economy. Potash mining rebounded following a significant decline the year before. Also grain prices boosted crop receipts. The strong housing market stimulated demand for financial services, and accommodation and food and drink services were caught up in the economic momentum. As total employment increased by 2.1 percent — the best result since 1997 — the unemployment rate fell to 4.2 percent, and rising labour incomes stimulated consumer spending on a variety of goods and services. As a result, both retail and wholesale trade climbed up strongly.

Manitoba's economy grew 3.3 percent in 2007, about the same rate as the previous year and above the national average. Construction activity was the main driver, increasing 13.7 percent for the second consecutive year. Large projects included continued expansion of the Winnipeg airport and the Red River floodway. Residential investment did not lag far behind, increasing 5.5 percent — its eighth consecutive rise. Higher economic activity led to a 4.3 percent gain in exports, a 6.4 percent jump in disposable income, and continued low unemployment. As a consequence, personal spending advanced at the fastest pace (5.0 percent) since 1984.

The economic expansion in Ontario, at 2.1 percent in 2007, continued to lag the Canadian average (2.7 percent). Just as the year before, the manufacturing sector experienced a further contraction, with 16 of 21 sub-groups declining. Transportation equipment was the hardest hit with a drop of 2.8 percent. The continued rise of the Canadian dollar against the U.S. dollar combined with a slowdown in the U.S. continued to be a source of weakness for the Ontario economy. As was the case the year before, services industries outperformed goods industries and employment gains in the various service industries (housing resale, stock market activity, banking, and security brokerage) more or less compensated for job losses in manufacturing. As a result, the unemployment rate was fairly steady.

Quebec's economic activity accelerated by 2.4 percent in 2007, from 1.7 percent in 2006. Construction and personal spending boosted the economy. Construction activity was widespread with several large engineering projects, including hydroelectric projects, leading the way. Investment in residential construction grew in 2007, more than offsetting two years of declines. Employment growth was strong as the unemployment rate dropped for the fourth consecutive year. A strong labour income increase (5.8 percent) and a hefty pay equity settlement for government employees helped personal spending grow 4.6 percent, mostly on durables. Strong production of aerospace products and machinery and equipment contributed to a moderate growth of the manufacturing sector.

New Brunswick's economy decelerated to 1.6 percent growth in 2007, down from 3.0 percent in 2006. While manufacturing declined, construction continued to be a force for the New Brunswick economy. Large construction projects, including the Point Lepreau nuclear plant and the Canaport liquefied natural gas terminal in Saint John, boosted non-residential construction investment. Residential construction investment also registered a strong increase with housing starts up. New Brunswick's employment growth was the best among the provinces east of Quebec, which helped push the unemployment rate to a thirty-two year low of 7.5 percent.

The Nova Scotia economy advanced 1.6 percent in 2007, up from 0.9 percent in 2006. The services-producing industries carried the economy forward as both retail and wholesale trade expanded, with positive impacts on consumer spending and labour income.

GDP in Prince Edward Island grew by 2.0 percent in 2007, down from 2.6 percent the previous year. Manufacturing activity expanded by 5.2 percent, and as a consequence, boosted exports and corporate profits. Among the sectors which were a drag on the economy were crop production, non-residential construction and accommodation.