

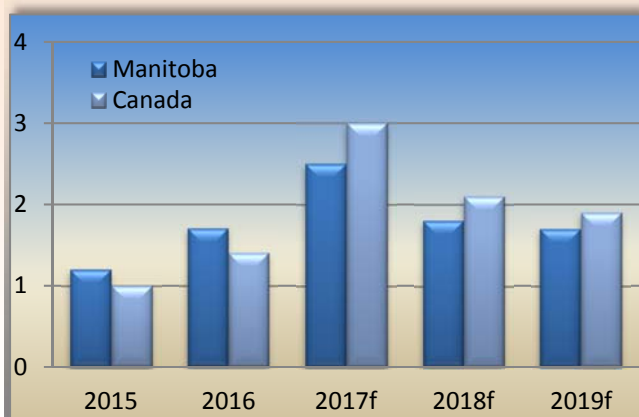
Manitoba Economic Highlights

Economic Overview

Real Gross Domestic Product

- The Manitoba Bureau of Statistics estimates that in 2017, Manitoba's real GDP grew 2.5%, below the national average of 3.0% and nominal GDP grew by 4.5%, below then national average of 5.4%.
- Manitoba's real GDP is expected to grow by 1.8% in 2018, tied for sixth among provinces (Canada: 2.1%) and by 1.7% in 2019, tied for sixth among provinces (Canada: 1.9%).
- Manitoba's nominal GDP is expected to grow by 3.7% in 2018 and 2019, and is ranks eighth and tied for sixth best among provinces respectively.

Real GDP (% Change)



Source: Manitoba Bureau of Statistics; Statistics Canada; and Manitoba Finance, Survey of Economic Forecasts.

Consumer Price Index (July 2018)

- Manitoba's inflation rate is averaging 2.6%, eighth among provinces and above Canada at 2.3%.
- Household operations, recreation & education, clothing & footwear, food and health & personal care eased pressure on prices, while transportation, alcohol &

tobacco and shelter, increased overall prices.

- In 2017, Manitoba's inflation rate averaged 1.6%, fourth among provinces and the same as Canada.

- Manitoba's U.S. exports increased 22.7% in the first seven months of 2018, highest among provinces. Canada up 4.7%.
- New motor vehicle sales are up 19.0% in the first six months of 2018, first among provinces. Canada up 0.2%.
- In 2017, cash receipts increased 9.0% (up \$500 million) to \$6.5 billion, a new record. Crops, livestock and direct payments generated \$4.1 billion, \$2.2 billion and \$0.2 billion in receipts, respectively.
- Estimates of 2018 crop production indicate Manitoba crop producers increased production of barley 8.9% and corn 5.6% and produced less canola 7.9%, wheat 8.3%, sunflower 12.8%, oats 19.0%, soybeans 21.1%, flaxseed 40.6% and rye 64.2%.
- In 2017, Manitoba posted a record level of capital investment in residential and non-residential buildings.
- In 2017, Manitoba all area housing starts increased 41.0%, (7,501) the highest level of starts since 1987. Manitoba ranked second best nationally. Canada up 11.0%.
- In 2017, the working age population exceeded 1,000,000 persons for the first time in Manitoba.

Labour Market

Employment (August 2018)

- Employment increased 0.5% or 3,100 jobs, while the labour force increased 1.2% or 7,900 workers.

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- Full-time employment decreased 0.5% or 2,500 jobs and part-time employment increased 4.6% or 5,700 jobs.
- In 2017, Manitoba's employment increased 1.7%, fifth among provinces. Manitoba's labour force expanded 0.9% fifth among provinces.

Employment (% Change)

| | 2017 | 2018 (ytd) |
|-------------------------|------|------------|
| Manitoba | | |
| Total Employment | 1.7 | 0.5 |
| Full-Time | 1.8 | -0.5 |
| Part-Time | 1.1 | 4.6 |
| Canada | | |
| Total Employment | 1.9 | 1.4 |

Source: Statistics Canada

Unemployment Rate (August 2018)

- Manitoba's unemployment rate is averaging 6.0%, fourth among provinces and above the 5.9% national average.
- In 2017, Manitoba's unemployment rate was 5.4%, second lowest behind British Columbia. The youth unemployment rate was 11.7%, third among provinces.

Average Weekly Earnings (June 2018)

- Average weekly earnings in Manitoba are up 2.7%, fourth among provinces and below Canada 2.9%.
- In 2017, average weekly earnings in Manitoba were up 2.5%, third among provinces and above the national increase of 2.0%.

Population

- As of April 1, 2018, Manitoba's population stood at 1,348,809, an increase of 16,849 persons or 1.3% from a year earlier.

- As of July 1, 2017, Manitoba's median age was 37.4 years, the third youngest among provinces, and below the national level of 40.6 years.

Net Migration

- For the 12 months to March 31, 2018, Manitoba gained 9,933 persons through migration.
 - Net international in-migration was estimated at 12,165 and net inter-provincial out-migration was estimated at 8,948.
- Natural increase was estimated at 6,916. (number of births less number of deaths)

Economic Activity

Retail Sales (June 2018)

- Manitoba's seasonally adjusted retail sales decreased 0.2% in the first six months of 2018, 9th among provinces, compared to a 3.2% national increase.
- Sales rose on the strength of electronics & appliance stores 13.8%, gasoline station sales 10.6%, building materials 7.4%, clothing stores 3.7%, and food & beverage stores 1.6%.

Merchants with Strongest Retail Sales (% Change)

| | 2017 | 2018 (ytd) |
|-------------------------------|------|------------|
| Electronics/Appliances | 9.2 | 13.8 |
| Gasoline Stations | 15.1 | 10.6 |
| Building Materials | 13.5 | 7.4 |
| Food & Beverage | 5.0 | 1.6 |
| Clothing Stores | 9.2 | 3.7 |
| Total Sales | 7.8 | -0.2 |

Source: Statistics Canada

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- In 2017, Manitoba retail sales increased 7.8%, ranked third among provinces and above Canada up 7.1%.
- The number of new motor vehicles sold in Manitoba was up 19.0%, in the first six months of 2018, first among provinces (Canada up 0.2%).
- Sales of passenger vehicles increased 15.3% while truck sales increased 20.1%, both first among provinces.
- In 2017, new motor vehicle unit sales were up 10.0%, second among provinces, Canada up 4.7%.

Manufacturing Sales (June 2018)

- Manitoba's seasonally adjusted manufacturing sales increased 8.0% in the first six months of 2018, sixth among provinces. Canadian sales up 4.7%.
- Sales of chemicals, fabricated metals, food, machinery, transportation, electrical products and wood are increasing.

Leading Industries with Strongest Growth Manufacturing Sales (% Change)

| | 2017 | 2018 (ytd) |
|--------------------------|------|------------|
| Chemicals | 4.8 | 20.2 |
| Fabricated Metals | 9.1 | 17.2 |
| Food | 8.4 | 12.2 |
| Transportation | 9.2 | 5.5 |
| Total Sales | 6.7 | 8.0 |

Source: Statistics Canada

- In 2017, Manitoba's manufacturing sales increased 6.7%, eighth among provinces. Canadian sales increased 6.1%.

Wholesale Trade (June 2018)

- Manitoba's seasonally adjusted wholesale sales increased 1.4% in the first six months of 2018, eighth among provinces, compared to a 4.9% national increase.
- Sales rose on the strength of motor vehicles, building materials, personal and household goods, food, beverage and tobacco products and machinery and equipment.

Merchants with Strongest Wholesale Sales (% Change)

| | 2017 | 2018 (ytd) |
|---------------------------|------|------------|
| Motor Vehicles | 8.5 | 14.0 |
| Building Materials | 4.1 | 6.5 |
| Personal/Household | 2.0 | 3.4 |
| Food/beverage | 5.3 | 3.0 |
| Total Sales | 5.4 | 1.4 |

Source: Statistics Canada

- In 2017, wholesale sales increased 5.4% seventh among provinces, Canada up 7.8%.

Capital Investment

Building Permits (July 2018)

- The seasonally adjusted value of Manitoba's building permits decreased 7.1% in the first seven months of 2018, seventh nationally. Canada up 4.0%.
- Total non-residential permits increased 1.1%. Industrial permits were up 92.4%, while commercial and institutional permits were down 14.2% and 7.3% respectively.
- Manitoba residential building permits decreased 9.8%.
- In 2017, the value of Manitoba building permits increased 13.7%, sixth nationally, Canada up 10.9%.

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Non-Residential Building Structures (Q2, 2018)

- Investment in non-residential building construction decreased 10.0% in the second quarter of 2018, last among provinces, Canada up 8.2%.
- In the second quarter of 2018, non-residential investment increased in industrial by 14.4% and declined in institutional and commercial by 29.8% and 9.2% respectively.
- In 2017, investment in non-residential building construction increased 9.6%, third among province, Canada up 2.2%.

Residential Structures (Q2, 2018)

- Investment in residential building construction increased 4.6% in the second quarter of 2018, seventh among provinces, Canada up 7.6%.
- In the second quarter of 2018, residential investment increased in new construction, renovations and acquisition costs by 1.1%, 6.8% and 15.9% respectively.
- In 2017, residential building investment increased 14.0%, second among provinces, Canada up 8.3%.

CAPEX Survey (February 2018)

- Statistics Canada's Capital and Repair Expenditure Survey released February 2018, projected Manitoba's 2018 capital investment to increase 2.2% to \$9.3 billion, third among provinces. Canada up 0.8%. Private investment is projected to decrease 1.1% and public investment to increase 4.1%.
- In 2017, Manitoba's capital investment increased 3.1% to \$9.1 billion, the sixth highest growth nationally, Canada up 3.0%.
- Private investment decreased 2.5% and public capital investment increased 13.9%.

Housing Starts (July 2018)

- Province-wide housing starts decreased 28.2% in the second quarter of 2018, tenth among provinces and below Canada up 4.0%.

Housing Starts (All Areas) (% Change)

| | Manitoba | Canada |
|------------|----------|--------|
| 2015 | (11.6) | 3.3 |
| 2016 | (3.3) | 1.2 |
| 2017 | 41.0 | 11.0 |
| 2018 (ytd) | -28.2 | 4.0 |

Source: Canada Mortgage and Housing Corporation

- Manitoba urban area housing starts decreased 18.7% in the first seven months of 2018, ninth among provinces. Canada up 1.2%. Single starts were down 20.1% and multiples starts were down 17.7%.
- In 2017, there were 6,609 urban area starts, a 49.0% increase over 2016. Single starts were up 35.6% (2,806 units). Multiples were up 60.7% (3,803 units), over 2016. In 2017, urban areas accounted for 88.1% of all starts in Manitoba.
- In 2017, province-wide housing starts gained momentum and recorded the highest level of starts since 1987. Last year, province-wide housing starts increased 41.0%, (7,501) second among provinces. Multiple starts increased 57.3% (4,112), while single starts were up 25.3% (3,389). Multiple starts now represent 54.8% of total starts, up from 49.2% in 2016.

Foreign Merchandise Exports (July 2018)

- Manitoba exports increased 12.2%, in the first seven months of 2018, third among provinces, while Canadian exports increased 5.6%.

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- Manitoba's U.S. exports increased 22.7% in the first seven months of 2018 and non-U.S. exports decreased 7.9%.

Foreign Merchandise Exports (% Change)

| | 2017 | 2018 (ytd) |
|---------------|------|------------|
| All Countries | 2.6 | 12.2 |
| U.S. | -2.3 | 22.7 |
| Non-U.S. | 12.9 | -7.9 |

Source: Statistics Canada

- In 2017, Manitoba's exports increased 2.6%, eighth nationally, while Canadian exports were up 6.8%. Manitoba's exports to the U.S. were down 2.3% and non-U.S. exports increased 12.9%.

Agriculture

Crop Production (August 2018)

- Estimates of 2018 crop production indicate Manitoba crop producers increased production for barley 8.9% and corn 5.6% and produced less canola 7.9%, wheat 8.3%, sunflower 12.8%, oats 19.0%, soybeans 21.1%, flaxseed 40.6% and rye 64.2%. In 2018, soybean production was the second largest on record (2017 was largest) and canola production was the third largest on record (2017 was largest).

Farm Cash Receipts (First Quarter 2018)

- Manitoba farm cash receipts are down 2.3%, in the first quarter of 2018, seventh among provinces. Crop receipts declined 0.6%, with increase in soybeans 16.3%, corn 12.9% and barley 3.0% and declines in canola 3.6%, oats 8.7% and wheat 7.5%.
- Livestock receipts were down 2.9% with calves up 4.5% and hogs down 7.8% and cattle down 0.3%.

- Direct payments, which include insurance and other income supports programs, declined 36.0%.
- In 2017, cash receipts increased 9.0% (or by over \$500 million) to \$6.5 billion, a new record and surpassing the previous record of \$6.0 billion in 2014. Crops, livestock and direct payments generated \$4.1 billion, \$2.2 billion and \$0.2 billion in receipts, respectively.

Farm Cash Receipts (% Change)

| | 2017 | 2018 (ytd) |
|-----------------|------|------------|
| Canola | 2.0 | -3.6 |
| Wheat | 21.6 | -7.5 |
| Soybeans | 32.5 | 16.3 |
| Cattle | -4.8 | -0.3 |
| Hogs | 8.0 | -7.8 |
| Calves | 18.3 | 4.5 |
| Total Farm Cash | 9.0 | -2.3 |

Source: Statistics Canada

Mining and Petroleum

Metallic Mining (June 2018)

- In the first six months of 2018, the quantity of Manitoba's gold production increased 19.4% - while nickel, zinc and copper declined, 29.0%, 10.0% and 2.2% respectively.

Metallic Mineral Production (% Change)

| | 2017 | 2018 (ytd) |
|--------|-------|------------|
| Nickel | -12.7 | -29.0 |
| Copper | -9.3 | -2.2 |
| Zinc | 20.0 | -10.0 |
| Gold | 34.0 | 19.4 |

Source: Natural Resources Canada

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- In 2017, the quantity of Manitoba's zinc and gold production increased 20.0% and 34.0%, while copper and nickel production declined 9.3% and 12.7% respectively.

Commodity Prices (July 2018)

- Base metal prices continue to show strength in 2018, after improving in 2017 following the sharp declines in 2014 and 2015.
- The price of copper is up 10.0% in July 2018 compared to the average in 2017. The price for nickel is up 33.1% and zinc prices have increased by 9.2%. After improving by 0.8% in 2017, the price of gold is up 3.7% in 2018, compared to the average in 2017.
- The price of wheat is up 11.0% in July 2018 compared to the average in 2017. The price of canola is up 1.8%, cattle prices are down 2.7% and the price of hogs are up 0.3% in 2018, compared to the average in 2017.

Manitoba Finance

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Please click on [economic statistics](#) to view the data underlying this report.

Note: The 2018 Manitoba Budget is available at: [2018 Budget](#)
The 2016/17 Public Accounts is available at [Public Accounts](#)
The 2017/18 Third Quarter report is available at [Third Quarter Report](#)

Primary Commodity Prices (\$U.S.)

| | 2017 | 2018 (ytd) |
|-----------------------------|--------|------------|
| Crude Oil (bbl) | 50.91 | 66.33 |
| Copper (lb) | 2.80 | 3.08 |
| Zinc (lb) | 1.31 | 1.43 |
| Nickel (lb) | 4.72 | 6.28 |
| Gold (oz) | 1,258 | 1,304 |
| Source: BMO Capital Markets | | |
| Wheat (bu) | 4.36 | 4.84 |
| Canola (tonne) | 393 | 400 |
| Cattle (Cwt) | 117.90 | 114.74 |
| Hogs (Cwt) | 69.87 | 70.07 |

Source: BMO Capital Markets