



## **ABOVE-AVERAGE ECONOMIC GROWTH STILL IN THE CARDS FOR MANITOBA THIS YEAR AND NEXT: RBC ECONOMICS**

**TORONTO, September 22, 2015** — Manitoba is expected to remain one of the leading provinces for economic growth in 2015, despite a downward revision in real GDP growth to 2.3 per cent from the 2.8 per cent projected in June, according to the latest [Provincial Outlook](#) issued today by RBC Economics. RBC projects real GDP growth for 2016 to fall marginally lower to 2.7 per cent from the previously projected 2.8 per cent.

“Although Manitoba’s economic growth is expected to slow slightly compared to our previously projected outlook, the province is still on track to outpace national growth this year and next,” said Craig Wright, senior vice-president and chief economist, RBC. “The downward revision for 2015 largely reflects indications of weak manufacturing activity over the first half of this year; however, this is being tempered by greater strength in agriculture and a rise in capital spending.”

The manufacturing sector’s weakness in the first and second quarters was most evident in machinery and fabricated metal manufacturing, which more than offset significant strength in transportation equipment and furniture exports. RBC says these areas of weakness may in part reflect a knock-on effect from declining activity in the energy sector in Saskatchewan and Alberta.

“Recent indicators show that export strength is building in the province and nationally. We believe rising external demand will represent a greater pull for Manitoba’s manufacturing sector offsetting reduced demand for energy-related industries,” added Wright.

RBC’s forecast assumes 2 per cent growth in the manufacturing sector as a whole for 2015. This is down from the 4 per cent projected in June, but it is expected to accelerate in 2016 to 4 per cent, though down from the 5.5 per cent previously projected.

Although drought conditions have prevailed elsewhere in the prairies, Manitoba managed to enjoy normal levels of precipitation. Initial crop estimates provided by Statistics Canada in August confirm this and suggest that aggregate production of the province’s two major crops, wheat and canola, will be up 15 per cent this year, following a decline of 26 per cent in 2014.

“Assuming persistent favourable growing conditions in 2016, continued growth is expected, though at a much more muted pace relative to this year. The agriculture sector as a whole is expected to rise 5.5 per cent this year while moderating to less than 2 per cent in 2016,” added Wright.

Growth in the province this year will also be supported by a rise in capital spending, as Statistics Canada *CAPEX* survey suggests that capital spending in Manitoba will increase by 5 per cent. While this is down from a 25 per cent increase in 2014, it is in contrast to declining activity for the country as a whole due to energy sector cutbacks.

“Despite disappointing manufacturing sales to date this year, the sector is planning on increasing capital expenditures in 2015 by 6 per cent on top of a massive 36 per cent gain in 2014 – this implies confidence in the sector and that stronger demand will eventually emerge, with firms adding capacity to be ready to respond,” said 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.

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