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MANITOBA'S ECONOMIC GROWTH TO MAINTAIN SPEED: RBC ECONOMICS

TORONTO, June 19, 2013 — Manitoba's economy is expected to stay the course in 2013, reflecting an anticipated strengthening in growth in manufacturing and utilities, according to the latest [RBC Economics Provincial Outlook](#) released today. RBC forecasts a provincial real GDP growth rate of 2.7 per cent, matching that of 2012.

RBC notes that Manitoba's economic growth last year was mainly driven by a recovery in agricultural production and a double-digit gain in the mining sector. In 2013, these sectors will continue to grow, albeit at a slower pace; the agricultural sector is projected to grow at 4.0 per cent, down from almost 15 per cent in 2012, while mining is expected to register only 6.0 per cent growth, about one-half the rate achieved last year.

"The expected slack in Manitoba's economy from easing agricultural and mining output this year will be tightened by strong gains in utilities and manufacturing – the sectors projected to drive provincial growth this year," added Craig Wright, senior vice-president and chief economist, RBC.

RBC says that the improved financial health of U.S. state and local governments should increase demand for public transit vehicles, a key manufacturing export of Manitoba. This demand, along with a generally stronger U.S. economy, is expected to help boost manufacturing sector growth by 3.0 per cent and 3.5 per cent in 2013 and 2014, respectively, relative to negligible growth in 2012.

With respect to the utilities sector, RBC anticipates gains of 2.0 per cent in 2013 and 4.0 per cent in 2014, following a 5.0 per cent decline in 2012. Looking ahead to 2014, the projected gains in utilities and manufacturing will continue, which, along with gains in the construction sector, will maintain Manitoba's growth at 2.6 per cent.

Construction spending will be a mainstay of growth through the forecast, despite slowing in residential construction this year and next. RBC anticipates housing starts will decline to 6,700 units in 2013 and 5,700 in 2014, down from 7,200 in 2012. Balancing out this slowing trend will be a number of non-residential construction projects – various office, hotel and condo developments in Winnipeg, and the expansion of the Winnipeg Convention Centre – which will support solid construction output growth of 5.5 per cent this year and 6.0 per cent in 2014.

The RBC Economics Provincial Outlook assesses the provinces according to economic growth, employment growth, unemployment rates, retail sales, housing starts and consumer price indices. The full report and provincial details are available online as of 8 a.m. ET today at rbc.com/economics/market/pdf/provfcst.pdf.

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