



# NEWS

## RBC SAYS HOT JOB MARKET CONTINUES TO FUEL MANITOBA'S GROWTH

**TORONTO, October 8, 2008** — According to the latest provincial economic outlook released today by RBC, strong labour markets and the largest migration inflow since the early 1960s have helped fuel Manitoba's economy, with growth expected to be at 3.1 per cent for 2008, well above the national average.

"A robust labour market continues to be both a sign and source of vigour for Manitoba's economy," said Craig Wright, senior vice-president and chief economist, RBC. "Strong job creation is keeping employment firmly on an upward trend, fueling demand for housing and consumer goods and services."

Manitoba continues to benefit from high commodity prices for grains and base metals although the province's boom is not quite as strong as that of its western neighbours where the energy sector is of greater importance. Commodity prices are expected to level off in 2009, but should remain elevated enough to maintain underlying support to income growth.

Unfortunately, high commodity prices come with a downside as Manitoba's large manufacturing sector is facing steeper costs for materials and energy, exacerbating challenges posed by the high Canadian dollar of recent years. Nonetheless, the impact is not as severe as it is in Ontario thanks to Manitoba's smaller exposure to the hard-hit auto industry. Manitoba's manufacturing sector is instead dominated by aerospace and bus production, which have moderately brighter prospects.

The report noted that with the completion of two major capital projects – the expansion of the Red River floodway and the Winnipeg International Airport upgrade -- the province's economic growth is expected to weaken later this year. However, ongoing investment by Manitoba Hydro should help limit the extent of the slowdown in growth.

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The outlook for provinces has generally darkened as a result of the recent dramatic turn in the year-long financial market crisis. The U.S. economy now appears to be in recession with Europe, the U.K. and Japan also sinking fast. While Canada is in better position with its financial sector less heavily impaired, overall growth will be substantially weaker than previously anticipated.

Among the provinces, Saskatchewan will lead the way this year and next in terms of economic growth, with Manitoba closely behind. The Atlantic region is expected to display continued resilience and should sustain a moderate pace of expansion for the most part. Conditions in the most western part of the country are on a deteriorating path. Eroding housing situations and rapidly slowing growth in consumer spending have prompted downward revisions to the forecasts for British Columbia and Alberta. With weak external trade continuing to exert a toll, cracks have appeared in the domestic foundations of Ontario and Quebec. Ontario will likely see its growth evaporate.

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](http://www.rbc.com/economics/market/pdf/provfcst.pdf)), provincial forecast details are as follows:

	Real GDP			Housing starts			Retail sales			Employment			CPI		
	<u>07</u>	<u>08</u>	<u>09</u>	<u>07</u>	<u>08</u>	<u>09</u>	<u>07</u>	<u>08</u>	<u>09</u>	<u>07</u>	<u>08</u>	<u>09</u>	<u>07</u>	<u>08</u>	<u>09</u>
	Thousands														
NFLD.	9.1	0.2	1.3	2.6	2.8	3.0	9.0	8.0	4.0	0.7	2.0	0.6	1.4	3.1	2.1
P.E.I.	2.0	1.9	1.4	0.8	0.7	0.5	7.7	5.5	3.5	1.1	1.7	0.5	1.8	3.8	2.4
N.S.	1.6	2.0	2.0	4.8	4.2	3.2	4.2	5.5	4.0	1.3	1.1	0.9	1.9	3.6	2.3
N.B.	1.6	2.0	2.5	4.2	4.1	3.3	5.7	5.5	4.0	2.1	0.9	0.9	1.9	2.2	2.1
QUE.	2.4	0.7	1.2	48.6	45.7	39.0	4.6	5.5	3.5	2.3	0.8	1.1	1.6	2.5	2.0
ONT.	2.1	0.0	0.4	68.1	75.0	66.5	3.9	5.0	2.8	1.6	1.5	1.2	1.8	2.6	2.0
MAN.	3.3	3.1	2.3	5.7	5.4	5.4	8.8	8.0	5.5	1.6	1.8	1.5	2.1	2.5	2.6
SASK.	2.8	3.9	3.5	6.0	6.8	5.3	13.0	12.0	7.5	2.1	1.6	2.0	2.9	3.4	2.7
ALTA.	3.3	2.2	3.0	48.3	30.2	31.3	9.3	1.5	6.5	4.7	2.6	2.1	4.9	3.7	2.9
B.C.	3.1	1.2	2.1	39.2	34.8	26.0	6.7	3.0	6.5	3.2	2.4	1.4	1.7	2.5	2.0
CANADA	2.7	0.9	1.5	228	209	183	5.8	4.7	4.3	2.3	1.6	1.3	2.1	2.7	2.2

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