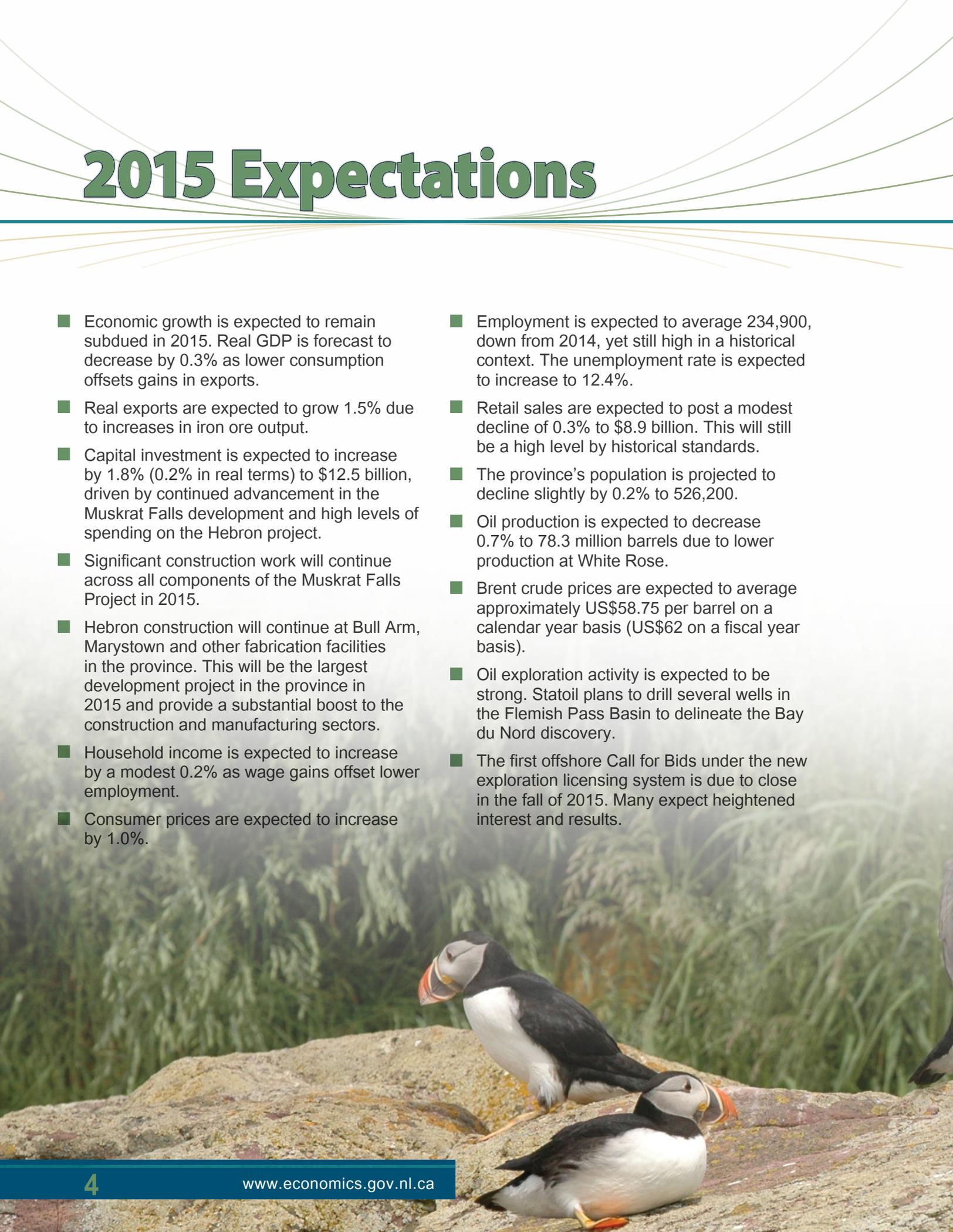


# 2015 Expectations

- Economic growth is expected to remain subdued in 2015. Real GDP is forecast to decrease by 0.3% as lower consumption offsets gains in exports.
- Real exports are expected to grow 1.5% due to increases in iron ore output.
- Capital investment is expected to increase by 1.8% (0.2% in real terms) to \$12.5 billion, driven by continued advancement in the Muskrat Falls development and high levels of spending on the Hebron project.
- Significant construction work will continue across all components of the Muskrat Falls Project in 2015.
- Hebron construction will continue at Bull Arm, Marystown and other fabrication facilities in the province. This will be the largest development project in the province in 2015 and provide a substantial boost to the construction and manufacturing sectors.
- Household income is expected to increase by a modest 0.2% as wage gains offset lower employment.
- Consumer prices are expected to increase by 1.0%.
- Employment is expected to average 234,900, down from 2014, yet still high in a historical context. The unemployment rate is expected to increase to 12.4%.
- Retail sales are expected to post a modest decline of 0.3% to \$8.9 billion. This will still be a high level by historical standards.
- The province's population is projected to decline slightly by 0.2% to 526,200.
- Oil production is expected to decrease 0.7% to 78.3 million barrels due to lower production at White Rose.
- Brent crude prices are expected to average approximately US\$58.75 per barrel on a calendar year basis (US\$62 on a fiscal year basis).
- Oil exploration activity is expected to be strong. Statoil plans to drill several wells in the Flemish Pass Basin to delineate the Bay du Nord discovery.
- The first offshore Call for Bids under the new exploration licensing system is due to close in the fall of 2015. Many expect heightened interest and results.



# 2015 Expectations

- The value of mineral shipments is expected to moderately increase as higher iron ore production volumes are partially offset by lower prices.
- Mineral exploration expenditures are expected to decrease 19% to \$62 million.
- The value of provincial manufacturing shipments is expected to increase in 2015 as Vale Newfoundland and Labrador continues to ramp up production at its nickel processing plant and other companies post modest gains.
- The recent depreciation of the Canadian dollar with respect to the U.S. dollar should benefit local manufacturers.
- Development of Vale's nickel processing plant at Long Harbour will continue with phase 2 construction.
- The volume and value of newsprint shipments are anticipated to increase slightly.
- Fish landings in the province are projected to remain stable in 2015.
- Strong demand for seafood products and a weaker Canadian dollar will likely bode well for the seafood industry.
- Aquaculture production is expected to increase after facing a challenging year in 2014.
- Construction investment is expected to remain at \$10.1 billion in 2015, reflecting significant non-residential spending.
- Housing starts are forecast to decline 9.6% to 1,915 units.
- The Canadian Real Estate Association forecasts sales to fall by 1.0% and the average residential resale price is expected to fall by 0.4%.
- Pleasure travel to the province is expected to benefit from lower fuel costs and the weaker Canadian dollar.
- The expansion to the St. John's Convention Centre will continue and the Centre will reopen as a new, state-of-the-art facility in early 2016.
- St. John's International Airport will continue with the expansion of the airport terminal building and installation of a new landing system.
- Over \$37 billion in project spending is planned or underway in the province according to the Inventory of Major Capital Projects.

