



MANITOBA'S DIVERSIFIED ECONOMY DRIVES STEADY GROWTH: RBC ECONOMICS

Agriculture to weigh on growth in 2011, provide a boost in 2012

TORONTO, December 12, 2011 — Manitoba's economy is expected to continue on a solid growth path through 2013, according to the latest [RBC Economics Provincial Outlook](#) report. Expectations of a sustained global and U.S. recovery will support both manufacturing and natural resources in the province. RBC forecasts that Manitoba's economy will grow by 2.5 per cent in 2011, 3.2 per cent in 2012 and 3.0 percent in 2013.

With respect to the agricultural sector, seeding in the spring was hampered by extremely wet weather conditions, including severe flooding in some areas. Adverse weather continued through the growing season, which is expected to send output in the sector down by 15 per cent in 2011.

"An expected return to more normal growing conditions in 2012 will shift the agricultural sector into a sharp recovery; we expect to see growth at about 19 per cent," said Craig Wright, senior vice-president and chief economist, RBC. "A closer to normal level of agricultural output will help improve the pace of Manitoba's overall growth next year."

Manitoba is showing the weakest performance of the three Prairie Provinces largely due to the province's smaller exposure to the oil and gas sector. That being said, Manitoba is experiencing strengthened oil production with a small portion of the Bakken oil formation extending into the southwest corner of the province. As well, high non-energy commodity prices are providing a boost to export revenues in provincial capital expenditures.

The RBC report indicates that Manitoba's manufacturing sector is showing improvement, with demand holding up in key transportation and machinery components. This rise was partially tempered by slowing sales of non-durable goods. Wholesale trade also showed strength, expanding at a rapid rate in the third quarter of 2011.

Non-residential construction spending has been restrained, as several major projects have recently been completed – namely, the expansion of the Winnipeg International Airport and the enlargement of the Red River Floodway. Similarly, spending on hydro-electric projects is expected to slow with the \$1.2 billion Wuskwatim Generation Project scheduled for completion in early 2012.

“Manitoba’s current economic strength lies in its diversified economy. With this solid base, the province should have no problem adding three more years to its track record of moderate, but steady progress,” concluded Wright.

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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