



Manitoba's economy remains on steady growth path though pace revised lower from last quarter: RBC Economics

TORONTO, September 10, 2010 — Manitoba's economy is expected to grow by 2.0 per cent in 2010 thanks in part to rebounding mining and oil and gas sectors, according to a new report released today by RBC Economics.

"While the rate of growth is slightly lower than most other provinces, there isn't as much of a need for Manitoba to play catch up as its economy outperformed most other provinces through the recession," said Craig Wright, senior vice-president and chief economist, RBC. "The modest growth this year has been partly impacted by the winding down of key capital spending projects as well as some weakness in the agricultural sector."

According to the RBC Economics Provincial Outlook, Manitoba's economy is benefiting from a solid rebound in its mining and oil and gas extraction sector, which is expected to rise by 6.0 per cent following a 2.7 per cent drop in 2009. Increasing global demand is contributing to the resumption of zinc and gold production from facilities that were previously shuttered.

With infrastructure projects such as the Keystone pipeline and the Winnipeg International Airport completed or nearing completion, downward pressure will be felt on Manitoba's construction sector in 2010. However, RBC notes that continued work on the Canadian Museum for Human Rights and an expected increase in residential construction will likely limit the extent of decline to about 2.0 per cent.

A significant drop in grain production is hampering the province's growth this year; however, an expected strengthening in livestock production will soften some of the negative impact, limiting the decline in Manitoba's overall agricultural sector to 8.0 per cent in 2010, following a 4.4 per cent drop in 2009.

After the province recorded only an easing in the decline of manufacturing sales in the early part of the year, RBC expects greater manufacturing strength to emerge during the last half of 2010 as the U.S. recovery regains some heft.

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“Looking ahead to 2011, an expected bounce back in agricultural production and continued global economic recovery spurring further gains in the mining, oil and gas and manufacturing sectors bode well for the province and we expect that Manitoba’s economic growth will accelerate to 3.8 per cent,” 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 indexes.

The full report and provincial details are available online as of 8 a.m. EDT today www.rbc.com/economics/market/pdf/provcst.pdf.

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