

MANITOBA'S ECONOMY EXPECTED TO CONTINUE SOLID PERFORMANCE, SAYS RBC

Public investments boosting growth

TORONTO, June 22, 2007 — Manitoba's economy is expected to remain a solid performer, growing at 3.0 per cent for 2007 and 3.2 per cent for 2008 – slightly outpacing the national growth rate for both years, according to the latest provincial outlook released today by RBC.

“Manitoba's domestic economy continues to power forward, with impressive strength in consumer spending and housing markets,” said Craig Wright, vice-president and chief economist at RBC. “At the same time, public and private sector capital investments continue to drive growth, with the pace of increase in public sector investments likely to outstrip the private sector's pace by almost four times.”

The key projects noted in the RBC report include the Winnipeg Floodway expansion, to be completed by 2009, Winnipeg's municipal works improvement program, the Wuskatim Dam project, which will be finished around 2011, and the conversion of Winnipeg's James Armstrong Richardson International Airport into a major cargo centre and a new airport terminal by 2009.

Electricity sales and crop conditions are the key risks to Manitoba's positive outlook, said RBC. After falling by 14 per cent last year, electricity exports are sliding at an even faster pace so far this year. Crop conditions also remain uncertain, but anything more than a normal crop assumption at this point in the season is perilous, although greater downside risks exist in neighbouring Saskatchewan due to soil moisture and late planting in some areas.

Across Canada, Newfoundland and Labrador will be the provincial growth leader in 2007 at 7.5 per cent before experiencing a dramatic pull back next year, shifting the spotlight back onto the more sustainable growth in Western Canada. Prince Edward Island and Ontario will be at the back of the pack, each with growth rates just shy of two per cent this year.

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

According to the report (available online as of 8 a.m. E.D.T., at www.rbc.com/economics/market/pdf/provfcst.pdf), provincial forecast details are as follows:

	Real GDP			Housing starts			Retail sales			Employment			CPI		
	06	07	08	06	07	08	06	07	08	06	07	08	06	07	08
	Thousands														
NFLD.	2.8	7.5	0.5	2.2	2.0	1.8	2.9	5.5	2.0	0.7	1.2	0.1	1.8	2.0	1.4
P.E.I.	2.0	1.9	1.7	0.7	0.6	0.6	4.1	4.5	3.7	0.6	0.8	0.4	2.3	1.5	1.7
N.S.	1.1	2.4	2.3	4.9	4.5	4.4	6.3	3.1	3.3	-0.3	1.1	0.3	2.0	1.4	1.3
N.B.	2.6	2.5	2.6	4.1	3.8	3.7	5.5	3.9	4.0	1.4	0.8	0.4	1.7	1.5	1.4
QUE.	1.7	2.1	2.6	47.9	42.1	39.6	4.5	4.7	4.8	1.3	2.0	0.9	1.7	2.3	1.8
ONT.	1.9	1.9	2.7	73.4	63.9	60.0	4.0	3.5	4.9	1.5	1.3	1.0	1.8	2.1	2.1
MAN.	3.3	3.0	3.2	5.0	5.3	4.4	5.8	6.1	6.0	1.2	1.1	0.9	2.0	2.3	2.5
SASK.	0.4	4.0	3.6	3.7	4.6	3.9	5.9	7.4	6.0	1.7	3.0	1.0	2.1	3.5	2.8
ALTA.	6.8	4.6	4.0	49.0	44.8	39.9	16.0	9.3	8.5	4.8	4.2	2.0	3.9	5.2	3.5
B.C.	3.6	3.2	3.3	36.4	35.3	31.1	6.2	6.0	5.8	3.1	3.0	1.9	1.7	2.2	2.3
CANADA	2.8	2.6	2.9	228	208	190	6.2	5.2	5.2	2.0	2.0	1.2	2.0	2.4	2.2

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