



Manitoba Economy: Situation and Outlook

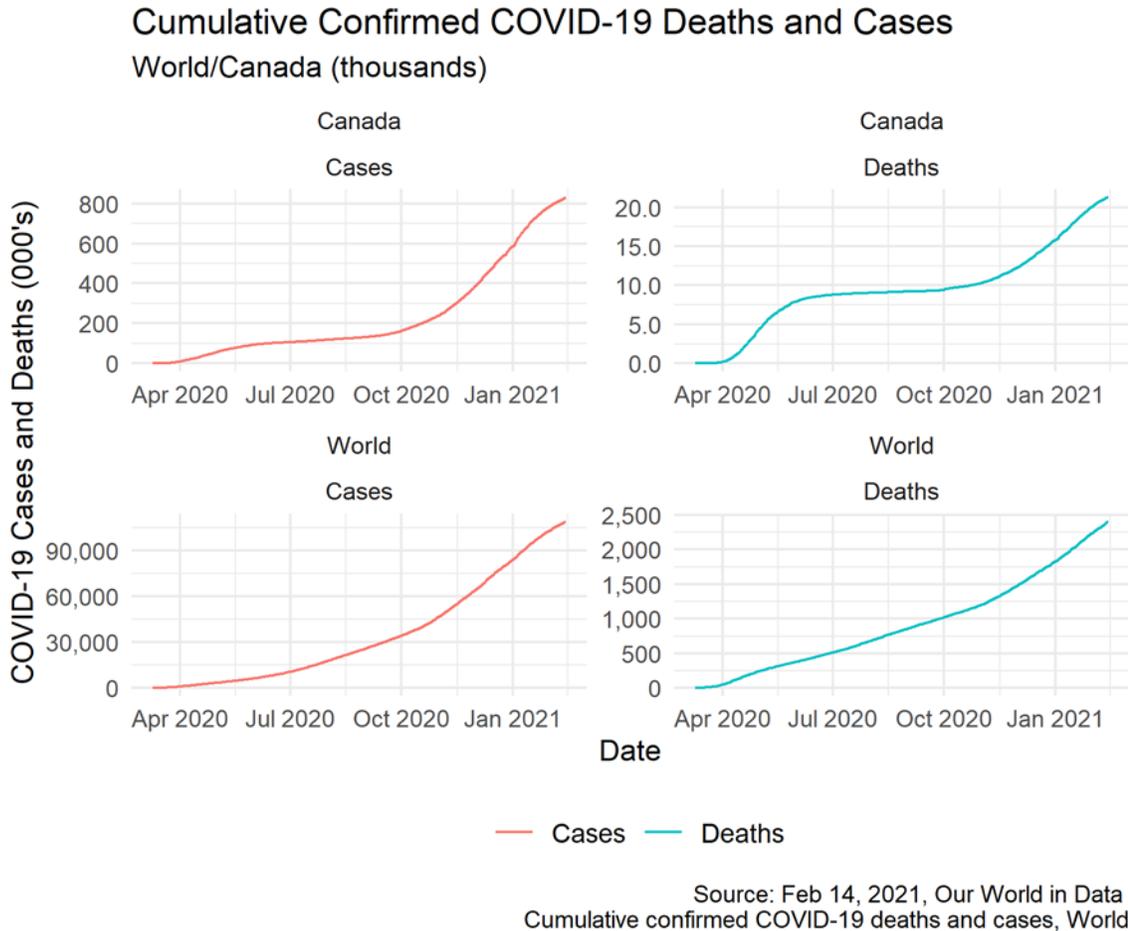
Chris Ferris, Senior Economist
for MABE Outlook Conference
on February 25, 2021



Summary

- COVID-19 Global Pandemic – the dominant factor in 2020, and 2021.
- State of Manitoba's Economy
- Policy Environment and Budget Changes
- Outlook + Risks

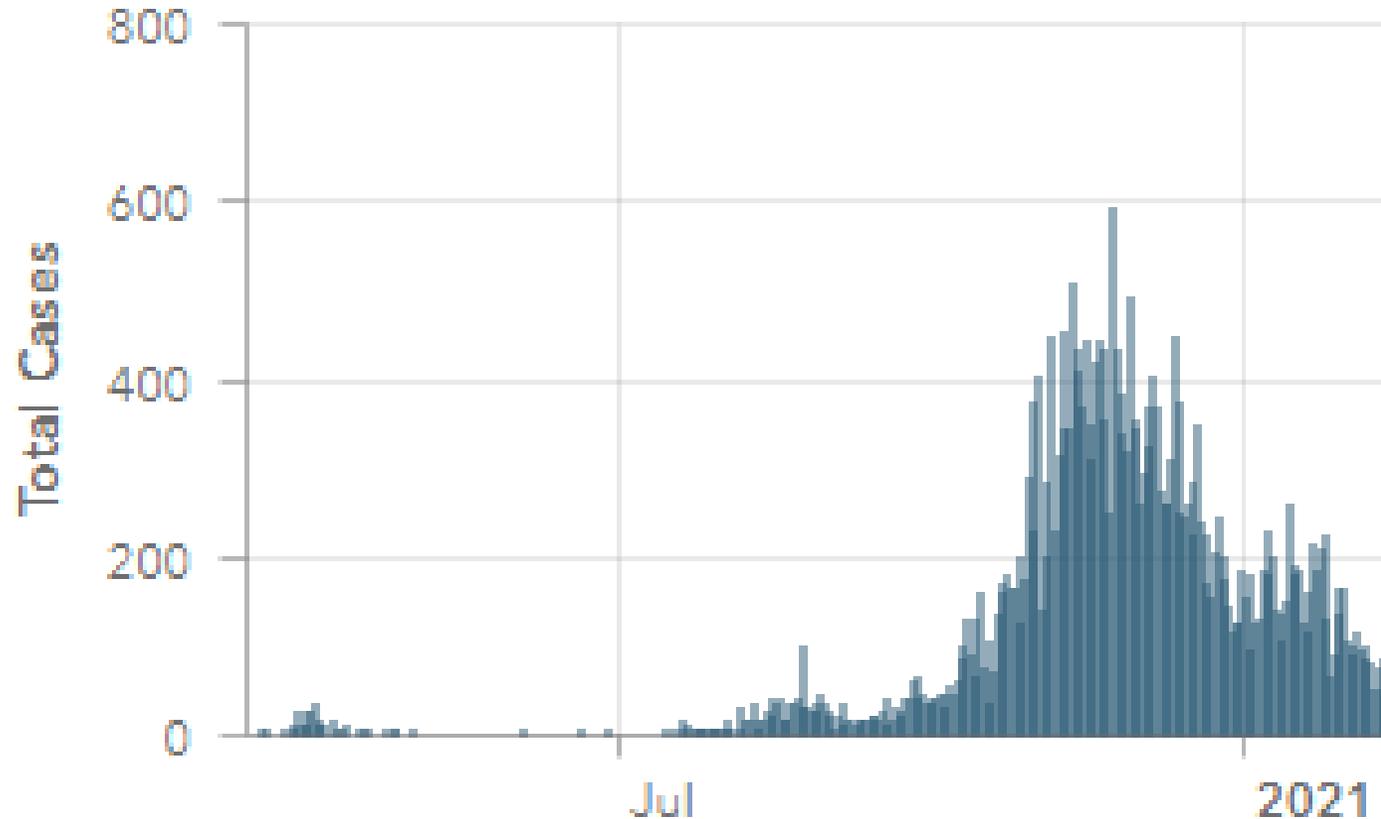
Confirmed COVID-19 Cases and Deaths – World, Canada



COVID-19 as of February 14, 2021

- World:
 - Cases: 108.54 million
 - Deaths: 2.39 million
- Canada
 - Cases: 830.6 thousand
 - Deaths: 21.3 thousand

Cases by Lab Confirmation Date



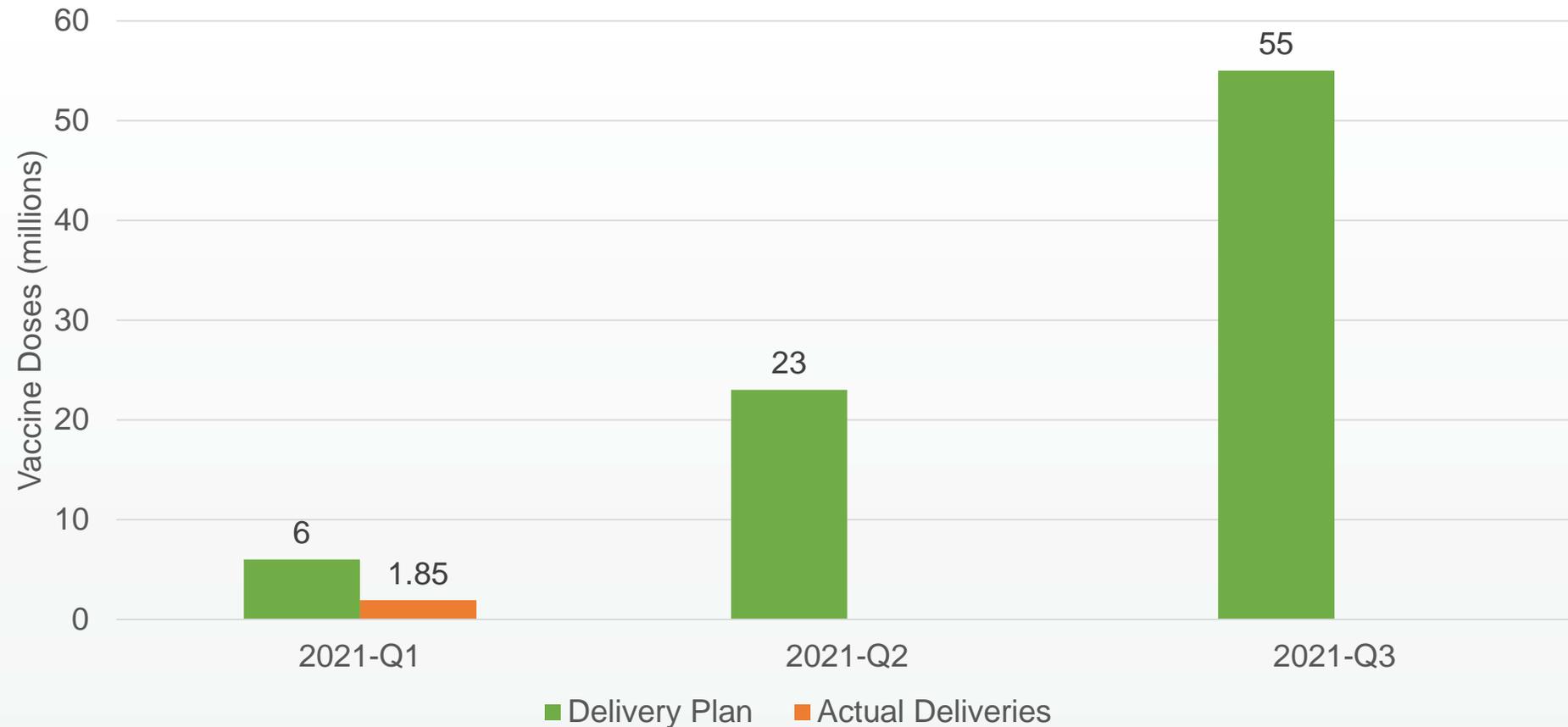
Manitoba Daily Confirmed COVID-19 Cases

Second wave of COVID-19 infections are falling, as shown by falling daily case counts.

While Manitoba remains in a code red, restrictions were eased on:

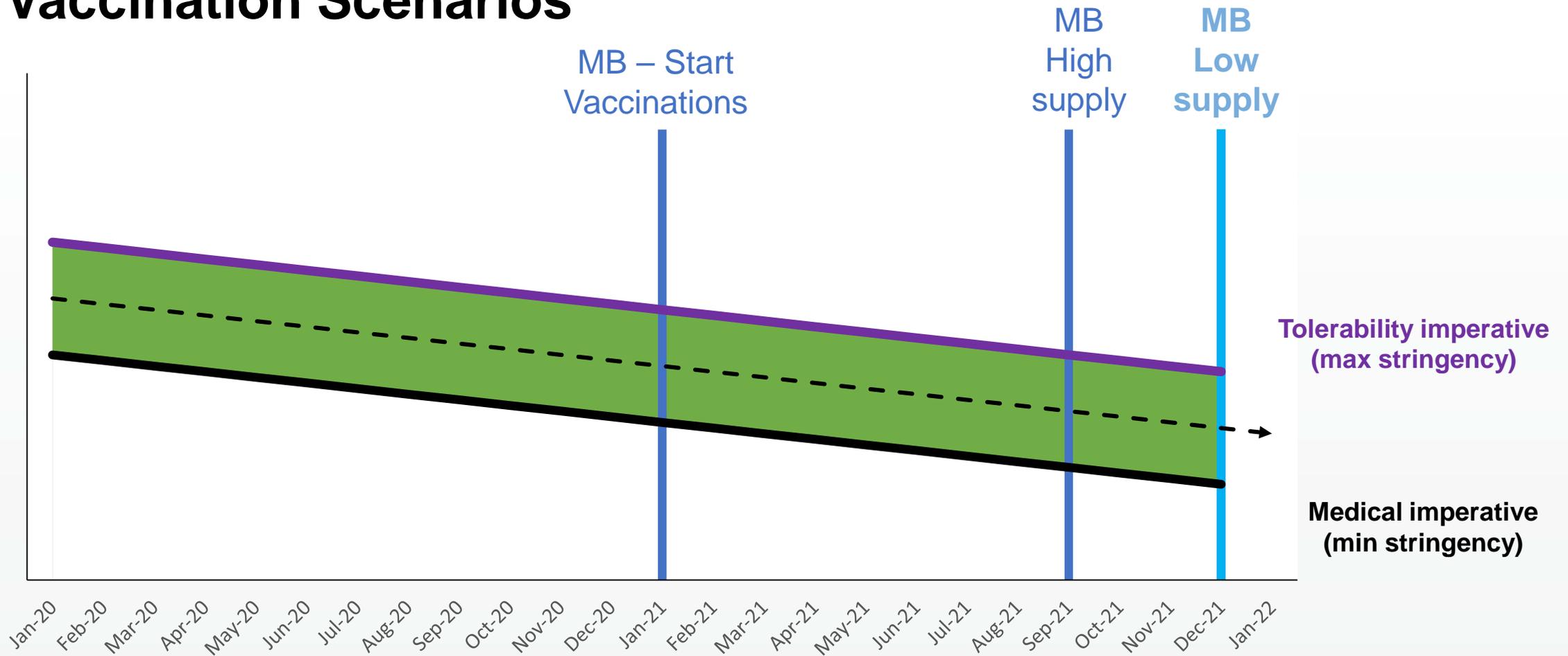
- [January 23, 2021](#), and
- [February 13, 2021](#).

Risks: Canada's COVID-19 Vaccine Delivery - 84 million over 2021 – Plan and Actual-to-Date



Source: Public Services and Procurement Canada (February 12, 2021) "[Canada negotiates accelerated delivery schedule for Pfizer-BioNTech's COVID-19 vaccine.](#)" Federal Government (February 18, 2021), [Vaccines and treatments for COVID-19: Vaccine rollout.](#)

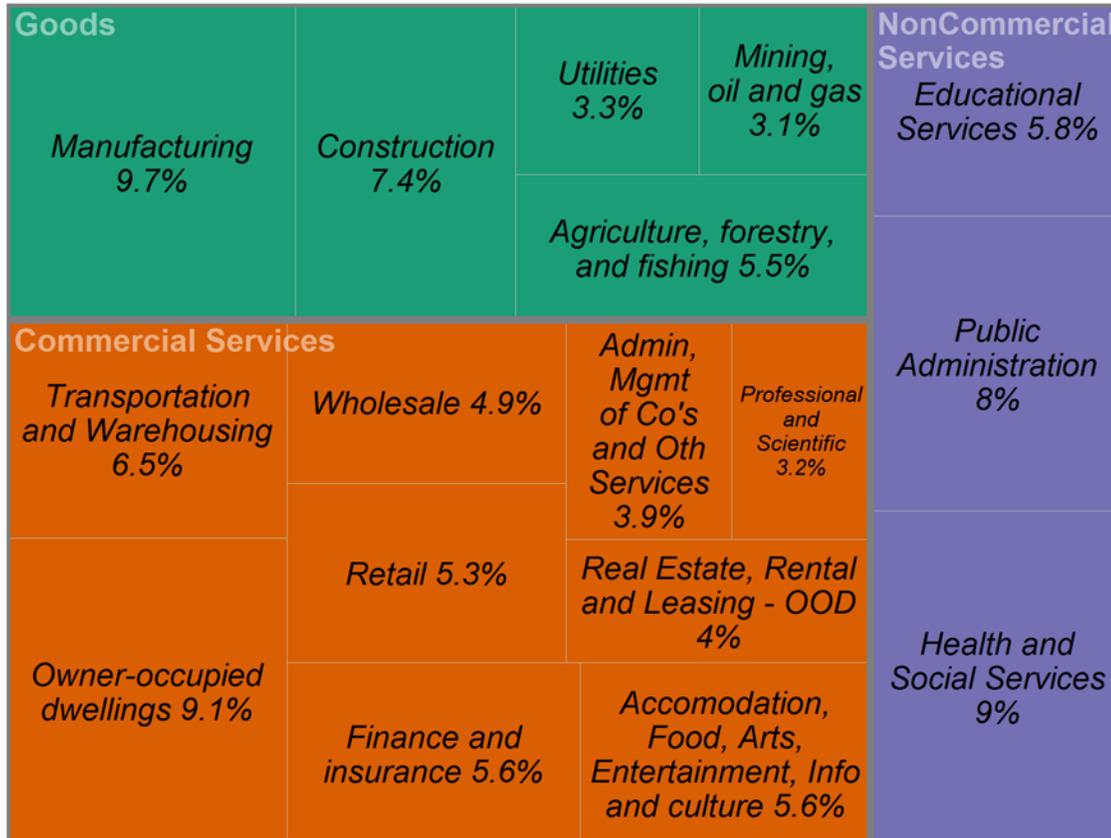
Risks: COVID-19 Containment, and Vaccination Scenarios



Sources: See [Weekly Economic Digest Vol. 1, Issue 11](#) for discussion. Chart based on Richard Baldwin (2020b) "[Remobilising the workforce: A two-imperatives approach](#)." See [WED Vol. 2, Issue 6](#) for vaccination scenarios.

Manitoba's GDP by Industry Share, 2019

Manitoba's GDP Share by Sector, 2019 (%)



Source: Statistics Canada, Real GDP by Sector, Province - Chained 2012, Tables 36-10-0402-01

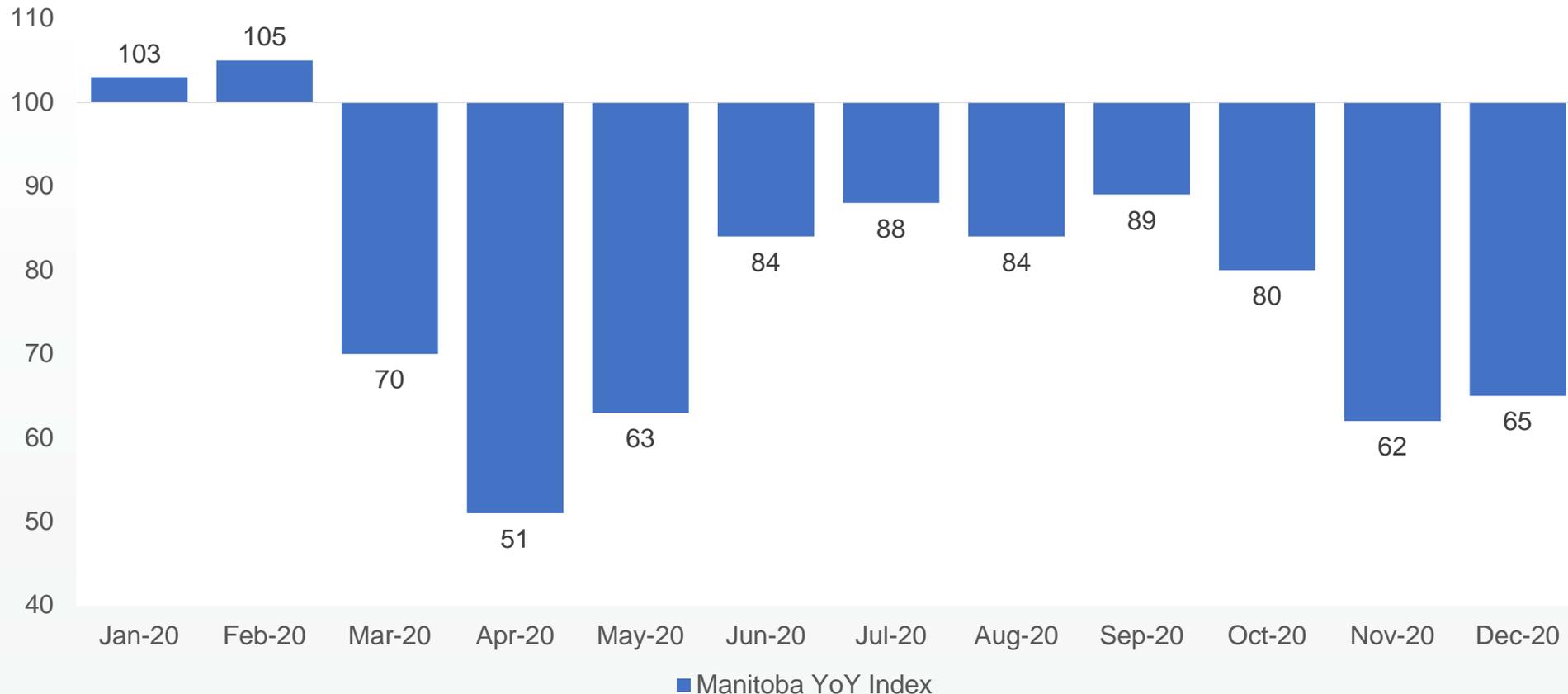
Manitoba's all industries GDP was \$63.3 billion in 2019.

When we group the sectors:

- **Commercial Services** are 48.2 per cent
- **Goods** are 29 per cent
- **Non-Commercial Services** are 22.8 per cent.

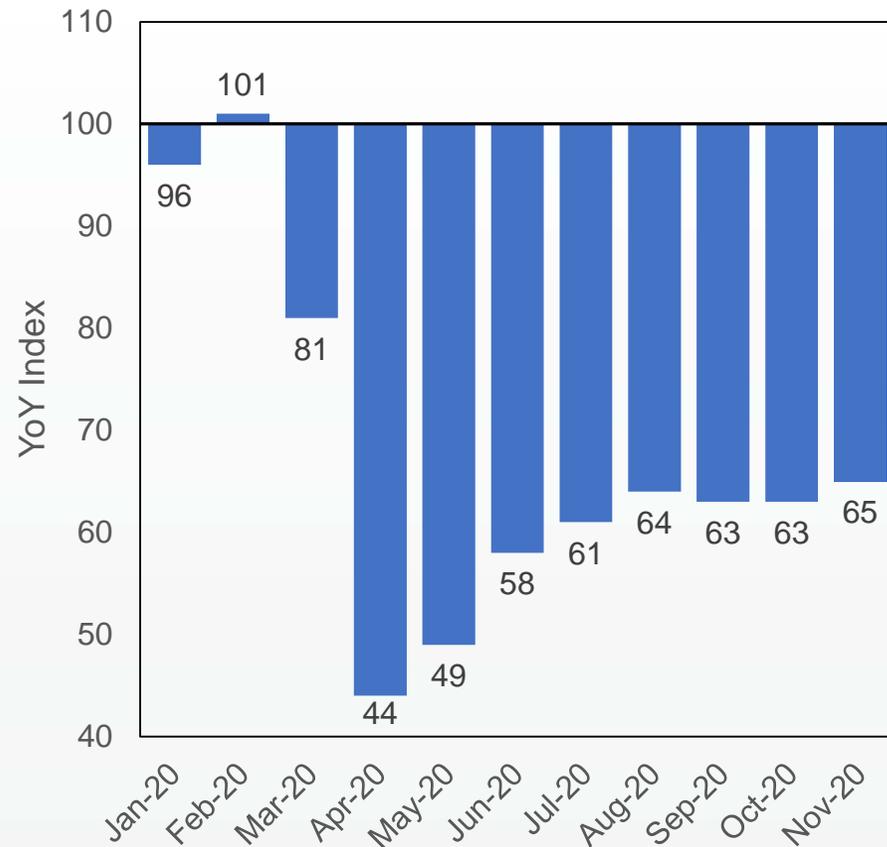
Source: Statistics Canada, GDP at basic prices, by Sector, Province, Chained 2012 dollars, [Table 36-10-0402-01](#), Calculations by EDW.

Manitoba Total Food Services and Drinking Places Y/Y Index (100 = same as previous year)

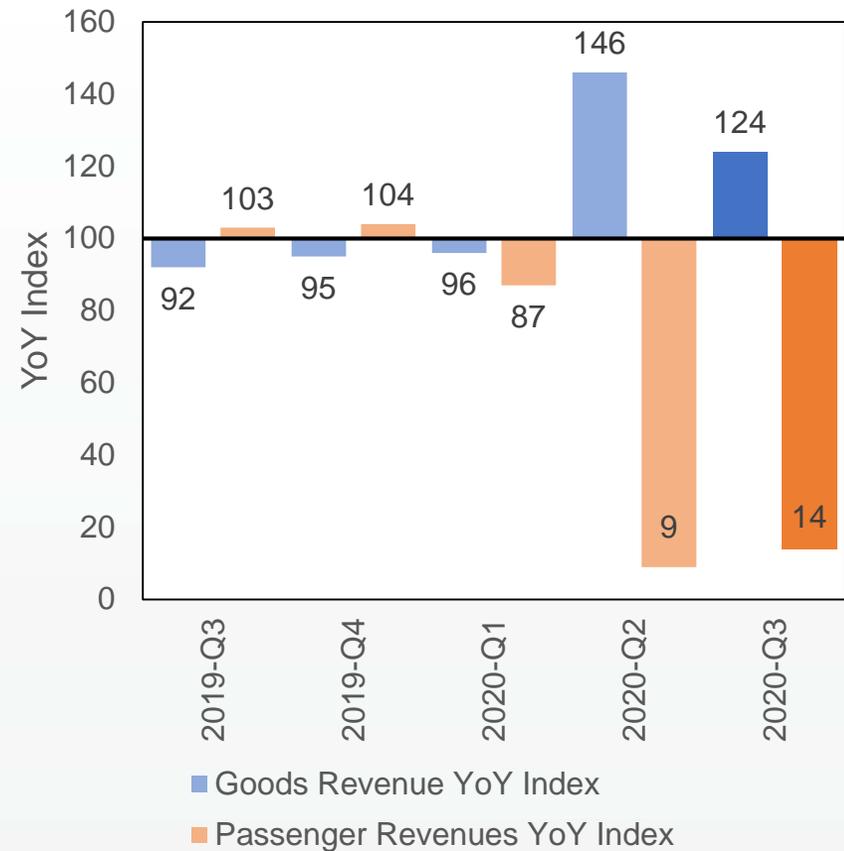


Source: Statistics Canada, Table 21-10-0019-01, Monthly survey of food services and drinking places.

Winnipeg Int'l Airport aircraft movements

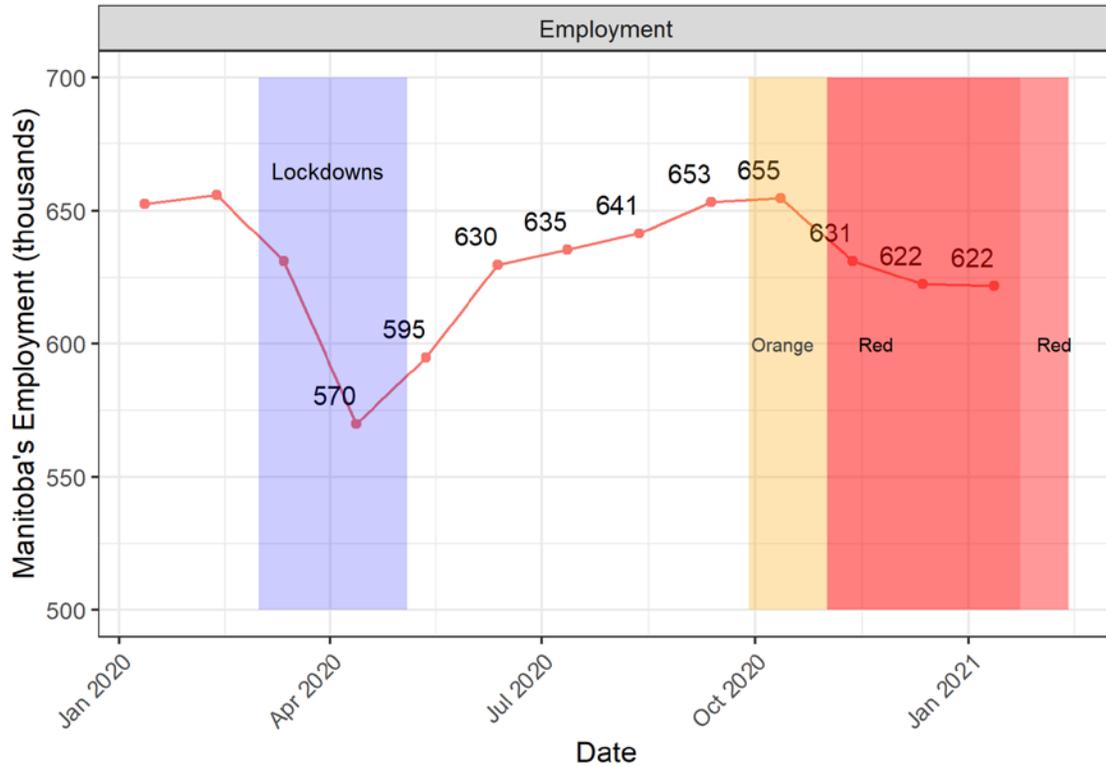


Canada YoY Index of Qtr Airline Operating Revenues



Source: Statistics Canada, Table 23-10-0260-01 Civil aviation financial statistics, Canadian air carriers, Levels I and II, quarterly. Table 23-10-0002-01 Total Aircraft Movement Statistics

Manitoba's Employment Level
Unadjusted (thousands)

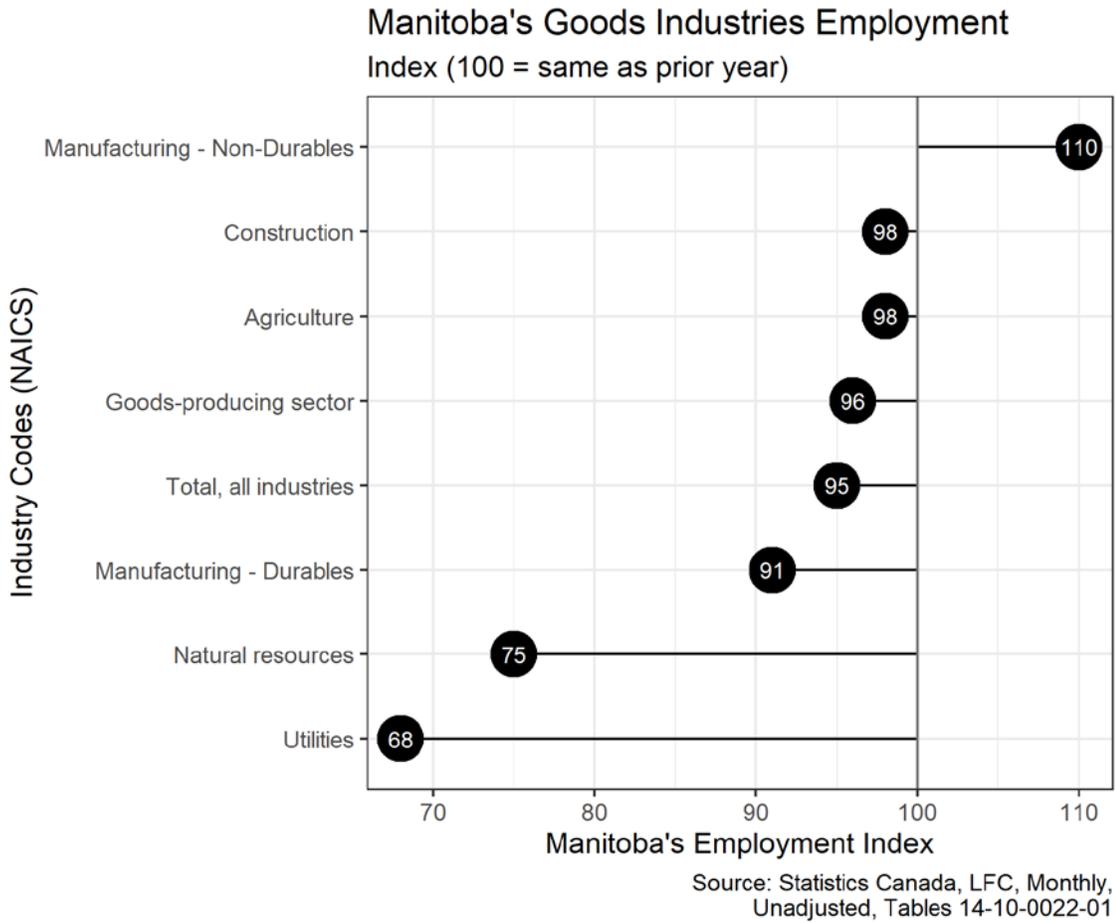


Source: Statistics Canada, LFC, Monthly, Unadjusted, Tables 14-10-0022-01

Manitoba Employment by Month (Jan 2021)

Employment Level (Jan 2021):

- 622 thousand,
- Unchanged on the month.



Manitoba Goods Employment Y/Y Index (Jan 2021)

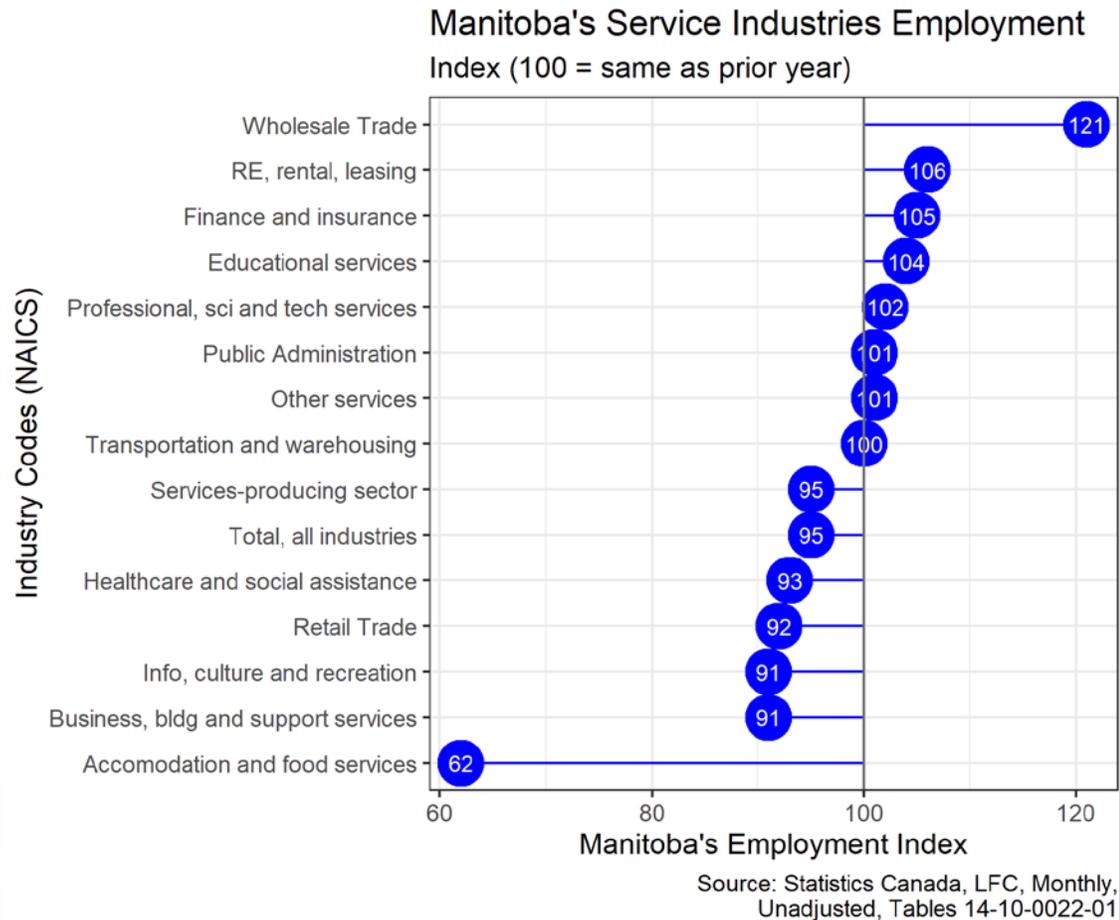
Strength:

- **Manufacturing – non-durables** (index of 110):
 - Food processing strong due to large harvest this year.

Weakness:

- **Natural resources** (Index of 75)
- **Utilities** (Index of 68)

Manitoba Services Employment Y/Y Index (Jan 2021)



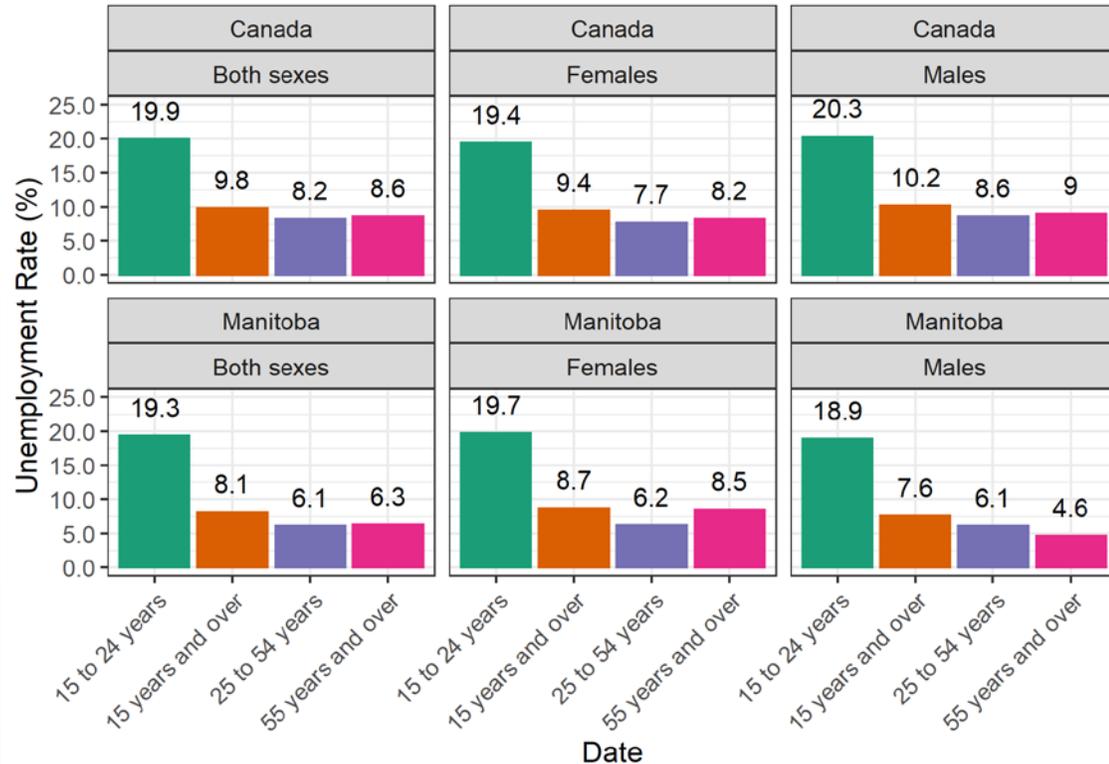
Strength:

- **Wholesale Trade** (index of 121)
 - Sales in the wholesale sector doing well.

Weakness:

- **Accommodation and food services** (Index of 62)
 - Travel restrictions and lockdowns are weighing on this sector

2021-01 Unemployment Rate (%)
by Geography, Sex and Age Group; Unadjusted (%)



Source: Statistics Canada, LFC, Monthly, Unadjusted, Tables 14-10-0022-01

January 2021 Unemployment Rate (%)

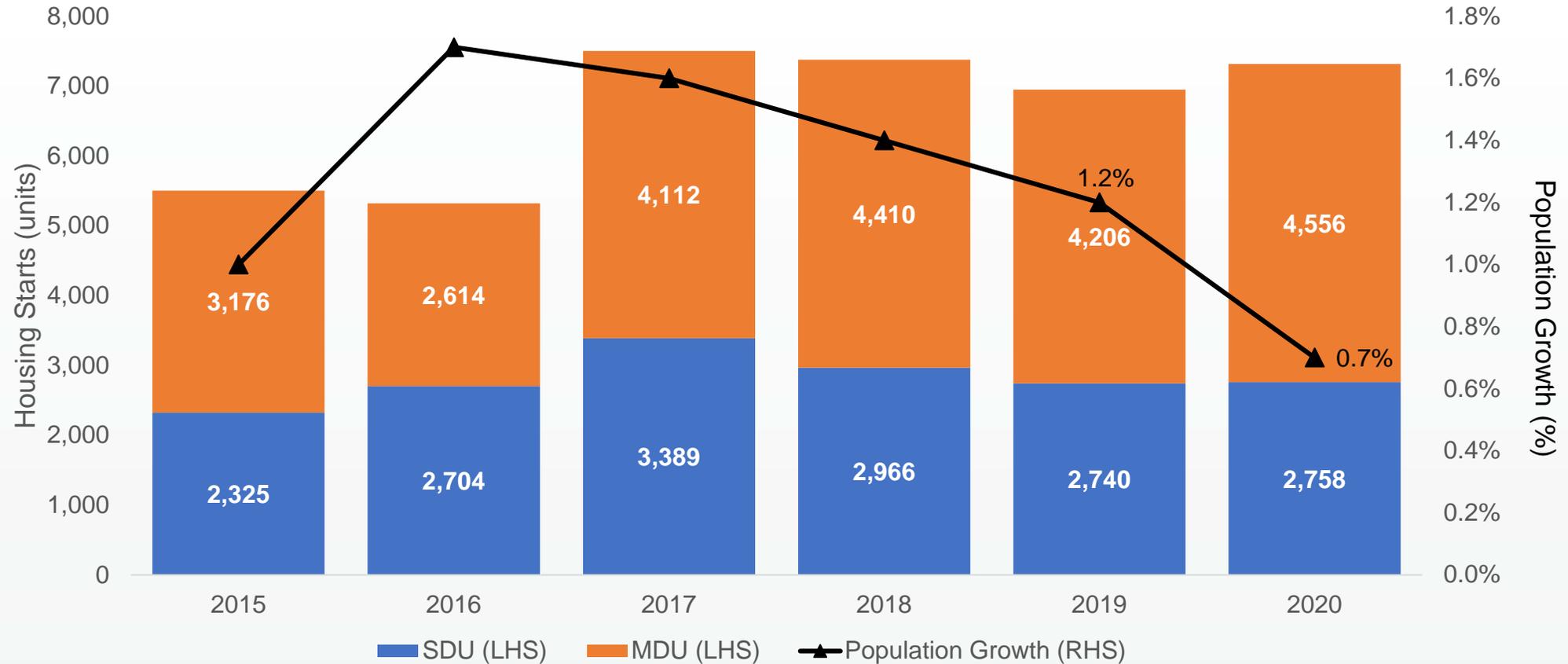
- Manitoba's unemployment rate 8.1 per cent,
- Canada's unemployment rate 9.8 per cent.

Of great policy concern is the unemployment rate of:

- those **aged 15 to 24**, and
- for **women**.
- The lockdowns used to control COVID-19 outbreaks have fallen on these two groups most heavily.

Source: Table 14-10-0022-01, Labour Force Survey by Industry, Unadjusted. See [WED Vol. 2, Issue 6](#) for context. See BoC Governor Tiff Macklem's Feb 23 speech "[Canada's labour market](#): rebound, recuperation and restructuring."

Housing Starts, and Population Growth (2015 – 2020)



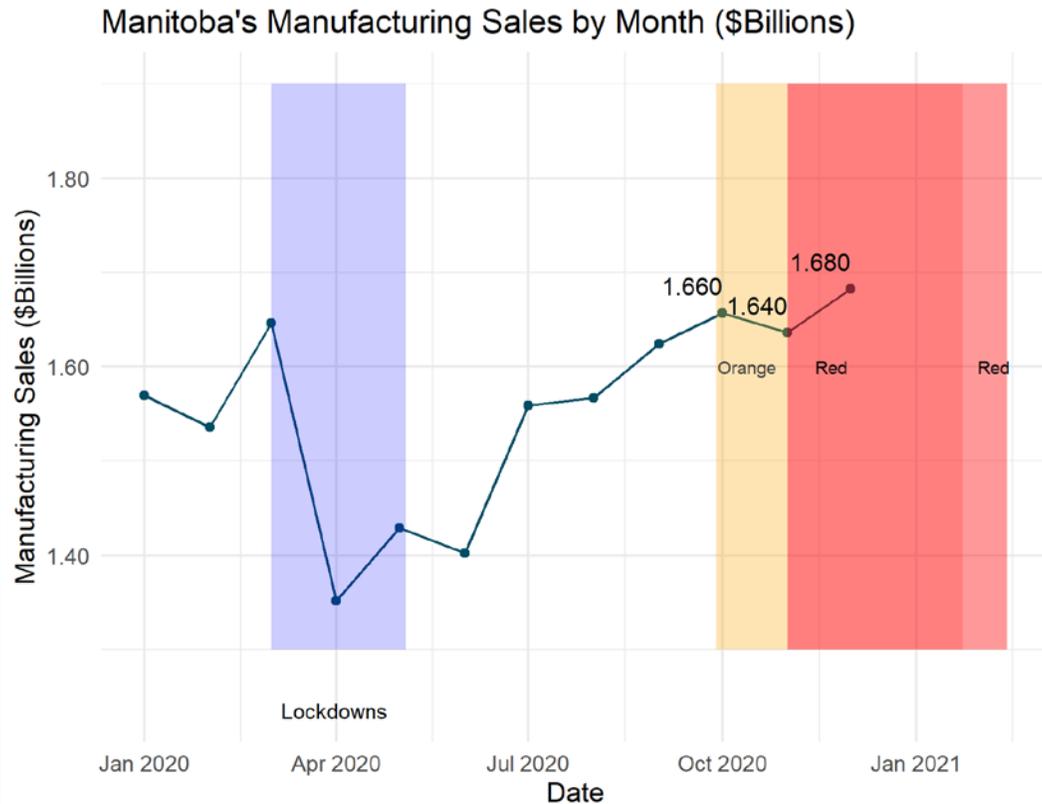
Source: Statistics Canada, Table 34-10-0135-01 Housing Starts (2015-Q1 – 2020-Q4), and July 1 Population, Table 17-10-0005-01.

Non-Residential Capital Investment in Buildings (\$Millions)



Source: Statistics Canada, Table 34-10-0175-01 (Jan-2015 – Dec-2020)

Manitoba Manufacturing Sales – December 2020

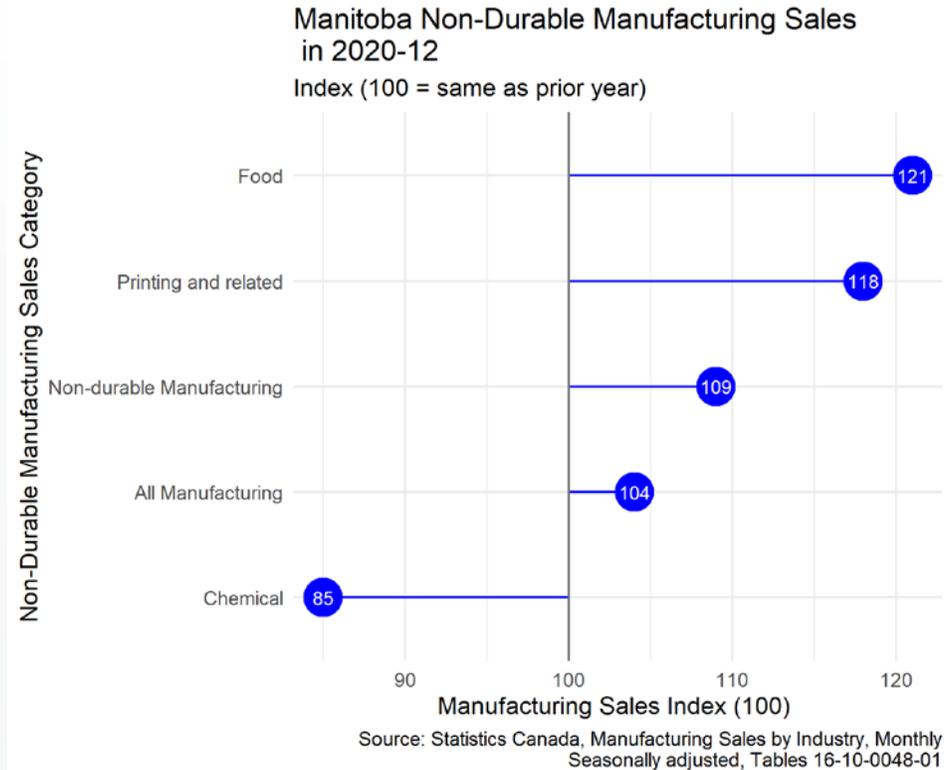
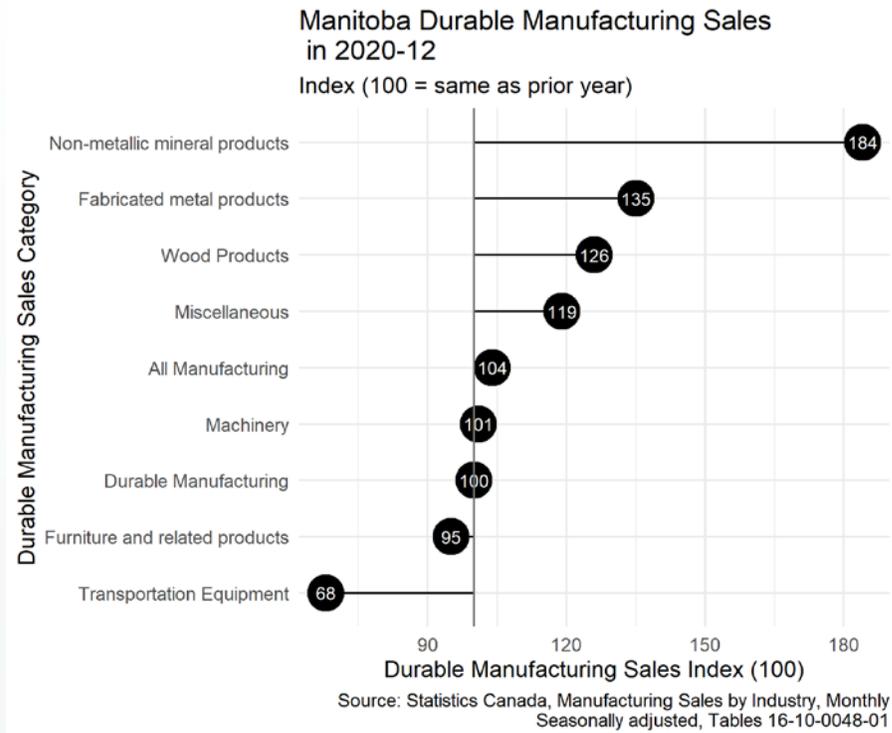


Source: Statistics Canada, Manufacturing Sales by Industry, Monthly Seasonally adjusted, Tables 16-10-0048-01

December 2020 Sales:

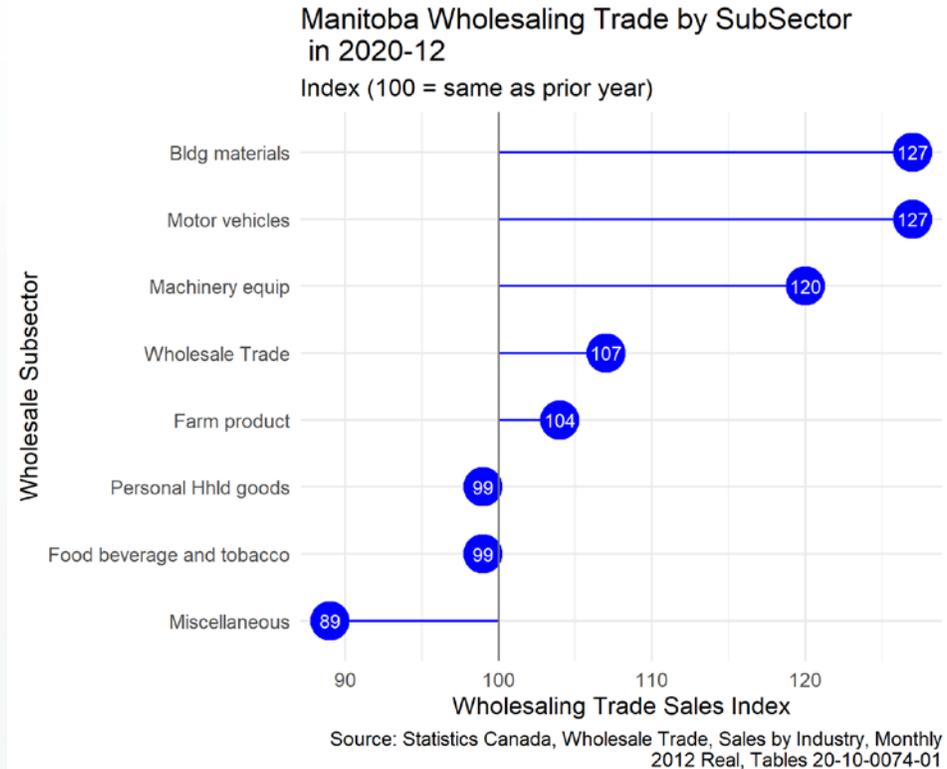
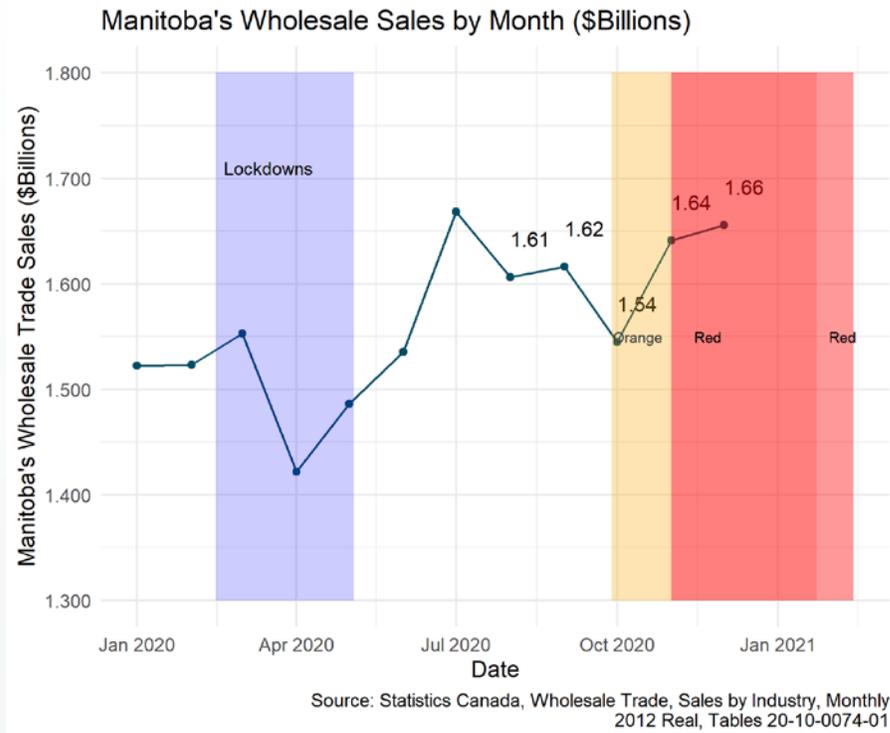
- \$1.68 billion
- M/M growth: +3 percent
- Y/Y Growth: +4.4 per cent

Manitoba Manufacturing Sales by Industry



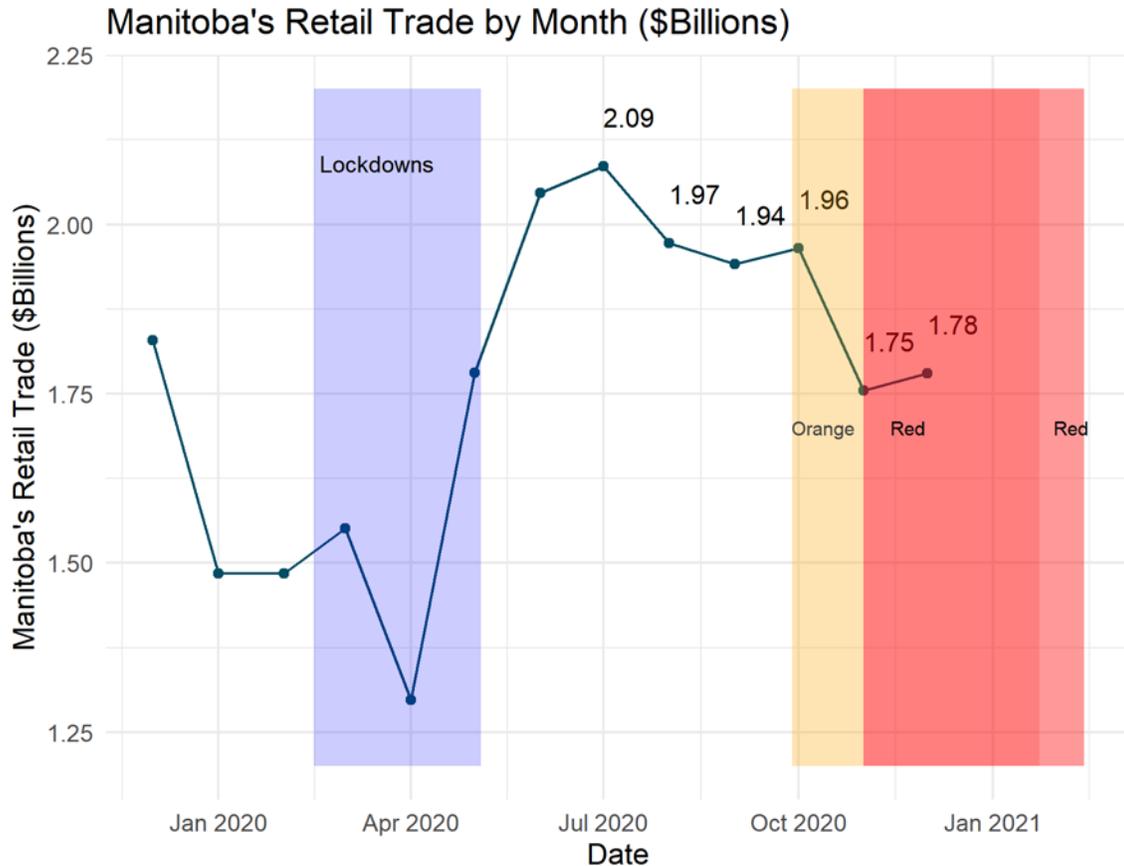
Source: Statistics Canada, Table 16-10-0048-01 Manufacturing Sales by Industry by Month. Charted in WED Vol 2, Issue 7.

Wholesale Trade – December 2020



Source: Statistics Canada, Table 20-10-0074-01 Wholesale Trade by Month

Manitoba Retail Trade – December 2020

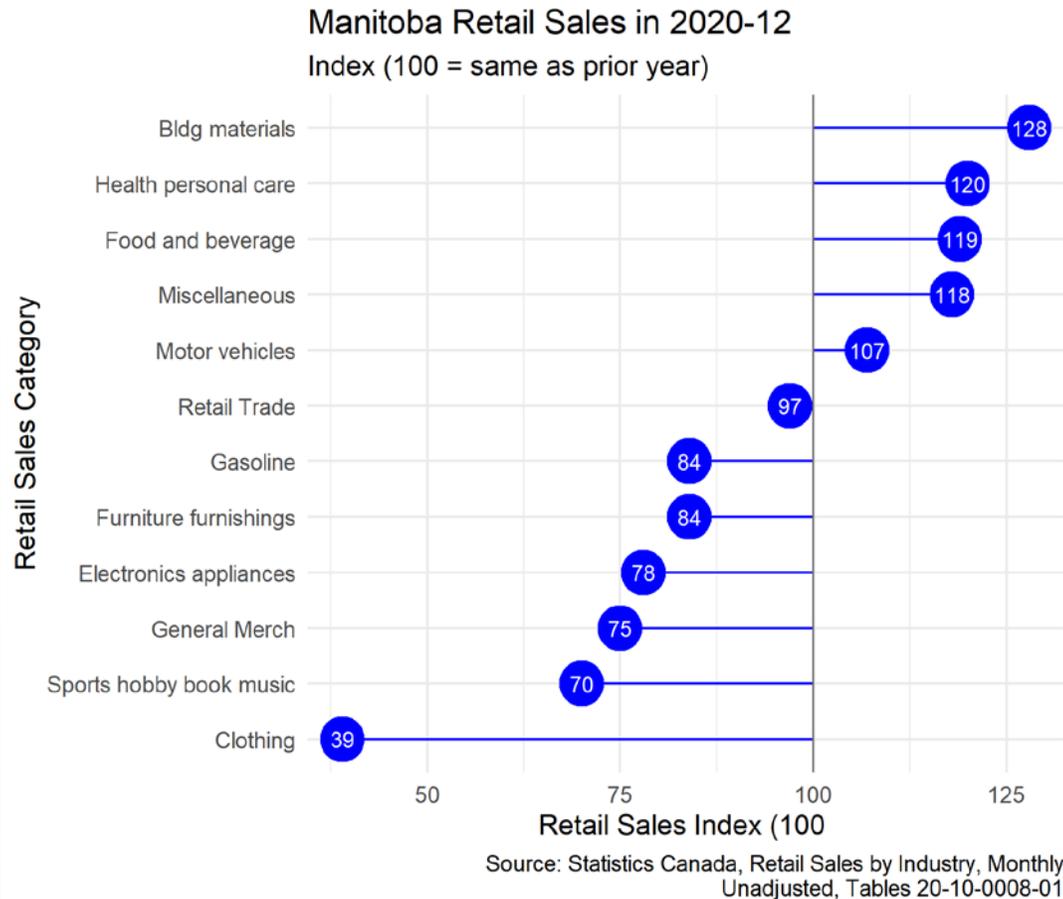


Source: Statistics Canada, Retail Trade, Sales by Industry, Monthly Unadjusted, Tables 20-10-0008-01

- YoY Index 97, down 3 per cent.
- \$1.78 billion in Dec 2020
- retail sales have suffered due to code red, but to a lesser extent than the initial lockdown, due to adjustments.

Source: Statistics Canada, Table 20-10-0008-01 Retail Trade, Sales by Industry, Monthly, unadjusted.

December 2020 Manitoba Retail Trade by Industry



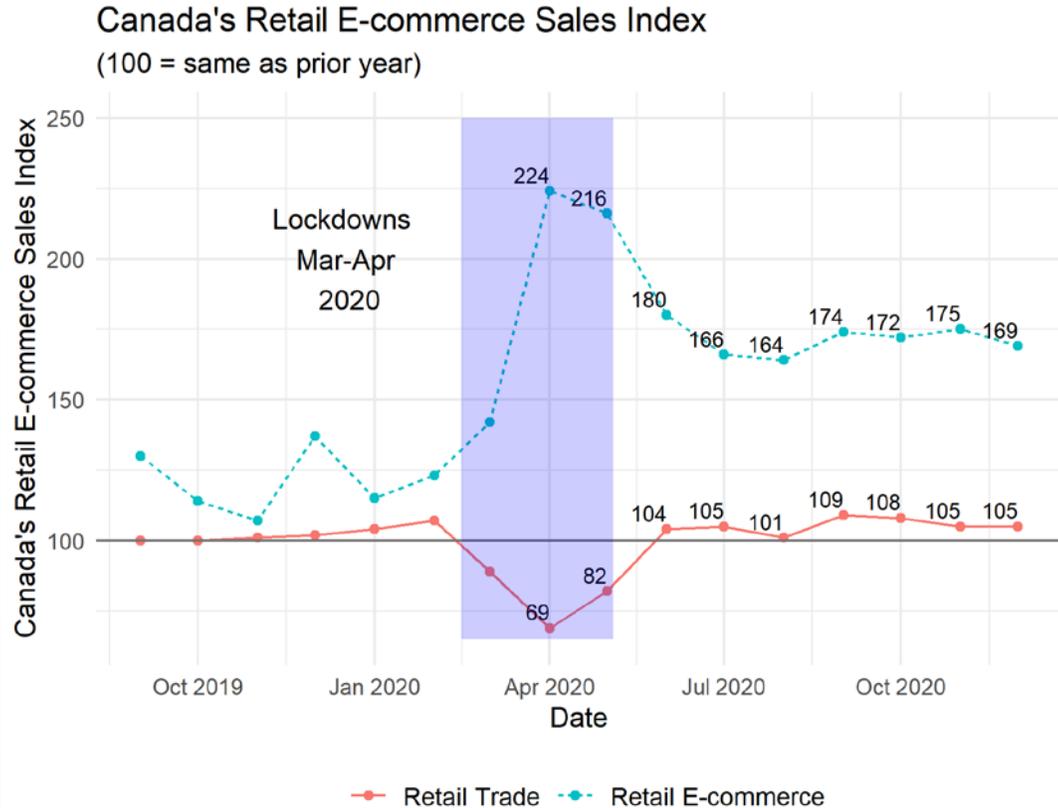
Strong Y/Y Index (100 = same as prior year):

- **Building Materials** (Index of 128)
- **Health and personal** (Index of 120)
- **Food and beverage** (Index of 119)

Weak Y/Y Index: (down on lockdowns and non-essential goods)

- **General merchandise** (index of 75)
- **Sports, hobby, book, music** (index of 70)
- **Clothing** (index of 39)

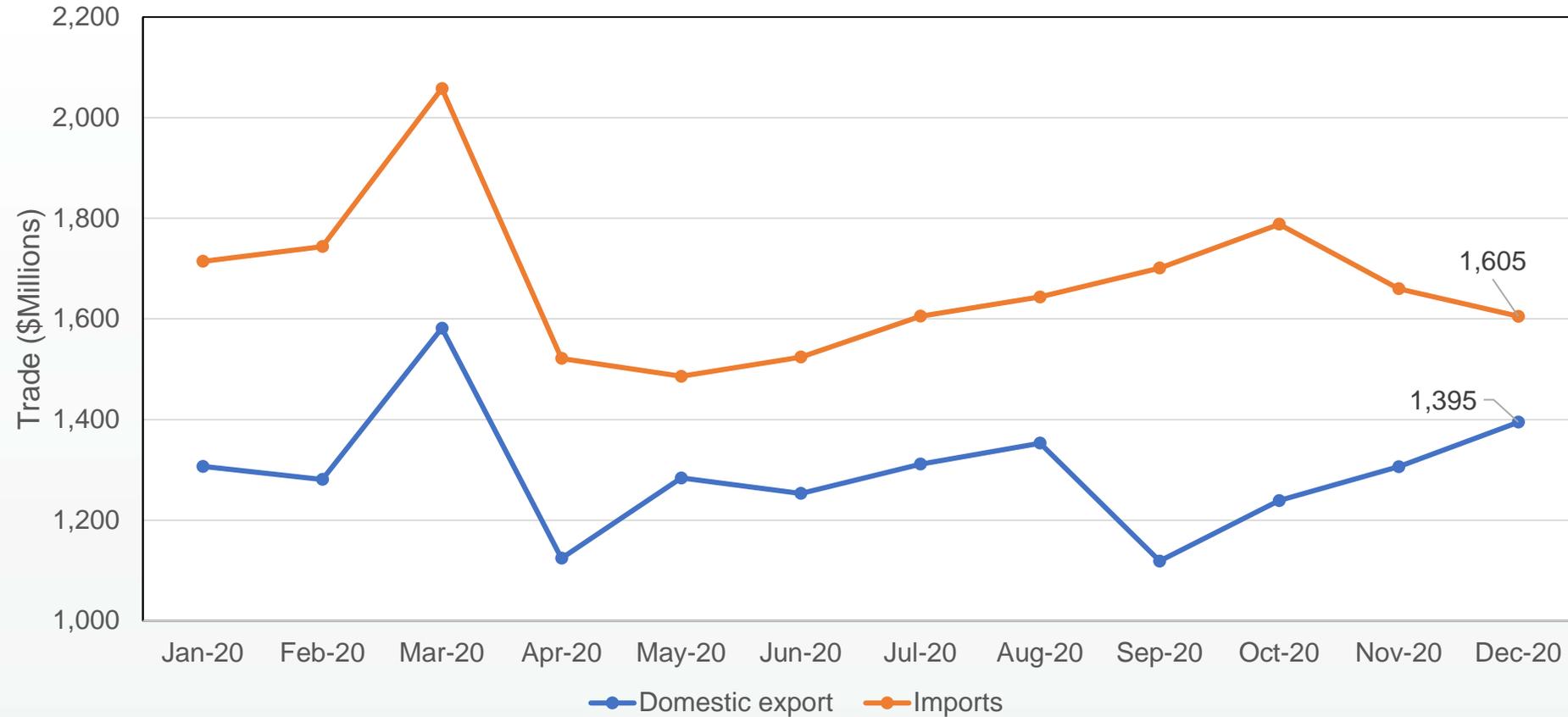
Canada's Retail E-commerce Sales Index – Dec '20



Source: Statistics Canada, Retail E-commerce Sales, Monthly Unadjusted, Tables 16-10-0072-01

- Record high \$4.7 billion in December 2020
- E-commerce sales consistently higher than prior year by 64 per cent or more since April 2020

Manitoba 2020 Merchandise Trade by Month (\$Millions)



Source: Statistics Canada, Table 12-10-0119-01, International merchandise trade by province, commodity, and Principal Trading Partners

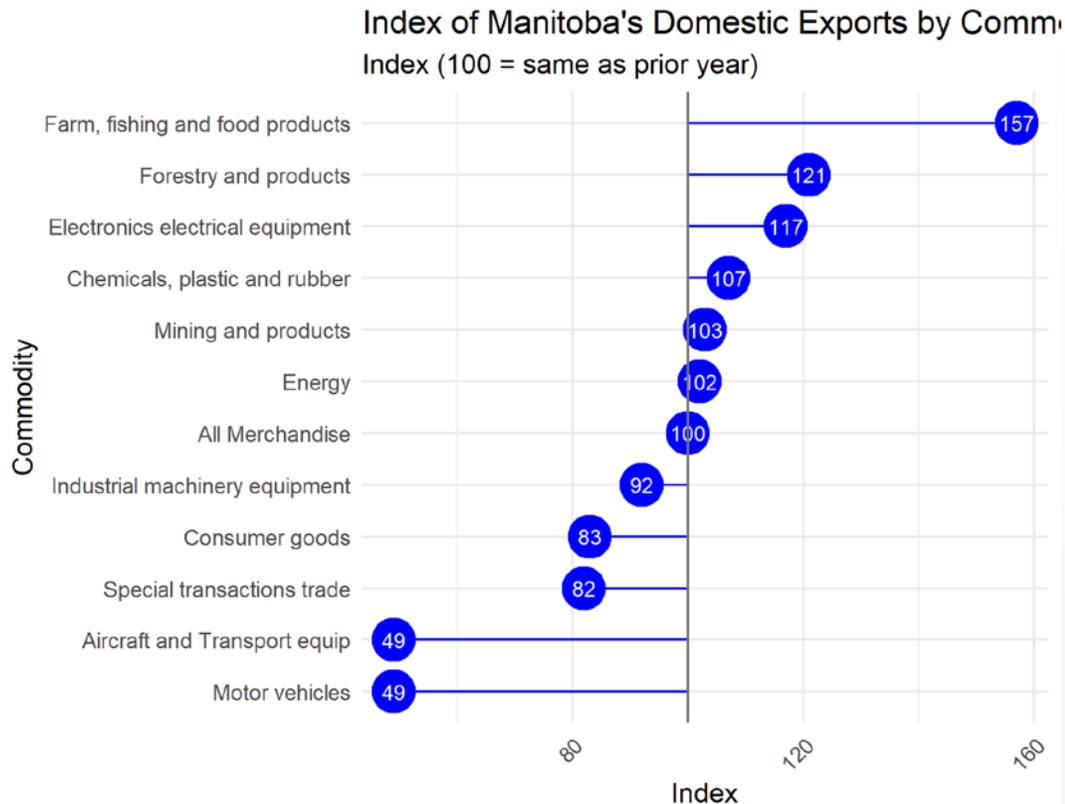
Y/Y Index of Manitoba's Domestic Exports by Commodity (100 = same as prior year)

Strength:

- **Farm, Fishing & Food Products (Index = 157)**
- **Forestry Products (Index = 121)**
- **Electronics electrical equipment (index = 117)**

Y/Y Weakness:

- **Aircraft and Transportation Equipment (index = 49)**
- **Motor Vehicles (index = 49)**

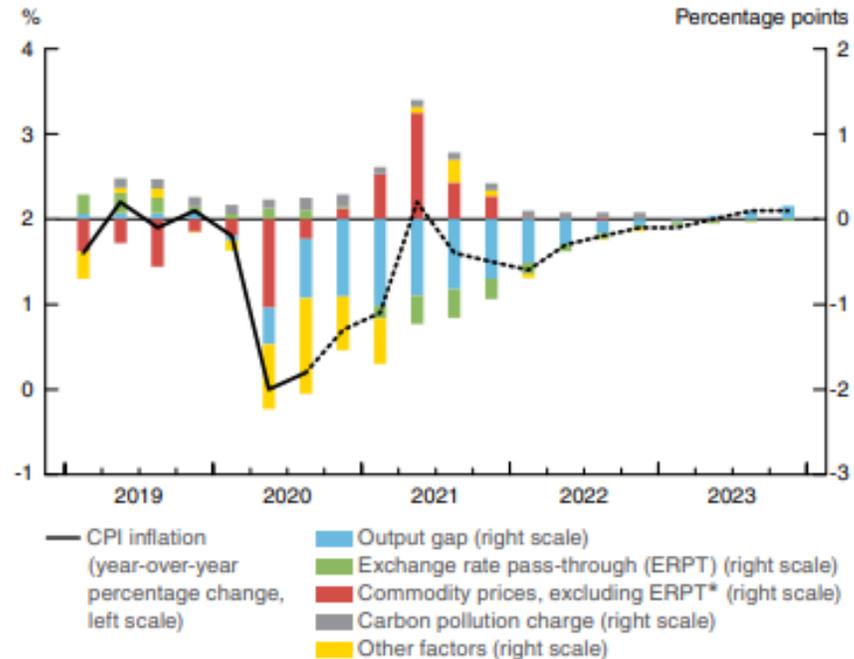


Source: Statistics Canada, Int'l Merch. Trade by province, commodity & PTP, Monthly Table 12-10-0119-01, Chart by Chris Ferris

Contribution to the deviation of inflation from 2 per cent, quarterly data

Chart 16: Apart from a temporary spike, inflation remains below 2 percent until 2023

Contribution to the deviation of inflation from 2 percent, quarterly data



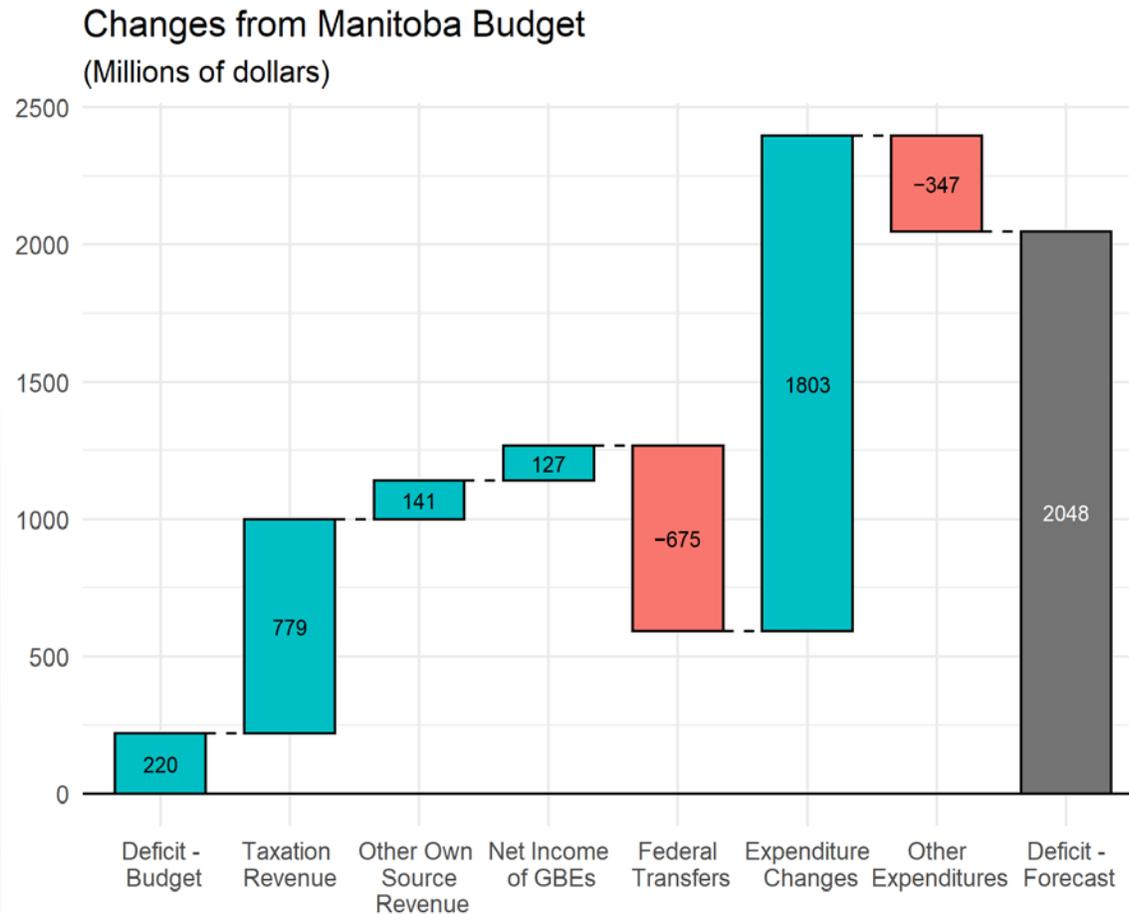
Note: Numbers may not add to total because of rounding.

* This also includes the effect on inflation of the divergence from the typical relationship between gasoline and crude oil prices.

Sources: Statistics Canada and Bank of Canada estimates, calculations and projections

Changes in Manitoba Government Deficit Forecast (\$millions)

Shows COVID-19 driven changes to Manitoba provincial revenues and expenditures as of December 2020.



Source: Province of Manitoba: 2020/21 Mid-Year Report - Fiscal and Economic Update December 17, 2020

Source: Province of Manitoba [2020/21 Mid-Year Report – Fiscal and Economic Update](#) December 17, 2020. See [WED Vol. 2, Issue 1](#) for context. Also see [Canada Fall Economic Statement 2020](#), pages 104 – 106 in particular.

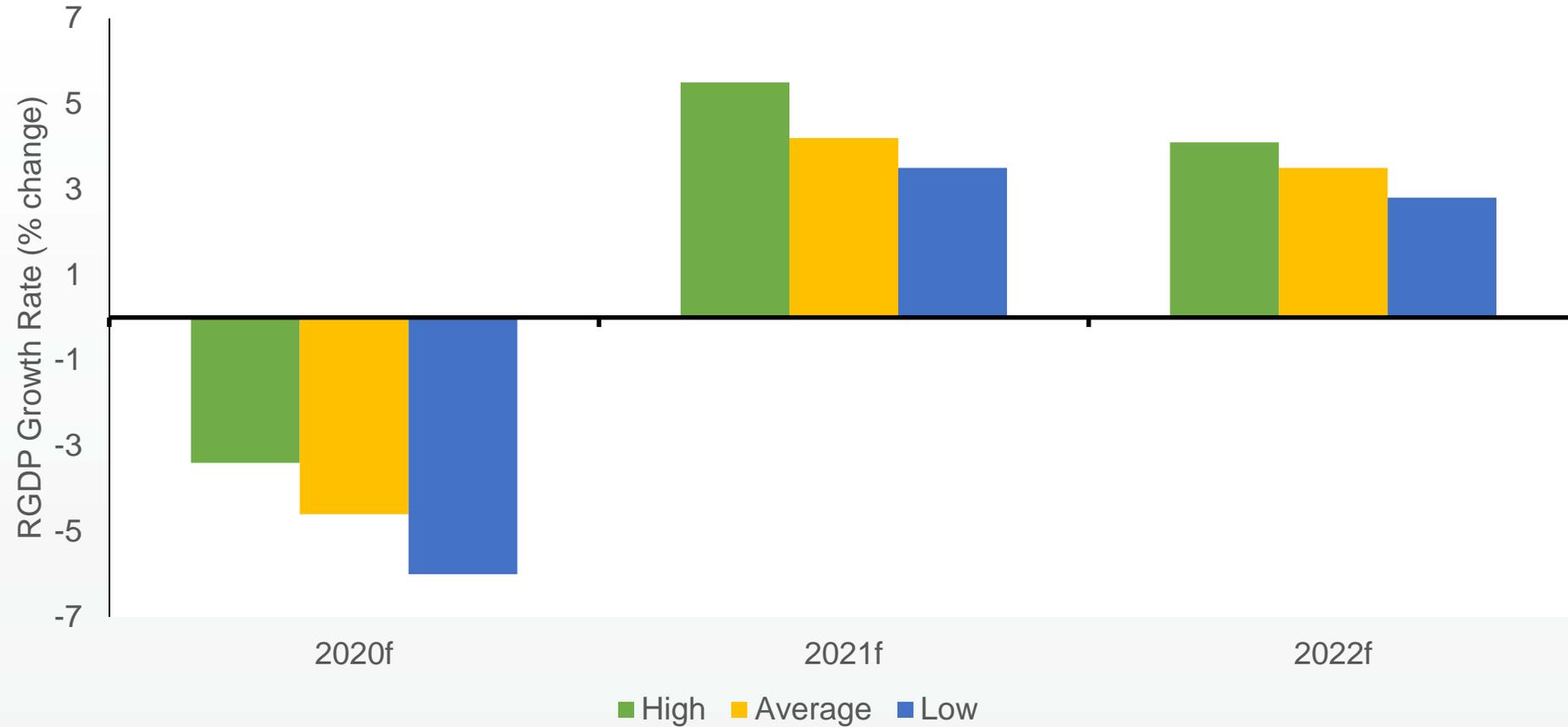
Manitoba Finance Survey of Economic Forecasts

Per cent Growth Unless Noted (f = Forecast)

Manitoba	2020f	2021f	2022f
Real GDP	-4.6	4.2	3.5
Nominal GDP	-3.4	5.5	5.4
Consumer Prices	0.6	1.8	2.0
Employment	-3.7	3.4	2.0
Unemployment Rate (%)	8.1	6.6	5.7

Source: Manitoba Finance Survey of Economic Forecasters, as at January 2021

Risks: Real GDP Growth Rate Scenarios



Source: Manitoba Finance Survey of Economic Forecasters, as at January 2021

Manitoba Economy Summary

- Weakness:
 - High contact industries continue to suffer, along with their suppliers. E.g. Tourism, accommodations, airline passengers, restaurants.
- Strengths:
 - Ecommerce, Air cargo, food manufacturing, wholesale trade, construction/renovation supply chain, fabricated metal, machinery and equipment
- Innovations:
 - Work from home, online stores, Plexiglas dividers in stores, social distancing



Winnipeg Economic Development Winnipeg:

- [About our services](#), and [COVID-19 Toolkit](#)
- [Weekly Economic Digest](#)
- Thank you!
- Chris Ferris, Senior Economist



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