



MANITOBA'S DIVERSIFIED ECONOMY TO MAINTAIN STEADY GROWTH THROUGH 2015: RBC ECONOMICS

TORONTO, December 12, 2013 — Strong diversification in Manitoba's economy helped the province maintain solid growth in 2013, and is expected to continue to do so in both 2014 and 2015, according to the latest [RBC Economics Provincial Outlook](#) released today. RBC anticipates Manitoba's economy will finish 2013 logging an increase of 2.5 per cent real GDP growth.

In 2013, a robust increase in agricultural production has helped offset persistent weakness in manufacturing. Following a 50 per cent jump in wheat and canola production in 2012, November crop estimates suggest a further 33 per cent increase in 2013, RBC says.

"Manitoba's economy benefited from a substantial grain and oilseed harvest that helped offset continued weakness in the manufacturing sector," said Craig Wright, senior vice-president and chief economist. "Looking past 2013, however, exceptional weather conditions that drove strong crop output are unlikely to persist and we are assuming agricultural output will drop by 4.4 per cent in 2014."

The Provincial Outlook notes that despite flat manufacturing volumes in 2013, the strengthening U.S. economy and a slight depreciation of the loonie will provide the sector with an additional boost. RBC expects manufacturing output to increase to 3.5 per cent and 4.0 per cent in 2014 and 2015, respectively.

RBC indicates that the expected dip in agricultural production next year will only be partly offset by a strengthening manufacturing sector which will lower Manitoba's annual GDP growth to 2.3 per cent. A return to positive agricultural growth in 2015 alongside continued growth in the manufacturing sector will balance out a slowing in residential construction, keeping provincial growth at a solid 2.6 per cent for that year.

Investment activity, both residential and non-residential, continues to be a bright spot for Manitoba's economy. RBC says that work continues on a number of non-residential projects in Winnipeg including the expansion of the RBC Convention Centre and an office, condo and hotel complex in the downtown core. On the residential side, housing starts are poised to strengthen to an annualized 7,500 in 2013, up from 7,200 in 2012 – a historical high for the province on an annual average basis.

"In the past decade, we've seen an upward trend in population growth in Manitoba, which played into stronger demand for housing," added Wright. "However, new construction activity in the past two years could also be attributed to households advancing purchases to avoid a tightening in mortgage lending. We expect that starts will moderate to 7,000 in 2014 and 6,500 in 2015."

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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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