

Highlights and Expectations

2008 Highlights

- Real Gross Domestic Product (GDP) increased by 1.8% in 2008 as a result of increased consumer and government expenditures.
- Employment grew by 1.5% to 220,300, primarily due to gains in construction, public administration and other services industries.
- The unemployment rate declined to 13.2%, down 0.4 percentage points from 2007. This was the lowest provincial unemployment rate since the 1970s.
- Personal income grew 5.2% while disposable income increased 5.8%, aided by tax cuts.
- Retail sales expanded by 7.7% to \$7.1 billion, driven by income gains and high levels of consumer confidence.
- Newfoundland and Labrador's population stood at 507,895 as of July 1, 2008, an increase of 0.3% compared to July 1, 2007. This was the first time in 16 years that the province recorded an increase in population.
- Inflation averaged 2.9% in 2008, primarily due to higher petroleum product prices.
- Investment rose 3.3% to \$4.4 billion, largely on the strength of residential, public sector and manufacturing spending increases.
- Housing activity was robust in 2008. Residential construction investment increased 20.8% to \$1.4 billion and housing starts were up 23.1% to 3,261 units. Residential sales and house prices reached record levels.
- Offshore oil production decreased by 6.9% to 125.2 million barrels, mainly the result of natural production declines. The value of oil production increased by about 23% to \$12.7 billion, because of higher crude prices.
- The total value of manufacturing shipments was approximately \$6.6 billion, representing an increase of 26.2% over 2007, mainly due to the higher value of refined petroleum shipments.
- The volume of fish landings declined 3.2%, however, the landed value increased by 2.8%, mainly due to higher shrimp prices.
- The number of non-resident tourists visiting the province declined 2.0% to 480,100, however, the level remains near record highs. Associated expenditures rose 3.3% to \$369 million.
- Newsprint shipments declined 4.4% to 525,372 tonnes, however, shipment value increased by 12.0% due to higher transaction prices.
- The value of mineral shipments increased by 22.2% to \$4.7 billion. The growth mainly reflected higher iron ore prices.
- The volume of iron ore shipments increased by 7.5% and shipment value rose by around 90% to about \$2.2 billion, driven by substantial price increases.

■ The Voisey's Bay mine shipped over \$2 billion in nickel, copper and cobalt. Because nickel prices fell from record highs in 2007, the value of shipments declined by 9.3%.

■ Mineral exploration expenditures totalled \$138 million—6.8% lower than the record levels of 2007.

2009 Expectations

■ Real GDP is forecast to decline 7.7% in 2009 due to a decrease in real exports—in particular oil, and to a lesser extent minerals and newsprint.

■ Employment is expected to decline 1.0% to average 218,100 and the unemployment rate is forecast to increase 1.0 percentage point to 14.2%.

■ Personal income and disposable income are expected to grow by 3.0% and 3.7% respectively, aided by wage gains and tax cuts at the federal level as well as the full implementation of 2008 provincial tax reductions.

■ Retail sales are expected to increase by 1.2%, following two years of strong growth.

■ Population is expected to increase by 0.5%, marking the second consecutive year of growth.

■ Inflation is expected to be 1.0%, down 1.9 percentage points from 2008, mainly due to lower energy prices.

■ Capital investment is expected to rise 9.4%, driven by increased major project expenditures and higher provincial government infrastructure spending.

■ Vale Inco will start construction of the Long Harbour nickel processing facility.

■ Housing starts are expected to total 2,648. Although lower than 2008, this level will still be relatively high in a historical context.

■ Offshore oil production is expected to decrease to 98.5 million barrels.

■ The value of mineral shipments is expected to decrease by about 35% to \$3 billion as a result of decreases in nickel, copper and iron ore production in combination with lower mineral prices.

■ Mineral exploration expenditures are expected to decline to \$71 million.

■ Newsprint shipments are expected to decline by between 35% and 40% as a result of the closure of the Grand Falls-Windsor mill in February and production cuts at the Corner Brook mill.

■ Fish landings are expected to decline slightly, mainly because of lower shellfish catches.

■ The provincial aquaculture industry is expected to post increases in both production and value for 2009.

■ The latest outlook from the Conference Board of Canada predicts total overnight visits by tourists to the province to increase by approximately 2% in 2009.