

2011 Highlights

Real Gross Domestic Product (GDP) growth in Newfoundland and Labrador was one of the highest among the provinces in 2011.

Real GDP posted growth of 4.3% driven primarily by gains in investment and mineral production.

Investment increased by 21.9% to \$7.4 billion, due in large part to development of major projects but also aided by the continuation of government's infrastructure strategy.

Total exports (in real terms) grew by 2% as higher mineral production offset a small decline in oil production.

Employment grew by 2.7% to reach 225,400.

Employment growth was the second highest (after Alberta) among the provinces.

The unemployment rate declined by 1.7 percentage points to 12.7% and was the lowest in at least 36 years.

Average weekly wages grew by 5.1% supported by general wage growth in both the private and public sectors.

Personal income rose by 6.3% due to wage gains and employment growth. Personal disposable income also grew by 6.3%.

Retail sales grew by 5.1% to \$7.8 billion, driven by income gains and solid consumer confidence.



The province's population stood at 510,578 as of July 1, 2011, a decline of 0.1% compared with July 1, 2010. The 2011 Census indicates the province's population was higher than this estimate.

Inflation averaged 3.4% in 2011. Higher energy prices exerted upward pressure on the overall price index.

The construction industry posted record levels of employment and investment.

Residential construction spending was up 3.9% in 2011, with higher expenditures on renovations more than offsetting lower spending on new dwellings. Housing starts decreased by 3.3% to 3,488 units in 2011 but remained high from a historical perspective. The number of MLS® sales increased by 5.8% and average house prices increased 6.9% to a new high of \$251,581.

Offshore oil production totalled 97.3 million barrels, a decrease of 3.4% relative to 2010. The value of oil production increased by 30.0% to \$10.7 billion due to higher prices.

Interest in offshore exploration increased. The Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) announced four successful licence bids totalling \$349.8 million in work commitments, the second highest single-year bid total since 1988.

The value of manufacturing shipments rose to more than \$5.5 billion, mainly due to gains in value for refined petroleum and fish products.

The volume of fish landed was down 12.1% compared to 2010, while landed value increased 21.3% to \$568 million due to significantly higher prices.

Aquaculture production increased to a record 17,264 tonnes, up 12.4%. The total market value increased by 1.8% to \$120 million.

Paper product shipments declined 8.8% to 236,240 tonnes, as a result of lost production due to equipment repairs and the implementation of directory paper production. Estimated shipment value was down between 7% and 8% due to the lower production.

The value of mineral shipments increased by 22% to about \$4.6 billion, reflecting higher production and prices. This represented the highest shipment value on record.

Mineral exploration expenditures increased to about \$172 million in 2011 from \$105 million in 2010.

The number of travel and tourism visitors to the province was slightly higher than 2010, a record year.

2012 Expectations

Real GDP is expected to increase by 0.1% as lower oil production constrains growth.

Real final domestic demand is forecast to grow by 6.1% as gains in investment and consumption reflect underlying strength in the economy.

Employment is expected to grow by 1.8% to average 229,400 and the unemployment rate is expected to decline by 0.4 percentage points to 12.3%.

Personal income and disposable income are both expected to grow by 5.4%, aided by employment growth and continued wage gains.

Retail sales are expected to increase by 4.0% supported by income growth.

Population is expected to increase by 0.5% due mainly to in-migration.

The construction industry is expected to post another solid performance as major project activity remains at elevated levels.

Capital investment is expected to rise by 30.1%, driven mainly by expenditures in the oil and gas, manufacturing (including Vale's nickel processing facility), and mining industries.

Capital expenditures associated with offshore oil development are expected to be \$2.7 billion in 2012, up roughly 46% from 2011, due primarily to the advancement of the Hebron project.



Construction activity at the Vale nickel processing plant is expected to peak. Capital expenditures for 2012 are expected to be \$1.2 billion.

.....

The value of mineral shipments is expected to increase by about 24% to \$5.7 billion—setting another record—due mainly to higher iron ore production and prices.

.....

Mineral exploration expenditures are expected to increase to \$234 million from \$172 million in 2011.

.....

The value of manufactured products is expected to increase in 2012 as a result of higher prices for refined petroleum.

.....

Paper product shipments are expected to be about 250,000 tonnes, up slightly from last year.

.....

The Conference Board of Canada predicts that total overnight tourist visits to the province will increase by about 1%.

.....

Total oil production is expected to decline 21.3% to 76.6 million barrels due to natural declines and extended maintenance shutdowns at Terra Nova and White Rose. Oil prices are expected to be higher.

.....

Fish landings in 2012 are expected to be down slightly as a result of quota reductions in some fisheries.

.....

Aquaculture production is expected to build on record levels posted in 2011, largely due to continued expansion in the salmonid sector.

.....

The residential real estate market is expected to remain strong in 2012 with high levels of housing starts, sales and prices, as well as low vacancy rates.

.....

Housing starts are expected to decrease by 3.4% to 3,371. Residential investment is expected to total \$1.8 billion, down slightly from 2011 but high from a historical perspective.

.....