

A slow but steady economy

Halifax ranked fifth in CIBC index of economic momentum

By BRUCE ERSKINE Business Reporter

Halifax is something of an economic tortoise compared to other Canadian cities, but that's not a bad thing, says the senior economist with the Canadian Imperial Bank of Commerce.

"You will never be No. 1, but you will probably never be last," Benjamin Tal, the author of the bank's Metropolitan Economic Activity Index, said Thursday.

The newly released index used several macroeconomic variables, including population growth, employment growth, unemployment rates and bankruptcies, to measure economic momentum in Canada's 25 largest metropolitan areas.

Halifax finished fifth in the index, behind Regina, Toronto, St. John's, N.L., and Saskatoon, but ahead of Winnipeg, Quebec City, Sherbrooke, Edmonton and Ottawa.

"Regina was No. 1 because of what's happening in Saskatchewan, which is booming," due to higher food and commodity prices that have brought new people to the Prairie province, Mr. Tal said in an interview.

"Halifax did not excel in any of the categories, but it did not do poorly in any of the categories, which reflects the fact that this city and this province are not extremely volatile."

He said Halifax was able to improve its ranking during the recession.

"This suggests that over the years, without you even noticing, you were able to diversify the economic engine of this city."

Mr. Tal said the index provides timely, important information because a majority of Canada's economic activity is in cities.

"Given the fact that 70 per cent of our GDP is coming from cities, and this rate is rising, this means that it is extremely important to get a sense of how cities are doing. It can be used in terms of planning, in terms of investment," he said.

Halifax ranked ninth in population growth and third in employment growth, while its unemployment rate was 16th, well below leading Windsor, Ont., hard hit by the auto sector meltdown.

Metro's business bankruptcy rate ranked 13th, well below Montreal, Quebec City, Hamilton and St. Catharines, Ont. Its consumer bankruptcy rate was eighth, behind Windsor, Ont., Sherbrooke, London and St. John's.

Halifax's positive showing on the momentum index contrasted with its poor showing in a recent Canadian Federation of Independent Business study. In it, the city was ranked 70th in

Canada among entrepreneur-friendly cities.

Mr. Tal said those findings reflect the fact that the service and public sectors are the main drivers in Halifax's economy.

"It's a more solid, less exciting situation, but that's a good place to be."

He compared Halifax's steady performance to the volatility of places like Calgary, where the economy rises and falls with global energy demands.

"Quebec City, for example, is not as volatile because it is a government city. The same goes for Halifax."

He said Halifax would be attractive to risk-averse investors.

"If you're looking to ride the wave of something, Halifax is not your place."

Mr. Tal said slow growth will mark Canada's move out of the recession, which he suggested is already over.

"The more interesting story is what kind of recovery and what kind of new economy we are going to get."

He predicted Canada will see "subdued" growth in 2010 in the range of two to 2.5 per cent.

"That's the bad news. The good news is that this two to 2.5 per cent will be good enough to outperform all other G7 countries."

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