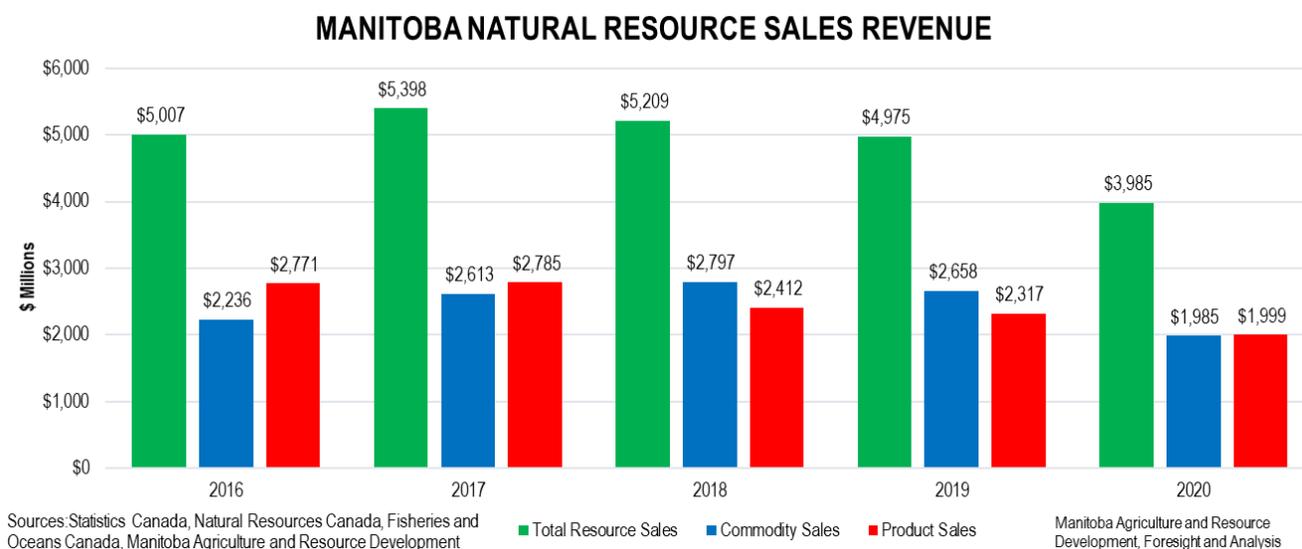




November 2021

Sales revenue is a robust indicator of business activity happening in Manitoba's economy, and provides a good understanding of the province's business cycle. In 2020, Manitoba generated \$3.98 billion in total sales revenue from its natural resources, a decrease of 19.9 per cent from the previous year. In comparison, the Gross Domestic Product (GDP) for Manitoba's overall economy dropped by 4.8 per cent in 2020, with GDP in the natural resource production and processing sectors declining by 16.4 per cent. Typically, sales revenue tends to be more sensitive to economic shocks such as COVID-19, and this was reflected by the larger decline in total resource sales.<sup>1</sup>

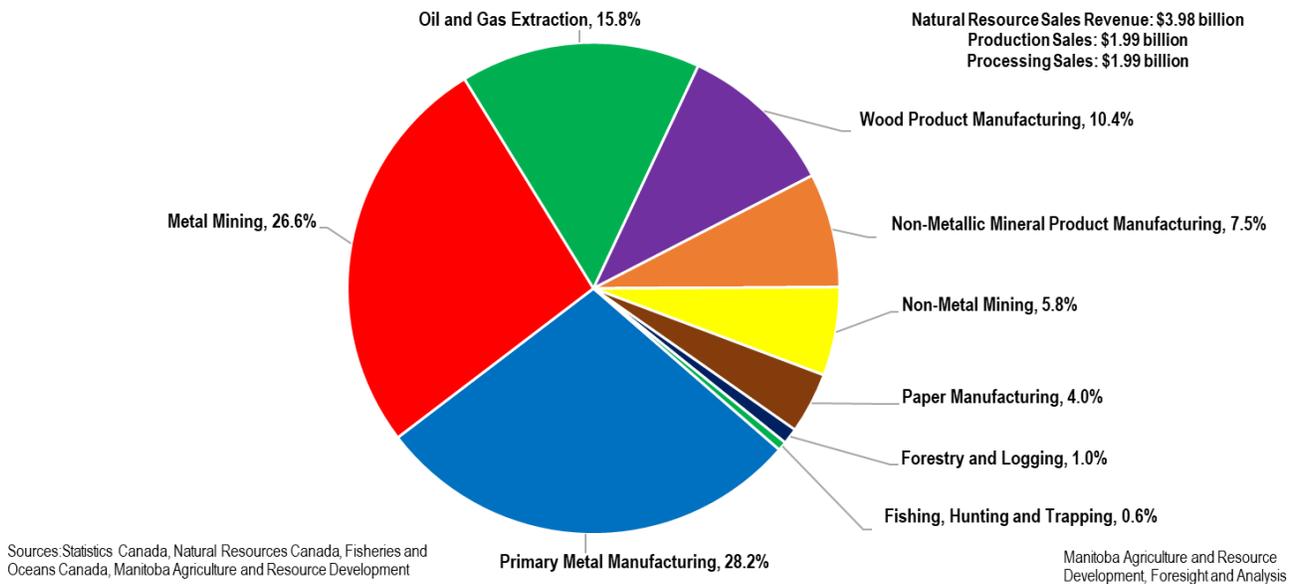
As shown in the chart below, revenues were identical for resource production and manufacturing generating nearly \$1.99 billion from commodities and \$1.99 billion from products, showing a decrease of 25.3 per cent and 13.7 per cent respectively, compared to 2019. The sector's performance over the past five years has been relatively steady, with a significant drop in sales revenues occurring in 2020, primarily due to the COVID-19 pandemic, which impacted both the resource production and processing sectors.



The natural resource industries generating the top five shares of sales revenue in 2020 were primary metal products (28.2 per cent), metal mining (26.6 per cent), crude oil (15.8 per cent), wood products (10.4 per cent) and non-metal products (7.5 per cent). Together, these five commodities and products comprised 88.5 per cent of Manitoba's total natural resource sales, and are reflected in the diagram below.

<sup>1</sup> As economic growth depends on technology, productivity and capital investment, sales revenue (or Gross Output (GO)), is considered better suited than Gross Domestic Product (GDP or Net Output) for capturing all spending activity occurring in industry supply chains as well as the overall economy. GO measures the sum of activity found at each stage of production whereas GDP captures just the final stage of production.

## MANITOBA'S NATURAL RESOURCE SHARES OF SALES REVENUE IN 2020



The commodity taking the hardest hit in 2020 was crude oil sales, which declined by 44 per cent from \$1.12 billion in 2019 to \$628.5 million this past year. This was mainly because of COVID-19 restrictions and temporary closures in the restaurant, hotel and entertainment industries which limited air travel, road travel and oil consumption. If not for the pandemic, crude oil sales would have retained the second largest share of natural resource revenues. The top commodity and product sales for 2020 are shown in the next chart.

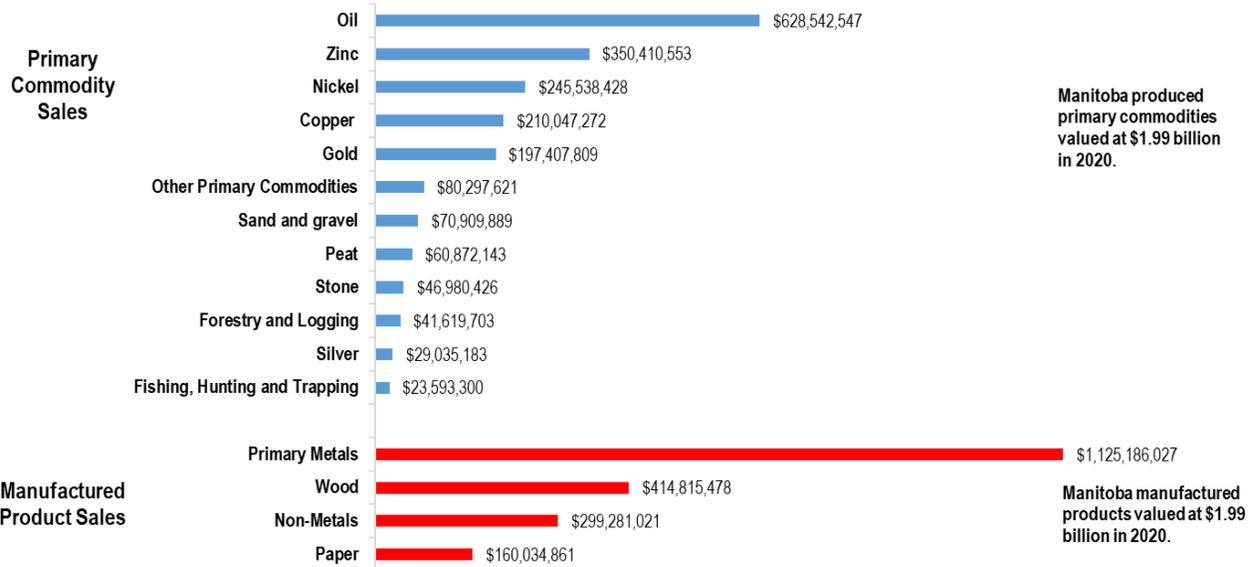
All other commodities experienced declines in sales revenue that were less than the production sector average of 25.3 per cent. The largest declines occurred with base metals such as nickel whose sales decreased by 18.5 per cent, from \$301.2 million in 2019 to \$245.5 million in 2020 and zinc sales which dropped by 18.2 per cent, from \$428.5 million to \$350.4 million. This was followed by forestry and logging, whose sales fell by 18.3 per cent, from \$50.9 million to \$41.6 million. Peat sales decreased by 14.1 per cent, from \$70.9 million to \$60.9 million, and fishing, hunting and trapping fell by 11.9 per cent, from \$26.8 million to \$23.6 million. Precious metals such as gold dropped by 11.8 per cent, from \$223.9 million to \$197.4 million, and silver declined by 10.5 per cent, from \$32.4 million to \$29 million.

The commodities that were most resilient to the effects of COVID-19 in 2020 included copper whose sales revenue declined by 4.7 per cent, from \$220.4 million in 2019 to \$210 million in 2020. Sand and gravel fell by just 3.3 per cent, from \$73.3 million to \$70.9 million, which may be benefiting from road construction projects funded through Manitoba Restart, an economic recovery program to improve Manitoba's infrastructure. The only commodity with increasing sales revenue was stone, which rose by 16.3 per cent, from \$40.4 million in 2019 to \$47 million in 2020.

As for manufactured products, the decline in sales revenue for the sector averaged 13.7 per cent in 2020. Resource product sales declined annually by 7.84 per cent since 2016. They had product sales of \$1.99 billion in 2020, and fell 18.6 per cent below their five-year average of \$2.46 billion, which is somewhat similar to what resource commodities experienced. Only paper products experienced a significant decline of 40.2 per cent, from \$267.4 million in 2019 to \$160 million in 2020, likely as a result of the business shutdowns encountered in the hospitality and retail industries because of COVID-19.

The other manufactured products fared better. Sales decreased by 14.1 per cent for wood products, from \$483 million to \$414.8 million. They declined by 10.8 per cent for non-metallic products, from \$335.6 million to \$299.3 million. They also dropped by 8.1 per cent for primary metal products, Manitoba's largest natural resource industry, from \$1.23 billion to \$1.13 billion.

## MANITOBA NATURAL RESOURCE TOP COMMODITY AND PRODUCT SALES IN 2020

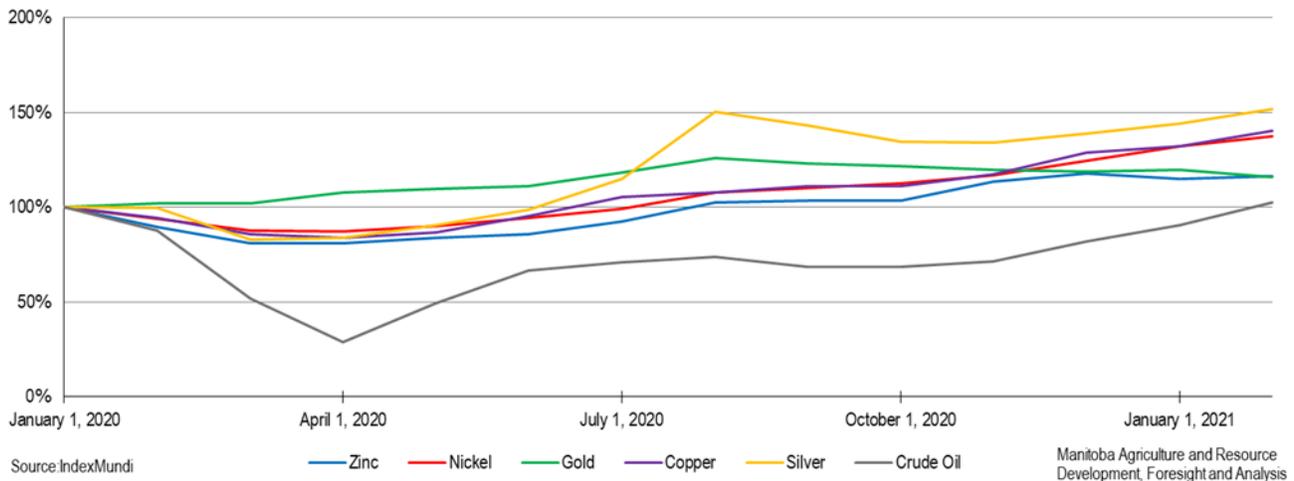


Sources: Statistics Canada, Natural Resources Canada, Fisheries and Oceans Canada, Manitoba Agriculture and Resource Development

Manitoba Agriculture and Resource Development, Foresight and Analysis

The effects of COVID-19 led to a drop in commodity prices in the first half of 2020 with a rebound following in the second half of the year. Compared to the beginning of 2020, the average price of oil and metals reached their lowest level in April 2020, falling by 21 per cent. Crude oil took a massive hit in April 2020 where its price decreased by 71 per cent. The price of gold also increased by eight per cent whereas the prices for base metals such as zinc, nickel, copper and silver declined an average of 16 per cent. By August 2020, metal prices fully returned to where they were at the beginning of the year except for crude oil which needed until February 2021 to regain its full strength. These changes in relative international prices in 2020 are captured in the following graph.

## INTERNATIONAL OIL & METALS - CHANGE IN MONTHLY RELATIVE PRICES IN 2020



Manitoba's production and processing of natural resources amounted to \$3.98 billion in total sales revenue in 2020. Of this total, \$1.43 billion or 35.9 per cent were exports of resources to international markets, particularly the United States, Mexico and China. The remaining \$2.56 billion, or 64.1 per cent, comprised natural resources sales to the rest of Canada, including Manitoba. This is shown in the table below.

These Canadian sales include \$1.58 billion or 79.4 per cent of resource production sales, used directly as raw materials by consumers or they may be passed down the supply chain for further processing. To illustrate this breakdown, of the \$628 million in crude oil sales, \$274 million was shipped to the United States and the remaining \$354 million to western Canada for refining. As for copper, of the \$210 million in commodity sales, the vast majority or \$209 million went to Sudbury for further smelting and refining.

With resource processing, products are leaving Manitoba as intermediate goods to be manufactured as finished goods, including \$1.03 billion or 51.7 per cent to international markets, and \$972 million or 48.7 per cent to Canadian markets. Some products, such as peat, petroleum and paper, are being shipped from Canadian markets to Manitoba where they may be further processed and exported to international locations. For instance, \$80 million in paper products is shipped into Manitoba from elsewhere in Canada, mixed in with \$160 million in paper products produced in Manitoba, where both are then exported to global markets at a value of \$240 million.

### MANITOBA NATURAL RESOURCE TOTAL, INTERNATIONAL AND CANADIAN SALES IN 2020

Industry	Total Sales	International Exports	Canadian Sales
<b>Manitoba Total Resource Sales*</b>	<b>\$3,984,572,260</b>	<b>\$1,428,843,669</b>	<b>\$2,555,728,591</b>
<b>Resource Production</b>	<b>\$1,985,254,874</b>	<b>\$401,474,759</b>	<b>\$1,583,780,115</b>
Forestry and Logging	41,619,703	2,016,258	39,603,445
Fishing, Hunting and Trapping	23,593,300	4,977,089	18,616,211
Oil Extraction	628,542,547	274,282,950	354,259,597
<b>Mining (except Oil and Gas)</b>	<b>\$1,291,499,324</b>	<b>\$120,198,462</b>	<b>\$1,171,300,862</b>
<b>Metal Mining</b>	<b>\$1,059,633,130</b>	<b>\$2,704,823</b>	<b>\$1,056,928,307</b>
Copper	210,047,272	903,260	209,144,012
Nickel	245,538,428	247,312	245,291,117
Zinc	350,410,553	1,506,861	348,903,692
Gold	197,407,809	17,436	197,390,373
Silver	29,035,183	2,564	29,032,618
Other Metals	27,193,885	27,390	27,166,495
<b>Non-Metal Mining</b>	<b>\$231,866,194</b>	<b>\$117,493,639</b>	<b>\$114,372,555</b>
Peat	60,872,143	116,596,387	-55,724,244
Sand and gravel	70,909,889	57,360	70,852,529
Stone	46,980,426	796,936	46,183,490
Other Non-Metals	53,103,736	42,956	53,060,780
<b>Resource Processing</b>	<b>\$1,999,317,386</b>	<b>\$1,027,368,910</b>	<b>\$971,948,476</b>
Wood	414,815,478	313,735,000	101,080,478
Paper	160,034,861	239,959,208	-79,924,347
Petroleum	x	84,591,956	-84,591,956
Primary Metals	1,125,186,027	374,725,020	750,461,007
Non-Metals	299,281,021	14,357,726	284,923,295

x - Data unavailable

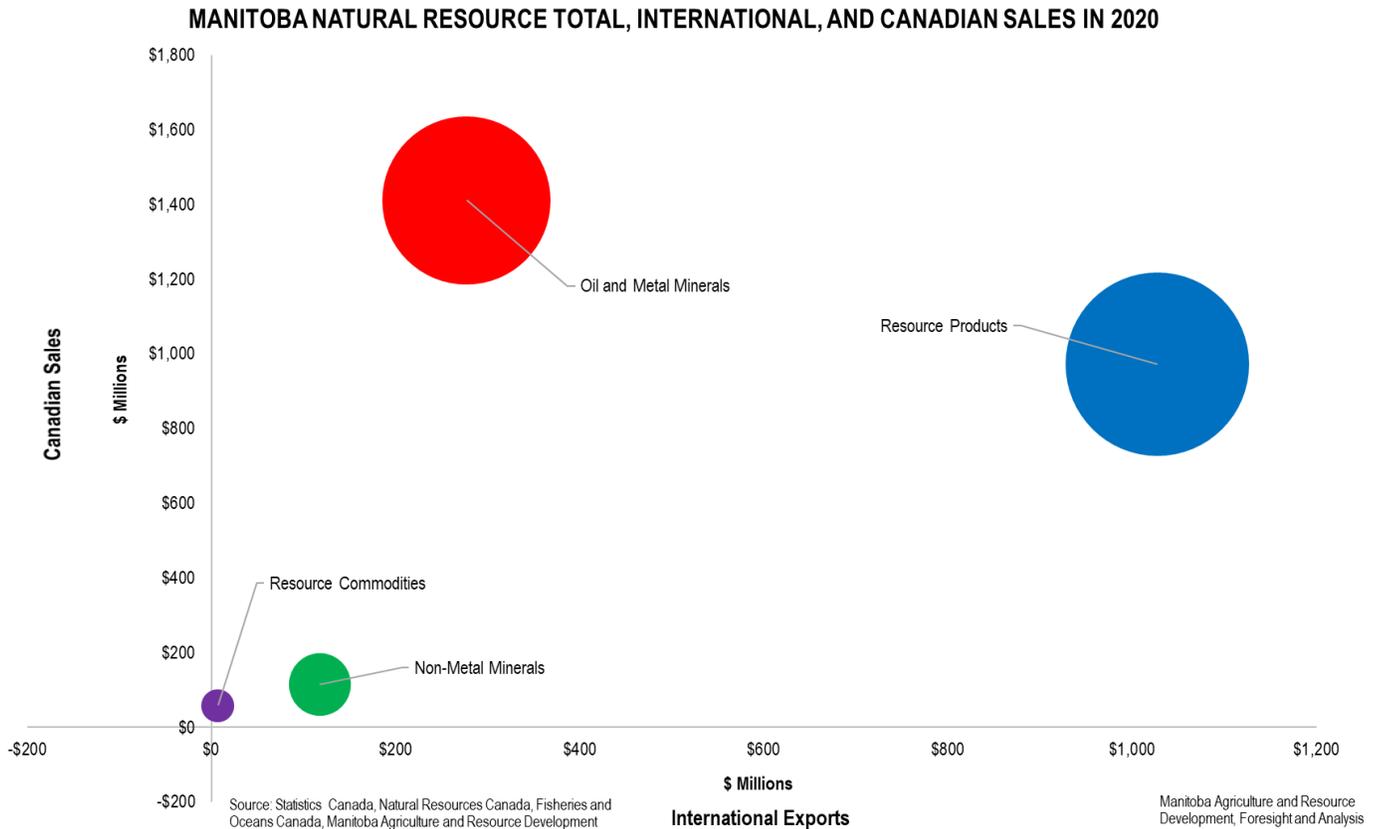
Manitoba Agriculture and Resource Development, Foresight and Analysis

\* Canadian Sales includes sales within Manitoba.

\* Many of the underlying amounts for Manitoba Total Sales and International Exports are an ARD estimate.

Sources: Statistics Canada, Natural Resources Canada, Fisheries and Oceans Canada, Manitoba Agriculture and Resource Development

This can be further visualized in the chart below, which compares total sales, international exports and Canadian sales in 2020 for Manitoba's natural resource commodities and products. Of the two largest groups, the sale of resource products (wood, paper, petroleum, primary metals and non-metals) are nearly evenly split between international sales to foreign markets and domestic sales whereas oil and metal minerals are nearly entirely sold in Canada.



## Contact us

- Go to [manitoba.ca/agriculture](http://manitoba.ca/agriculture) and click on Markets and Statistics
- Email us at [industryintelligence@gov.mb.ca](mailto:industryintelligence@gov.mb.ca)
- Follow us on Twitter @MBGovAg