

Nova Scotia

POPULATION GAINS REINFORCED BY INVESTMENT ACTIVITY

Expectations of further above-trend population growth anchor our forecast of stable, though softer real GDP gains over the next two years. Last year's 1.2% headcount rise—the strongest since 1972 (chart)—stemmed fundamentally from an influx of newcomers and international students. With healthy job creation, this powered stronger consumer spending as evidenced by accelerating retail sales. Increases to Ottawa's immigration targets and the Atlantic Immigration Pilot should continue to attract new workers. However, inflows of residents from other regions will likely moderate as Alberta's expansion picks up, and hiring is set to cool to a more sustainable pace.

Tighter supply-demand balances in the Halifax housing market—and upward price pressures—are a corollary of recent population gains. We expect home value appreciation to be kept in check as headcount increases moderate and last year's surge in building brings more units online.

Also likely to support a healthy domestic economy is a stable investment outlook. Public-sector capital outlays on healthcare facilities, major hydro ventures, and various transportation initiatives are expected to ramp up. Meanwhile, decommissioning of natural gas projects, shipbuilding work, and an airport expansion will continue over the next year-plus. The proposed \$10 bn Goldboro LNG plant, with a final investment decision expected this year, presents additional upside.

External sector prospects are more mixed. Nominal lobster exports to China, up almost 90% y/y ytd as of October 2019, should continue to rise as the Sino-American trade spat encourages Chinese imports of seafood products from non-US destinations. That skirmish has similarly helped external shipments of rubber tires—another export staple. However, Sino-Canadian diplomatic tensions present obvious downside for Nova Scotia trade and tourism. As well, the closure of the paper mill in Boat Harbour would weigh on forestry sector exports and employment.

Should any downside materialize, Nova Scotia has the benefit of healthy public finances. With surpluses penciled in for the foreseeable future and a middling debt burden, the Province has kept the proverbial fiscal powder dry.

CONTACTS

Marc Desormeaux, Provincial Economist
416.866.4733
Scotiabank Economics
marc.desormeaux@scotiabank.com

Economic Outlook

annual % change except where noted

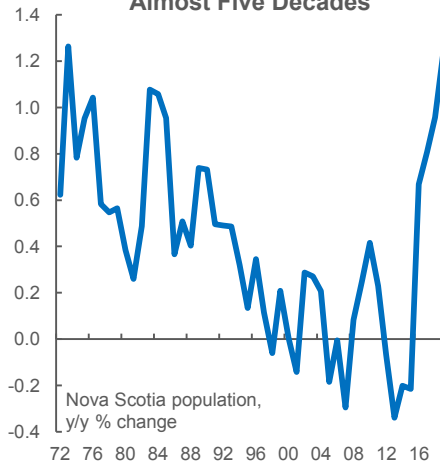
	18	19e	20f	21f
Real GDP	1.5	1.7	1.3	1.3
Nominal GDP	3.3	3.4	3.2	3.1
Employment	1.5	2.2	0.3	0.1
Unemployment Rate, %	7.6	7.2	7.2	7.3
Housing Starts, 000s	4.8	4.7	4.3	4.2

Fiscal Situation

% of nominal GDP*

	FY19	FY20	FY21
Budget Balance	0.3	0.1	0.1
Net Debt	34.0	33.5	—**

Fastest Population Growth in Almost Five Decades



* Nominal GDP forecast: Scotiabank Economics. ** Data not available.

Sources for chart and tables: Scotiabank Economics, Statistics Canada, CMHC, NS Finance.

Provincial Forecast Summary

	(annual % change except where noted)										
	CA	NL	PE	NS	NB	QC	ON	MB	SK	AB	BC
Real GDP											
2010–18	2.2	0.5	2.0	0.9	0.6	1.7	2.2	2.2	2.5	2.8	2.8
2018	2.0	-3.5	2.6	1.5	0.8	2.5	2.2	1.3	1.3	1.6	2.6
2019e	1.6	2.1	2.7	1.7	0.6	2.5	1.7	1.3	1.0	0.5	2.1
2020f	1.5	1.1	2.0	1.3	0.7	1.8	1.5	1.1	1.2	1.6	2.1
2021f	2.0	0.5	2.0	1.3	0.7	1.7	1.8	1.4	1.6	2.5	2.4
Nominal GDP											
2010–18	3.9	3.2	3.9	2.7	2.8	3.7	4.1	4.0	3.3	3.8	4.5
2018	3.9	1.7	4.2	3.3	3.2	4.8	3.7	2.2	1.4	3.8	4.5
2019e	3.2	3.6	4.6	3.4	2.2	4.1	3.3	3.0	2.6	2.0	4.2
2020f	3.3	3.0	3.9	3.2	2.3	3.5	3.2	3.0	2.9	3.3	4.4
2021f	4.2	3.0	4.0	3.1	2.1	3.6	4.0	3.2	4.1	5.2	5.1
Employment											
2010–18	1.2	0.5	1.2	0.2	-0.2	1.1	1.3	0.8	0.9	1.5	1.4
2018	1.3	0.5	3.0	1.5	0.3	0.9	1.6	0.6	0.4	1.9	1.1
2019e	2.1	0.6	2.7	2.2	0.8	1.8	2.9	0.9	1.8	0.5	2.6
2020f	0.9	-0.1	0.8	0.3	0.2	0.9	1.2	0.6	0.7	1.0	1.3
2021f	1.0	0.0	0.6	0.1	0.2	0.8	1.0	0.6	0.6	1.2	1.3
Unemployment Rate (%)											
2010–18	7.0	13.3	10.8	8.8	9.3	7.4	7.3	5.5	5.2	6.1	6.4
2018	5.8	13.8	9.4	7.6	8.0	5.5	5.6	6.0	6.1	6.6	4.7
2019e	5.7	11.9	8.8	7.2	8.0	5.1	5.6	5.3	5.4	6.9	4.7
2020f	5.8	12.0	8.8	7.2	8.0	5.2	5.7	5.4	5.4	7.0	4.9
2021f	5.8	11.8	9.0	7.3	7.9	5.3	5.7	5.5	5.4	6.9	5.0
Housing Starts (units, 000s)											
2010–18	200	2.4	0.8	4.1	2.7	44	70	6.5	6.4	31	33
2018	213	1.1	1.1	4.8	2.3	47	79	7.4	3.6	26	41
2019e	209	0.9	1.3	4.7	2.9	48	69	7.0	2.4	27	45
2020f	205	1.2	1.1	4.3	2.4	46	75	6.0	3.3	30	37
2021f	203	1.1	1.0	4.2	2.4	44	77	5.9	3.7	31	33
Motor Vehicle Sales (units, 000s)											
2010–18	1,847	33	7	52	42	439	725	56	54	241	197
2018	1,983	28	8	51	38	449	853	67	47	226	217
2019e	1,922	31	9	51	40	442	820	57	48	218	207
2020f	1,915	28	8	50	40	430	815	52	49	227	213
2021f	1,915	25	8	50	40	430	815	50	50	232	218
Budget Balances, Fiscal Year Ending March 31 (CAD mn)											
2019	-14,000	-552	57	120	73	4,803	-7,435	-163	-268	-6,711	1,535
2020f*	-26,600	-944	1	37	88	1,400	-9,023	-350	37	-8,704	148
2021f	-28,100	-796	7	52	33	100	-6,800	-234	49	-5,883	291

* NL budget balance in 2020 is net of one-time revenue boost via Atlantic Accord. Sources: Scotiabank Economics, Statistics Canada, CMHC, Budget documents; Quebec budget balance figures are after Generations Fund transfers.

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