



Budget Paper A

THE
ECONOMY

THE ECONOMY

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CANADIAN ECONOMY

It is estimated that Canada's real Gross Domestic Product expanded by almost 4% in 1997 (see Chart 1). This was a significant improvement over 1995 and 1996, when the economy grew by 2.2% and 1.2%, respectively.

A key feature of growth in 1997 was the resurgence of consumer spending (see Chart 2). Real consumption expanded by 3.8% in the first three quarters—the best improvement since 1989. The increase was greatest in the durable goods category (cars, appliances, etc.), where real spending jumped 11.2%. This can be attributed to the combination of low interest rates, rising employment, and improved consumer confidence.

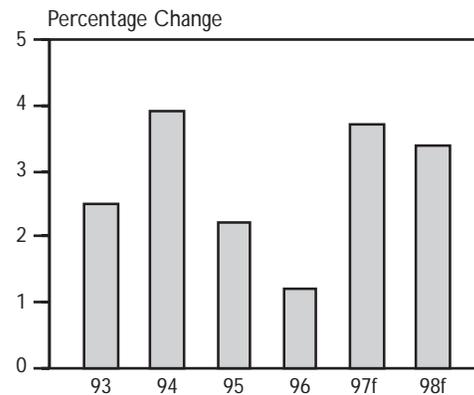
There was also an impressive surge in real investment spending. Investment in non-residential structures and equipment was up 17.2% in the first three quarters—the biggest increase since 1988.

Government real expenditure on goods and services declined 0.6% in the first three quarters. Government spending also declined in each of the four preceding years.

There was continued strong growth in real exports of goods and services in the first three quarters. The 7.6% increase was up from the 5.7% gain in 1996. However, the rapid expansion of business investment caused a sharp 14.0% rise in imports of goods and services—almost three times the 1996 increase. As a result, the trade surplus for the year will be down significantly.

Average employment rose by 264,400 or 1.9% in 1997 (see Chart 3). This was a substantial improvement over 1996, when 170,700 jobs were created for a gain of 1.3%. The average unemployment rate for 1997 was 9.2%—the lowest rate since 1990. By year end the rate had fallen to 8.6%.

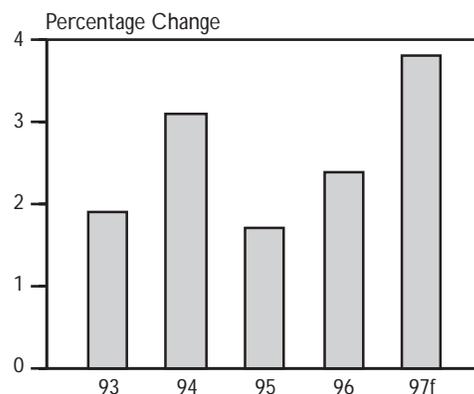
Chart 1
Canada Real Gross Domestic Product



f - Forecast

Source: 1993-1996: Statistics Canada
1997-1998: average of seven private sector forecasts.

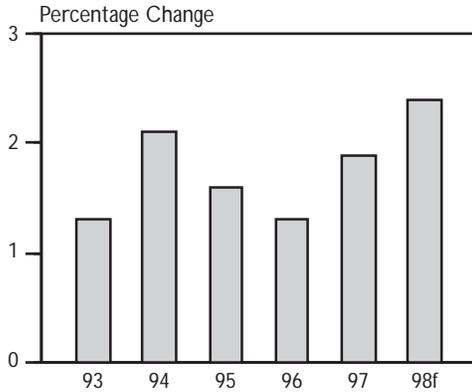
Chart 2
Canada Real Consumption Expenditure



f - Forecast (annualized average of first three quarters)

Source: Statistics Canada

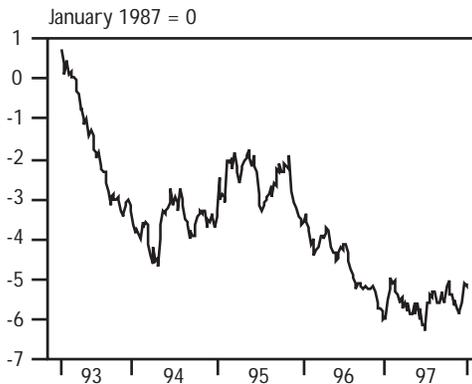
Chart 3
Canada Employment



f - Forecast

Source: 1993-1997: Statistics Canada
1998: average of seven private sector forecasts.

Chart 4
Canada Monetary Conditions Index



Source: Bank of Canada

Note: The index is a weighted average of interest rates and the exchange rate.

Thanks to a massive decline in government borrowing, and six years of low inflation, monetary conditions have continued to ease (see Chart 4). This explains much of the improvement in the economy in 1997. By the end of 1996, the Bank of Canada Rate had fallen to 3.25%—the lowest since 1961. In mid-1997, the Bank of Canada raised the Rate to 3.5% out of concern that Canada was growing fast enough to increase the risk of renewed inflation. In September, the Canadian dollar started to decline against the U.S. dollar as a side effect of the Asian currency problems. The Bank raised its Rate three more times before the end of 1997, and again on January 30, 1998. This brought the Bank Rate to 5.0%—a total increase of 175 basis points over seven months.

Despite the rise in short-term interest rates, monetary conditions at year end were still more stimulative than they had been in much of 1996. While borrowers faced higher rates, exporters were getting a big boost in the U.S. market from the low dollar. Furthermore, the increase in rates was limited to the short end. Medium- and longer-term rates remained at 30-year lows. For example, the interest rate on a conventional five-year mortgage fell below 7.0% in late September for the first time since June 1965. It is currently 6.85%.

The uncertain prospects for Asian economies raised questions about Canada's economic outlook for 1998. However, most analysts are now of the view that Canada will continue to do well. The Canadian economy has as much underlying strength going into 1998 as it did at the start of 1997. Overall monetary conditions remain stimulative, inflation remains low, and government finances have continued to improve. Forecasters expect Canada's Real GDP growth to exceed 3.0% in 1998.

MANITOBA ECONOMY

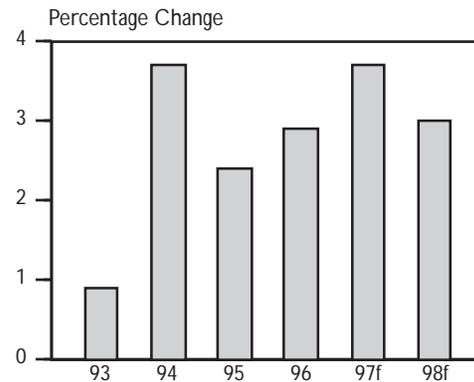
Economic forecasters estimate that Manitoba's economy grew by 3.7% in real terms in 1997 (see Chart 5), and ranked among the three fastest growing provinces for the third year in a row. The most important economic achievement of the year was the large increase in jobs, which had dropped the annual unemployment rate to 6.6%—the lowest rate since 1981.

The following are a few of the highlights of 1997.

- Total employment increased 2.4%—the largest increase in 11 years. All of the new jobs were full-time, and all of them were in the private sector.
- The very strong growth in exports continued. Manitoba's exports to the United States have tripled since 1990.
- Farm cash receipts reached a record level for a sixth consecutive year. The growth rate of 9.9% was 2.5 times the national increase.
- The value of mineral production increased 12.6%.
- Manufacturing shipments again grew more quickly than the national average—rising 11.5% to reach a record \$10 billion.
- Housing starts increased 12.7%—fourth highest among the provinces.
- Retail sales rose 6.9%—the largest increase in 12 years.
- Total investment rose 14.8% in 1997, making this the fifth time in six years that Manitoba has bettered the national performance.

Private sector forecasters expect Manitoba's real GDP to grow 3.0% in 1998, leading to 1.9% growth in jobs and a further decline in the unemployment rate.

Chart 5
Manitoba Real
Gross Domestic Product

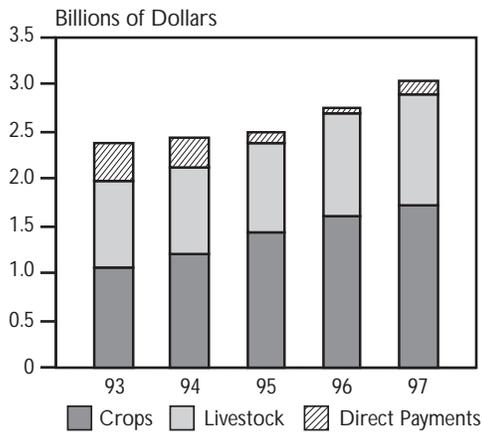


f - Forecast

Sources: 1993-1996: Statistics Canada
1997 and 1998: average of
seven private sector forecasts.

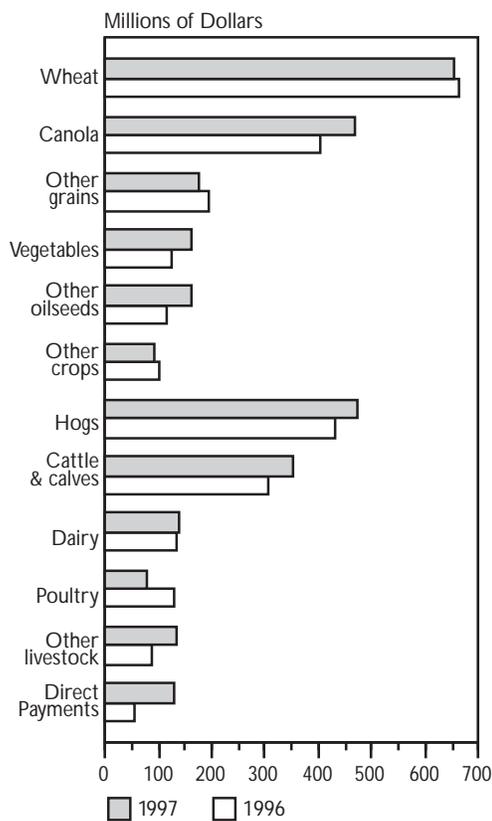
*Manitoba's
exports to the
United States
have tripled
since 1990.*

Chart 6
Manitoba Farm Cash Receipts



Source: Statistics Canada

Chart 7
Manitoba Farm Cash Receipts by Industry, 1996 and 1997



Source: Statistics Canada

■ AGRICULTURE

Manitoba's farmers are continuing to achieve great success in expanding and diversifying their industry. Farm cash receipts in 1997 surpassed \$3.0 billion—hitting a record high for the sixth year in a row (see Chart 6). The 9.9% increase was about the same as in 1996, but 2.5 times the national increase. It was the second-highest increase among the provinces.

Crops (56.8% of total farm cash receipts) reached a record level of \$1.7 billion. Livestock (38.9% of the total) reached almost \$1.2 billion—also a record. Direct payments¹ (4.3% of the total) increased to \$0.1 billion (see Chart 7).

The four years 1993 through 1996 were an exceptional period during which the annual increases in crop receipts ranged between 12% and 17%. The 1997 increase of 6.9%—from a very elevated base—brought the total increase in crop receipts since 1992 to 82%. This is a remarkable achievement for an industry that was already one of the largest in the province.

Wheat, Manitoba's most important crop, declined slightly after two years of strong growth. Receipts from canola, the second most valuable crop, increased 17.2%—bringing the total increase since 1990 to 364%. Another crop experiencing strong, steady growth is flaxseed, which gained 45.7%. Receipts from flaxseed have doubled in just three years, and it now ranks well ahead of barley as Manitoba's third most valuable crop.

Livestock receipts rose 8.2% in 1997, led by a 15.3% gain for cattle and calves, and a 9.0% increase for hogs. Although cattle and calf receipts grew more quickly than hog receipts, the level of hog receipts was still 33% higher. Until 1995, cattle and calf receipts had always been higher.

¹ Direct payments are those received by farmers from government programs for revenue stabilization and crop insurance. Some programs are partly funded by producers.

Dairy receipts were up 6.7%, while receipts from poultry and eggs declined 5.9%.

Due to the expanding capacity for hog processing in the province, approximately \$60 million was invested in Manitoba hog barns in 1997. Investment in hog barns is expected to continue at a high rate for the next few years.

From a peak of \$477 million in 1987, direct payments declined to \$56 million in 1996. Direct payments increased in 1997 to \$129 million.

■ MINERALS

The value of Manitoba mineral production rose 12.6% in 1997 on the strength of increases for most major commodities (see Chart 8).

Manitoba's major mineral is nickel, accounting for 39% of total mineral production by value in 1997. The value of nickel production rose 18.2%, as a 26% increase in production more than offset a 6.7% decline in average realized price.

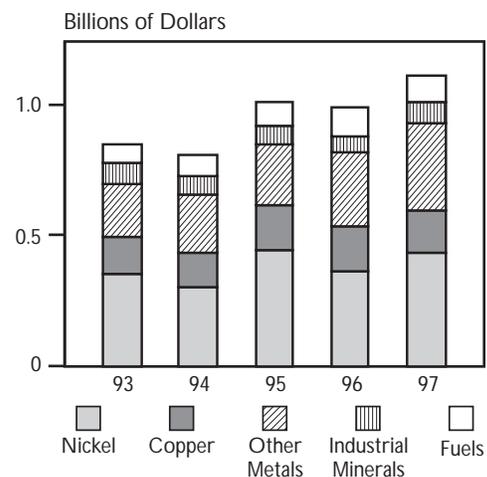
There was a 2.4% decline in the value of production of copper—Manitoba's second-most valuable mineral. Production declined 3.6%, but this was partly offset by higher prices.

There was a strong 25.6% gain in the value of zinc production as both quantities and prices increased. The value of zinc production was equal to 90% of copper production in 1997, up from 70% the year before, and 51% a decade ago.

Gold is Manitoba's fourth ranking mineral. The value of production increased 16.9% in 1997, bringing the total increase over the last three years to 172%. Although gold prices were weaker in 1997, there was a large increase in output.

The value of production of all other metals rose 13.5% in 1997, the value of industrial mineral production gained 14.5%, and fuels were down 3.0%.

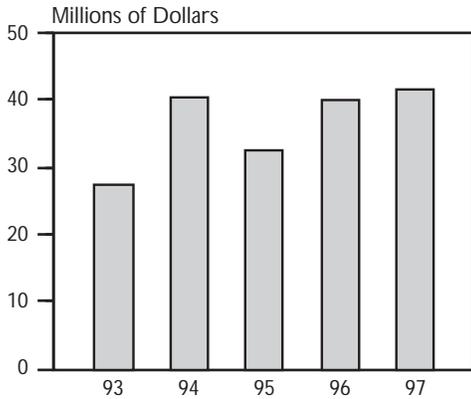
Chart 8
Manitoba Mineral Production



Source: Statistics Canada

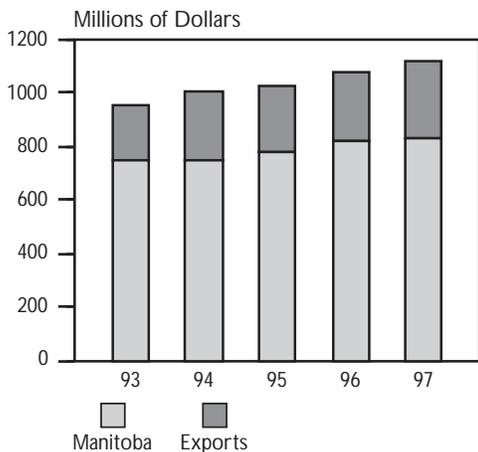
*The value of
Manitoba mineral
production rose
12.6% in 1997.*

Chart 9
Manitoba Mining Exploration Expenditure



Source: Manitoba Energy and Mines

Chart 10
Manitoba Hydro-Electricity Sales



Source: Manitoba Hydro-Electric Board

The total value of the province's mineral production is likely to decline in 1998. One gold mine has ceased operation, Inco has announced production cutbacks at Thompson, and mineral prices are generally expected to be lower.

Mineral exploration expenditures increased 4.0% in 1997 to \$41.7 million (see Chart 9). This follows a 23% increase in 1996. This continuing high level of exploration activity bodes well for the future health of mining in Manitoba.

■ HYDRO-ELECTRICITY

Total sales of Manitoba electricity increased for a tenth consecutive year in 1997—growing 3.6% to reach over \$1.1 billion (see Chart 10). Most of the gain was due to export sales, which rose 12.5% to a record level of \$288.9 million. Of this amount, \$273.2 million represents exports to the United States. The balance was sold mainly to Saskatchewan and Ontario. While there were no new firm power contracts, Manitoba Hydro exported more interruptible power. Export sales accounted for 26% of total hydro sales in 1997, up from 9% in 1990.

■ MANUFACTURING

In 1997, for the third time in four years, Manitoba's manufacturing shipments grew at a double-digit rate. The increase of 11.5% exceeded the national gain of 6.9%, and raised the value of manufacturing shipments to a record \$10.0 billion (see Chart 11).

The largest manufacturing industry, food products, recorded very strong growth, rising 13.8% to \$2.2 billion (see Chart 12). This was the fifth consecutive year of growth for the industry, and the third consecutive year of double-digit growth. The industry is likely to continue to grow strongly in light of recent investment announcements, most notably the decision by Maple Leaf Foods to

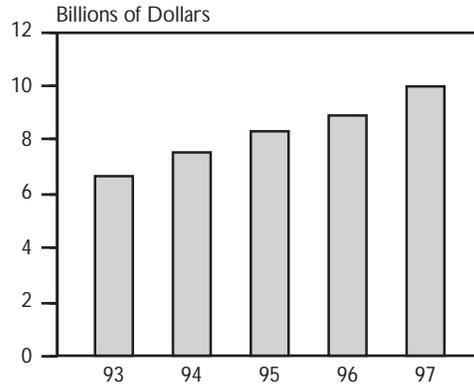
construct a \$112 million hog processing facility in Brandon that will create 2,250 jobs.

In both percentage and absolute dollar terms, the largest shipments increase occurred in the second-largest industry, transportation equipment, which rose 29.9% to \$1.6 billion. Both the bus and aerospace components of this industry enjoyed very good years. Manitoba produces more buses than any other jurisdiction in North America, and buses rank as the province's number one export.

Manitoba's third largest manufacturing industry is machinery, which is dominated by agricultural equipment. Shipments grew 11.4% in 1997 to \$1.2 billion—capping an 11-year period of remarkable growth. The industry suffered a period of decline in the early to mid-eighties, reaching a low point in 1986. Since 1986, machinery shipments have grown at an average annual rate of 15%—roughly three times the growth rate of manufacturing overall. Over the same period, Manitoba's share of Canadian agricultural machinery output has risen from 19% to over 50%. This represents a reversal of position with Ontario, whose share dropped from 52% to 21%.

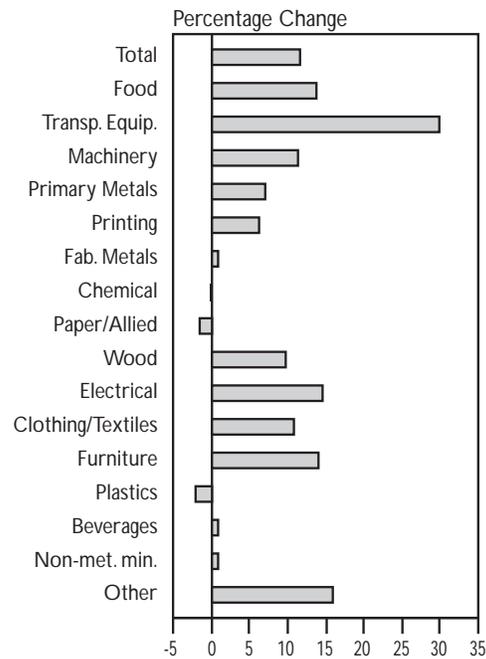
Other industries which reported strong growth in 1997 were electrical equipment (up 14.6%), furniture and fixtures (up 13.9%), and clothing and textiles (up 10.7%). Only two of the province's 16 manufacturing industries experienced declines—and the largest of these was only 2.1%. Shipments of the chemicals industry were effectively unchanged.

Chart 11
Manitoba Manufacturing Shipments



Source: Statistics Canada

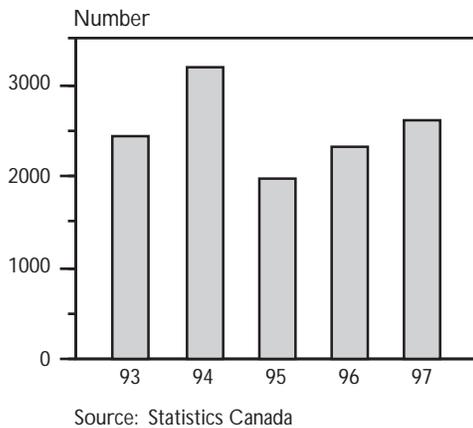
Chart 12
Manitoba Manufacturing Shipments* by Industry*, 1997



Source: Statistics Canada

* Ranked by size in descending order.

Chart 13
Manitoba Housing Starts



■ HOUSING

There were 2,612 housing starts in 1997 (see Chart 13), an increase of 12.7% over 1996. The national increase was 17.9%, but 81% of the national increase occurred in just two provinces, Alberta and Ontario.

Much of the increased activity in Manitoba was in urban centres with populations of 10,000 or more. In these centres, Manitoba housing starts rose 33.9% as compared to the national increase of 21%.

Canada Mortgage and Housing Corporation has forecast an 11.0% increase in Manitoba housing starts for 1998. This compares to forecast national growth of 7.4%.

The number of Multiple Listing Service home re-sales in Manitoba's four largest centres increased 2.5% in 1997.

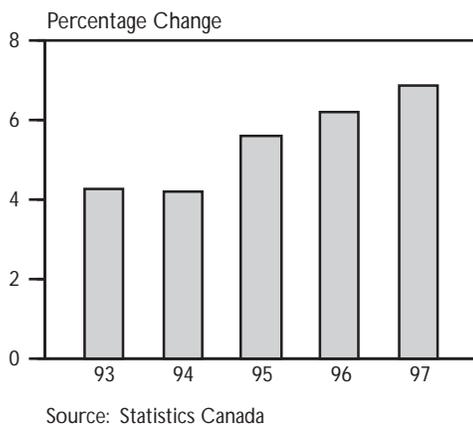
■ RETAIL SALES

Manitoba experienced its largest rise in retail sales in 12 years with a 6.9% increase in 1997 (see Chart 14). This was slightly below the national gain of 7.2%, following two years in which Manitoba's increases were more than double the national increases. The value of retail sales reached a record \$8.3 billion.

In both 1995 and 1996, sales of cars, trucks and recreational vehicles accounted for roughly half of the increase in Manitoba retail sales. This proportion moved even higher in 1997, as the 18.8% rise in motor vehicle sales accounted for almost two-thirds of the total retail increase. Sales of motor vehicles reached \$2.2 billion in 1997—a 55% increase since 1994.

Retail sales in Winnipeg increased 5.1% while sales outside Winnipeg grew twice as fast—gaining 10.4%. Winnipeg accounted for 65% of the province's total retail sales.

Chart 14
Manitoba Retail Sales



■ TOURISM

Tourism activity increased again in 1997. For the year as a whole, Manitoba experienced a 2.3% increase in the number of U.S. residents entering the province directly from the U.S. There was also a 3.8% increase in the number of foreign visitors arriving directly from countries other than the U.S. Total passenger traffic at Winnipeg International Airport was up 5.6%. The accommodation occupancy rate in Winnipeg averaged 69.4%. This was well above the national average, and sixth highest among 28 Canadian jurisdictions surveyed.

■ LABOUR MARKETS

Manitoba's 1997 increase in employment of 2.4% was the largest in 11 years (see Chart 15). It was also well above the national increase of 1.9%, and third highest among the provinces. An average of 538,300 persons were employed during the year, the highest number ever. This was an increase of 12,800 from 1996.

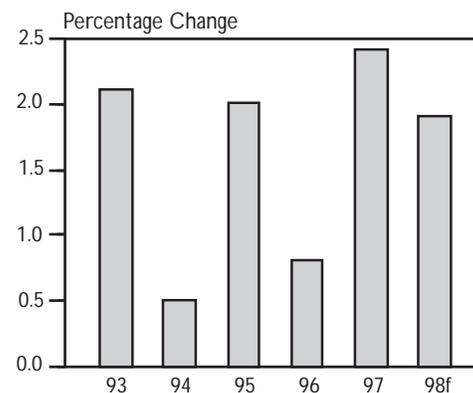
All of the 1997 employment growth was due to full-time jobs, which increased by 14,700 or 3.5%. The national gain in full-time employment was only 1.8%. Part-time employment in Manitoba declined by 1.7%, suggesting that many part-time jobs were converted into full-time jobs.

Employment growth in the private sector was exceptionally strong, rising by 16,800 or 4.0%. This was the largest increase in private sector jobs in 18 years.

The strong growth in jobs cut the average unemployment rate for 1997 to 6.6%—the lowest annual unemployment rate since 1981. Furthermore, the rate trended down during the year, reaching 6.0% in December, and 5.7% in January 1998. The national unemployment rate averaged 9.2% in 1997, and was 8.9% in January 1998.

Employment growth in the private sector was exceptionally strong, rising by 16,800 or 4.0%. This was the largest increase in private sector jobs in 18 years.

Chart 15
Manitoba Employment



f - Forecast

Sources: 1993-1997: Statistics Canada
1998 average of seven private sector forecasts.

The strong growth in jobs was enough to drop the average unemployment rate for 1997 to 6.6%—the lowest annual unemployment rate since 1981.

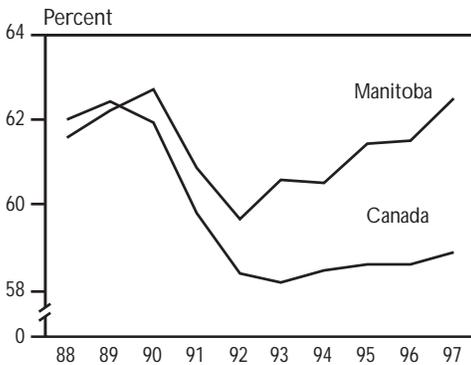
The unemployment rate for persons aged 25 and over fell to just 5.4% in 1997, but the youth unemployment rate was 12.3%. While youth unemployment is high, the Manitoba rate did fall in 1997 while the national rate increased to 16.7%. Furthermore, Manitoba's 12.3% rate was just 0.2 of a percentage point higher than the lowest annual rate which has been achieved in the past 16 years.

Manitoba's low unemployment rate has been achieved in spite of a growing labour force. In fact, the employment rate (the share of the working age population which is employed) reached 62.5% in 1997 (see Chart 16). This was the second-highest rate ever, and just below the 1990 peak. It was also the second-highest employment rate among the provinces. The national employment rate was 58.9%. This was not much higher than the recessionary low of 58.2% set in 1993, and it was below the rate recorded in each of the years 1986 to 1991. Manitoba is doing a very good job of employing its citizens, whether compared to other provinces or to its own history.

Further evidence on this score was provided in a Statistics Canada study published late in the year. The study examined three measures of underemployment by province, each of which showed that there is much less underemployment in Manitoba. The first measure was non-permanent jobs as a share of total paid employment. At 10%, Manitoba was tied with B.C. and Ontario for the lowest ratio. The second measure was involuntary part-time employment (the percentage of part-time workers who would prefer to have a full-time job). Manitoba's 26% rate was the lowest. The final measure was involuntary self-employment. The national rate was 12%, but the rate in Manitoba was "too small to be expressed."

Forecasters expect the unemployment rate to fall even lower in both 1998 and 1999. However, the rate of job creation will moderate because employment is already so high in Manitoba, making it

Chart 16
Manitoba and Canada
Employment Rate



Source: Statistics Canada

harder to find people with particular skills. Last July, a survey by the Canadian Federation of Independent Business found that 45% of its Manitoba members identified the shortage of qualified labour as a high-priority issue. Recent media reports have described the challenge faced by businesses looking to hire sewing machine mechanics, cabinet makers, carpet layers, electricians and many others. Numerous employers report difficulty in filling vacancies for computer professionals.

The increasing shortage of labour is reflected in Statistics Canada's Help-Wanted Index for Manitoba (see Chart 17). The Index gained 25.6% from January 1997 to January 1998—significantly faster than the growth of employment. This implies that an increasing number of jobs are going unfilled. Thus, it is likely that unemployment will fall even lower in 1998.

■ POPULATION

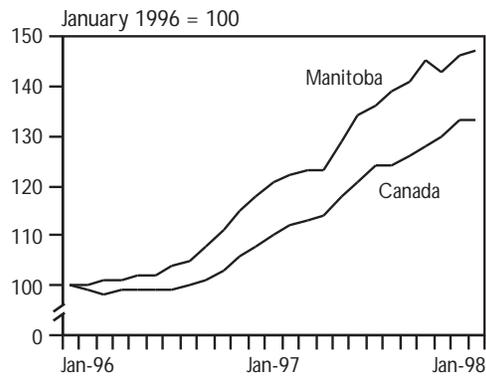
Manitoba's population on July 1, 1997 was 1,142,100—up 0.4% from 1996.

Based on three quarters of data for calendar year 1997, it appears there was an increase in net inter-provincial out-migration. This follows seven consecutive years of declining out-migration. On a net basis, Alberta was the destination for over half of those who left Manitoba, and B.C. accounted for most of the rest. Manitoba had a net gain of population from five of the six provinces to our east (and there was zero net movement to and from New Brunswick).

In January, Statistics Canada released revised population estimates for the period July 1, 1991 to the present. The major change was the adoption of a new methodology for estimating the number of non-permanent residents such as foreign visa students. The revisions have had the effect of reducing Manitoba's population estimates slightly.

Forecasters expect the unemployment rate to fall even lower in both 1998 and 1999.

Chart 17
Help-Wanted Index



Source: Statistics Canada

Manitoba had a net gain of population from five of the six provinces to our east.

Chart 18
Manitoba Private Investment

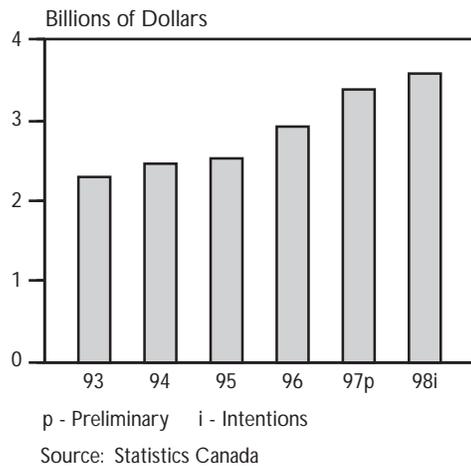
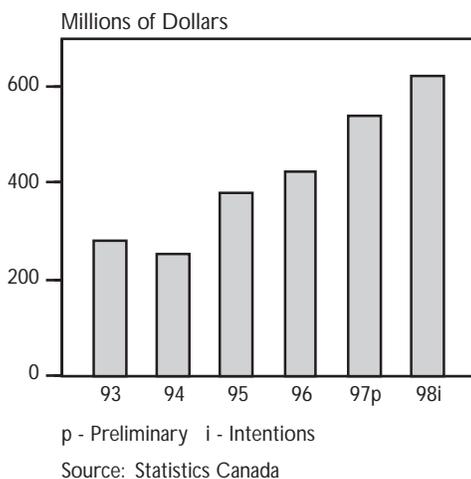


Chart 19
Manitoba Manufacturing Investment



■ INVESTMENT

Total investment rose 14.8% in 1997—the largest increase in 12 years. The national increase was 12.2%, making this the fifth time in six years that Manitoba has bettered the national performance. Since 1991, total investment in Manitoba has increased 35.9%—nearly double the national increase of 18.6%. The Statistics Canada survey of investment intentions suggests that total investment will rise 6.3% in 1998—similar to the national gain of 6.2%.

Manitoba has enjoyed two successive years of exceptionally strong growth in private sector investment: 16.2% in 1996 and 15.5% in 1997 (see Chart 18). The intentions survey indicates there will be further growth of 5.4% in 1998. This will extend Manitoba's string of successive increases in private investment to seven years. Only Alberta has a comparable record. This consistency of growth is seen as an indication of solid business confidence in Manitoba.

Investment in Manitoba's manufacturing sector has grown at a remarkable pace (see Chart 19). Average annual growth since 1991 has been 15.5%—ten times the average national growth rate of 1.5%. The increase in 1997 was 26.4%, while the national gain was 4.9%. The intentions survey suggests that Manitoba will experience a 15.4% rise in 1998, versus a national increase of 1.0%.

Public sector investment in Manitoba rose 12.8% in 1997. Nationally, public investment declined for the third year in a row. Part of Manitoba's increase was likely due to flood-related expenditures. Public investment is expected to rise another 8.6% in 1998—with much of the increase in education infrastructure. The national increase is expected to be 6.1%.

The following are some examples of investment projects undertaken or announced in 1997.

Acrylon Plastics Ltd., a major custom plastics manufacturer, has completed a \$2.5 million expansion to its production facility in Winkler. The expansion has allowed employment at the facility to increase from approximately 35 to nearly fifty, with further hiring expected.

Maple Leaf Foods plans to create 2,250 jobs in Brandon with the construction of a \$112 million hog processing facility. Most of the final product will be sold in export markets.

MCI announced plans to build a call centre facility dedicated to outsourced services. Winnipeg was chosen as the first MCI outsourcing centre outside of the United States, and the new facility is expected to create at least 200 new jobs for Manitobans.

Royal Direct, Royal Bank's telephone and PC banking service, is investing \$10 million in a new Winnipeg call centre. The centre will employ approximately 300 people in the first two years of operation, and is scheduled to open in the spring of 1998.

Springhill Farms plans to double the capacity of its Neepawa hog processing facility with an \$8 million investment. The expanded plant will employ up to 20 additional people. The pork products are to be exported primarily to Asian markets.

Winpak Ltd. announced a \$33.8 million expansion plan that will create 81 new jobs in Winnipeg, and a new generation of flexible packaging products for export to world markets.

According to the latest available data, Manitoba industrial research and development spending declined slightly in 1995 after nine consecutive annual increases. Due to the long period of rapid growth, 1995 spending was 80% higher than in 1990, and 3.3 times greater than in 1985. More than 1,100 individuals were employed in industrial research in 199 separate research units. The

*This will extend
Manitoba's string
of successive increases
in private investment
to seven years.*

*Maple Leaf Foods
plans to create
2,250 jobs
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Province encourages such work through the Manitoba Research and Development Tax Credit, which was introduced in 1992.

■ FOREIGN MARKETS

Manitoba's foreign exports jumped 13.6% in 1997. This was the fourth year in a row that Manitoba's increase exceeded the national gain. The increase over those four years totals 91% as compared to 57% for Canada.

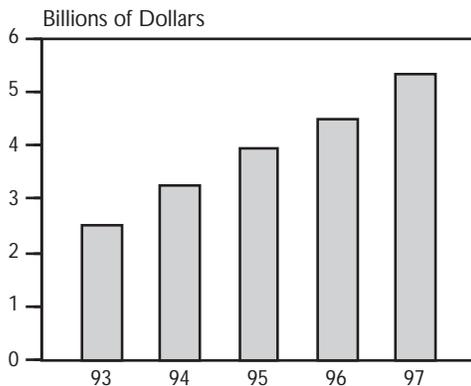
Manitoba's major export market is also the principal driver of new export growth (see Chart 20). Exports to the U.S. surged 19.3% in 1997—double the national increase. This was Manitoba's sixth consecutive double-digit increase. Since 1990, Manitoba's exports to the United States have tripled.

Exports to all countries other than the U.S. declined 1.7% in 1997, similar to the national decline of 1.0%. Japan continued to be Manitoba's major export customer after the U.S. Belgium overtook China as the third-largest customer.

There was no change in the ranking of the top six export commodities between 1996 and 1997. Motor vehicles and parts (mainly buses) again held top spot—accounting for 12.2% of total exports. The biggest change in the top ten was aircraft components, which moved from tenth place in 1996 to seventh place on the strength of a 45% increase in exports.

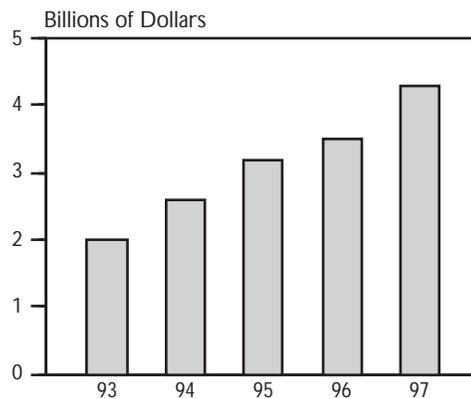
Between 1993 and 1997, Manitoba's exports of manufactured products more than doubled from \$2.0 billion to \$4.3 billion (see Chart 21). This accounted for more than two-thirds of the increase in total foreign exports over that period.

Chart 20
Manitoba Exports
to the United States



Source: Statistics Canada

Chart 21
Manitoba
Manufacturing Exports



Source: Statistics Canada

Manitoba's Major Foreign Exports, 1997

	<u>\$ Millions</u>	<u>Per Cent</u>		<u>\$ Millions</u>	<u>Per Cent</u>
Motor Vehicles and Parts	855.9	12.2	Wood Products	182.6	2.6
Cereal Grains	772.6	11.0	Electrical Products	166.4	2.4
Oil Seeds	486.1	6.9	Meat	155.8	2.2
Live Animals	405.1	5.8	Fats and Oils	152.3	2.2
Other Machinery & Appliances	354.3	5.1	Plastic Products	133.6	1.9
Electricity	307.2	4.4	Computer Equipment	129.0	1.8
Aircraft Components	286.2	4.1	Vegetables	110.3	1.6
Paper Products	236.7	3.4	Top Commodity Groups	5,392.4	77.0
Copper Products	222.3	3.2	Other Commodities	1,615.2	23.0
Furniture	218.8	3.1	Total Exports	7,007.6	100.0
Nickel ¹	217.2	3.1			

Data Source: Statistics Canada

¹ Most export data are based on port of exit information. It is estimated that an additional \$181 million of nickel is exported through Ontario.

Manitoba Major Export Destinations

				Percentage
	<u>1996</u>	<u>1997</u>	<u>Change</u>	<u>Change</u>
	(Millions of Dollars)			
United States	4,485.0	5,350.1	865.1	19.3
Japan	357.9	410.9	53.0	14.8
Belgium	132.4	141.2	8.8	6.6
China	231.7	99.6	-132.1	-57.0
Iran	61.7	96.1	34.4	55.8
Mexico	86.3	84.8	-1.5	-1.7
United Kingdom	85.4	77.1	-8.3	-9.7
Indonesia	63.3	68.1	4.8	7.6
Korea, South	51.7	57.0	5.3	10.3
Taiwan	47.8	47.3	-0.5	-1.0

Data Source: Statistics Canada

Manitoba Outlook at a Glance

	<u>1997</u>	<u>1998</u>	<u>1999</u>
	(Percentage Change Except as Noted)		
Gross Domestic Product (market prices)			
Nominal	4.0	4.2	4.6
Real	3.7	3.0	2.7
Employment	2.4	1.9	1.7
Unemployment Rate (%)	6.6	6.0	5.6

Sources: Average of private sector forecasts except 1997 Employment and Unemployment Rate: Statistics Canada

Note: Refer to Budget Paper B, page 8, for economic assumptions underlying the medium-term fiscal outlook.

Manitoba Economic Statistics, 1993 to 1997

	1993	1994	1995	1996	1997
	(Millions of Dollars)				
SECTORS					
Farm Cash Receipts	2,382	2,442	2,508	2,755	3,029
Crops	1,066	1,219	1,428	1,610	1,720
Livestock	929	909	960	1,089	1,179
Direct Payments	387	314	120	56	129
Manufacturing	6,636	7,542	8,334	8,973	10,001
Mineral Production	862	820	1,022	1,002	1,129
Electric Power Sales	950	1,004	1,026	1,073	1,111
Export Sales	210	256	249	257	289
Housing Starts (no. of units)	2,425	3,197	1,963	2,318	2,612
Retail Trade	6,666	6,949	7,337	7,794	8,335
FOREIGN EXPORTS					
Total Exports	3,677	4,502	5,453	6,171	7,008
USA	2,506	3,258	3,957	4,485	5,350
GROSS DOMESTIC PRODUCT					
Nominal	23,778	24,970	26,176	27,336	28,430 ¹
Real	19,210	19,924	20,402	20,986	21,760 ¹
BASE RATE WAGE SETTLEMENTS (%)					
Public	0.9	1.4	0.3	0.0	1.0
Private	0.8	1.9	0.8	2.2	1.9
Total	0.9	1.6	0.4	0.2	1.1
INVESTMENT					
Total	3,517	3,490	3,748	4,052	4,651
Private	2,309	2,462	2,528	2,939	3,395
Public	1,208	1,028	1,219	1,113	1,256
Non-residential	2,836	2,644	3,032	3,262	3,725
Housing	682	845	716	790	926
POPULATION					
July 1 (000's)	1,120	1,126	1,132	1,137	1,142
LABOUR MARKET					
Labour Force (000's)	561.0	563.1	563.4	568.2	576.4
Employment (000's)	508.7	511.1	521.4	525.5	538.3
Participation Rate (%)	66.8	66.6	66.3	66.5	66.9
Unemployment Rate (%)	9.3	9.2	7.5	7.5	6.6
CONSUMER PRICE INDEX					
(Index, 1986=100)	130.2	132.0	135.5	138.5	141.5
BANKRUPTCIES					
Business	266	225	210	293	292
Farm	13	7	10	24	19
Personal	2,358	2,252	2,496	2,747	2,770

¹ Average of seven private sector forecasts

1993	1994	1995	1996	1997	
(Annual Percentage Change)					
10.4	2.5	2.7	9.8	9.9	SECTORS
12.6	14.4	17.1	12.7	6.9	Farm Cash Receipts
12.6	-2.1	5.6	13.4	8.2	Crops
0.1	-19.0	-61.7	-53.2	130.5	Livestock
6.6	13.7	10.5	7.7	11.5	Direct Payments
-20.3	-4.8	24.6	-2.0	12.6	Manufacturing
11.6	5.6	2.3	4.5	3.6	Mineral Production
60.0	21.7	-2.8	3.3	12.5	Electric Power Sales
5.0	31.8	-38.6	18.1	12.7	Export Sales
4.3	4.2	5.6	6.2	6.9	Housing Starts (no. of units)
					Retail Trade
					FOREIGN EXPORTS
7.5	22.4	21.1	13.2	13.6	Total Exports
19.6	30.0	21.5	13.3	19.3	USA
					GROSS DOMESTIC PRODUCT
1.5	5.0	4.8	4.4	4.0 ¹	Nominal
0.9	3.7	2.4	2.9	3.7 ¹	Real
					BASE RATE WAGE SETTLEMENTS (%)
-	-	-	-	-	Public
-	-	-	-	-	Private
-	-	-	-	-	Total
					INVESTMENT
5.5	-0.8	7.4	8.1	14.8	Total
4.0	6.6	2.7	16.2	15.5	Private
8.4	-14.9	18.7	-8.7	12.8	Public
3.3	-6.7	14.7	7.6	14.2	Non-residential
15.6	24.0	-15.3	10.4	17.2	Housing
					POPULATION
0.5	0.5	0.6	0.4	0.4	July 1 (000's)
					LABOUR MARKET
1.7	0.4	0.1	0.9	1.4	Labour Force (000's)
2.1	0.5	2.0	0.8	2.4	Employment (000's)
-	-	-	-	-	Participation Rate (%)
-	-	-	-	-	Unemployment Rate (%)
					CONSUMER PRICE INDEX
2.7	1.4	2.7	2.2	2.1	(Index, 1986=100)
					BANKRUPTCIES
-21.5	-15.4	-6.7	39.5	-0.3	Business
-13.3	-46.2	42.9	140.0	-20.8	Farm
-7.2	-4.5	10.8	10.1	0.8	Personal

Source: Statistics Canada and the Manitoba Bureau of Statistics