



Budget Paper A

THE ECONOMY

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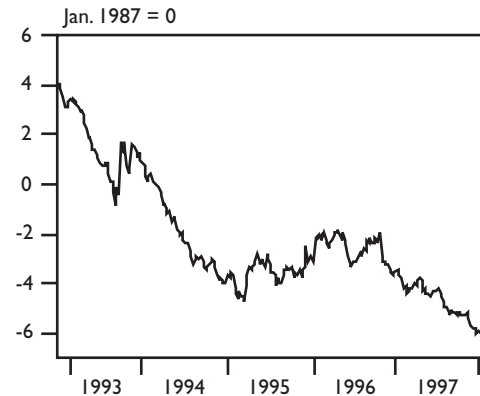
CANADIAN ECONOMY

The most striking feature of Canada's economy in 1996 was the rising consensus among Canadian and foreign analysts that Canada has done a remarkable job of getting the fundamentals right, and is therefore poised to outperform the other G7 economies over the next few years. For some time, those same analysts have had doubts about Canada, in particular because of the high level of public sector debt. Now, Canada has a five-year record of low, stable inflation. Government deficits have gone from being second highest in the G7 to second lowest. Both these factors have allowed interest rates to plummet to the lowest levels seen in decades. For example, the chartered banks' prime business rate was 4.75% in late 1996—the lowest since March 1956. The monetary conditions index reached a post-war low (see Chart 1), implying a strong dose of economic stimulus.

All of this is considered to be a remarkable turnaround. The sentiment of many was expressed in a January article in the *Financial Times* of London entitled "Canada's soaraway economy". Even more significant is the fact that short- and medium-term interest rates have fallen below US rates. For example, rates on 90-day commercial paper are more than two percentage points lower in Canada. The difference on consumer rates can be even higher. As the *Financial Times* observed, successful fiscal and monetary policies "have impressed financial markets, giving the Bank of Canada the rare luxury of being able to pursue monetary policies independent of the US Federal Reserve."

For 1996 as a whole, real GDP rose 1.5%, down from 2.3% in 1995 (see Chart 2). However, growth strengthened substantially in the second half of the year, growing at annualized rates of 3.3% in the third quarter and 2.9% in the fourth. The fourth quarter would have been stronger still if not for the GM strike.

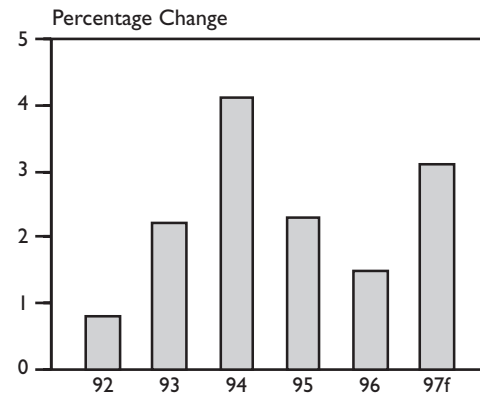
Chart 1
Canada Monetary Conditions Index



Source: Bank of Canada

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

Chart 2
Canada Real Gross Domestic Product

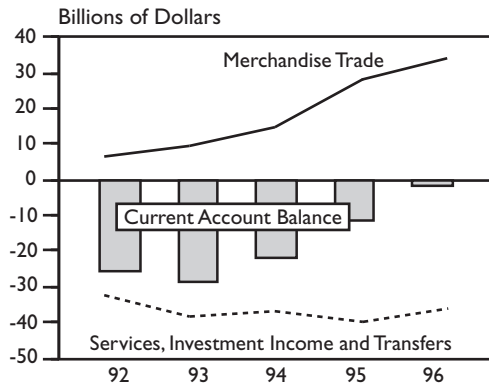


f - Forecast

Source: 1992-1996: Statistics Canada.

1997: average of seven private sector forecasts.

Chart 3
Canada Current Account Balance



Source: Statistics Canada

Most importantly, the domestic economy showed signs of being much more robust. Real personal consumption expenditure rose at an annualized rate of 5.6% in the fourth quarter—the biggest increase since 1987. This was partly due to lower interest rates; consumer spending on durables (which are often financed through borrowing) jumped 19% at an annualized rate in the fourth quarter. Rising incomes also played a role, as real labour income rose at an annualized rate of 6.6% in the fourth quarter—the biggest increase since the second quarter of 1989.

The effect of lower interest rates was also evident in the housing market, as real investment in residential construction climbed 11.5%. Business investment in machinery and equipment was also strong, rising 11.0%, virtually the same as in 1995.

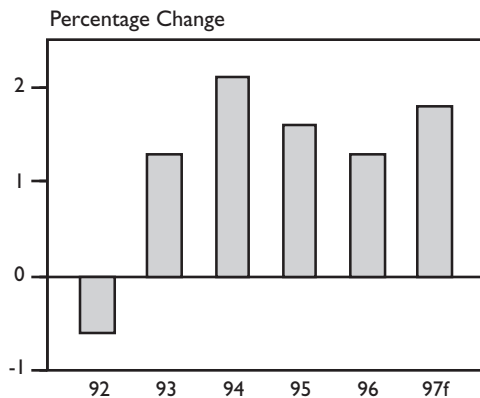
Real spending by governments declined for a third consecutive year, falling 1.8% in 1996. That represents a reduction in the government share of GDP to 18.6% from 20.1% in 1993.

Canada's current account deficit fell sharply from \$11.2 billion to \$1.7 billion, the lowest level since 1984 (see Chart 3). Not only did the surplus on merchandise trade reach a second consecutive record level, but the deficit on non-merchandise trade declined by 8.5%, due in large part to reduced payments by governments to foreign bond holders.

Growth in employment tends to lag growth in output, so the improvement in the economy in the last half of 1996 has not yet translated into strong job growth. Employment in 1996 rose 1.3%, below 1995's 1.6% gain (see Chart 4), and the unemployment rate was up slightly from 9.5% to 9.7%. Employment is forecast to grow 1.8% in 1997.

On average, seven private sector forecasters expect real GDP to grow 3.1% in 1997. None of the seven are forecasting growth lower than 2.5%, while several argue that Canada will have the strongest economy in the G7.

Chart 4
Canada Employment



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Source: 1992-1996: Statistics Canada.
1997: average of seven private sector forecasts.

MANITOBA ECONOMY

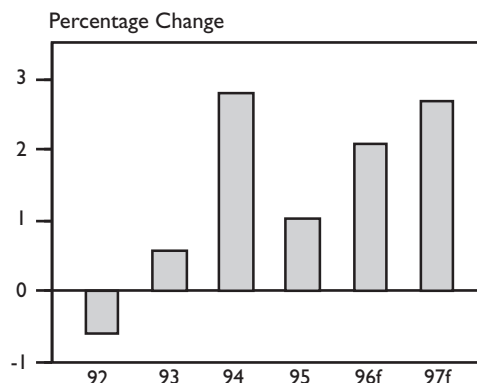
Manitoba's economy outpaced the national average in 1996. Foreign exports continued to grow strongly, if at a less torrid pace than in the previous two years. Household spending surged, boosting both retail purchases and the housing market. The flat trend of the labour market in the first half of the year was puzzling, given the good growth evident in most sectors, but employment started to rise sharply in September. Employment in the fourth quarter was up by 3.4% from the same period in 1995.

The following are a few of the highlights of 1996.

- Farm cash receipts rose 13%—double the national increase, and the highest increase in Manitoba since 1979.
- Two new mines opened in 1996, in addition to two others which started production in late 1995. A fifth new mine is slated to begin production by mid-1997.
- Manufacturing shipments rose 8.0% in 1996—almost three times the national increase.
- Housing starts were up 18%—almost 50% above the national increase.
- Retail sales increased 6.1%—more than twice the national increase.
- Total capital investment increased 9.0%—more than triple the national increase.
- Private capital investment rose 14%—more than twice the national increase.
- Total foreign exports were up 9.7%—more than twice the national increase.
- Net interprovincial out-migration declined for the seventh consecutive year, indicating a continued improvement in the economic opportunities available in Manitoba relative to other provinces.

Manitoba's economy outpaced the national average in 1996.

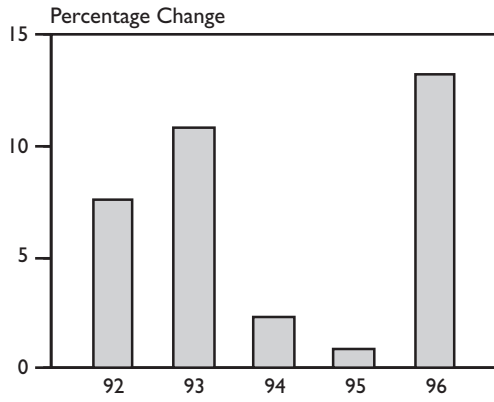
Chart 5
Manitoba Real
Gross Domestic Product



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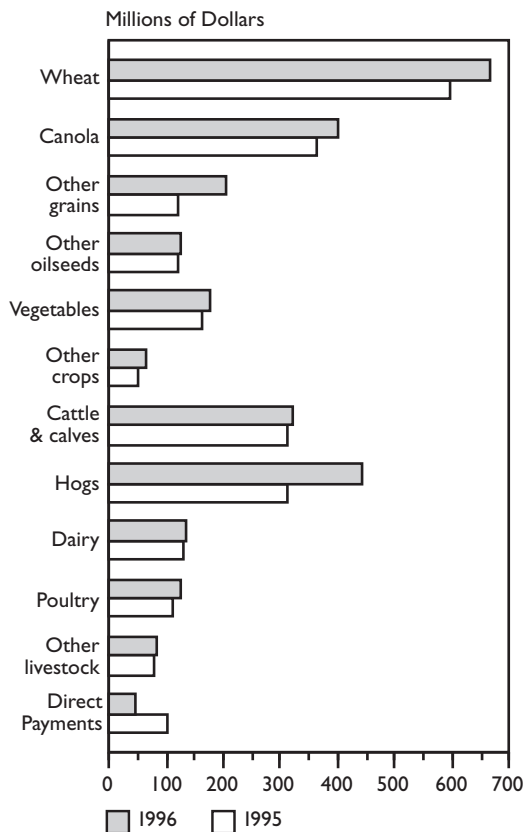
Sources: 1992-1995: Manitoba Bureau of Statistics.
1996 and 1997: average of seven private sector forecasts.

Chart 6
Manitoba Farm Cash Receipts



Source: Statistics Canada

Chart 7
Manitoba Farm Cash Receipts by Industry, 1995 and 1996



Source: Statistics Canada

Private forecasters estimate that Manitoba real GDP grew by 2.1% in 1996 versus national growth of 1.5% (see Chart 5). However, the Conference Board, in its late February forecast, boosted Manitoba's growth estimate to 2.9%. For 1997, private forecasters expect 2.7% real growth for Manitoba and 3.1% for Canada.

■ AGRICULTURE

The agriculture sector recorded another very strong performance in 1996, as farm cash receipts reached \$2.8 billion—a fifth consecutive record (see Chart 6). Total receipts rose 13.2%—double the national increase and highest in the country. It was also the largest increase in Manitoba since 1979. Receipts from both crops and livestock hit record levels, while direct payments to farmers fell to the lowest level since 1977.

Due to strong prices and generally good yields, crop receipts were up 15.7% to \$1.6 billion, almost the same as 1995's 15.9% gain. The strength was widespread (see Chart 7): wheat receipts were up 11.4%, canola receipts were up 10.9%, and barley receipts were up 49%. Receipts from all other crops were up 27%, and that follows a 59% increase in 1995. Growth in this "other" category is an indication of the success of Manitoba farmers in diversifying their production. The only major category of crops that did not achieve a double-digit growth rate was flaxseed, but its 4.2% increase comes on top of several years of large increases: receipts from flaxseed have increased almost threefold since 1991.

Cash receipts from livestock passed the \$1 billion mark for the first time. The 17% increase was the largest since 1978. Most of the increase was due to a 42% surge in hog receipts, which exceeded cattle and calf receipts for the first time. There was a small increase in dairy receipts, while poultry and eggs receipts were up 15%.

Direct payments¹ again declined sharply, falling to just \$47 million, or 12% of the 1993 level. Direct payments have not been so low since 1977, which reflects both the very strong market conditions and reduced crop insurance claims. Note that the grain transportation subsidies formerly paid to railways under the Western Grain Transportation Act (WGTA) were not included in the direct payments category, so the reduction in direct payments does not reflect the elimination of the WGTA subsidy. Manitoba farmers received a one-time capital payment of \$258 million as compensation for the loss of the transportation subsidy, and that amount is also not included in direct payments.

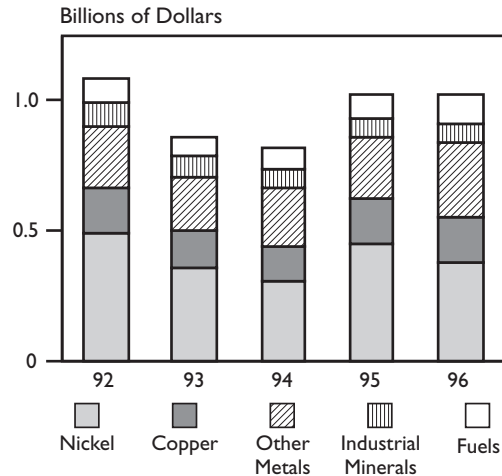
MINERALS

The highlight of Manitoba's mining industry in 1996 was the 78% increase in the value of gold production. Of the four new mines which opened in late 1995 and 1996, two are primarily gold producers (New Britannia and Farley Lake), and one produced significant quantities of gold as a by-product (Photo Lake). Gold accounted for 10.2% of mineral production in 1996, up from 5.8% in 1995. However, among the major metals produced in the province, gold still ranks fourth behind zinc. That could change in 1997, as another gold mine, at Bissett, is brought into production in mid-year.

The 78% increase in gold, a 23% increase in fuels, an 11% increase in zinc and a 2% increase in copper offset a 16% decline in the value of nickel production. The total value of mineral production was \$1.02 billion, up 0.2% from 1995 (see Chart 8). Nickel is Manitoba's major mineral product, accounting for 37% of the total value of mineral production in 1996. Although Inco brought its 1-D nickel deposit into production in 1996, it will not reach maximum daily production until 2000.

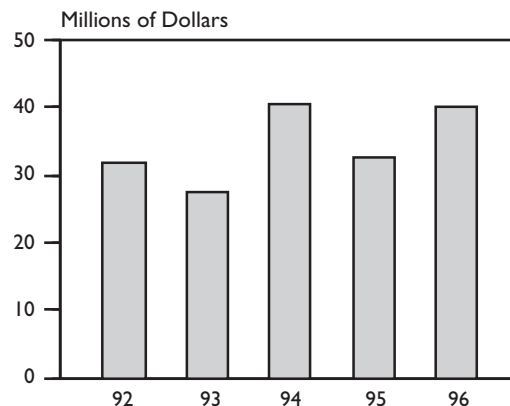
¹ Direct payments are those received from government programs for revenue stabilization and crop insurance. Some programs are partly funded by producers.

Chart 8
Manitoba Mineral Production



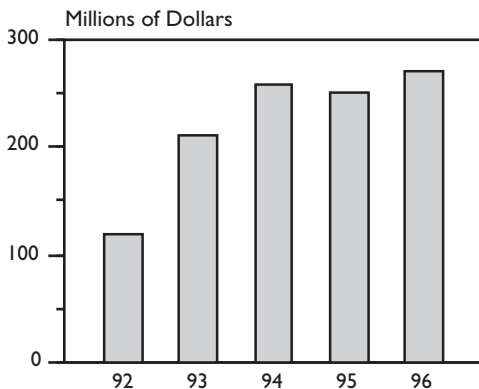
Source: Statistics Canada

Chart 9
Manitoba Mining Exploration Expenditure



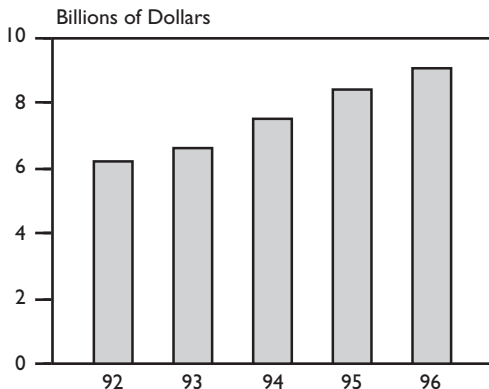
Source: Manitoba Energy and Mines

Chart 10
Manitoba Hydro-Electricity
Export Sales



Source: Manitoba Hydro-Electric Board

Chart 11
Manitoba Manufacturing
Shipments



Source: Statistics Canada

Mineral exploration expenditures in 1996 amounted to an estimated \$40 million, a 23% increase over 1995 (see Chart 9).

■ HYDRO-ELECTRICITY

Total sales of Manitoba electricity increased for the ninth consecutive year in 1996, growing 4.5% to reach almost \$1.1 billion. Sales of electricity within Manitoba rose 4.9%—the largest increase in five years. Prices increased on April 1, 1996 by an average of 1.5%; the balance of the increase in total revenue was due to higher volumes. Export sales increased 3.3% to a record level, after falling 2.7% in 1995 (see Chart 10). Export sales accounted for 24% of total sales, up from just 9% in 1991. The increase is due mainly to a 12-year, 500-megawatt sale to Northern States Power which commenced in 1993. The US market accounted for 95% of exports. The balance was sold to Saskatchewan and Ontario.

■ MANUFACTURING

The value of Manitoba's manufacturing shipments passed the \$9 billion mark in 1996, up from \$8.4 billion in 1995 (see Chart 11). The growth rate of 8.0% was third best in the country, and well above the national increase of 2.9%. It was the fourth consecutive year of strong growth in the manufacturing sector, bringing the total increase since 1992 to 46%. The comparable national increase was 40%.

Food processing is the largest of Manitoba's manufacturing industries, and it has staged a remarkable turnaround. After declining in each of the seven years 1986 to 1992, shipments of food products have increased in each of the past four years, and the growth rate has been accelerating. The 1996 increase was 13%—significantly higher than the overall growth of manufacturing shipments (see Chart 12). This strength should continue in 1997; some older plants have closed recently, but their

output and employment will be more than made up by new capacity coming on stream, including the Schneider hog processing plant, the Canadian Agra oilseed crushing plant, and the expansions of the potato processing operations of McCain Foods and Midwest Foods (formerly Nestle-Simplot).

The machinery industry, which is dominated by farm equipment, held on to its second-place ranking in front of transportation equipment. A decade ago, machinery was just the sixth-largest manufacturing industry, but it surpassed the other industries on the strength of a 41% average annual growth rate between 1991 and 1995. Shipments actually declined 4.8% in 1996, but the level of shipments, at \$1.23 billion, was still 3.8 times greater than in 1991.

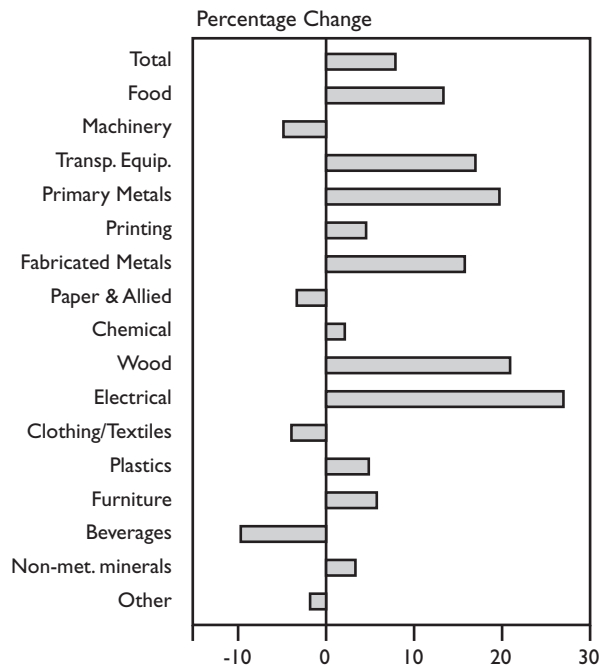
Transportation equipment shipments grew 17% and nearly tied for second place as 1996 shipments reached \$1.20 billion. This industry includes both aerospace equipment and two bus makers. Manitoba produces more buses than any other jurisdiction in North America.

Primary metals, the fourth-largest industry, expanded 20%. Other industries which recorded double-digit increases include fabricated metals (up 16%), wood products (up 21%) and electrical equipment (up 27%). The latter is especially significant because shipments had declined in each of the previous three years. Besides machinery, the only industries to record lower shipments were paper and allied products, clothing and textiles, and beverages.

Manufacturing investment continued to grow strongly in 1996. More information is provided in the investment section below.

It was the fourth consecutive year of strong growth in the manufacturing sector, bringing the total increase since 1992 to 46%.

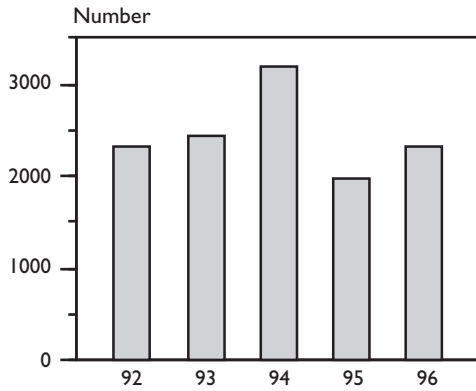
**Chart 12
Manitoba Manufacturing Shipments* by Industry*, 1996**



Source: Statistics Canada

* Ranked by size in descending order.

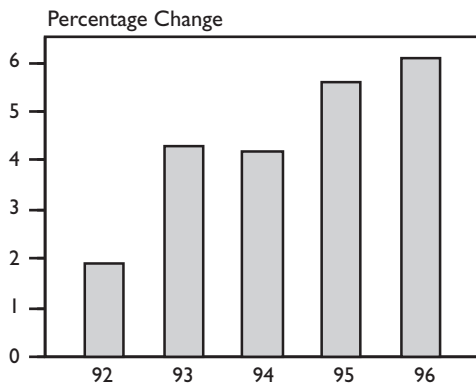
Chart 13
Manitoba Housing Starts



Source: Statistics Canada

This was the fourth time in five years that Manitoba housing starts have grown more quickly than the national average.

Chart 14
Manitoba Retail Sales



Source: Statistics Canada

■ HOUSING

The interest rate on a conventional five-year mortgage, which was 10.50% at the end of 1994, and 8.45% at the end of 1995, fell to 6.95% by November 1996—the lowest level since 1965. This, together with a general improvement in the economy and rising employment, boosted the housing market in 1996.

Housing starts rose 18% (see Chart 13), above the national increase of 12.4%. This was the fourth time in five years that Manitoba housing starts have grown more quickly than the national average.

The resale market in Winnipeg was also stronger in 1996; the value of Multiple Listing Service (MLS) sales rose 18%. Activity was especially strong in the fourth quarter, when sales were up 57% from a year earlier.

The number of housing starts in 1996—2,318—was very close to the 2,300 forecast by Canada Mortgage and Housing Corporation (CMHC) at the beginning of the year. For 1997, CMHC is forecasting a further 10% increase in starts to the 2,550 level, while MLS sales are expected to rise slightly.

■ RETAIL SALES

Retail sales increased 6.1% in 1996, as compared to the national increase of 2.4% (see Chart 14). This was the second consecutive year in which the Manitoba increase was more than double the national gain. It was also the the strongest increase in 11 years.

One reason for Manitoba's superior performance is the lower level of household debt. According to data published by CIBC, the estimated total debt of Manitoba households was equal to 51% of their income in 1995—far below the national average of 73% (see Chart 15).

Another positive factor was the payout to farmers under the Western Grain Transition Payments program, which put \$258 million into the Manitoba farm economy, on top of the 13% increase in farm cash receipts. Rising average weekly earnings, growing employment, lower interest rates and stable provincial taxes also contributed.

As in 1995, roughly half of the increase in retail sales was due to higher sales of cars, trucks and recreational vehicles. Sales in this category rose 15%. There was also a strong (12%) increase in sales of household furnishings and appliances, which is consistent with the strength observed in the housing market.

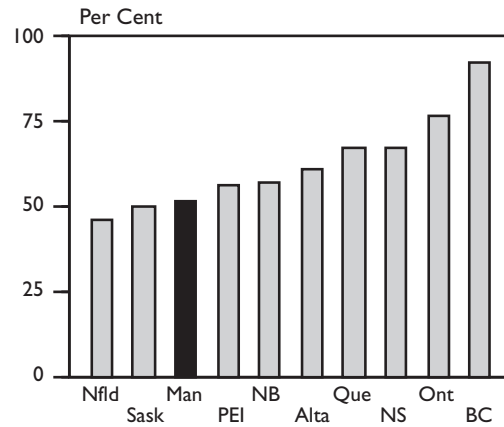
■ TOURISM

A large increase in overseas visitors paced the tourism and hospitality sector to another good year. The number of international, non-US visitors arriving directly through Customs posts in Manitoba was up 11.0% in the first 11 months of 1996, with significant numbers arriving from the UK and Germany (both up 8%), and from Japan (up 11%). Meanwhile, total arrivals from the US increased 2.5% in the same period. Passenger traffic at Winnipeg International Airport was up 12%. The increase in visitors was reflected in accommodation occupancy rates: out of 28 Canadian jurisdictions surveyed, Manitoba had the fourth-highest occupancy rate. The organizers of the many festivals held throughout the province reported generally higher attendance in 1996.

■ LABOUR MARKETS

Manitoba has enjoyed very strong employment growth since the middle of 1996. Although the trend of employment growth was flat between February and August, the provincial economy created 12,000 jobs between September and December. Thus, average employment growth for 1996 was 0.8%, but the year-over-year growth rate

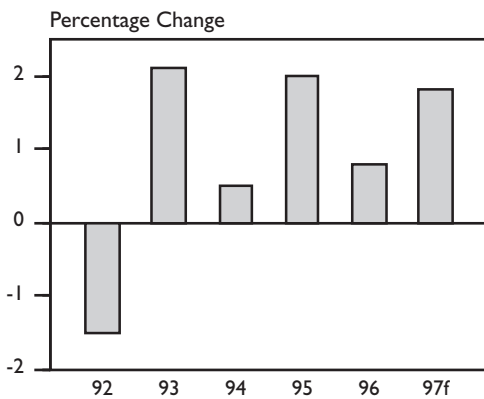
Chart 15
Household Debt to
Income Ratio by
Province, 1995



Source: CIBC

This is an increase of 20,800 jobs, and is five times higher than the national increase of 0.8%.

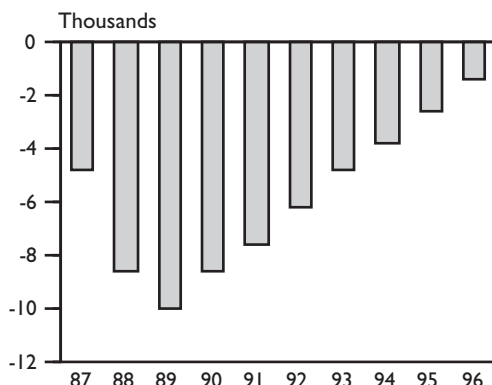
Chart 16
Manitoba Employment



f - Forecast

Sources: 1992-1996: Statistics Canada
1997 average of seven private sector forecasts.

Chart 17
Manitoba Interprovincial Net Migration



Source: Statistics Canada

in the fourth quarter was much stronger at 3.4%. The annual unemployment rate remained unchanged in 1996 at 7.5%, while the national unemployment rate increased from 9.5% to 9.7%.

The surge in employment which started in September has continued into 1997. For the first two months of this year, employment is up by 4.0% from the same period in 1996. This is an increase of 20,800 jobs, and is five times higher than the national increase of 0.8%. Full-time jobs made up most of the Manitoba increase. The increase was also entirely in the private sector, which created 24,700 jobs, an increase of 6.1%. The national private sector increase was 1.3%, and Manitoba ranked first among the provinces.

The unemployment rate in February was just 6.7%—second lowest in the country and three percentage points below the national rate. The youth unemployment rate was 13.6%—almost five percentage points below the 18.4% national rate.

Statistics Canada's help-wanted index (based on the number of help-wanted ads published in urban newspapers) suggests that employment will continue to increase in Manitoba. On a year-over-year basis, the index was up by 17% in January and 23% in February, respectively, the third- and second-highest increases in the country.

■ POPULATION

Manitoba's population on July 1, 1996 was 1,143,500, an increase of 0.6% from July 1, 1995. This is the second-highest increase in nine years, after 1995's 0.7% gain. There was a sharp decline in net interprovincial out-migration, but this was partly offset by a smaller natural increase (births minus deaths).

On a calendar-year basis, net interprovincial out-migration declined for a seventh consecutive year—the most sustained improvement in at least three decades. Preliminary estimates suggest that

net out-migration was approximately 1,300 to 1,500—far below the peak out-migration of 10,000 recorded in 1989. The 1996 level was the lowest in 12 years. It was also lower than net international immigration, so, on a net basis, total migration was a source of population increase. This is an indication of Manitoba's improving relative economic performance.

■ INVESTMENT

Manitoba ranked second among the provinces in 1996, with a 9.0% increase in total investment. This was over three times the national increase of 2.8%. The value of investment surpassed \$4 billion for the first time.

Private investment rose 14% (see Chart 18), as compared to the national increase of 5.2%. This was the fifth consecutive annual increase in private investment—a record matched by no other province. Over that five-year period, private investment in Manitoba rose by a total of 33%, while the national increase was just 8.7%. According to the Statistics Canada survey of investment intentions, Manitoba's streak will continue for a sixth year, as private investment is expected to rise 8.6% in 1997 versus the national gain of 7.8%.

There was a small decline of 1.3% in public investment in 1996, following a 19% increase in 1995. Much of the decline can be attributed to the winding down of the first phase of the Canada-Manitoba Infrastructure Works program. Nationally, public investment declined 5.7% in 1996. In 1997, public investment is expected to decline 6.0% in Manitoba and 4.9% nationally. However, these estimates likely do not reflect the recent federal-provincial agreement to extend the infrastructure investment program.

There was continued strong growth in Manitoba manufacturing investment in 1996 (see Chart 19). The increase of 16% came on top of a 50% gain in

*Net interprovincial
out-migration
declined for a
seventh consecutive
year — the most
sustained
improvement in at
least three decades.*

Chart 18
Manitoba Private
Investment

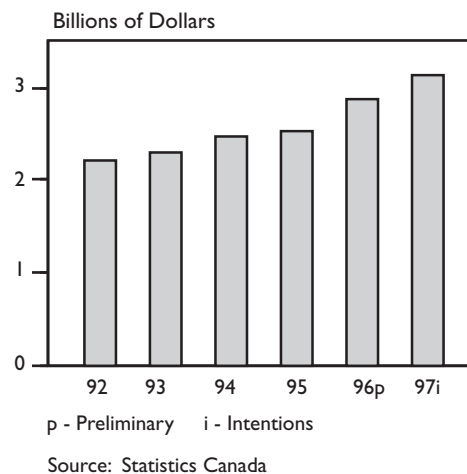
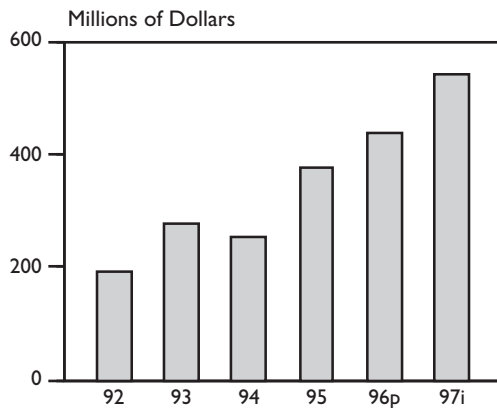


Chart 19
Manitoba Manufacturing Investment



p - Preliminary i - Intentions

Source: Statistics Canada

Over the five years ending in 1996, manufacturing investment in Manitoba increased 94%, which compares to a national increase of 4.6%.

1995, and was above the national growth rate of 9.5%. Over the five years ending in 1996, manufacturing investment in Manitoba increased 94%, which compares to a national increase of 4.6%. Manufacturing investment is expected to increase by 24% in 1997, versus a national gain of 4.7%.

The following are some examples of investment projects undertaken or announced in 1996.

Global Fashions Corporation, an affiliate of **Gemini Fashions of Canada Ltd.**, opened a new \$1.5 million apparel distribution centre that will create 98 new jobs in Winnipeg.

Isobord Enterprises Inc. is constructing a \$142 million plant in Elie to produce environmentally friendly composite board from straw. The project will create 300 jobs during the construction phase, 100 permanent jobs at the plant and 100 contract jobs for the massive straw collection operation each fall.

McCain Foods is completing a \$68 million expansion in Portage la Prairie that will double the size of the potato processing plant, add at least 120 full-time production jobs and make the Portage facility the most modern of McCain's worldwide operations.

Midwest Food Products Inc. completed a \$20 million expansion of their Carberry production facility. The plant is a joint venture of Nestle Canada Inc. and J.R. Simplot Company, and produces french fries for McDonald's US restaurants.

Purolator Courier Ltd. announced the construction of a state-of-the art, 84,000 square foot sorting facility at Winnipeg International Airport for \$6.6 million.

Tantalum Mining Corporation is presently constructing a \$27 million facility near Lac du Bonnet to produce cesium formate, a heavy density liquid used in the drilling of oil and gas wells. The plant, which is expected to come into production

in the spring of 1997, will add 15 employees to the current 115 person workforce.

Vansco Electronics Ltd. is undertaking an \$11.3 million expansion of its Winnipeg facility that is expected to create 456 high-tech manufacturing and engineering jobs. The expansion is required to accommodate an expected five-fold increase in sales to more than \$100 million annually by the year 2000.

Statistics Canada publishes data on industrial research and development spending by province. The latest available information shows that industrial R&D spending in Manitoba increased by 3.3% to \$93 million in 1994—the ninth consecutive annual increase. The amount of these expenditures more than tripled between 1985 and 1994. In 1994, almost 1,100 individuals were employed in industrial research in 145 separate research units. The Province encourages such work through the Manitoba Research and Development Tax Credit, which was introduced in 1992.

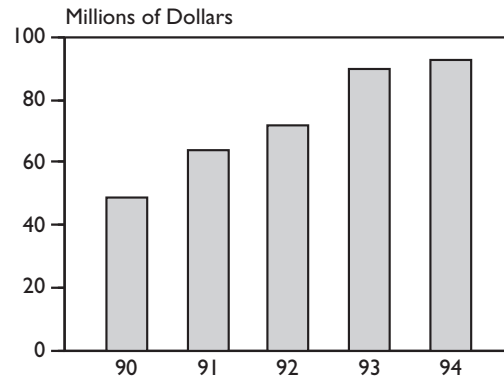
■ FOREIGN EXPORTS

Manitoba exporters continue to rack up impressive sales increases in US and other foreign markets. The 1996 increase in total foreign exports, based on preliminary data, was 9.7%—the seventh consecutive annual increase. The increase was also above the national increase for the third straight year. Total exports have doubled since 1990.

Exports to the US increased by 12.6% in 1996 (see Chart 21). This was the fifth double-digit increase in a row. It was also above the national increase of 6.9%. Since 1990, Manitoba's exports to the US have grown 152%—second in Canada, and far above the national increase of 99%.

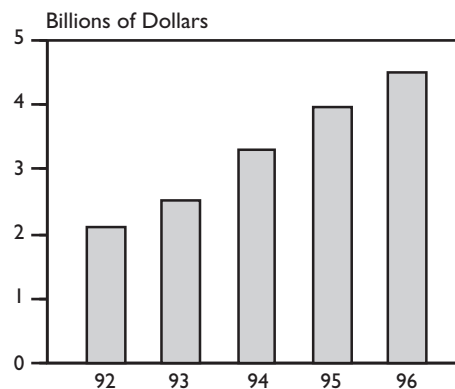
Exports to all other countries increased 1.9%. Exports to Japan—Manitoba's top trade partner after the US—were essentially unchanged. Exports to China and Belgium declined significantly, but

Chart 20
Manitoba Industrial R&D Expenditure



Source: Statistics Canada

Chart 21
Manitoba Exports to the United States



Source: Statistics Canada

Exports to the US increased by 12.6% in 1996. This was the fifth double-digit increase in a row.

the declines were smaller than the increases recorded for those countries in 1995. For most of the province's remaining major trade partners, there were double- (and one triple-) digit increases.

Motor vehicles and parts was again Manitoba's top export category in 1996. The province has two bus manufacturers and a tractor manufacturer which are all doing very well in export markets. Cereal grains and oil seeds also retained their second- and third-place rankings, respectively. However, live animals surpassed machinery and electricity to become the fourth-largest export category. In percentage terms, the biggest increases among the major commodity groups were fats and oils (up 102%), computer equipment (up 71%), live animals (up 59%), furniture (up 38%) and aircraft components (up 35%). These export data attest to the great diversity of Manitoba's economy.

Manitoba's Major Foreign Exports, 1996

	<u>\$ Millions</u>	<u>Per Cent</u>		<u>\$ Millions</u>	<u>Per Cent</u>
Motor Vehicles and Parts	719.1	12.0	Wood Products	134.7	2.3
Cereal Grains	643.7	10.8	Plastic Products	107.2	1.8
Oil Seeds	424.0	7.1	Computer Equipment	95.9	1.6
Live Animals	356.5	6.0	Edible Vegetables	83.9	1.4
Other Machinery & Appliances	322.2	5.4	Meat	82.7	1.4
Electricity	284.0	4.7	Iron and Steel	79.1	1.3
Paper Products	236.6	4.0	Food Industry Residue	76.0	1.3
Fats and Oils	222.8	3.7			
Nickel ¹	219.6	3.7	Top Commodity Groups	4,605.3	76.9
Aircraft Components	196.9	3.3	Other Commodities	1,380.3	23.1
Furniture	177.7	3.0	Total Exports	5,985.6	100.0
Electric Products	142.6	2.4			

Data Source: Statistics Canada

¹ Most export data are based on port of exit information. It is estimated that an additional \$121.7 million of nickel is exported through Ontario.

Manitoba Major Export Destinations

	<u>Percentage Change</u>			
	<u>1995</u>	<u>1996</u>	<u>Change</u>	<u>Change</u>
	(Millions of Dollars)			
United States	3,971.6	4,473.2	501.6	12.6
Japan	327.3	321.0	-6.3	-1.9
China	252.7	216.9	-35.8	-14.2
Belgium	177.7	132.1	-45.6	-25.7
United Kingdom	47.1	85.2	38.2	81.1
Mexico	66.0	81.0	15.0	22.7
Iran	74.8	55.1	-19.7	-26.3
Brazil	37.4	52.8	15.4	41.3
Indonesia	24.6	52.6	28.0	113.8
Taiwan	37.9	47.8	9.9	26.1

Manitoba Outlook at a Glance

	<u>1996</u>	<u>1997</u>	<u>1998</u>
	(Percentage Change Except as Noted)		
Gross Domestic Product (market prices)			
Nominal	2.2	3.8	4.0
Real	2.1	2.7	2.5
Employment	0.8	1.8	1.6
Unemployment Rate (%)	7.5	7.2	6.5

Sources: Average of private sector forecasts except 1996 Employment and Unemployment Rate: Statistics Canada

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

Manitoba Economic Statistics, 1992 to 1996

	1992	1993	1994	1995	1996
	(Millions of Dollars)				
GROSS DOMESTIC PRODUCT					
GDP by Industry	21,017	21,240	22,101	22,615	23,837
Goods Producing	4,904	4,963	5,152	5,295	5,971
Agriculture	992	926	939	782	1,299
Forestry	42	39	36	40	43
Mining	452	461	433	456	419
Manufacturing	2,095	2,145	2,219	2,430	2,605
Construction	748	751	822	830	822
Utilities	575	642	703	756	785
Commercial Services	10,976	11,076	11,692	11,956	12,440
Transportation	1,216	1,279	1,353	1,425	1,474
Communication	571	574	588	604	651
Storage	48	50	51	52	55
Wholesale Trade	978	980	1,058	1,186	1,213
Retail Trade	1,207	1,187	1,399	1,409	1,516
Finance	4,834	4,809	4,959	4,893	5,142
Other Commercial	2,122	2,196	2,284	2,386	2,387
Non-commercial Services	5,138	5,201	5,257	5,364	5,426
Education	1,442	1,473	1,487	1,528	1,560
Hospital & Welfare	1,550	1,562	1,601	1,667	1,696
Other Institutions	206	214	217	217	221
Federal Government	895	903	888	867	834
Provincial Government	598	593	594	600	608
Local Administration	445	457	470	485	506
GDP Income Account	21,017	21,240	22,101	22,615	23,837
Wages and Salaries	12,774	12,936	13,231	13,708	14,156
Military Pay	194	199	183	177	155
Corporate Profits	890	927	1,178	1,351	1,381
Investment Income	2,806	2,789	2,945	2,914	2,936
Farm Net Income	287	190	167	(21)	446
Unincorporated Business Income	1,302	1,393	1,450	1,446	1,490
Inventory Valuation Adjustment	(105)	(167)	(124)	(108)	(42)
Capital Consumption Allowance	2,869	2,973	3,072	3,147	3,315
GDP at Factor Cost	21,017	21,240	22,101	22,615	23,837
Indirect Taxes	3,357	3,487	3,699	3,756	3,854
Subsidies	(1,018)	(839)	(719)	(540)	(467)
GDP at Market Prices	23,357	23,888	25,081	25,831	27,224
Real GDP	19,270	19,391	19,940	20,141	20,560*

* Average of seven private sector forecasts

1992	1993	1994	1995	1996	
(Annual Per Cent Change)					
1.9	1.1	4.1	2.3	5.4	GROSS DOMESTIC PRODUCT
2.8	1.2	3.8	2.8	12.8	GDP by Industry
39.2	-6.7	1.4	-16.7	66.1	Goods Producing
5.5	-5.6	-8.4	12.0	6.0	Agriculture
-11.3	1.8	-6.1	5.4	-8.1	Forestry
-1.1	2.4	3.5	9.5	7.2	Mining
-3.5	0.4	9.5	1.0	-1.0	Manufacturing
-6.9	11.6	9.6	7.5	3.8	Construction
					Utilities
0.7	0.9	5.6	2.3	4.0	Commercial Services
-1.7	5.2	5.8	5.3	3.5	Transportation
7.5	0.6	2.3	2.8	7.8	Communication
3.3	4.1	1.6	3.6	5.5	Storage
-4.5	0.2	7.9	12.1	2.3	Wholesale Trade
-16.5	-1.6	17.8	0.7	7.6	Retail Trade
6.0	-0.5	3.1	-1.3	5.1	Finance
3.0	3.5	4.0	4.5	0.0	Other Commercial
3.9	1.2	1.1	2.0	1.2	Non-commercial Services
3.1	2.1	1.0	2.8	2.1	Education
4.8	0.7	2.5	4.1	1.8	Hospital & Welfare
3.8	3.5	1.7	-0.3	2.1	Other Institutions
4.7	0.9	-1.7	-2.4	-3.8	Federal Government
2.4	-0.9	0.2	1.1	1.2	Provincial Government
4.1	2.7	2.8	3.2	4.4	Local Administration
1.9	1.1	4.1	2.3	5.4	GDP Income Account
2.8	1.3	2.3	3.6	3.3	Wages and Salaries
0.5	2.6	-8.0	-3.3	-12.4	Military Pay
-0.5	4.2	27.1	14.7	2.2	Corporate Profits
1.3	-0.6	5.6	-1.0	0.7	Investment Income
1,638.9	-33.8	-12.2	-112.3	2,267.4	Farm Net Income
1.3	7.0	4.1	-0.3	3.0	Unincorporated Business Income
-142.5	-59.0	25.7	12.9	61.6	Inventory Valuation Adjustment
2.8	3.6	3.3	2.4	5.3	Capital Consumption Allowance
1.9	1.1	4.1	2.3	5.4	GDP at Factor Cost
-1.5	3.9	6.1	1.6	2.6	Indirect Taxes
-26.7	17.6	14.3	24.9	13.4	Subsidies
0.6	2.3	5.0	3.0	5.4	GDP at Market Prices
-0.6	0.6	2.8	1.0	2.1*	Real GDP

	1992	1993	1994	1995	1996
	(Millions of Dollars)				
SECTORS					
Farm Cash Receipts	2,152	2,383	2,439	2,461	2,787
Crops	945	1,067	1,219	1,413	1,635
Livestock	824	928	909	944	1,105
Direct Payments	383	388	310	104	47
Manufacturing	6,223	6,636	7,542	8,410	9,083
Mineral Production	1,082	862	820	1,022	1,024
Electric Power Sales	832	950	1,004	1,029	1,085
Export Sales	119	210	256	251	269
Housing Starts (no. of units)	2,310	2,425	3,197	1,963	2,318
Retail Trade ¹	6,393	6,666	6,949	7,340	7,784
Tourism	1,044	1,048	994	1,053	1,111
FOREIGN EXPORTS					
Total Exports	3,421	3,677	4,598	5,456	5,986
USA	2,095	2,506	3,283	3,972	4,473
INCOME					
Personal	22,050	22,245	22,700	23,361	24,242
Personal Disposable	17,767	17,952	18,209	18,611	19,271
BASE RATE WAGE SETTLEMENTS (%)					
Public	2.4	0.9	1.4	0.3	0.0
Private	2.7	0.8	1.9	0.8	2.2
Total	2.4	0.9	1.6	0.4	0.2
INVESTMENT					
Total	3,333	3,517	3,490	3,748	4,083
Private	2,219	2,309	2,462	2,528	2,880
Public	1,114	1,208	1,028	1,219	1,203
Non-residential	2,744	2,836	2,644	3,032	3,311
Housing	590	682	845	716	772
POPULATION					
July 1 (000's)	1,118	1,124	1,130	1,137	1,144
LABOUR MARKET					
Labour Force (000's)	551.6	561.0	563.1	563.4	568.2
Employment (000's)	498.0	508.7	511.1	521.4	525.5
Participation Rate (%)	66.1	66.8	66.6	66.3	66.5
Unemployment Rate (%)	9.7	9.3	9.2	7.5	7.5
CONSUMER PRICE INDEX					
(Index, 1986=100)	126.8	130.2	132.0	135.5	138.5
BANKRUPTCIES					
Business	339	266	225	210	262*
Farm	15	14	7	10	18*
Personal	2,542	2,358	2,252	2,496	2,525*

⁽¹⁾ Data have been adjusted to remove the effect of the Federal Sales Tax which was replaced by the Goods and Services Tax on January 1, 1991. The GST is not included in retail sales data.

* Data are for eleven months for 1996.

1992	1993	1994	1995	1996	
(Annual Per Cent Change)					
7.6	10.8	2.3	0.9	13.2	SECTORS
-6.7	12.9	14.3	15.9	15.7	Farm Cash Receipts
8.7	12.7	-2.1	3.8	17.1	Crops
67.7	1.3	-20.1	-66.4	-55.2	Livestock
0.7	6.6	13.7	11.5	8.0	Direct Payments
-4.0	-20.3	-4.8	24.6	0.2	Manufacturing
4.8	14.2	5.6	2.6	5.4	Mineral Production
37.8	76.9	21.7	-2.0	7.4	Electric Power Sales
18.5	5.0	31.8	-38.6	18.1	Export Sales
1.9	4.3	4.2	5.6	6.1	Housing Starts (no. of units)
36.1	0.4	-5.2	6.0	5.5	Retail Trade ¹
					Tourism
					FOREIGN EXPORTS
11.1	7.5	25.0	18.7	9.7	Total Exports
13.2	19.6	31.0	21.0	12.6	USA
					INCOME
3.6	0.9	2.0	2.9	3.8	Personal
3.4	1.0	1.4	2.2	3.5	Personal Disposable
					BASE RATE WAGE SETTLEMENTS (%)
-	-	-	-	-	Public
-	-	-	-	-	Private
-	-	-	-	-	Total
					INVESTMENT
-2.6	5.5	-0.8	7.4	9.0	Total
2.5	4.0	6.6	2.7	13.9	Private
-11.5	8.4	-14.9	18.7	-1.3	Public
-3.6	3.3	-6.7	14.7	9.2	Non-residential
2.3	15.6	24.0	-15.3	7.9	Housing
					POPULATION
0.5	0.6	0.5	0.6	0.6	July 1 (000's)
					LABOUR MARKET
-0.6	1.7	0.4	0.1	0.9	Labour Force (000's)
-1.5	2.1	0.5	2.0	0.8	Employment (000's)
-	-	-	-	-	Participation Rate (%)
-	-	-	-	-	Unemployment Rate (%)
					CONSUMER PRICE INDEX
1.4	2.7	1.4	2.7	2.2	(Index, 1986=100)
					BANKRUPTCIES
-17.3	-21.5	-15.4	-6.7	42.4*	Business
-42.3	-6.7	-50.0	42.9	80.0*	Farm
-1.2	-7.2	-4.5	10.8	7.8*	Personal

Source: Statistics Canada and the Manitoba Bureau of Statistics