

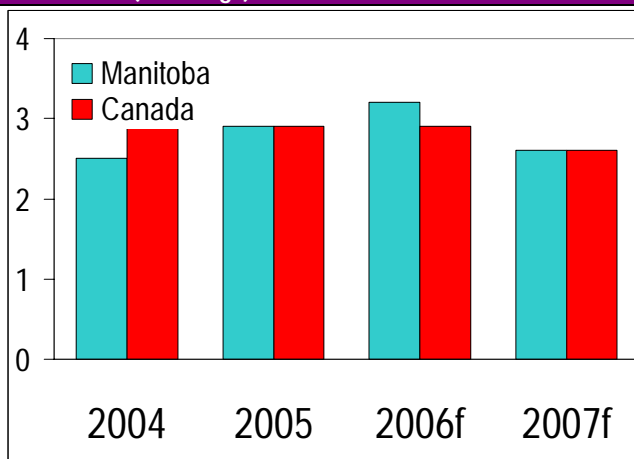
Manitoba Economic Highlights

Economic Overview

Real Gross Domestic Product

- Despite the continuing appreciation of the Canadian dollar, Manitoba real GDP grew by 2.9% in 2005, equal to Canada and the strongest since 2000.
- Growth in 2005 was broadly based with particular strength in utilities, wholesale and retail trade, and transportation.
- In 2006, the Manitoba Finance Survey of forecasts shows real growth in the provincial economy to be 3.2%, above the national average of 2.9%.
- In 2007, the Manitoba economy is expected to grow by 2.6 the same as the national average

Real GDP (% Change)



Consumer Price Index

- In September 2006, the Manitoba CPI increased 0.9% while the national rate rose 0.7%. In the first nine months, the Manitoba CPI has risen 2.1% below the national rate of 2.2%.
- Energy prices have increased 7.9% in Manitoba in 2006 while prices for clothing have declined 4.6% and recreation and reading is unchanged.

- Manitoba's housing starts have increased 3.1% in the first nine months of 2006, more than double the national increase of 1.4%.
- Manitoba's unemployment rate has averaged 4.3% in the first ten months of 2006, second lowest in the country.
- Real GDP in Manitoba grew 2.9% in 2005 and is forecast to grow by 3.2% in 2006.
- Following record sales in 2005, electricity sales in 2006 have increased 2.6% in the first nine months with exports sales up 4.1%.
- Manitoba is expected to lead all provinces in capital investment growth in 2006 according to Statistics Canada.

- In 2005, the Manitoba CPI increased by 2.7% while the national growth rose 2.2%.
- Energy prices increased 11.7% in 2005 while recreation and reading declined 0.4% and clothing increased 0.4%.

Labour Market

Employment

- In 2005, employment increased by 3,700 with full-time increasing 0.2% and part-time employment up 2.6%. Manitoba's labour force expanded by 0.1% or 500 workers.
- In October 2006, employment increased 7,500 relative to the same month in 2005. Full-time employment was up 0.6% while part-time employment grew 4.3%.

Employment (% Change)

	2005	2006ytd
Manitoba		
Total Employment	0.6	1.3
Full-Time	0.2	0.9
Part-Time	2.6	2.9
Canada		
Total Employment	1.4	1.9

Unemployment Rate

- In 2005, Manitoba's unemployment rate averaged 4.8% second lowest in the country and the lowest Manitoba rate since 1976.
- In 2005, Manitoba's youth unemployment rate averaged 9.7%, second lowest in the country, and down from 10.9% in 2004.
- Manitoba's unemployment rate in October 2006 was 4.2%, third lowest among provinces and down from 4.5% in October 2005.
- In the past eight years, Manitoba has had the lowest unemployment rate among provinces five times, and the second lowest rate three times.

Average Weekly Earnings

- In 2005, average weekly earnings rose 3.6% compared to 3.1% in Canada. Manitoba's weekly earnings growth is ranked fourth highest amongst provinces.
- In the first eight months of 2006, average weekly earnings increased by 1.9% in Manitoba, lowest among provinces.

Population

- As of July 1, 2006 Manitoba's population stood at 1,177,765, a one-year increase of 3,617 persons. The 0.3% increase in Manitoba's population was fifth-best among provinces, and below Canada's growth of 1.0%.

Net Migration

- Between July 1, 2005 and July 1 2006, 72 more people left Manitoba than moved here.
- During the same period, net international immigration totaled 8,563 slightly less than the net inter-provincial out-migration of 8,635.

Economic Activity

Manufacturing

- In 2005, the manufacturing sector experienced a fourth consecutive year of growth above the national average.
- In 2005, total shipments rose 3.3% compared to 2004, above Canada's rate of 0.7%.
- Growth in shipments in 2005 was broad based with particularly strong growth in electrical, fabricated metals, machinery and transportation shipments shipments.

Industries with Strongest Growth in the Value of Shipments (% Change)

	<u>2006ytd</u>
Printing	19.7
Electrical	17.5
Food	11.7
Plastics & Rubber	5.3
Fabricated Metals	5.2

- In the first eight months of 2006, the value of manufacturing shipments increased 3.7% in Manitoba and increased 1.0% in Canada. The printing (19.7%), electrical (17.5%), and food (11.7%) industries led the growth.

Farm Cash Receipts

- In the first half of 2006, cash receipts decreased 7.8% compared to a 4.7% decline in Canada.
- Crop receipts declined 22% in the first half of 2006 reflecting poor crop yields and quality arising from abnormally high levels of precipitation in 2005. Livestock receipts declined 5.5% due to lower hog sales. Direct payments from support programs increased by 14% to \$413 million.

Farm Cash Receipts (% Change)		
	2005	2006ytd
Hogs	(3.2)	(14.0)
Cattle	64.0	26.7
Oilseeds	(41.0)	(11.1)
Wheat	(29.9)	(20.1)

- Agricultural diversification over the past two decades has substantially altered the structure of the sector. For example, in 2005, hogs (30%) were the largest single source of agricultural market receipts in the province, up from 14% in 1995. In contrast, wheat accounted for 25% of market receipts in 1995 but less than 13% in 2005.

Retail Sales

- In the first eight months of 2006, Manitoba retail sales increased 6.0%, below the 7.0% increase in Canada. Pharmacies (14.5%) and gasoline outlets (13.4%) led the growth.
- In 2005, retail sales in Manitoba increased 6.4%, third-highest among the provinces. In Canada, the increase was 6.1%.
- Strong sales growth was experienced in gasoline (17.1%), hardware, garden and building supplies (16.6%), and furniture and appliance stores (6.8%). Some of these increases are related to Manitoba's very strong housing market performance in 2005.

Investment

- In 2006, Statistics Canada's Private and Public Investment survey from February 2006 shows that Manitoba's capital investment increase will be 14.6%, the highest among provinces. Canada's expected increase is 6.1%.
- The Survey shows that Manitoba's private investment is expected to increase 10.4% while public investment is projected to increase 27.1%.
- A number of major investment projects are planned in Manitoba in 2006, including the Winnipeg Floodway expansion, the

Wuskwatim hydro-electric dam and a new airport facility.

- In 2005, capital investment increased 3.9%, with private investment increasing 2.2% while public investment rose 9.5%. Private capital investment accounts for approximately three-quarters of capital investment in Manitoba.

Housing Starts

- Manitoba housing starts rose 3.1% in the first nine months of 2006. Single-detached starts have declined 3.2% while multiples have increased 25.7%.
- There were 4,731 total starts in 2005, a 6.6% increase from 2004 and the largest number of starts since 1988.
- In 2005 multiple starts were up 6.9% to 1,022 units from last year. This is the second highest level of starts, behind 2003, since 1989.
- In the first ten months of 2006, urban housing starts in Manitoba have increased 12.3%, higher than the national increase of 1.3%. Single-detached starts are down 1.1% while multiple starts have increased 39.6%.

Housing Starts (% Change)		
	Manitoba	Canada
2003	16.3	6.5
2004	5.6	6.9
2004	6.6	(3.4)
2006(ytd)	3.1	1.4

Building Permits

- In the first nine months of 2006, the value of building permits in Manitoba rose 22.3%, third best in the country and significantly above the 7.8% Canadian growth rate.
- In 2006, the value of residential permits issued has increased 21.6% in Manitoba. The value of non-residential permits has increased 23.3%.

- In 2005, the value of residential permits issued in Manitoba declined by 1.9%. The value of Winnipeg permits declined 8.0% while outside of Winnipeg they increased 9.4%

Bankruptcies

- In the first nine months of 2006, business bankruptcies increased 5.1% in Manitoba and declined 11.7% in Canada.
- Consumer bankruptcies in the first nine months of 2006 decreased 6.6% in Manitoba and declined by 6.5% in Canada.
- In 2005, business bankruptcies declined by 16.3% in Manitoba and by 7.5% in Canada.
- In 2005, consumer bankruptcies increased by 7.2% in Manitoba and rose 0.3% in Canada.

Foreign Merchandise Exports

- In the first eight months of 2006, Manitoba exports increased 10.1% compared to a 3.5% increase in Canada.
- Manitoba U.S. exports were up 9.6%, above the national growth of 2.3%. Non-U.S. exports increased 11.5% in Manitoba while increasing 10.0% in Canada.
- In 2005, merchandise exports from Manitoba increased by 1.5%, while Canada posted a 6.0% increase. Manitoba exports to the U.S. increased by 4.4%, while exports to non-U.S. markets decreased 7.3%.

Foreign Merchandise Exports (% Change)		
	<u>2005</u>	<u>2006(ytd)</u>
All Countries	1.5	10.1
U.S.	4.4	9.6
Non-U.S.	(7.3)	11.5

Electricity Sales

- In the first nine months of 2006, electricity sales increased by 2.6% lead by a 4.1% increase in export sales.
- Export sales to the U.S. have increased 12.9% while Canadian exports are down 30.7%.
- Electricity sales in 2005 were up 25.3% to \$1.8 billion with export sales increasing 67.5% and Manitoba sales increasing 3.5%.
- Manitoba's total export sales were \$817.6 million in 2005. The previous annual record of \$572.2 million was set in 2001.

Manitoba Finance

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

Note: The 2006 Budget Paper **The Economy** was released on March 6 and contains an extensive review of Manitoba's economic performance in 2005 and the outlook for the Manitoba economy in 2006.

This document is available at:

www.gov.mb.ca/finance/budget06/papers/economy.pdf