



MANITOBA'S ECONOMY SET TO OUTPACE THE NATIONAL AVERAGE IN 2010: RBC ECONOMICS

Economic recovery underway as the worst appears to be over

TORONTO, December 14, 2009 — Continuing capital spending and stronger commodity production should allow Manitoba to once again outperform the national average in 2010, according to the most recent RBC Economic report.

RBC is forecasting that real GDP growth in Manitoba will be 3.0 per cent in 2010 before climbing to 4.0 per cent in 2011, which would represent the Manitoba economy's best performance since 2000.

"Most of the indicators suggest Manitoba has endured the worst part of the economic storm, while achieving a positive growth rate of 0.2 per cent for 2009," said Craig Wright, senior vice-president and chief economist, RBC. "Increased capital spending, agricultural activity and demand for provincially produced products and natural resources should result in more significant economic growth going forward."

Employment in the province has maintained a fairly steady but modest upward trend through 2009, rising by 0.2 per cent on average over the first three quarters. The province is one of only three projected to show an overall job gain in 2009.

The main theme of the *RBC Economics Provincial Outlook* is that a mild economic recovery is expected to be widespread among provinces in 2010, after a significant contraction spread across the country in 2009 (with only Manitoba and Nova Scotia barely avoiding a decline in activity). The full force of fiscal and monetary stimulus should positively contribute to growth in 2010. The price tag for that stimulus however, will be huge budget deficits. While such deficits might cause some discomfort, the alternative was even less attractive given the severity of the economic downturn. Returning to balance over the medium-term will be a challenge involving difficult choices. Provincial economies are expected to be in solid growth territory in 2011, with the Prairie provinces – led by Saskatchewan –benefiting from strengthening commodity prices and hitting higher growth rates than the 3.9 per cent national average.

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The *RBC Economics Provincial Outlook* assesses the provinces according to economic growth, employment growth, unemployment rates, retail sales and housing starts.

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

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For more information, please contact:

Craig Wright, RBC Economics, (416) 974-7457

Paul Ferley, RBC Economics, (416) 974-7231

Matt Gierasimczuk, RBC Media Relations, (416) 974-2124