



RBC SAYS MANITOBA'S ECONOMY IS WEATHERING THE STORM

TORONTO, March 12, 2009 — The intensification of the global recession in recent months is weakening the performance of Manitoba's economy, with provincial growth now forecast at only 0.5 per cent this year, down from an estimated 2.7 per cent in 2008, according to the latest provincial forecast released today by RBC.

"Despite facing increased adversity, Manitoba is weathering the economic storm more successfully compared to other provinces and is expected to maintain a positive growth rate, well above the national average," said Craig Wright, senior vice-president and chief economist, RBC. "Ranked second only to Saskatchewan in terms of growth this year, the province will benefit from its strong industrial diversification, which will serve to soften the blow from the major trouble spots." In fact, within the province's manufacturing sector, the strong presence of food processors (less sensitive to the business cycle) and bus producers (gaining from infrastructure spending on public transit) will help stabilize activity.

The report noted that the slower pace of growth in Manitoba's economy this year will partly reflect weaker capital spending. According to a recent Statistics Canada survey, non-residential capital expenditures are set to drop to 4.4 per cent in 2009, down significantly from a surge of 17 per cent in 2008. Residential investment will also shift down, as mounting economic uncertainty weighs on consumer confidence and slows demand for new housing. While housing starts have generally held up through 2008 averaging 5,600 units, they are forecast to decrease to 4,600 in 2009.

Manitoba's economic growth is projected to re-accelerate to 2.8 per cent next year as recovering demand south of the border will boost Manitoba's exports and improve the picture for commodities.

The worsening of global conditions and weaker near-term prospects for the Canadian economy will dampen activity from coast to coast in 2009. All provinces but Saskatchewan, Manitoba and Nova Scotia are forecast to contract this year, a testament to the generalized nature of the ongoing recession. The three exceptions will show much slower rates of expansion than in 2008. Alberta, British Columbia, Ontario and Newfoundland & Labrador are expected to experience the largest declines, while the downturn in Quebec, New Brunswick and Prince Edward Island will be relatively mild.

The RBC Economics Provincial Outlook assesses the provinces according to their projected growth in real GDP, employment, and retail sales, as well as their unemployment rates and housing starts.

According to the report (available online as of 8 a.m. E.D.T., at www.rbc.com/economics/market/pdf/provfcst.pdf), provincial forecast details are as follows:

	Real GDP			Housing starts			Retail sales			Employment			Unemployment rate		
	Y/Y % Change			Thousands			Y/Y % Change			Y/Y % Change			%		
	<u>08</u>	<u>09</u>	<u>10</u>	<u>08</u>	<u>09</u>	<u>10</u>	<u>08</u>	<u>09</u>	<u>10</u>	<u>08</u>	<u>09</u>	<u>10</u>	<u>08</u>	<u>09</u>	<u>10</u>
N.& L.	1.3	-1.2	3.0	3.2	3.3	3.0	7.7	-1.1	4.5	1.5	-1.5	1.2	13.2	14.0	14.2
P.E.I.	1.5	-0.8	2.0	0.7	0.6	0.7	4.8	-1.4	4.1	1.3	-2.3	0.9	10.7	12.2	12.2
N.S.	1.2	0.4	2.5	4.3	3.2	3.5	4.5	-1.1	4.9	1.2	0.0	1.0	7.7	8.9	9.1
N.B.	1.6	-0.6	2.7	4.2	3.3	3.5	4.9	-1.5	4.0	0.9	-0.3	0.6	8.6	9.8	10.0
QUE.	0.8	-0.5	2.3	47.9	36.0	37.0	4.9	-1.3	5.1	0.8	-1.0	1.2	7.2	8.4	8.5
ONT.	-0.2	-1.9	2.4	75.6	58.0	65.0	3.3	-2.7	4.8	1.4	-1.9	1.3	6.5	8.6	8.7
MAN.	2.7	0.5	2.8	5.6	4.6	5.3	7.1	0.4	5.6	1.7	0.2	1.5	4.1	5.0	5.3
SASK.	3.4	0.9	2.4	6.8	4.4	3.7	10.4	0.8	6.1	2.2	1.4	1.2	4.1	4.5	4.8
ALTA.	1.2	-2.3	2.7	29.0	22.3	28.0	-0.2	-2.9	5.4	2.7	-0.6	1.4	3.6	5.7	5.9
B.C.	0.6	-1.5	2.9	34.3	19.4	23.0	0.2	-3.9	6.0	2.1	-1.9	2.2	4.6	6.8	6.8
CANADA	0.5	-1.4	2.6	211	155	173	3.2	-2.2	5.2	1.5	-1.3	1.4	6.1	7.8	8.0

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