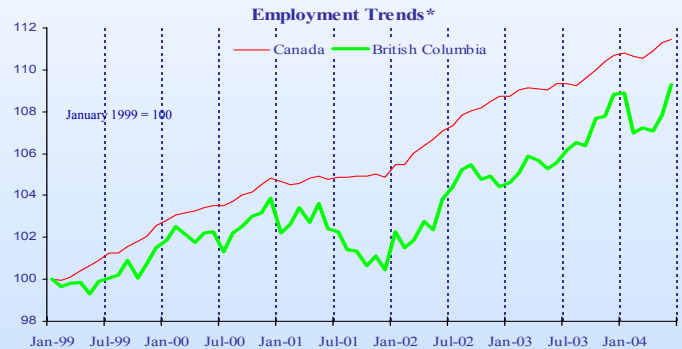


Labour Market

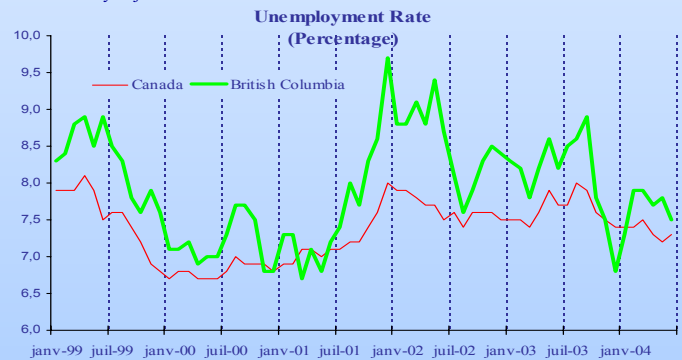
B.C.'s employment went up by 8,900 (0.4%) in the first six months of 2004. Strong gains in May (15,000) and June (27,000) made up for losses earlier in the year with employment reaching a record high in June.

Full-time positions accounted for most of the increase in the last six months (25,500). Moreover, since last December the construction sector (22,200) has supported nearly all employment gains. This was accompanied by a small positive contribution from manufacturing as well as a good performance in most service sectors (except trade) in the second quarter.

B.C.'s unemployment rate edged down to 7.5% in June, which was 0.4 percentage point below March's level but higher compared to the beginning of the year. B.C.'s participation rate increased from 65.1% in March to 65.9% in June.



*Seasonally adjusted.



Employment by Industry

	Level	% of Total June 2004	Change since		% change since	
			three months ago	last Dec.	three months ago	last Dec.
(in thousands)						
TOTAL EMPLOYMENT	2,080.3	100.0	39.2	8.9	1.9	0.4
Full-time	1,647.0	79.2	30.3	25.5	1.9	1.6
Part-time	433.3	20.8	8.9	-16.6	2.1	-3.7
Labour force	2,249.4	-	34.4	26.8	1.6	1.2
Participation rate	65.9	-	0.8	0.3	-	-
Employment rate	60.9	-	0.9	-0.3	-	-
Unemployment rate	7.5	-	-0.4	0.7	-	-
INDUSTRY						
Goods-producing	441.1	21.2	20.2	24.3	4.8	5.8
Agriculture	39.1	1.9	3.5	6.2	9.8	18.8
Natural resources ¹	39.2	1.9	4.2	-1.7	12.0	-4.2
Utilities	11.7	0.6	1.6	0.8	15.8	7.3
Construction	150.6	7.2	9.6	22.2	6.8	17.3
Manufacturing	200.6	9.6	1.4	-3.1	0.7	-1.5
Services-producing	1,639.2	78.8	19.0	-15.4	1.2	-0.9
Trade	308.9	14.8	-8.8	-12.7	-2.8	-3.9
Transportation & warehousing	122.8	5.9	9.2	7.0	8.1	6.0
FIRE ²	133.1	6.4	1.2	0.4	0.9	0.3
Professional & scientific	143.5	6.9	-1.9	-2.3	-1.3	-1.6
Management & administrative	87.1	4.2	4.4	-3.9	5.3	-4.3
Educational	134.5	6.5	-0.8	-8.8	-0.6	-6.1
Health care & social assistance	227.9	11.0	4.2	7.6	1.9	3.4
Information & culture & recreation	112.6	5.4	7.4	2.3	7.0	2.1
Accommodation & food	179.3	8.6	4.9	3.6	2.8	2.0
Other services	92.8	4.5	3.1	-7.3	3.5	-7.3
Public administration	96.6	4.6	-4.0	-1.4	-4.0	-1.4

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

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



British Columbia



Economic Activity

B.C.'s manufacturing sector has put up strong numbers so far in 2004. In the first four months of the year shipments were up 5.9% compared to the same period in 2003. Moreover, wood shipments rose 15.4% despite the ongoing softwood lumber dispute with the United States. Resource industries have benefited from higher commodity prices.

Housing market activity has remained at high levels in 2004. Housing starts have averaged 34,700 from January to May, up 33.0% compared to the same period in 2003.

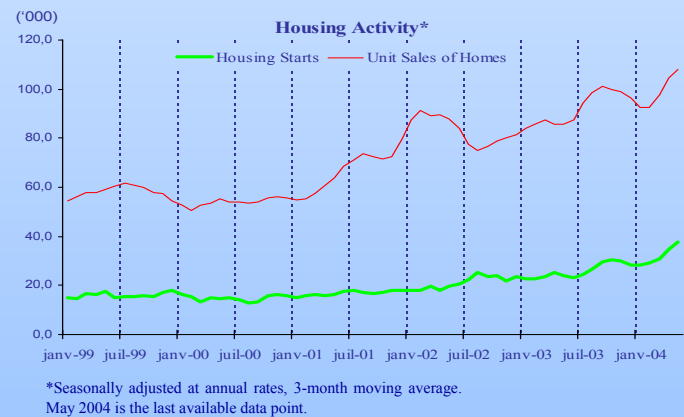
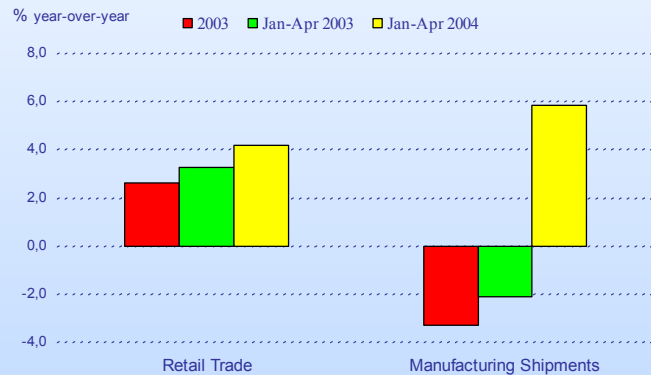
Total retail sales have accelerated 4.2% in the first four months of 2004 compared to the same period in 2003 and rose to record levels in April. Low interest rates and rising incomes should ensure that consumer spending remains an important source of growth in 2004.

Trade

In the first four months of 2004 exports declined 0.5% compared to the same period in 2003, mostly due to a retreat in energy product exports. On the other hand, a pick-up in the global economy has had a positive impact on exports of forestry products, which have risen 5.9% in the first four months of 2004. Exports of industrial goods and materials have also risen compared to the same period in 2003.

In the first four months of 2004, imports have fallen 2.9%. A 11.0% drop in automotive products contributed to the decline while industrial goods and materials posted a 7.0% increase.

Retail Trade and Manufacturing Shipments Growth



Merchandise Trade

Level	year-to-date 2003*	year-to-date 2004*	% change
(in millions of dollars)	2003*	2004*	
Total Exports	9,798.7	9,748.7	-0.5
Total Imports	10,610.4	10,300.5	-2.9
Balance	-811.7	-551.8	
Principal commodity groupings			
Exports			
Agricultural & fishing products	706.6	594.9	-15.8
Energy products	1,785.1	1,550.6	-13.1
Forestry products	4,111.9	4,353.5	5.9
Industrial goods & materials	1,368.1	1,546.1	13.0
Machinery & equipment	1,230.1	1,157.8	-5.9
Automotive products	146.6	113.0	-22.9
Other consumer goods	244.9	257.3	5.1
Special transaction trade	205.3	175.4	-14.6
Imports			
Agricultural & fishing products	1,086.0	1,024.9	-5.6
Energy products	201.2	236.2	17.4
Forestry products	186.0	199.8	7.4
Industrial goods & materials	1,611.0	1,723.0	7.0
Machinery & equipment	2,965.0	2,953.2	-0.4
Automotive products	2,828.0	2,516.3	-11.0
Other consumer goods	1,602.2	1,538.0	-4.0
Special transaction trade	130.9	109.0	-16.7

*January to April period, Customs-Based



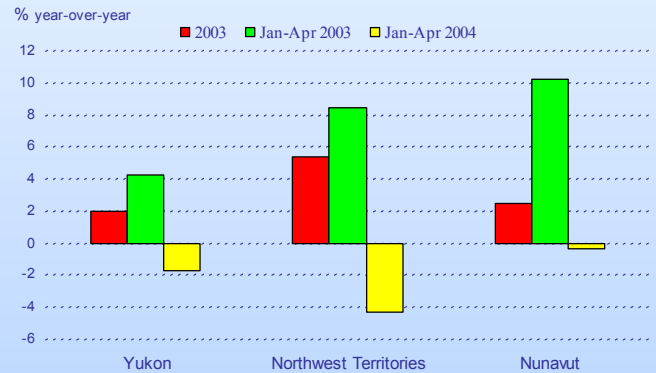
Territories



Consumer Spending

Retail sales declined in all territories over the first four months of 2004 compared to the same period in 2003. After a stellar performance in 2003, retail sales decreased in the Northwest Territories (4.3%). Retailers in Yukon (1.7%) and Nunavut (0.4%) also posted lower sales.

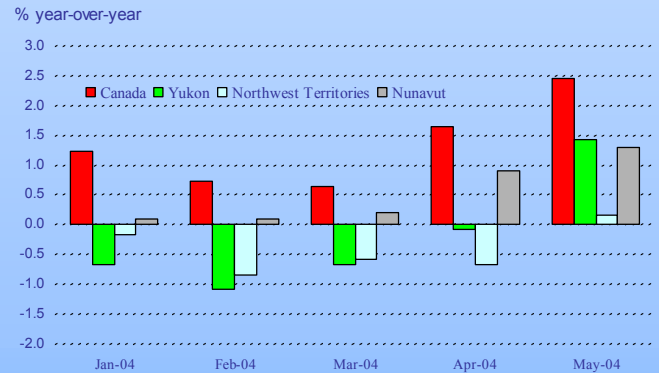
Retail Trade Growth



Inflation Trends

Yukon and the Northwest Territories recorded deflation over the first five months of 2004 as the price of food and clothing decreased. In May, inflation stood at 1.4% in Yukon mainly due to higher shelter and transportation costs. Inflation stood at 0.2% in the Northwest Territories in May and at 1.3% in Nunavut.

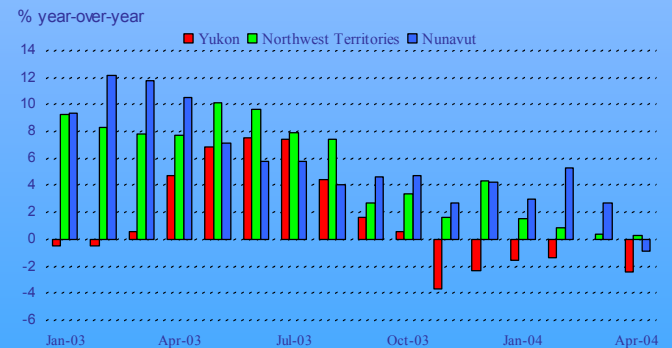
CPI Inflation Rate



Labour Markets

Yukon's employment declined 1.3% in the first four months of 2004 compared to the same period last year as the accommodation & food services, educational services and arts, entertainment & recreation sectors contracted. Strong increases in retail trade and health care & social assistance, lifted employment by 0.8% from January to April in the Northwest Territories. Nunavut recorded an increase (2.5%) during the same period with significant gains in retail trade and health care & social assistance.

Employment Growth



Source: Survey on Employment, Payroll and Hours.

Note: Data for Northwest Territories and Nunavut are unadjusted.