



MANITOBA'S GROWTH PROSPECTS LOWERED FOR 2014: RBC ECONOMICS

Paul Ferley, RBC's assistant chief economist, [discusses](#) Manitoba's economic growth

TORONTO, March 19, 2014 — Weaker-than-expected momentum in manufacturing, declining employment growth, and cut backs in capital spending will slow near-term economic growth in Manitoba, according to the latest [RBC Economics Provincial Outlook](#) released today. RBC has lowered its outlook for real GDP growth in Manitoba in 2014 to 2.0 per cent, from the 2.3 per cent projected in December 2013.

The Provincial Outlook notes that manufacturing sales remained flat through the end of 2013, due to weaker growth in food processing and flat activity in transportation equipment manufacturing. However, a weakening Canadian dollar and increased U.S. demand will help boost manufacturing activity in the province this year, RBC says, though at a slower pace than previously anticipated in light of disappointing momentum of late.

"We expect increased demand from south of the border to boost manufacturing activity and ultimately growth in Manitoba this year," said Craig Wright, senior vice-president and chief economist, RBC. "In 2015 we'll see manufacturing conditions improve further in the province, with activity in the sector growing at a stronger clip of 4.0 per cent."

In the final quarter of 2013, employment numbers in the province declined for the first time on a year-over-year basis since the 2008-2009 recession. RBC expects this setback to be temporary as steady expansion in Manitoba's economy will lead to a resumption of job creation with employment growth at a modest 0.7 per cent for 2014, and a strengthened 1.2 per cent in 2015.

Statistics Canada's annual investment intentions survey shows that Manitoba enterprises plan to reduce non-residential investment by 0.5 per cent, following an 8.0 per cent gain in 2013. This reduction reflects a slowing in investment intentions in manufacturing and utilities with both sectors indicating that there will be no growth in capital spending in 2014 after very strong increases in 2013.

"Expanding output in certain sectors through the forecast, such as manufacturing, should provide incentive for capital spending to resume in Manitoba in 2015," added Wright. "With respect to utilities, any significant increase in capital spending by Manitoba Hydro is more a function of projects such as Bipole II successfully meeting various regulatory reviews."

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RBC anticipates capital spending to bounce back next year. This, along with a stronger U.S. economy will provide greater underlying support to Manitoba's economy – particularly for manufacturing, which will prompt the need to expand production capacity. RBC forecasts real GDP growth of 2.7 per cent in 2015.

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 details are available as of 8 a.m. ET today at rbc.com/economics/economic-reports/provincial-economic-forecasts.html.

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