



MANITOBA'S ECONOMIC GROWTH TO MODERATE IN 2014: RBC ECONOMICS

TORONTO, September 11, 2014 — Manitoba's economic growth is showing signs of moderation in 2014, according to the latest [RBC Economics Provincial Outlook](#) released today. RBC forecasts real GDP growth for Manitoba to clock in at 1.8 per cent in 2014, down from previous projection of 2.1 per cent last quarter. This downward revision reflects a softer outlook for both manufacturing and agriculture. In 2013 the provincial economy is estimated to have increased 2.2 per cent.

RBC notes that second quarter economic data signalled stalling manufacturing activity in the province and continued declines in employment, both relative to levels last year. Still, RBC's forecast for the province is heavily premised on a modest recovery in manufacturing activity this year – 3.0 per cent growth – after experiencing flat activity in 2013.

“As the U.S. economy continues to strengthen we will also see depreciation in the Canadian dollar, which will boost Manitoba's exports and provide support to the manufacturing sector,” said Craig Wright, senior vice-president and chief economist, RBC. “Demand for manufactured goods will also continue to benefit from ongoing natural resource development in Manitoba's two neighbouring Prairie Provinces – Saskatchewan and Alberta. These supportive factors will contribute to a bounce back in manufacturing activity and employment in the remainder of 2014.”

RBC's downwardly revised outlook for agriculture is the result of preliminary production numbers from Statistics Canada that point to a drop of 32 per cent in wheat and canola production, following a 33 per cent surge in 2013, representing an even greater decline than RBC assumed last quarter. This has prompted RBC's agriculture production forecast to drop to 11 per cent in 2014, compared to the 8 per cent decline previously forecasted, following a 19 per cent jump in 2013.

The Provincial Outlook assumes that the slowing this year will be more than reversed in 2015 with overall real GDP rising to 2.8 per cent. In part, this reflects the assumption that crop yields are expected to remain close to historical averages, preventing declining agriculture activity from extending into next year. The rebound in overall GDP growth also reflects the expectation of a further strengthening in the manufacturing sector.

Recovery in construction activity is also to provide greater support to Manitoba's strengthening growth in 2015, RBC says. Statistics Canada's recent investment survey suggested a decline in construction intentions for 2014, likely reflecting the winding down of a number of major capital expenditure projects like the Winnipeg International Airport and the Museum of Human Rights.

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“The drag in Manitoba’s construction activity in 2014 is not expected to continue next year. In fact, we forecast modest increases in construction activity next year, supported by a rebound in manufacturing activity and continued positive in-migration to the province,” added Wright. “We also expect a number of construction projects in downtown Winnipeg to provide support, including the RBC Convention Centre Winnipeg expansion.”

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/economic-reports/provincial-economic-forecasts.html.

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