

Budget Paper A
ECONOMIC REVIEW AND OUTLOOK

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ECONOMIC REVIEW AND OUTLOOK

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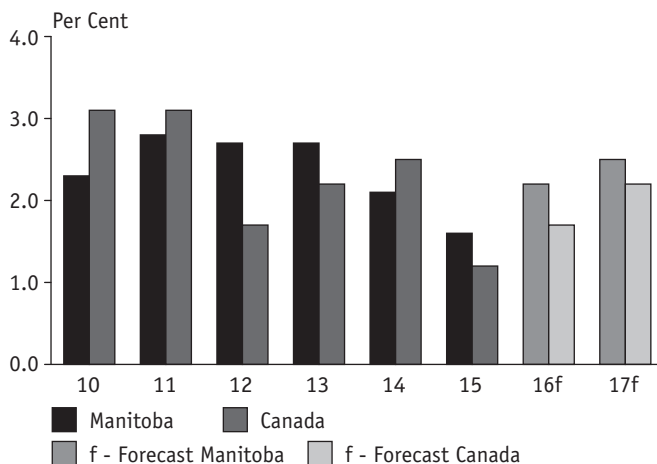
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INTRODUCTION

The Manitoba economy continues to grow despite challenges stemming from an uncertain global economic environment and enduring low primary commodity prices, especially for crude oil.

The pace of economic growth in the province since the rebound in 2010 has been very stable, but is slowing. According to Manitoba Bureau of Statistics, Manitoba's real GDP growth slowed to 1.6% in 2015 down from 2.1% in 2014. This compares favourably to the 1.2% growth estimated for Canada in 2015.

Manitoba and Canada Real GDP Growth, 2010-2017f



Sources: Manitoba Bureau of Statistics, Statistics Canada and Manitoba Finance Survey of Economic Forecasts

Preliminary industrial production information from Statistics Canada emphasizes a sharp increase in Manitoba's construction output in 2015. Last year, crop production accelerated with yields at near-record levels for most crops, while animal production declined. Manitoba's manufacturing output decreased, as gains in chemicals, aerospace products and parts, and furniture and related products were more than offset by declines in machinery for agricultural, construction and mining, meat processing, and fabricated and primary metal products. Mining, quarrying, and oil and gas extraction output fell in 2015, as both conventional oil

and gas extraction, and copper, nickel, lead and zinc mining declined.

Looking forward, many of the issues that adversely affected the global growth in 2015 – recession in Brazil and Russia, slowdown in Canada, China and other emerging markets, sharp decline in commodity prices and financial market volatility – are likely to continue to exert downward pressure on growth in 2016. In addition, the inability of Central Banks to boost household spending and business investment by lowering interest rates is becoming increasingly apparent in many countries.

Reflecting these global challenges, the International Monetary Fund (IMF) has lowered economic growth forecast, across the board, for all Group of Seven (G7) countries in 2016 and 2017.

Manitoba and Canada's economic forecasts were also revised down from those that prevailed earlier this year. The Manitoba Finance Survey of Economic Forecasts shows Canadian real GDP growing by 1.7% in 2016 and by 2.2% in 2017. Manitoba's real GDP growth is expected to be slightly higher at 2.2% in 2016 and 2.4% in 2017.

INTERNATIONAL ECONOMIC DEVELOPMENTS

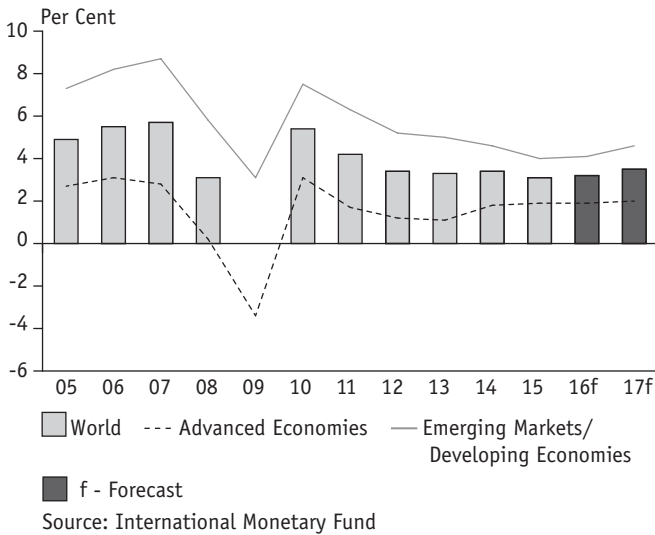
Optimism that the global economy will quickly recover from the Great Recession has now faded. The post-Great Recession recovery has seen the emergence of a new set of challenges to global growth, including:

- European sovereign debt crisis;
- slowdown in China and other emerging market economies;
- sharp drop in commodity prices and their corresponding impact on:
 - economic growth,
 - fiscal balance, and
 - trade balance, particularly of commodity producers.

Many central banks continue to struggle to boost demand despite pursuing aggressive and unorthodox monetary policies. Undertaking fiscal stimulus in many nations would be challenging due to large debt levels. Additionally, non-political shocks in the form of refugee crises, terrorist attacks and cross-border conflicts continue to affect economies in many parts of the world, including those in Europe, the Middle East and North Africa.

The IMF has again downgraded its global economic growth outlook for both 2016 and 2017. The global economic growth forecasts of 3.2% in 2016 and 3.5% in 2017 are 0.2% and 0.1% lower, respectively, compared to its earlier forecasts. These downward revisions were broad-based, with outlooks cut for several advanced economies (U.S., euro area, Japan, Canada) and emerging market economies (Brazil, Russia).

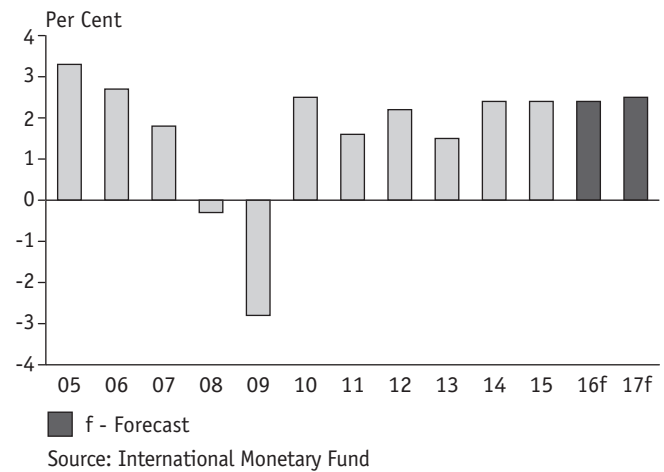
Global, Advanced Economies and Emerging Markets/Developing Economies Real GDP Growth, 2005-2017f



The U.S. economy has lost some momentum but remains the fastest growing economy among the G7 countries. While strong employment gains, low interest rates and savings from lower gasoline prices were expected to boost consumption, American households have

tightened their spending as evidenced by tepid retail sales numbers in the last few months. Investment in the U.S. is being restrained by a number of factors, including weak domestic demand, heightened uncertainty and the downturn in the energy sector. Exports, a bright spot for most of the early part of the recovery, are also unlikely to contribute significantly to economic growth, as they are being negatively impacted by the weaker global growth and the stronger American dollar.

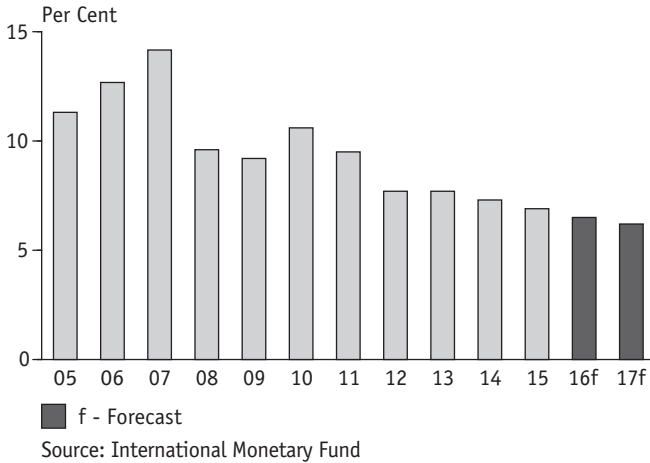
U.S. Real GDP Growth, 2005-2017f



Results have been mixed in China as the economy transitions away from large-scale capital investments to domestic consumer spending. Retail sales growth, a good proxy for consumption, continues to slow. However, the services sector's share of the Chinese economy has increased from 40% in 2000 to nearly 50% in 2014.

While economic growth is moderating in China, many issues continue to simmer, including deteriorating loan portfolios due to defaults by corporate and state-owned enterprises. This could adversely impact the health of the Chinese banking system, and could send the Chinese and global economies and financial markets into another round of instability.

China Real GDP Growth, 2005-2017f



Citing deflationary concerns, the European Central Bank (ECB) recently implemented very aggressive monetary policies. ECB cut its main policy rate to 0%, slashed the deposit facility rate to -0.4% and expanded its program of asset purchases (Quantitative Easing). Despite these measures, the euro area continues to be impaired by a host of issues affecting the currency bloc such as high sovereign debt burdens, slower global demand and a strong euro. Other factors that could have a very large impact on the euro area economy include terrorist attacks and the possibility of Britain’s exit from the European Union.

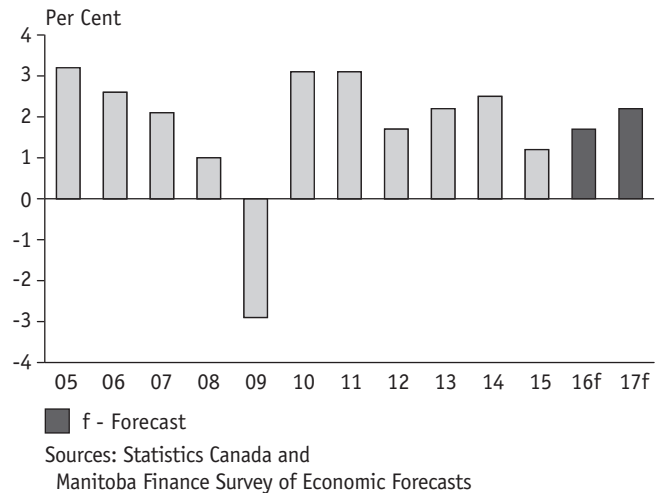
Mexico, Manitoba’s fourth-largest trading partner, made a solid start to its post-Great Recession recovery, growing by around 4.5% between 2010 and 2012. Since then, the economy has lost momentum largely due to external factors, especially subpar growth in the U.S. (Mexico’s largest trade partner) and the plunge in oil prices. However, Mexico’s domestic fundamentals remain strong. A host of structural reform measures undertaken by the Mexican government, including better fiscal management, liberalizing important sectors such as energy, financial services and telecommunications, are bearing fruit and should further boost economic growth going forward.

Canadian Economic Developments

The Canadian economy initially bounced back quickly from the Great Recession as a result of stimulus programs and a rebound in commodity prices. But as momentum in the global economy waned, and oil prices fell in 2014 and remain low, Canadian real GDP growth slowed to 1.2% in 2015, the slowest pace recorded since 2009.

As a consequence of cutbacks in oil and gas-related production, and capital investment, the labour market softened with the nationwide unemployment rate remaining elevated above 7.0%. Surveys such as the Bank of Canada’s Business Outlook Survey and the Canadian Federation of Independent Business’ Business Barometer point to only modest recovery in hiring and wage gains going forward. The unemployment rate is projected to stay close to 7.0% over the next two years: 7.1% in 2016 and 7.0% in 2017.

Canada Real GDP Growth, 2005-2017f



The very sharp decline in capital expenditures in 2015 was a major cause for the slow economic performance last year. Statistics Canada’s latest Capital and Repair Expenditures Survey indicates continuing weakness in investment will dampen the economy in 2016. Led by the anticipated 23.1% decline in the mining, quarrying,

and oil and gas extraction sector, total private capital expenditures are projected to decline 9.3% this year. However, the anticipated 6.5% increase in public capital expenditures is projected to moderate total investment declines to 4.4% this year.

On the upside, the federal government unveiled a multi-year stimulus package in Budget 2016. Averaging \$22.6 billion through 2020/21, fiscal stimulus is expected to boost consumption and investment in a wide variety of areas, ranging from affordable housing to public transit to scientific research. Acknowledging this significant commitment, the Bank of Canada estimates government spending will contribute 0.5% to the 1.7% GDP growth projected in 2016 and 0.6% to the 2.3% GDP growth projected in 2017.

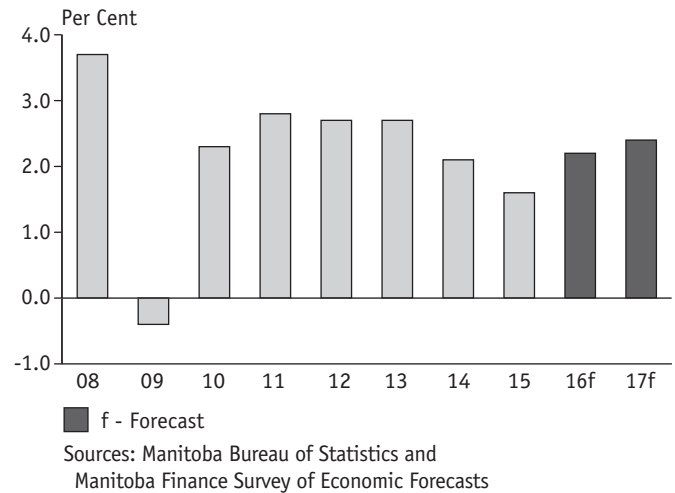
The countervailing effects of the decline in energy prices and the pass-through-effects of the depreciation of the Canadian dollar on inflation are expected to dissipate over the medium term. As a consequence, the Bank of Canada predicts that the forces affecting the path of inflation over the medium term to be largely balanced, thus projecting inflation to be roughly around 2% over the next two years. The average of the inflation forecasts surveyed by Manitoba Finance (1.8% in 2016 and 2.2% in 2017) show private sector forecasters are largely in agreement with the central bank's projections.

Projections for Canada's economy in 2016 point to continuing moderation. Most forecasters do not expect an appreciable economic recovery until 2017. The forecast survey indicates that Canada's real economic output will grow by 1.7% this year and increase by 2.2% in 2017. Nominal GDP is expected to increase by 2.9% in 2016 and 4.8% in 2017 with energy prices slowly rebounding from the current base.

MANITOBA ECONOMY

Historically, Manitoba has had a wide variety of medium-sized enterprises that span the province. Manufacturing is the largest commercial industry in the

Manitoba Real GDP Growth, 2008-2017f



province, accounting for 10% of the economy and is closely followed by construction (8.7%), transportation and warehousing (6.4%), and finance and insurance (5.9%). The contribution from the smallest to the largest sector is the narrowest among provinces. The relatively stable service sector contributes 70% of economic output, while the goods producing sector accounts for the rest.

Due to these salient characteristics, Manitoba is consistently recognized by economic forecasters and credit rating agencies as one of the most economically diversified provinces in Canada. These factors also explain why Manitoba has been able to generate the most stable annual provincial economic growth in Canada.

Given the current national and international economic situation, a review of major economic indicators shows mixed results for Manitoba through most of 2015 and early 2016.

- Preliminary real GDP growth was estimated at 1.6% in 2015, the slowest since the recession in 2009.
- Household consumer spending softened in 2015, while business investment continued to increase following a sharp jump in 2014.

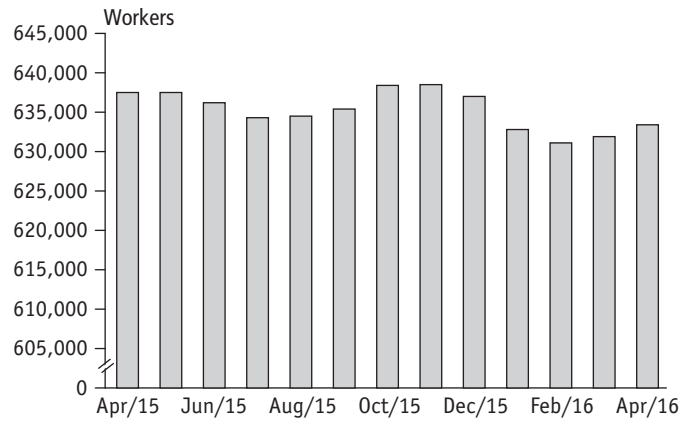
- Due to low primary commodity prices and demand, a decrease in real exports was only partially counterbalanced by a smaller decline in real imports, thereby, dampening overall growth in 2015.
- Manitoba generated 9,700 jobs in 2015. The labour market remained balanced, with the supply of labour growing at about the same rate as jobs. However, both have slowed in the first quarter of 2016 compared to the same period in 2015.
- Inflation has remained relatively restrained as low fuel prices, coupled with modest demand, are offsetting higher import prices. Accordingly, the Consumer Price Index rose 1.2% in 2015 compared to 1.9% in 2014. So far in 2016, consumer prices are up by 1.4% with higher prices for alcohol and tobacco, recreation and education, and food products partially offset by declines in energy, clothing and footwear, and health and personal care prices.
- Manufacturing sales have rebounded early into 2016, while retail sales are strengthening.
- New home construction numbers continue to slow after growing by a record-setting pace in the early part of the decade. Still, housing starts remain relatively high compared to historical levels.

Labour Market

Manitoba has the most stable labour market in Canada with modest changes in annual growth. Manitoba's unemployment rate is generally one of the three lowest among provinces. In addition, over the past seven years, the labour market was balanced with new jobs created at about the same rate as new workers entering the market. This balance is reflected in a stable unemployment rate within a narrow range.

In the first four months of 2016, the labour force which includes self-employed and employees, averaged 673,100 workers. Over the same period, the

Manitoba's Employment, April 2015-April 2016 (Three Month Moving Average)



Source: Statistics Canada

unemployment rate averaged 6.1%, second lowest among provinces and below the 7.2% national average.

As a result of the slow growth in international and interprovincial demand for goods and services, employment has declined from an average of 636,200 jobs in 2015 to a 12-month rolling average of 634,700 jobs in April 2016, which represents a decline of 1,500 jobs.

The service sector is the most impacted and has lost 2,700 workers. This includes 1,600 jobs lost in the wholesale and retail trade sector, and 1,200 jobs lost in the transportation and warehousing sectors.

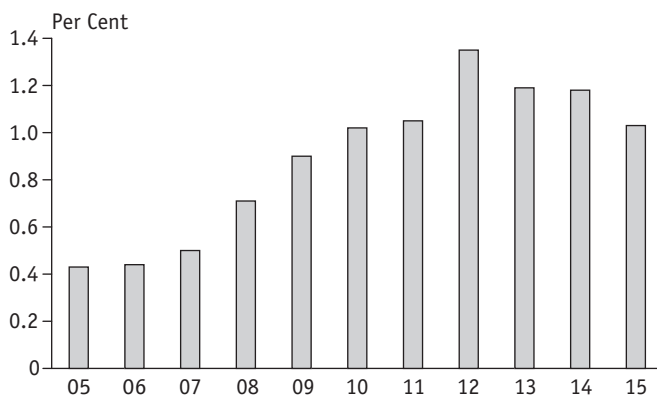
Low energy prices have led to 12 consecutive months of job losses in Manitoba's mining, oil and gas sectors. These losses appear to have stopped in February 2016 with modest gains in March and April. Sectors showing employment gains in 2016 include: professional, scientific and technical services, construction, utilities, information and culture.

Given the slow start in 2016, the Manitoba Finance Survey of Economic Forecasts shows an expected 0.4% growth in employment this year and improving to 1.1% growth in 2017. The unemployment rate is expected to average 5.8% in 2016 and anticipated to fall to 5.5% in 2017.

Population

Over the past six years, Manitoba’s population has increased by over 1.1% a year. It has exceeded Canada’s population growth in the last four years. Immigration, coupled with an increasing number of births, is the key reason for this momentum and has contributed to marginally lowering the median age in the province to 37.7 years, which is the second lowest among provinces and is well below the national average at 40.5 years. Canada’s median age has continued to increase, but at a slower pace due to immigration and an increasing number of births.

Manitoba’s Population Growth, 2005-2015



Source: Statistics Canada

Manitoba’s population was estimated at 1,293,378 persons on July 1, 2015, an increase of 13,136 persons or 1.03% from July 2014. Manitoba’s growth rate in population was the second highest among provinces and above the national average growth. Population data is released quarterly, however, the mid-year July estimate is considered the “annual” population for the year.

The components of population growth show net international immigration at 13,311 persons in 2015, down from a record 14,643 persons in 2014. The loss from net interprovincial migration improved to 6,971 persons compared to 7,336 persons in the previous year. The natural population increase (number of births less

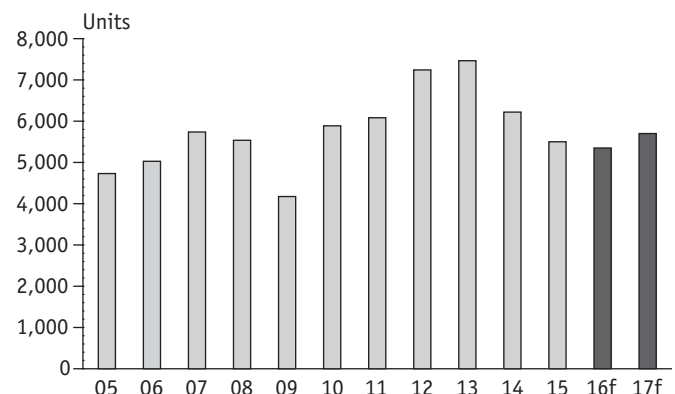
number of deaths) was estimated at 5,805 persons, up from 5,721 persons in 2014.

In January 2016, Manitoba’s population was estimated at 1,303,896 persons, an increase of 10,518 persons from July 2015. Manitoba Finance Survey of Economic Forecasts shows continued strength in population growth in 2016 and 2017, with an estimated increase of 1.2% and 1.1%, respectively.

Housing

Manitoba’s investment in housing construction amounted to \$3.9 billion in 2014, or roughly 6.1% of nominal GDP. Over the years, the importance of housing to the Manitoba economy has increased, rising from 4.6% of GDP in 2005 to 6.1% of GDP in 2014. A sector with relatively high wages and salaries, Manitoba’s construction industry employed 45,600 persons in 2015, which is equivalent to 7.2% of the total employed in the province.

Manitoba All Area Housing Starts, 2005-2017f



■ f - Forecast

Sources: Statistics Canada and Canada Mortgage and Housing Corporation

Strong growth in new home construction in the early part of the decade has been underpinned by solid fundamentals, including employment and wage growth, low mortgage rates, housing affordability and population growth. While many of these positive

fundamentals continue to exist, the increase in housing inventories has led to a pullback in new construction in the last two years, with province-wide housing starts declining by 16.7% and 11.6% in 2014 and 2015, respectively. Year-to-date housing starts data show a decline of 10.7%, indicating moderation in housing activity is continuing. The forward-looking building permit data provides additional support to this view. Year-to-date residential building permits in the province have declined by 3.0%.

The Canadian Mortgage and Housing Corporation (CMHC) is forecasting a bottom for the Manitoba housing market in 2016. Due to decreased competition from resale activity and inventory drawdown, CMHC expects total starts to decline to 5,350 units in 2016, before rising by 6.5% to 5,700 units in 2017.

Retail Sales

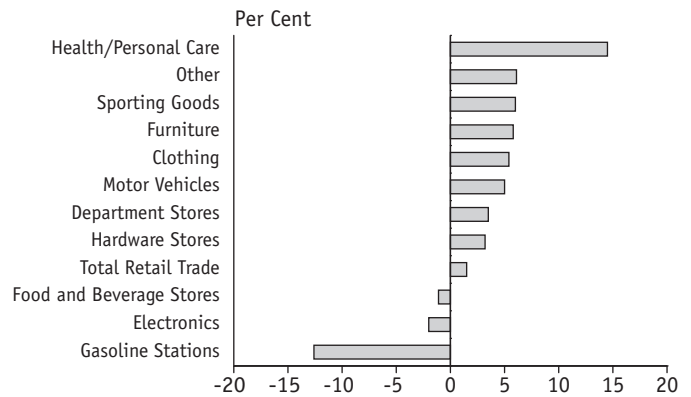
Manitoba's retail trade sector employs over 70,000 workers and generates approximately \$3.2 billion of value-added output. The sector has been expanding annually by 3.3% over the last 15 years. Food and beverage stores, and motor vehicle and parts dealers are the largest retailers in the province, accounting for 22% and 21% of the sector, respectively.

Manitoba retail sales increased by an average of 3.4% from 2011 to 2014. Last year, sales advanced to a record \$18.3 billion, or \$1,525 million a month; however, the growth rate was somewhat slower at 1.5% compared to previous years. Despite the moderate growth in 2015, Manitoba ranked fifth among provinces.

Last year, among major industry groups, gasoline stations registered the sharpest declines (-12.6%) due to the drop in fuel prices. The other two major industry groups that posted declines in 2015 were electronics and appliance stores (-2.0%), and food and beverage stores (-1.1%).

Retail sales in Manitoba have improved in the first quarter of 2016 compared to the same period in 2015. Decline in sales at gasoline stations have moderated

Retail Sales Annual Growth, 2015



Source: Statistics Canada

in 2016, while last year's declines in electronic and appliance stores, and food and beverage stores have reversed this year.

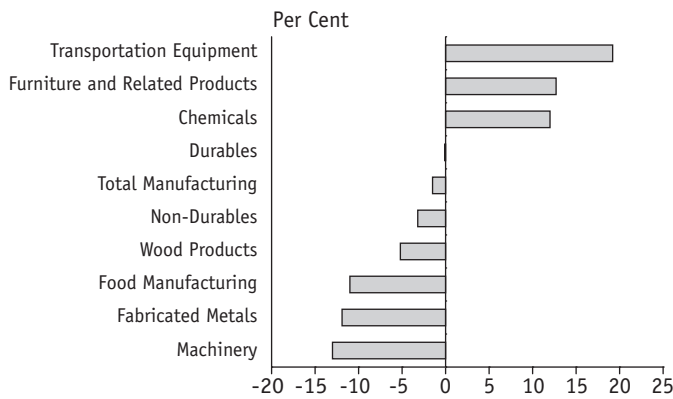
The three major retail industry groups that saw notable gains in 2015 – health and personal care stores, miscellaneous store retailers, and sporting goods, hobby, book and music stores – continue to grow in the first quarter of 2016.

Manufacturing

Manufacturing is the largest industrial sector in Manitoba, accounting for more than 10% of provincial GDP. The sector employs close to 65,000 workers and has had uninterrupted growth in employment since 2010. The bulk of Manitoba's manufactured products are exported to international and interprovincial markets.

Like the overall Manitoba economy, the sector is diversified with many similar sized industries and a few larger ones, such as food processing, transportation equipment and machinery equipment. Food processing mainly consists of meat processing, and grain and oilseed milling. Transportation equipment manufacturing is almost evenly divided into aerospace products and parts, and intercity and transit buses. Machinery equipment includes agricultural, construction and mining machinery manufacturing.

Manufacturing Sales Annual Growth, 2015



Source: Statistics Canada

Due to uneven demand and a slowdown in oil production, manufacturing sales in Manitoba decreased by 1.5% in 2015 to just under \$17 billion. Last year, increased sales receipts from aerospace products and parts, furniture and chemicals products were offset by declines in machinery equipment, fabricated metal products and meat products.

Improved conditions in the aircraft sector have boosted Manitoba's aerospace products and parts sales by 17.6% annually over the last two years. Sales remain brisk in 2016 with a year-to-date increase of 2.7%.

The recovery in U.S. housing along with a lower Canadian dollar has helped lift furniture and related product sales by, on average, 8.8% annually since 2012. Sales of kitchen cabinet and counter tops increased by 14.5% in 2015 following a 12% advance in 2014. Receipts from furniture and related products are down 0.2% so far in 2016.

Given lower demand for agricultural implements, particularly from Russia, and overall weak demand for oil and gas equipment, Manitoba's machinery equipment sales fell by 13.0% in 2015. Agricultural implement sales, in particular, fell by a significant 17.5%. Machinery equipment sales have declined at the start of 2016 and are down year-to-date at a rate of 3.3%.

Fabricated metal product sales declined 12.0% in 2015 as the completion of some major multi-housing

and non-residential capital projects reduced demand for architectural and structural products. Food manufacturing, the largest sector, declined 11.0% to \$4.0 billion, as sales were hampered by both trade-related and supply-related constraints in the meat processing sector.

With several manufacturing industries showing improvement in early 2016, economic forecasters are expecting this trend to continue throughout the year as sales should benefit from stronger demand from the U.S. and a weaker Canadian dollar.

Agriculture

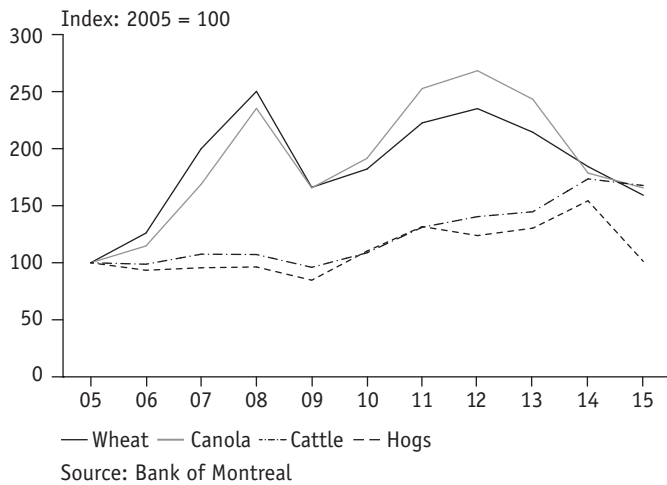
Agriculture is an important contributor to the Manitoba economy. Crop and livestock agri-businesses produce a variety of commodities and have strong linkages to food manufacturing, transportation, retail and wholesale trade, as well as finance, insurance and real estate.

In 2015, the primary agriculture sector represented over 3.0% of the economy, but crop, livestock and processed food product sales represented approximately 40% of total provincial foreign merchandise exports. Marketed farm cash receipts were divided into crops (57%) and livestock (43%).

Last year, an early spring and favorable weather conditions allowed crop producers to increase seeded acreage. Growing conditions allowed for excellent quality and yields during harvest. Statistics Canada estimates that Manitoba production increased relative to 2014 in barley (59.5%), soybeans (25.5%), canola (13.8%), oats (13.5%) and wheat (11.1%).

Grain prices, however, remain under pressure as favourable growing conditions have increased the global supply of grains and oilseeds. Wheat prices are currently averaging 13.6% below the 2015 average, while canola prices are down by 7.3%. Lower prices are partially reflected in the 2.0% decline in crop receipts in 2015, compared to the same period in 2014. Prices are expected to increase in the second half of 2016 and into 2017. Grain production in Manitoba is

Farm Commodity Prices, Indices



also expected to increase as farmers are reporting an increased seeded acreage.

Manitoba’s livestock sector benefited from growing demand for meat products and high prices in 2014 as supplies were restrained in the U.S. due to two years (2012 and 2013) of prolonged drought in key livestock production regions of the U.S. and due to the outbreak of Porcine Epidemic Diarrhea virus in the hog sector. In Manitoba, the effect from the U.S. Country of Origin Labeling regulations has reduced demand for Manitoba livestock and undermined domestic livestock production.

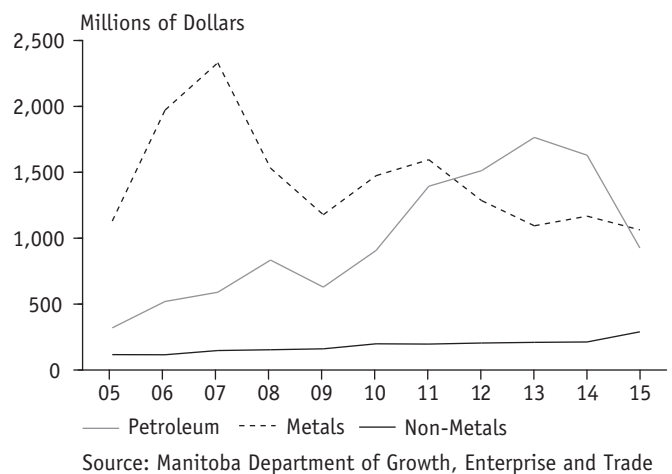
Since 2014, livestock production rebounded in the U.S. and increased in Manitoba, thereby reducing overall prices in North America. Hog prices are down 34% on average in 2016, compared to the average price in 2015. Cattle prices are down 3.3% in 2016 following an 8.1% decline in 2015. Reflecting lower prices, hog producers reported a 15.5% decrease in farm cash receipts from hog production in 2015, compared to 2014. Cattle producers reported a 3.4% increase in farm cash receipts in 2015, compared to 2014.

Mining

Mining and oil production is the second-largest primary resource industry of the Manitoba economy accounting for \$2.3 billion, or approximately 3.5% of the province’s economy in 2015. The mining sector in Manitoba is not immune to adverse developments in global commodity markets. Total mining production in 2015 was roughly 26% lower compared to 2014 production of \$3.1 billion.

Industrial metals mining is the largest component of Manitoba’s extractive sector. With total production of \$1.1 billion, industrial metals mining contributed 47% of the sector’s output in 2015. Petroleum production lost its place as the largest component of the extractive sector in 2015, as the total value of petroleum production declined by 44% to \$927 million in 2015. Total industrial minerals production in 2015 was \$291 million, accounting for the remaining 9% of the sector’s output last year.

Mining and Oil Production, 2005-2015



Capital investment in the extractive sector grew sharply at a compounded annual growth rate of approximately 17% between 2006 and 2013 as a result of the rapid rise in commodity prices. Reflecting the recent slump in commodity prices, capital investment has fallen considerably in the mining sector. According

to Statistics Canada’s latest Capital and Repair Expenditures Survey, businesses in the mining sector expect to spend \$362.3 million in capital expenditures in 2016, 65% lower than the \$1,030 million spent in 2014.

The outlook for primary commodities remains weak. Well into the seventh year of the post-Great Recession recovery, the global economy continues to disappoint, indicating commodity prices are not likely to be materially boosted by global demand. Additionally, global supply remains elevated for commodities. Financial market information for many commodities reflect global demand and supply imbalances. For example, oil futures contracts for delivery in May 2021 are currently trading around \$50, reflecting financial market participants’ view that oil prices will not materially recover from present levels as far out as five years from now.

Foreign Merchandise Exports

Accounting for roughly 20% of provincial output, foreign exports are a very important component of the Manitoba economy. These exports fell sharply (-18.5%) at the height of the global financial crisis in 2009. Between 2010 and 2014, total foreign exports from the province grew at a compounded annual rate of 5.6%. The aforementioned sizeable rate is primarily due to solid growth in exports to the U.S., which grew at a noteworthy compounded rate of 6.7%. In the corresponding period, exports to non-U.S. markets grew at a much slower pace of 3.3%.

Manitoba’s top five exports in 2015 were: grains and oilseeds (21.1%), transportation equipment (11.7%), live animals and animal products (9.9%), machinery, mechanical and electrical appliances and equipment (9.7%), and mineral products (9.1%). These top five exports accounted for roughly 62% of the province’s total exports last year.

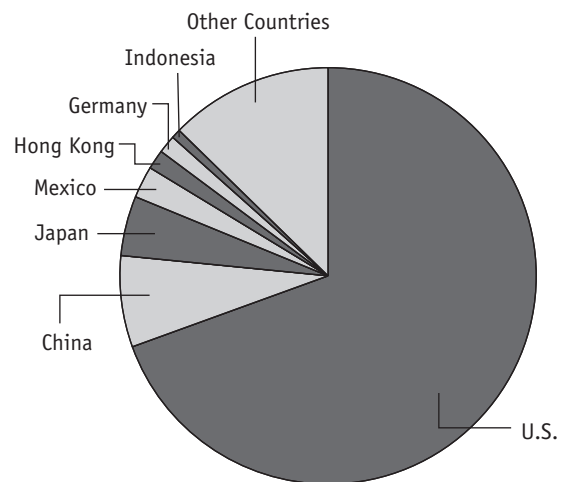
The U.S. is the primary destination for Manitoba’s exports. In 2015, roughly 70% of Manitoba’s exports

reached the U.S. The U.S. is followed by China, which bought 7.2% of Manitoba’s total exports. Japan and Mexico are the other two major export destinations, purchasing 4.8% and 2.6% of Manitoba’s exports last year. Russia was a top five export market in 2013, but with its role in the events in Ukraine and subsequent sanctions, Manitoba’s exports to Russia collapsed by 90% in 2015.

Reflecting slow global economic growth and a sharp decline in commodity prices, total exports advanced by a moderate 2.2% last year. Exports to U.S. markets grew by 5.2% in 2015. In contrast, exports to non-U.S. markets declined 3.8% last year.

Export performance has reversed course this year. Exports to the U.S. have declined 3.9% year-to-date and exports to non-U.S. markets have advanced by 8.7%.

Manitoba’s Main Export Destinations



Source: Statistics Canada

MANITOBA OUTLOOK

Economic forecasts from earlier in the year for a notable expansion of global economic growth in the medium term have been revised down. Commodity prices are continuing to slip as demand conditions remain fragile despite further monetary policy easing in Europe and Japan. There has been a loss of growth momentum in the U.S. and Canada, partly due to the prolonged weakness in energy prices.

Given these factors, the IMF lowered its global growth forecast to 3.2% in 2016 and 3.5% in 2017. The IMF lowered their 2016 forecast for all members of the G7 by 0.1% to 0.5% in 2016. Growth in the U.S. is now

expected to be 2.4% in 2016, unchanged for the 2015 growth, but downgraded by 0.2% from the previous forecast. Most of the countries within the euro area are expected to grow slower than 1.5% in 2016 and by 1.6% in 2017.

Forecasts surveyed by Manitoba Finance estimate the Canadian economy will grow by 1.7% in 2016 and by 2.2% in 2017. The same survey indicates that Manitoba will grow by 2.2% in 2016 and by 2.4% in 2017. Nominal GDP is expected to grow by 3.8% in 2016 and by 4.4% in 2017.

Manitoba Outlook at a Glance

	2015	2016f	2017f
	(Per Cent Change Unless Noted)		
Gross Domestic Product			
Real	1.6	2.2	2.4
Nominal	2.7	3.8	4.4
Employment	1.5	0.4	1.1
Unemployment Rate (%)	5.6	5.8	5.5
Consumer Price Index	1.2	1.8	2.2
Population	1.0	1.2	1.1

f = Forecast

Sources: Statistics Canada, Manitoba Bureau of Statistics and Manitoba Finance Survey of Economic Forecasts (2016f - 2017f)

MANITOBA FINANCE SURVEY OF ECONOMIC FORECASTS 2015-2017f

Real GDP Growth Forecast (%)

	<u>2015*</u>	<u>2016f</u>	<u>2017f</u>
CA	0.9	1.7	2.2
NL	-2.2	-0.5	0.3
PE	1.5	1.3	1.3
NS	0.8	1.4	1.5
NB	1.9	0.6	1.1
QC	1.1	1.7	1.8
ON	2.5	2.6	2.4
MB	1.6	2.2	2.4
SK	-1.4	0.6	2.0
AB	-4.0	-0.9	2.1
BC	3.0	2.8	2.6

Nominal GDP Growth Forecast (%)

	<u>2015f</u>	<u>2016f</u>	<u>2017f</u>
CA	0.6	2.9	4.8
NL	-7.8	-0.8	3.4
PE	2.2	2.9	3.3
NS	2.0	3.1	3.4
NB	2.0	2.1	3.1
QC	2.2	3.4	4.0
ON	3.6	4.3	4.7
MB	2.7	3.8	4.4
SK	-4.2	0.8	5.0
AB	-7.5	-2.0	6.2
BC	3.6	4.3	4.8

Unemployment Rate Forecast (%)

	<u>2015</u>	<u>2016f</u>	<u>2017f</u>
CA	6.9	7.1	7.0
NL	12.8	13.6	13.8
PE	10.4	10.5	10.3
NS	8.6	8.7	8.6
NB	9.8	9.8	9.7
QC	7.6	7.6	7.3
ON	6.8	6.7	6.5
MB	5.6	5.8	5.5
SK	5.0	5.8	5.6
AB	6.0	7.3	7.0
BC	6.2	6.3	6.2

Employment Growth Forecast (%)

	<u>2015</u>	<u>2016f</u>	<u>2017f</u>
CA	0.8	0.7	1.0
NL	-1.0	-1.3	-0.3
PE	-1.1	-0.2	0.5
NS	0.1	0.2	0.7
NB	-0.6	-0.3	0.4
QC	0.9	0.8	0.9
ON	0.7	1.2	1.1
MB	1.5	0.4	1.1
SK	0.5	-0.3	0.8
AB	1.2	-0.9	0.9
BC	1.2	1.7	1.3

f = Forecast

* Real GDP is based on basic prices.

Sources: Manitoba Finance Survey of Economic Forecasts,
Manitoba Bureau of Statistics and Statistics Canada

MANITOBA ECONOMIC STATISTICS, 2011 TO 2015

	2011	2012	2013	2014	2015
	(Millions of Dollars)				
POPULATION					
July 1 (000's)	1,234	1,250	1,265	1,280	1,293
GROSS DOMESTIC PRODUCT¹					
Nominal	56,343	59,802	62,082	64,177	65,889
Real (chained 2007 dollars)	54,183	55,665	57,175	58,404	59,349
SECTORS					
Farm Cash Receipts	4,971	5,146	5,833	5,975	5,823
Crops	2,550	2,718	3,468	3,249	3,183
Livestock	1,920	1,934	1,993	2,494	2,335
Direct Payments	501	495	371	231	305
Manufacturing Shipments	16,153	16,333	16,742	17,200	16,948
Mining	3,160	3,092	3,071	3,097	2,282
Housing Starts (no. of units)	6,083	7,242	7,465	6,220	5,501
Retail Trade	16,443	16,652	17,297	18,034	18,297
New Car Sales (no. of units)	48,546	52,236	56,275	57,783	57,971
FOREIGN EXPORTS					
Total Exports	11,678	11,363	12,550	13,414	13,715
U.S.	7,096	7,655	8,407	9,061	9,528
LABOUR MARKET					
Labour Force (000's)	647.4	656.6	661.5	662.1	674.1
Employment (000's)	611.7	621.6	625.8	626.5	636.2
Participation Rate (%)	68.9	68.9	68.6	67.8	68.3
Unemployment Rate (%)	5.5	5.3	5.4	5.4	5.6
Average Weekly Earnings (\$)	800.81	822.66	827.34	862.99	880.17
INVESTMENT					
Total	7,509	7,795	7,620	8,633	9,687
Private	4,353	4,388	4,331	5,537	4,764
Public	3,156	3,407	3,289	3,096	4,923
CONSUMER PRICE INDEX					
(Index, 2002 = 100)	118.4	120.3	123.0	125.3	126.8
BANKRUPTCIES					
Business	60	36	55	48	26
Farm	5	7	13	2	0
Personal	1,514	1,276	1,214	1,200	1,264

¹ 2015 Manitoba Bureau of Statistics

Sources: Statistics Canada, Manitoba Bureau of Statistics and Manitoba Finance

Sums may not add due to rounding.

2011	2012	2013	2014	2015	
(Annual Percentage Change)					
1.0	1.4	1.2	1.2	1.0	POPULATION
					July 1 (000's)
5.8	6.1	3.8	3.4	2.7	GROSS DOMESTIC PRODUCT¹
2.8	2.7	2.7	2.1	1.6	Nominal
					Real (chained 2007 dollars)
					SECTORS
4.0	3.5	13.3	2.4	-2.5	Farm Cash Receipts
-5.0	6.6	27.6	-6.3	-2.0	Crops
9.9	0.7	3.1	25.1	-6.4	Livestock
43.3	-1.2	-25.0	-37.7	31.7	Direct Payments
6.4	1.1	2.5	2.7	-1.5	Manufacturing Shipments
23.7	-2.2	-0.7	0.9	-26.3	Mining
3.3	19.1	3.1	-16.7	-11.6	Housing Starts (no. of units)
4.3	1.3	3.9	4.3	1.5	Retail Trade
7.0	7.6	7.7	2.7	0.3	New Car Sales (no. of units)
					FOREIGN EXPORTS
14.1	-2.7	10.4	6.9	2.2	Total Exports
8.4	7.9	9.8	7.8	5.2	U.S.
					LABOUR MARKET
0.5	1.4	0.7	0.1	1.8	Labour Force (000's)
0.4	1.6	0.7	0.1	1.5	Employment (000's)
-	-	-	-	-	Participation Rate (%)
-	-	-	-	-	Unemployment Rate (%)
2.6	2.7	0.6	4.3	2.0	Average Weekly Earnings (\$)
					INVESTMENT
-0.6	3.8	-2.3	13.3	12.2	Total
3.3	0.8	-1.3	27.8	-14.0	Private
-5.6	8.0	-3.5	-5.9	59.0	Public
					CONSUMER PRICE INDEX
3.0	1.6	2.2	1.9	1.2	(Index, 2002 = 100)
					BANKRUPTCIES
-11.8	-40.0	52.8	-12.7	-45.8	Business
-16.7	40.0	85.7	-84.6	-100.0	Farm
-24.1	-15.7	-4.9	-1.2	5.3	Personal

¹ 2015 Manitoba Bureau of Statistics
Sources: Statistics Canada, Manitoba Bureau of Statistics and Manitoba Finance
Sums may not add due to rounding.

