



MANITOBA'S ECONOMIC GROWTH TO NEARLY DOUBLE IN 2011: RBC ECONOMICS

TORONTO, December 15, 2010 — Manitoba's economy is poised for considerable momentum over the next year with growth accelerating from a modest 1.8 per cent in 2010 to 3.5 per cent in 2011 and then moderating to a solid 3.2 per cent in 2012, according to the latest Provincial Outlook released today by RBC Economics.

"Under-performance in the province this year reflects less pronounced weakness through the recession last year when Manitoba was the only part of the country to avoid a contraction," said Craig Wright, senior vice-president and chief economist, RBC. "Looking ahead, however, we project the province's economy will grow robustly and at a rate slightly higher than the national average in both 2011 and 2012."

A 10 per cent rise in construction volume in 2009 was a key factor tempering the impact of the U.S. recession on Manitoba's economy. Construction spending in 2010 is expected to be flat although a gradual strengthening in this sector is expected in 2011 and 2012, but it will still underperform relative to 2009 results.

The soft patch in the U.S. is also weighing on the province's manufacturing sector in the near term. Rather than the manufacturing sector returning to growth in 2010, RBC projects a lessening in the pace of decline to two per cent from the nine per cent drop recorded in 2009, but forecasts a return to positive growth of six per cent in 2011.

According to the RBC Provincial Outlook, Manitoba's 2010 crop production is now estimated to be down 21 per cent this year relative to 2009. The weakness in grain production largely reflects excess moisture levels, although these problems eased as the growing season progressed. Overall, total agricultural output is projected to be down more than five per cent in 2010; however, expectations of a return to more normal growing conditions will result in output in agriculture rebounding 10 per cent in 2011 and six per cent in 2012.

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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. ET today, www.rbc.com/economics/market/pdf/fcst.pdf.

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