

Highlights and Expectations

2012 Highlights

- Real Gross Domestic Product (GDP) declined by 0.4% as a decline in exports offset gains in investment and consumption.
- Real exports are estimated to have declined by 3.7% due primarily to lower oil production.
- Investment increased by 33.0% to \$10.0 billion mainly as a result of the continued development of major projects.
- Consumer spending was strong with the value of retail sales increasing by 4.8% compared to 2011.
- Employment grew by 2.3% to reach a new record high of 230,500. Employment growth was the second highest (after Alberta) among the provinces.
- The unemployment rate declined by 0.2 percentage points to 12.5%, the lowest rate in at least 37 years.
- Average weekly earnings increased by 5.4% to \$929, 3.5% above the Canadian average.
- Personal income rose by 7.0% in 2012 to over \$20 billion.
- The population of the province on July 1, 2012 was 512,659, virtually unchanged from one year earlier.
- Consumer prices in Newfoundland and Labrador rose 2.1% in 2012.
- Offshore oil production totalled 72.2 million barrels, a decrease of 25.8% relative to 2011, due to maintenance downtime at all three projects. The value of oil production decreased by 24.1% to \$8.1 billion.
- The value of provincial manufacturing shipments increased 32.0% to about \$7.3 billion mainly due to higher production of refined petroleum products.
- Fish landings were down 6.2% to 251,952 tonnes compared to 2011, while landed value decreased 6.3% to \$575 million, the result of lower landings and lower prices for some species, particularly snow crab.
- Aquaculture production increased 23.0% to 21,228 tonnes. This increase was driven by the continued growth of the salmonid sector and a rejuvenated mussel sector. The corresponding market value decreased 6.0% to \$113 million as salmon prices fell.
- Paper product shipments increased 4.4% to approximately 246,600 tonnes reflecting, in part, less maintenance-related downtime. The estimated value of paper products increased over 5%.
- The value of mineral shipments decreased 16% to about \$3.8 billion the result of lower prices for several minerals, particularly iron ore.
- Mineral exploration expenditures increased to an estimated \$194 million from the \$157 million recorded in 2011 and was the highest level ever recorded.
- The construction industry benefitted from record investment, employment and wages in 2012. Employment reached 19,800, the highest level ever posted and average weekly earnings were the third highest among provinces at \$1,139.
- Housing starts increased by 11.4% to 3,885 units, the highest figure in 36 years. The number of MLS® sales increased by 3.8% and the average price increased 6.8% setting a new high of \$268,776.
- The number of travel and tourism visitors to the province grew by an estimated 9.9% to 504,400 on the strength of increases in the number of air and cruise visitors.
- The Muskrat Falls hydro-electric project was officially sanctioned in December.
- Development activities associated with the Hebron oil project continued and the project was sanctioned in December.

2013 Expectations

- Real GDP is expected to increase by 6.8% as increased exports, investment and consumption more than offset a decline in government spending.
- The real value of exports is expected to rise by 6.0% as oil production rebounds from maintenance-related downtime in 2012 and iron ore production increases in line with new capacity.
- Employment is expected to grow by 2.8% and the unemployment rate is expected to decline to 11.5%.
- Personal income and disposable income are expected to grow by 7.3% and 7.1%, respectively, driven by employment growth and wage gains.
- Retail sales are expected to increase by 4.2% driven mainly by income growth.
- The province's population is expected to increase by 0.3%, mainly due to net in-migration.
- Capital investment is expected to rise by 17.4% to \$11.8 billion, driven by the continued advancement of major projects such as Muskrat Falls, the Hebron development, and Vale's nickel processing facility.
- Capital expenditures associated with offshore oil development are expected to be about \$4.7 billion, up over 80% from 2012, due primarily to a ramp up in Hebron construction.
- Oil production is expected to increase by 16.9% to 84.4 million barrels due to increased production at all three projects, reflecting a return to steady-state operations after extended maintenance shutdowns in 2012.
- The value of mineral shipments is expected to increase about 23% to \$4.7 billion, reflecting primarily higher iron ore production.
- Mineral exploration expenditures are expected to increase almost 10% to \$213 million.
- The value of manufactured products is expected to increase mainly due to first production of nickel from Long Harbour.
- Paper product shipments are expected to decline slightly to about 245,000 tonnes and newsprint prices are expected to be lower.
- The Conference Board of Canada predicts that total overnight tourist visits to the province will increase by 1.4%.
- Fish landings are expected to remain on par with 2012, as anticipated quota reductions in some fisheries (such as snow crab and cold-water shrimp) may be offset by increases in other fisheries.
- Aquaculture production is expected to rise again in 2013, due to expansion in the salmonid sector.
- The residential real estate market is expected to remain at elevated levels of activity.
- Housing starts are expected to decline to 3,520 units, down from 3,885 in 2012 but still high in a historical context.
- The Canadian Real Estate Association forecasts 2013 sales to decrease by 1.1% to 4,600. The residential resale price is expected to average \$276,400. If realized, this would be an increase of 2.8% from 2012.
- Development of the Muskrat Falls project will ramp up with increases in expenditures and employment.
- Construction of the Hebron GBS will continue and construction of two topsides modules is expected to commence in the province.