



MANITOBA'S ECONOMIC GROWTH EXPECTED TO STRENGTHEN IN 2015: RBC ECONOMICS

TORONTO, December 12, 2014 — The pace of growth in Manitoba is expected to increase in 2015, according to the latest [RBC Economics Provincial Outlook](#) released today. RBC forecasts real GDP growth for Manitoba at 2.9 per cent in 2015, up from a rate of 1.8 per cent projected for 2014. RBC notes that the slowdown in economic growth in 2014 can be attributed to declining agricultural output and a drop in mining and oil and gas activity in the province.

A projected recovery in agricultural activity and stronger manufacturing output in 2015 are expected to contribute to the rebound in GDP growth next year. Manufacturing sales have shown some tentative positive signs in the third quarter of 2014, rising almost six per cent following increases in the first and second quarters.

“This revitalization of the manufacturing sector is evidence that exporters in the province are benefitting from both the strengthening U.S. economy and the weakening in the Canadian dollar,” said Craig Wright, senior vice-president and chief economist, RBC. “Transportation equipment is expected to continue to lead the manufacturing sector, specifically increased demand for aerospace and bus equipment. Machinery exports are also expected to benefit from continuing solid U.S. business investment.”

RBC's outlook for agriculture is the result of preliminary production numbers from Statistics Canada that point to a drop of 31.4 per cent in wheat and canola production in 2014, following 2013's bumper crop that contributed to a 33.3 per cent surge. RBC anticipates that agricultural output will decline in 2014, however this drag will not persist, as an expected slight improvement in yields going forward should result in modest growth in agricultural production in 2015 and 2016.

The Provincial Outlook assumes that slower 2014 GDP growth will be more than reversed in 2015 with overall real GDP rising to 2.9 per cent. This, in part, reflects the rebound in the agricultural sector.

As well, RBC expects an upturn in construction activity to take place in 2015, partly reflecting increased production capacity in the manufacturing sector. Construction activity related to Manitoba Hydro's Bipole III transmission project is also expected to support capital investment forecasts.

- 2 -

“Continued growth in agriculture, strengthening manufacturing along with ongoing construction activity should help maintain growth in 2016 of 2.3 per cent which would reflect a pace slightly above the national average,” added 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/economic-reports/provincial-economic-forecasts.html.

- 30 -

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