



Canada, Manitoba and Brandon Economies: Situation and Outlook

Chris Ferris, Senior Economist
for BCC Annual Economic Outlook
on March 8, 2022



ECONOMIC
DEVELOPMENT
WINNIPEG



TOURISM
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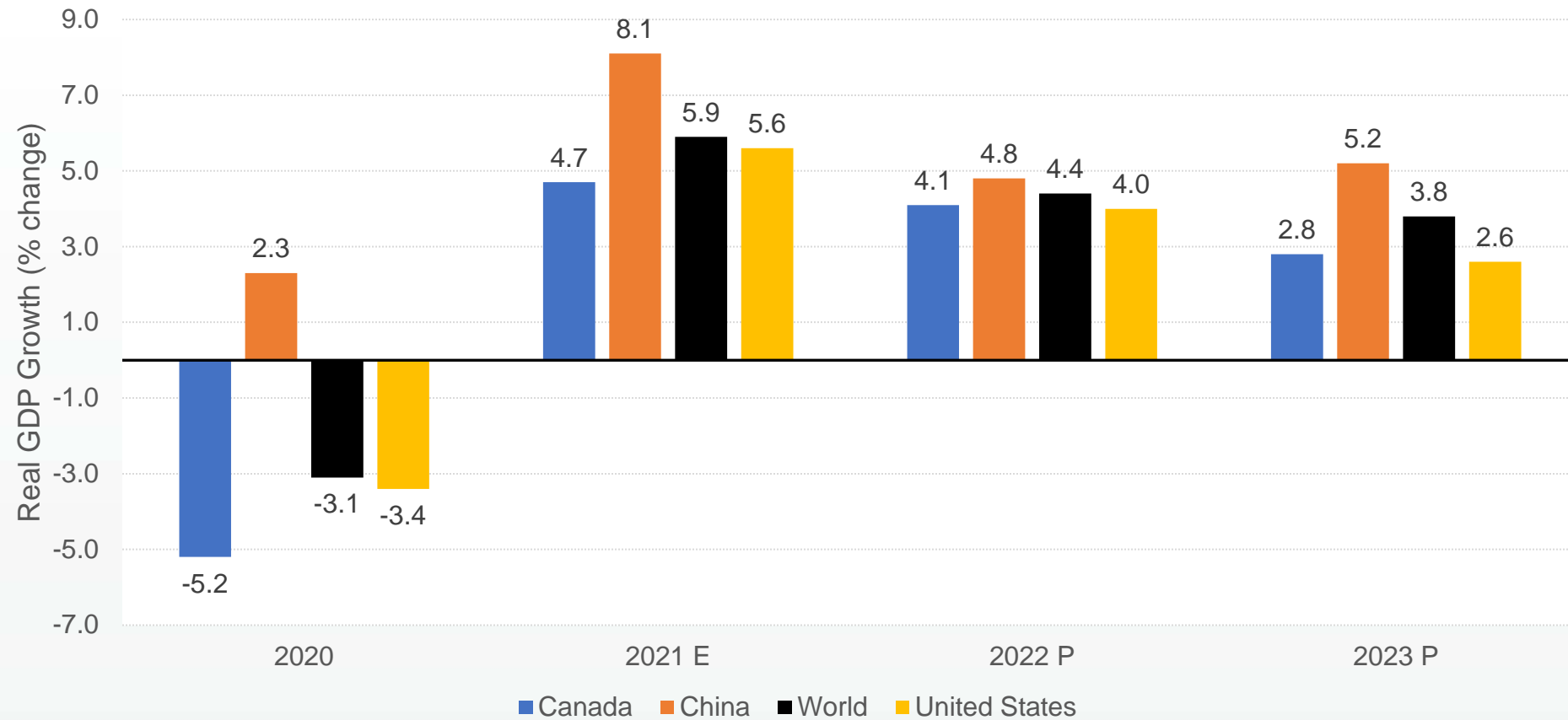


YES!
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Summary

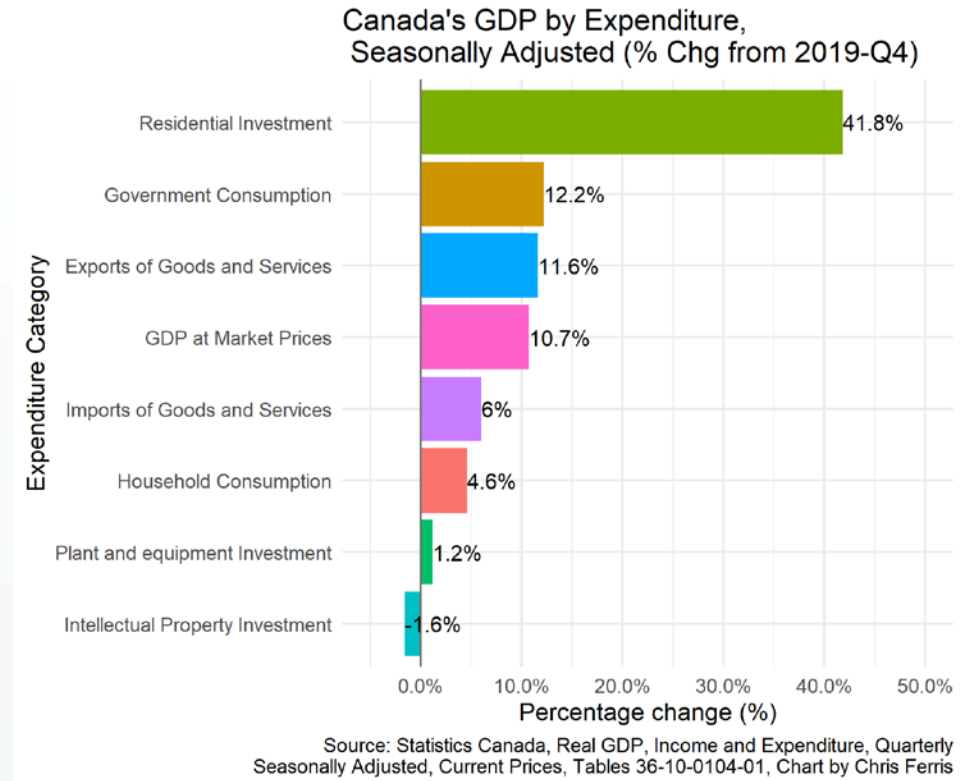
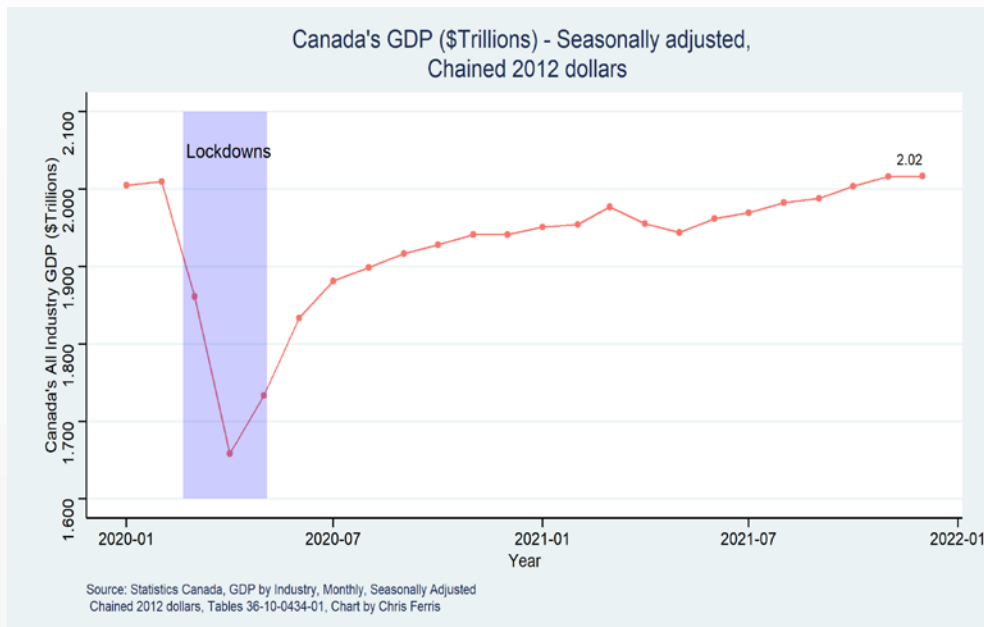
- Canada and the World
- State of Manitoba's Economy
- Policy Environment and Budget Changes
- Outlook + Risks
 - Enabling Economic Growth & Recovery + Brandon Examples

World, China, USA, Canada Real GDP Growth Forecast (Percentage Change)



Source: IMF World Economic Outlook (January 2022).
<https://www.imf.org/en/Publications/WEO/Issues/2022/01/25/world-economic-outlook-update-january-2022> Database [link](#).

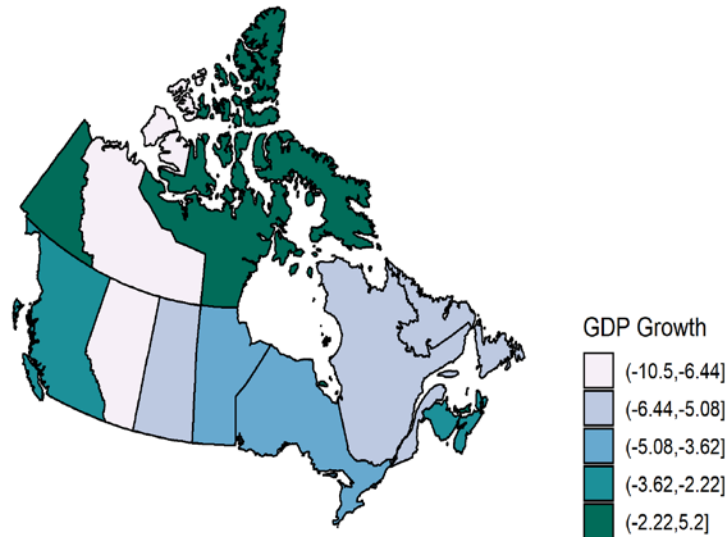
Canada GDP (Monthly and Quarterly)



Source: Statistics Canada

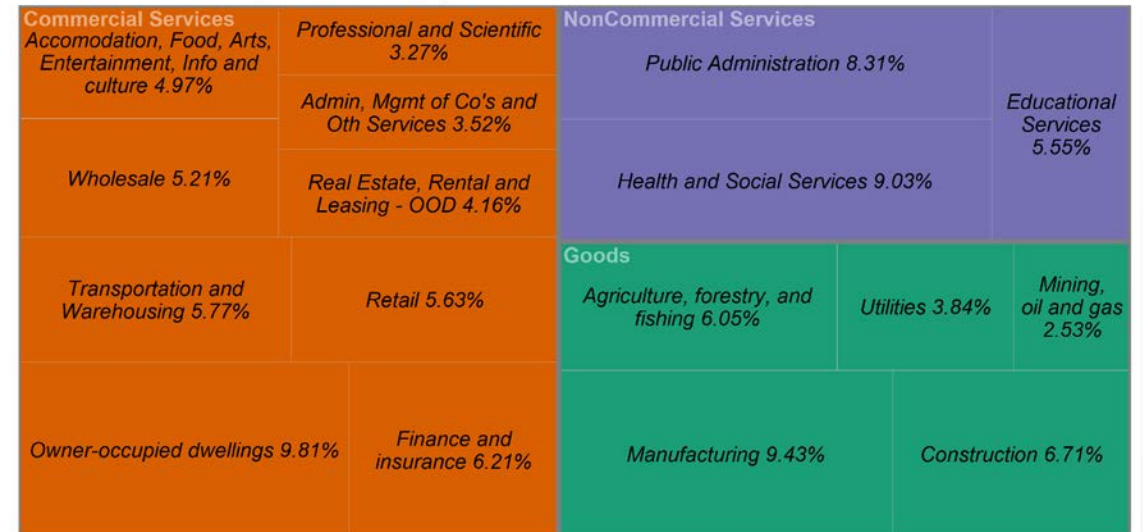
GDP Growth by Province/Terr. and Manitoba GDP by Industry Share: 2020

RGDP Growth (Decline) by Province/Territory in 2020 (Y/Y % change)



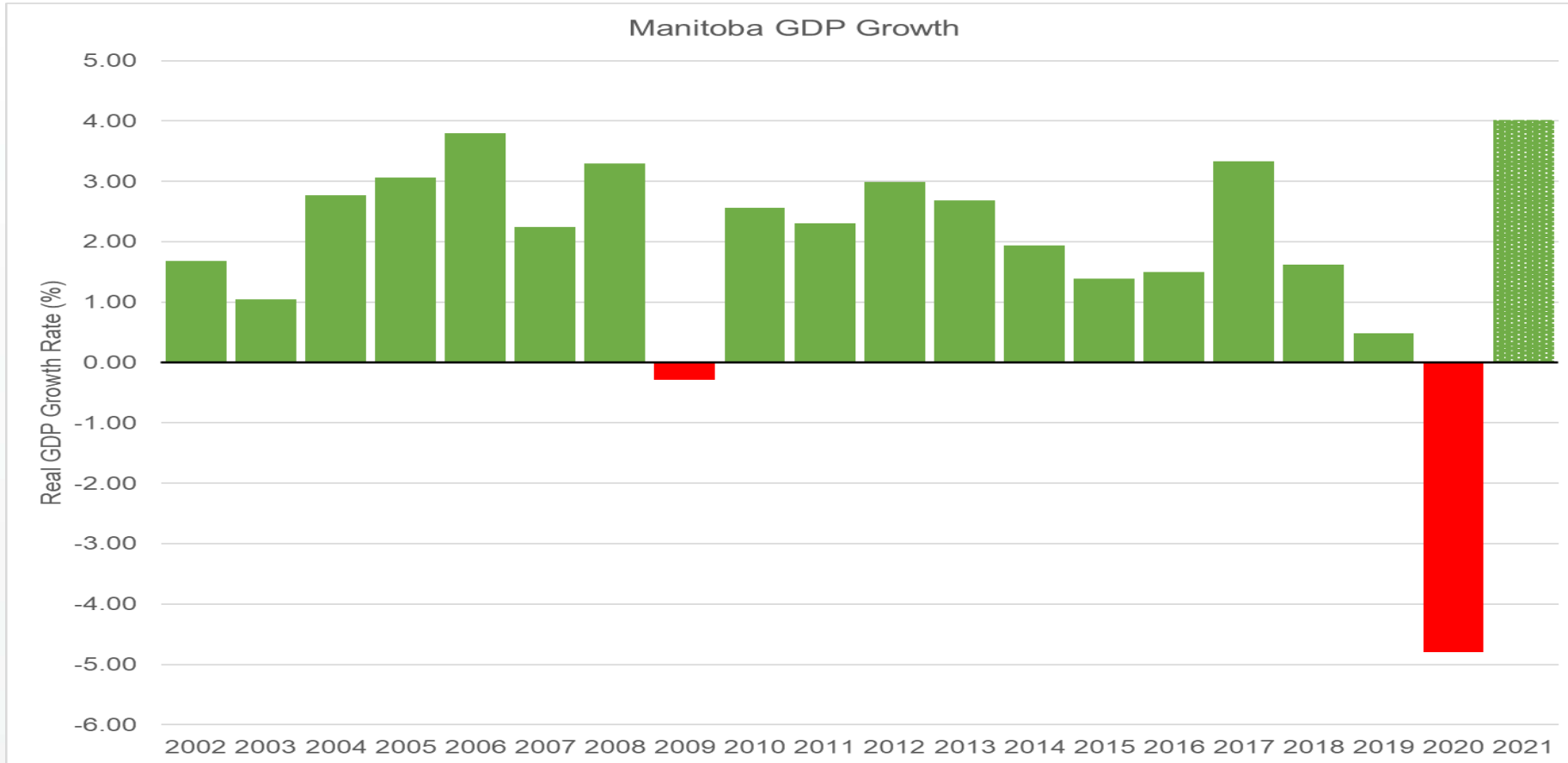
Source: Statistics Canada, Tables 36-10-0402-01
Real GDP by Prov/Terr, Chained 2012 dollars

Manitoba GDP Share by Sector, 2020 (%)



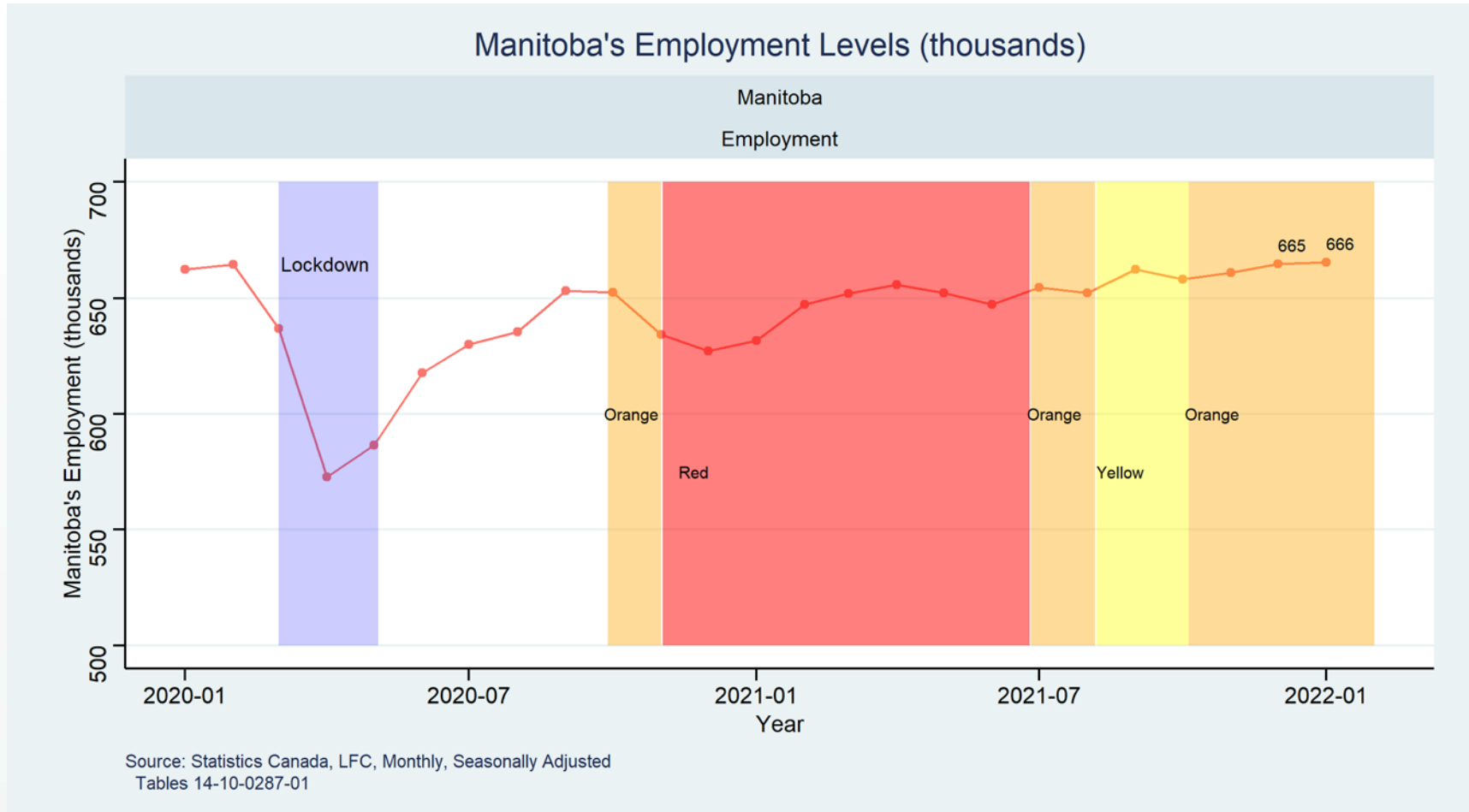
Source: Statistics Canada, Real GDP by Sector,
Province - Chained 2012, Tables 36-10-0402-01

Manitoba RGDP Growth

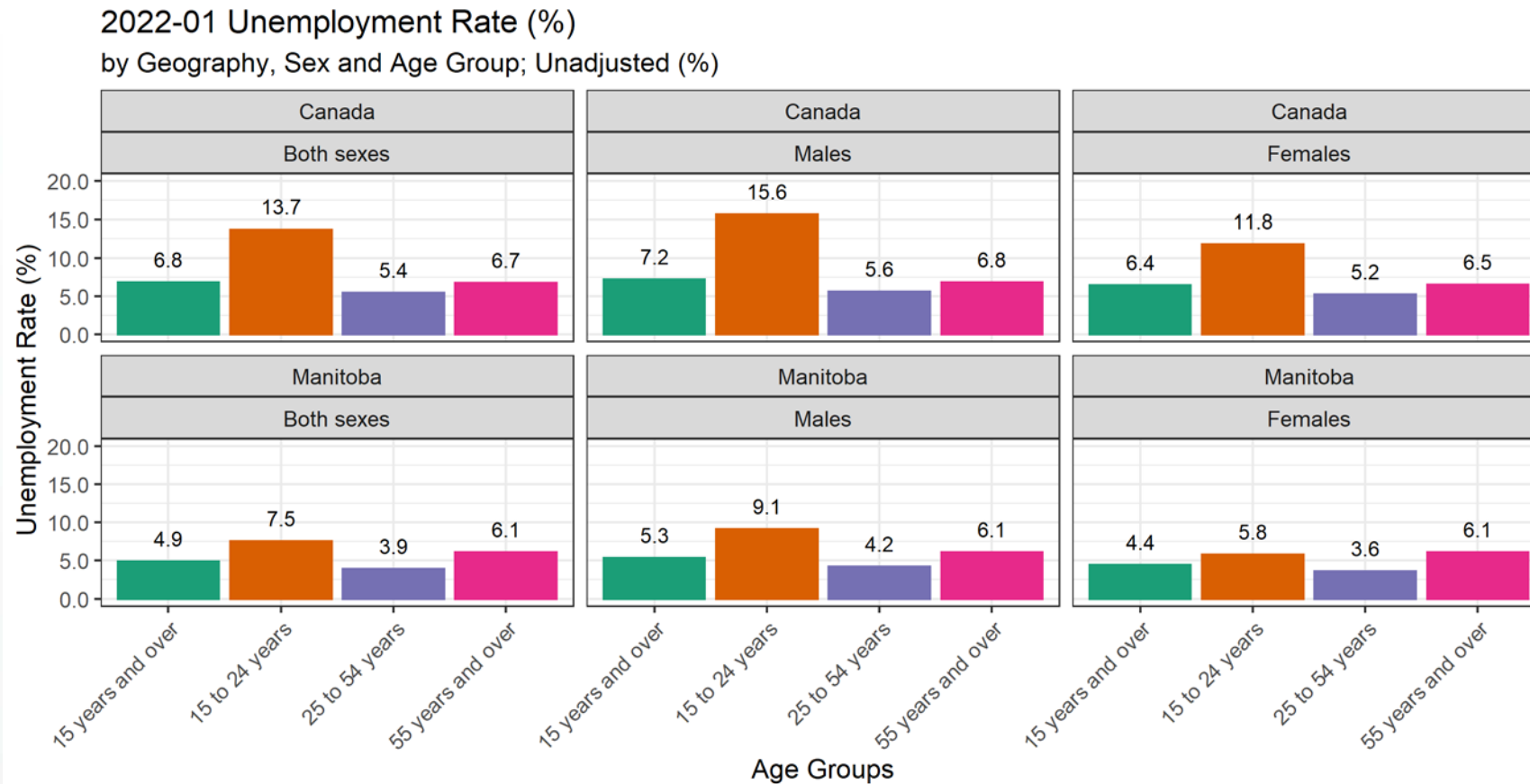


Source: Conference Board of Canada

Manitoba's Employment by Month (Jan 2022)



Unemployment Rate by Geography, Sex, Age Group (%)

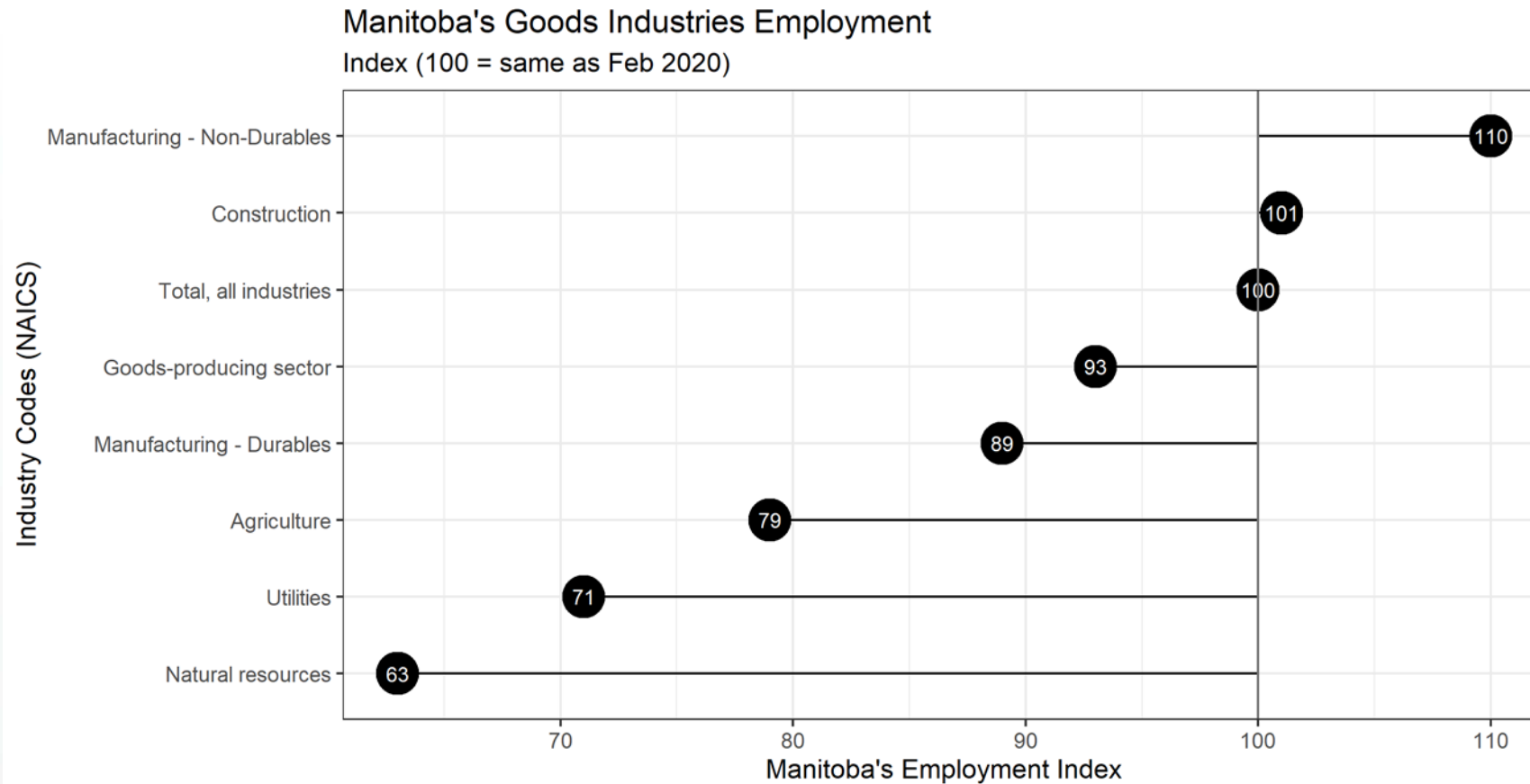


Source: Statistics Canada, LFC, Monthly, Unadjusted, Tables 14-10-0022-01

Source: Statistics Canada, Table 14-10-0022-01



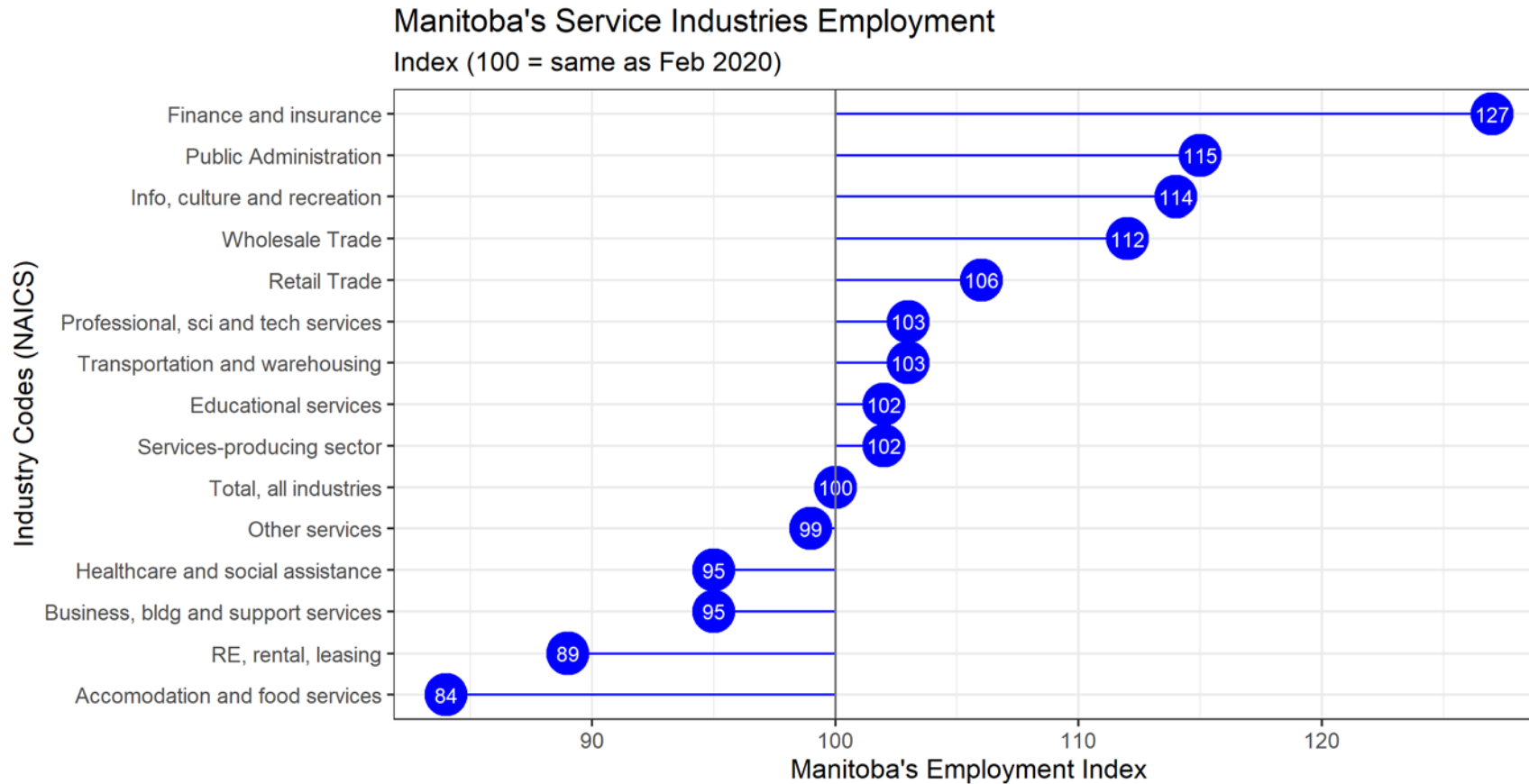
Manitoba Goods Employment Index: (January 2022 vs Feb 2020)



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

Source: Statistics Canada, Table 14-10-0022-01

Manitoba Services Employment Index: (January 2022 vs Feb 2020)



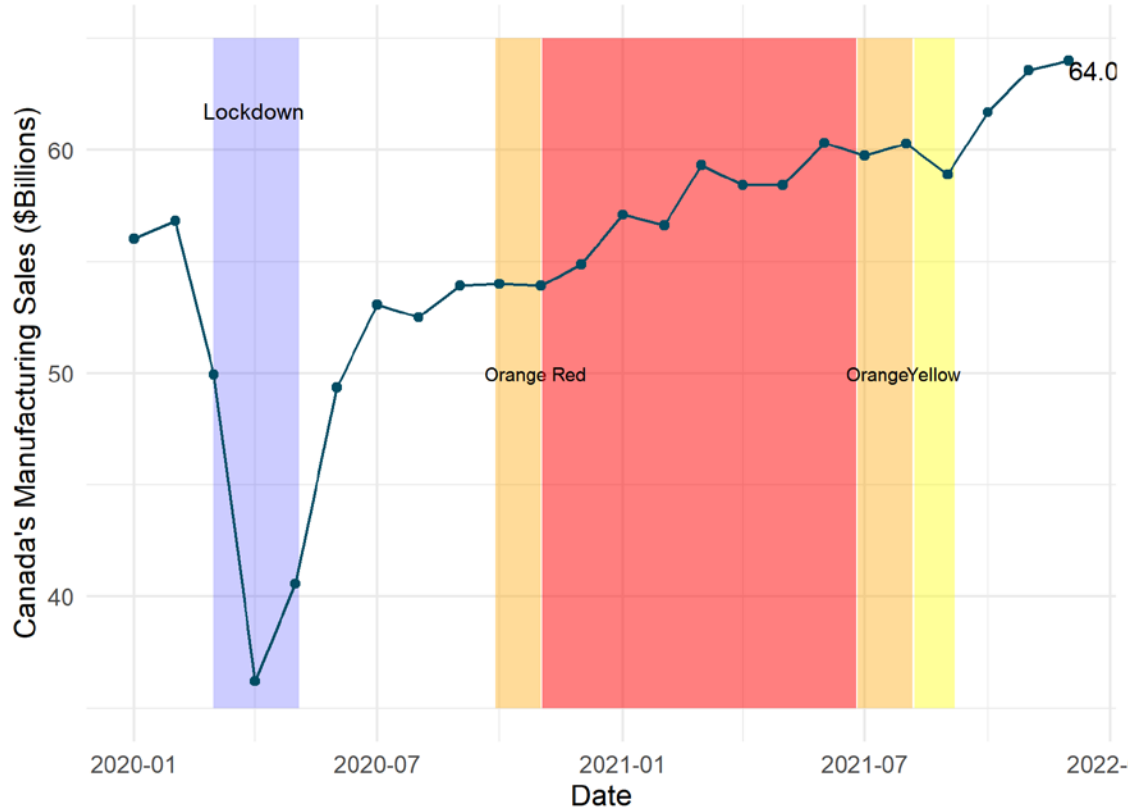
Source: Statistics Canada, LFC, Monthly, Unadjusted, Tables 14-10-0022-01

Source: Statistics Canada, Table 14-10-0022-01



Manufacturing Sales – December 2021

Canada's Manufacturing Sales by Month (\$Billions)



Source: Statistics Canada, Manufacturing Sales by Industry, Monthly Seasonally adjusted, Tables 16-10-0047-01

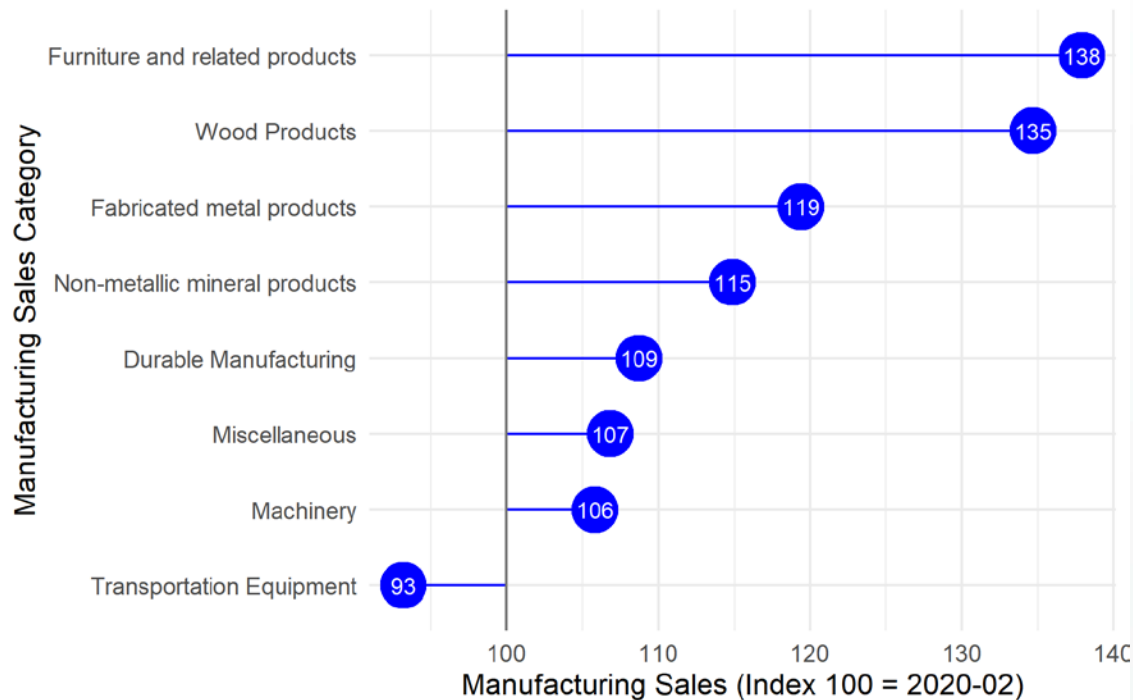
Manitoba's Manufacturing Sales by Month (\$Millions)



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

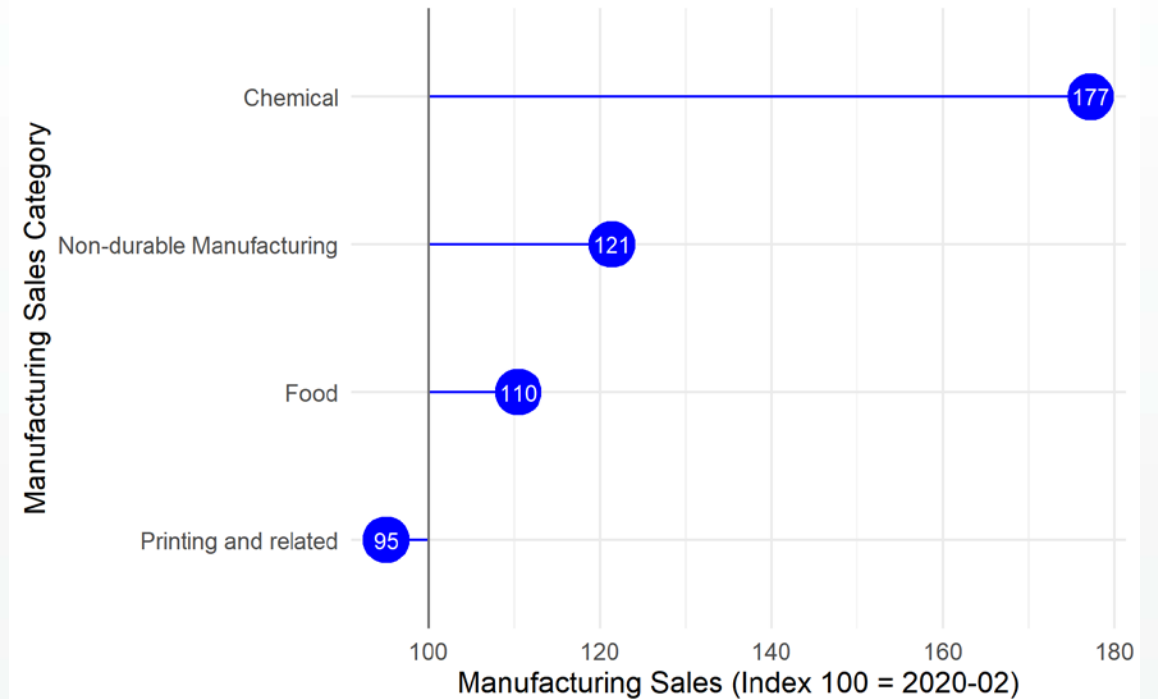
Manitoba Durable and Non-durable manufacturing Index (Dec'21/Feb'20)

MB Durable Manufacturing Sales by Sector:
(2021-12/2020-02)
(Index 100 where = Feb 2020)



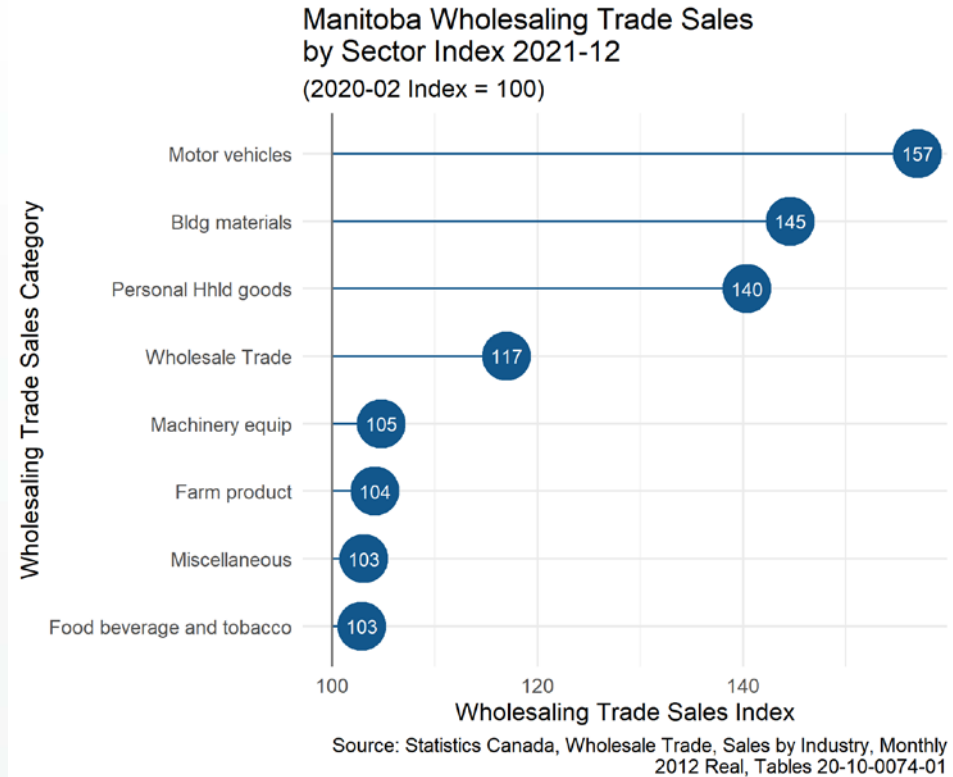
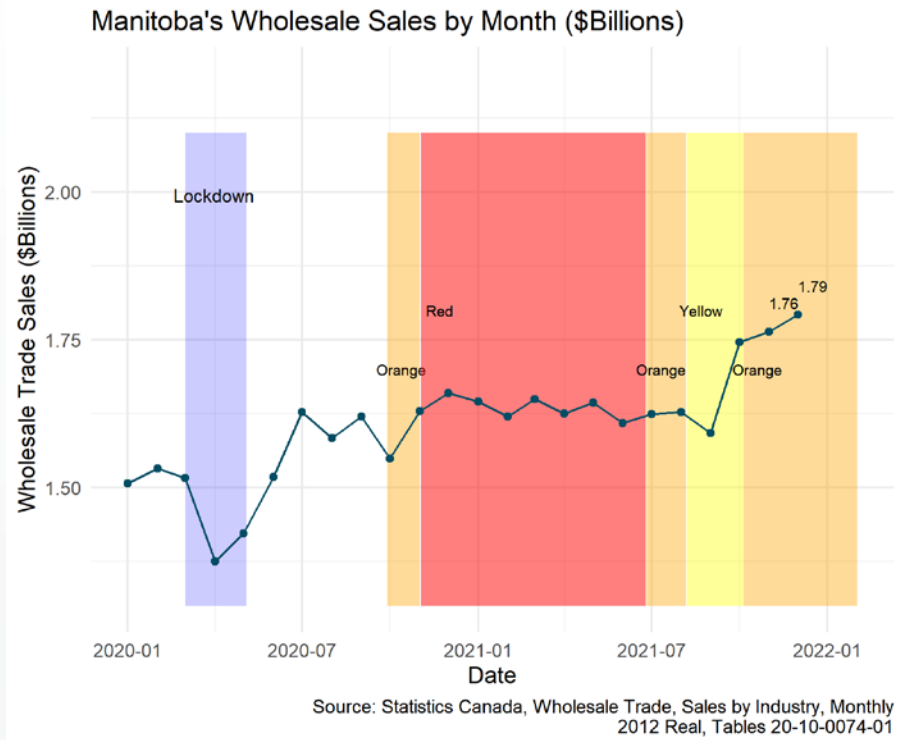
Source: Statistics Canada, Manufacturing Sales by Industry, Monthly Seasonally adjusted, Tables 16-10-0048-01

MB Non-Durable Manufacturing Sales by Sector:
(2021-12/2020-02)
(Index 100 where = Feb 2020)



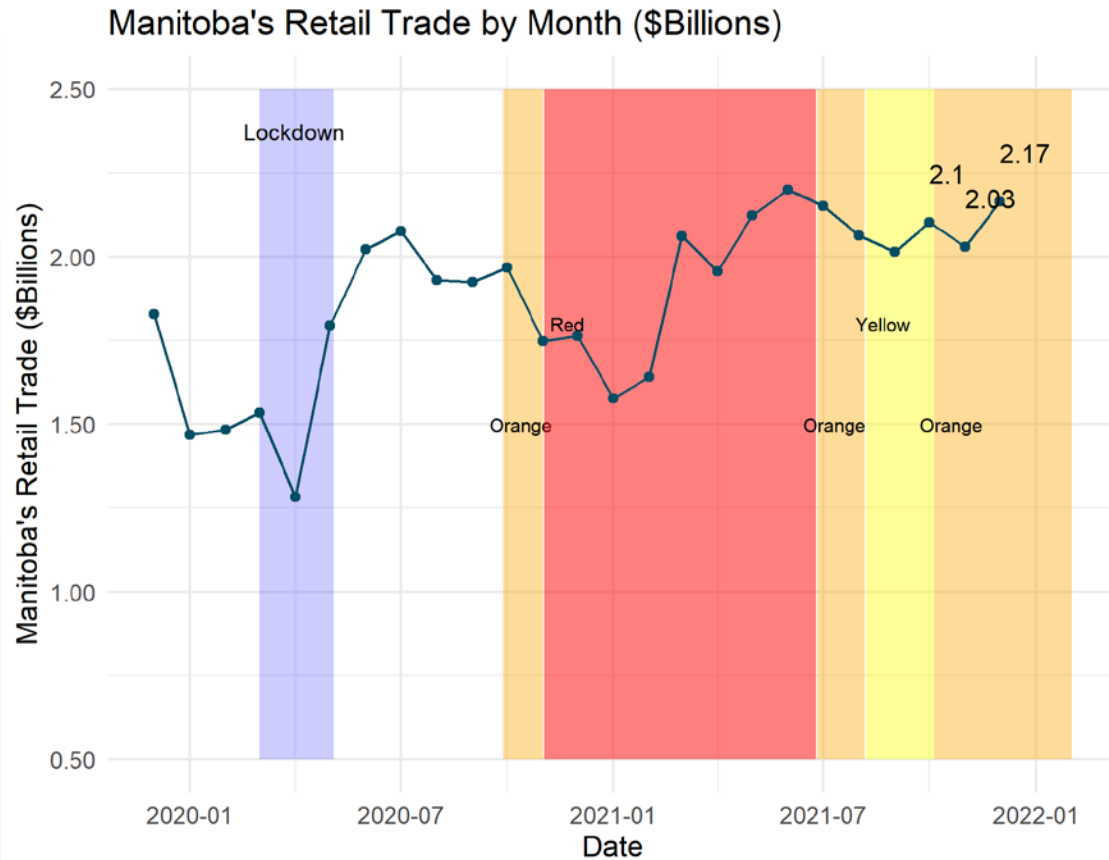
Source: Statistics Canada, Manufacturing Sales by Industry, Monthly Seasonally adjusted, Tables 16-10-0048-01

Wholesale Trade – December 2021



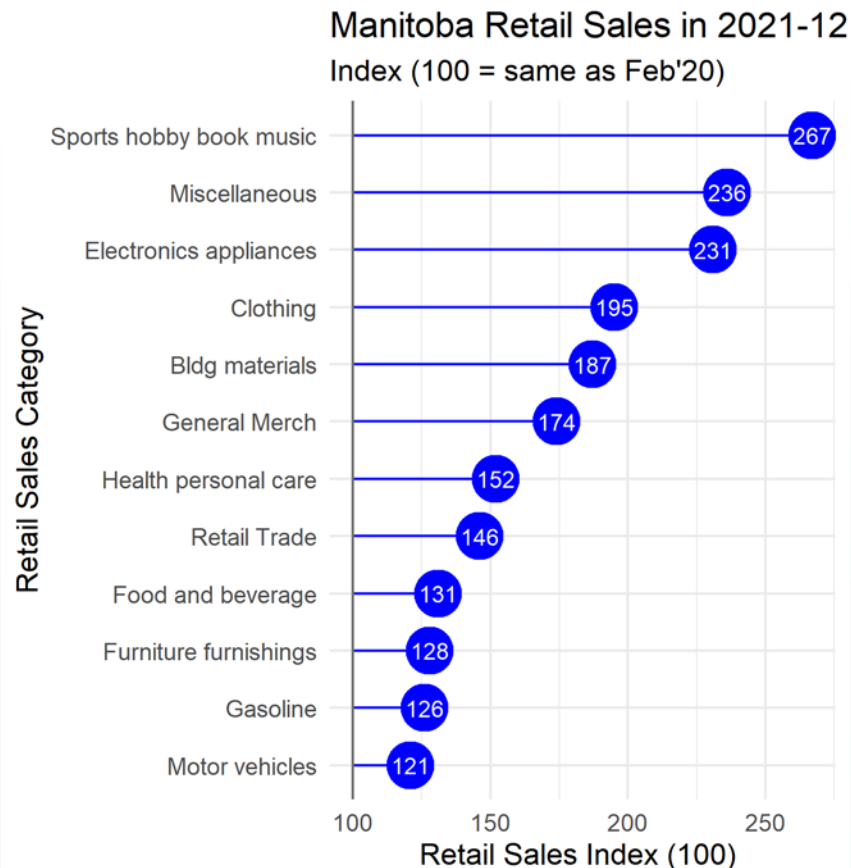
Source: Statistics Canada, Table 20-10-0074-01 Wholesale Trade by Month

Manitoba Retail Trade – December 2021



- Manitoba retail sales in Dec'21 were 2.17 billion, up nearly 7 per cent month/month.
- This is up 46 per cent over February 2020.

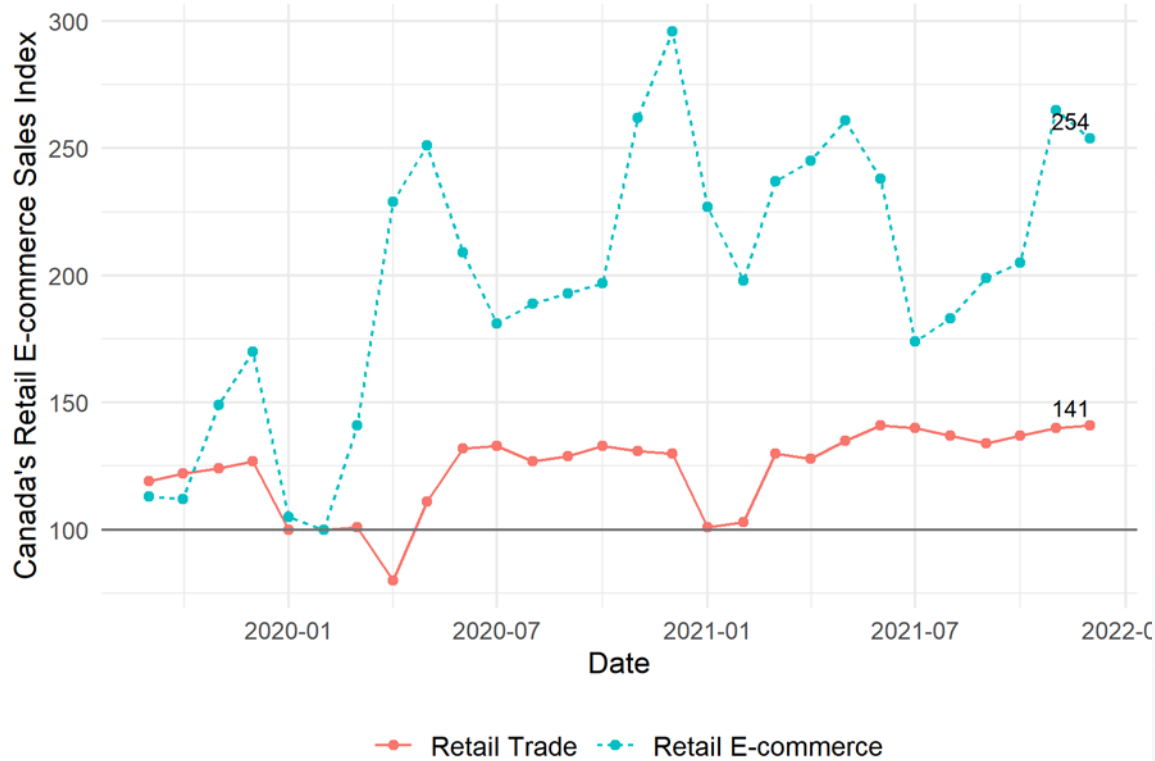
Manitoba Retail Trade by Industry Index (Dec'21/Feb'20)



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

- Strong Index (100 = same as Feb'20):
 - **Sports, hobby, book, music** (Index of 267)
 - **Electronic Appliances** (index of 231)
 - **Clothing** (Index of 195)
- Weaker than average Index: (down on lockdowns and non-essential goods)
 - **Furniture Furnishings** (Index of 128)
 - **Gasoline** (index of 126)
 - **Motor vehicles** (index of 121)

Canada's Retail E-commerce Sales Index
(February 2020 = 100)

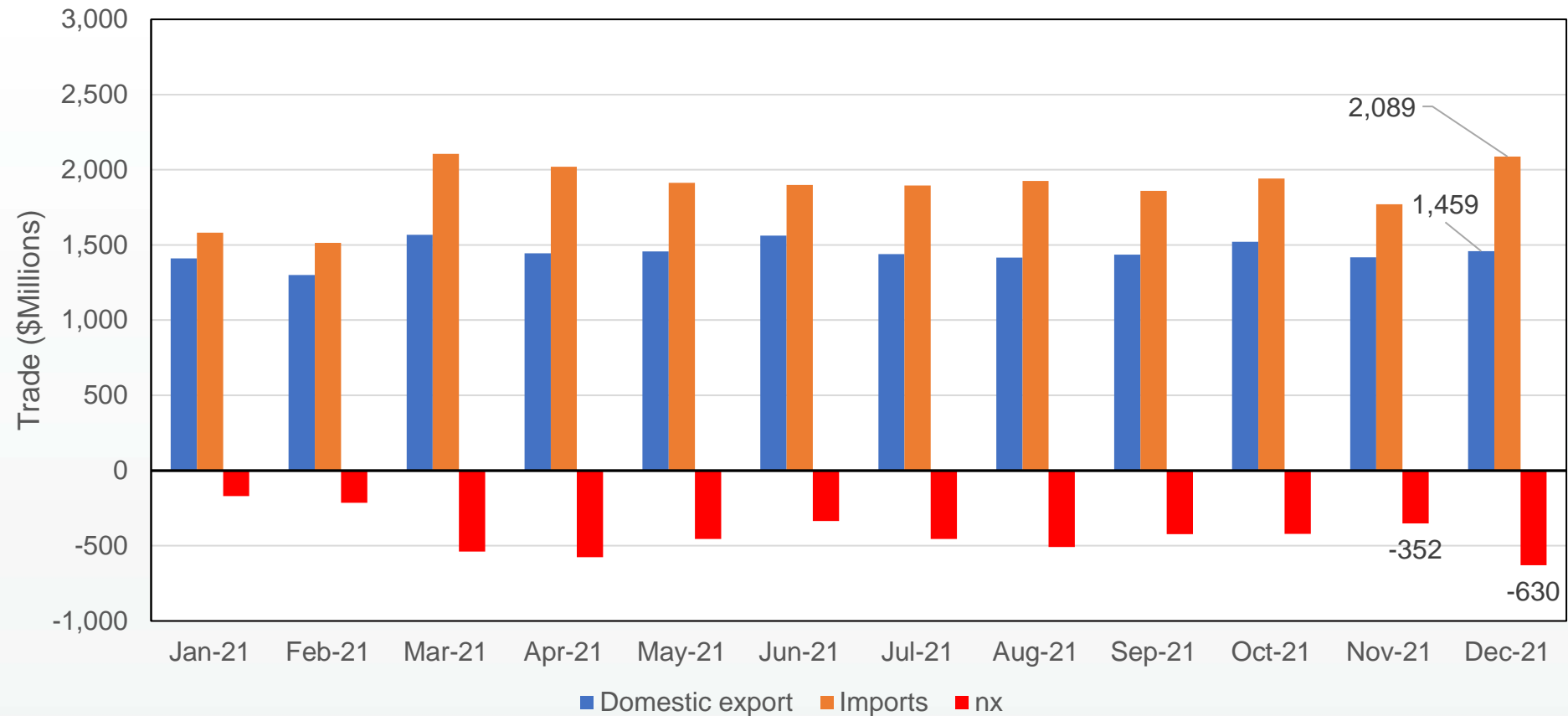


Source: Statistics Canada, Retail E-commerce Sales, Monthly Unadjusted, Tables 16-10-0072-01

Canada's Retail E-commerce Sales Index – Dec'21/Feb'20

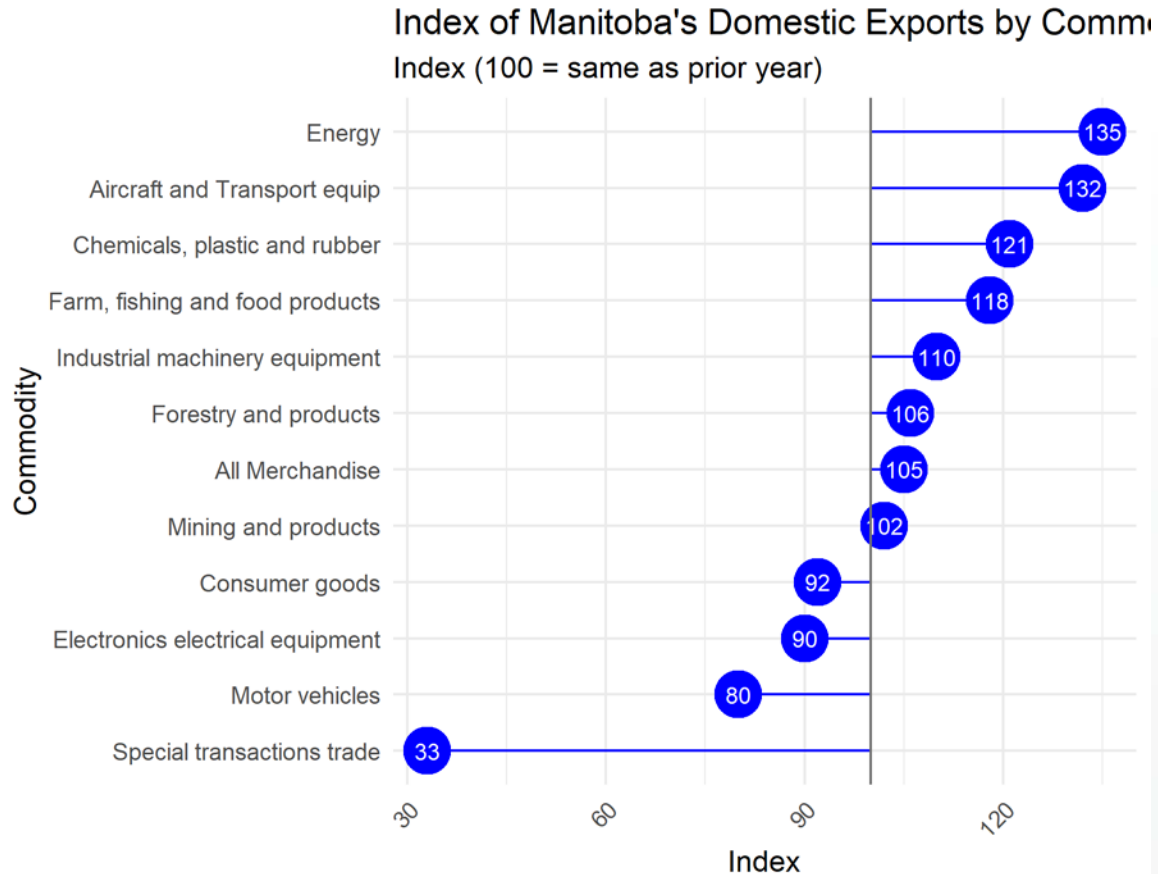
- Record high \$4.7 billion in December 2020
- Dec'21 was \$4.1 billion, or 154 per cent higher than in Feb'20.
- E-commerce sales consistently higher than prior year by 64 per cent or more since April 2020

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)



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

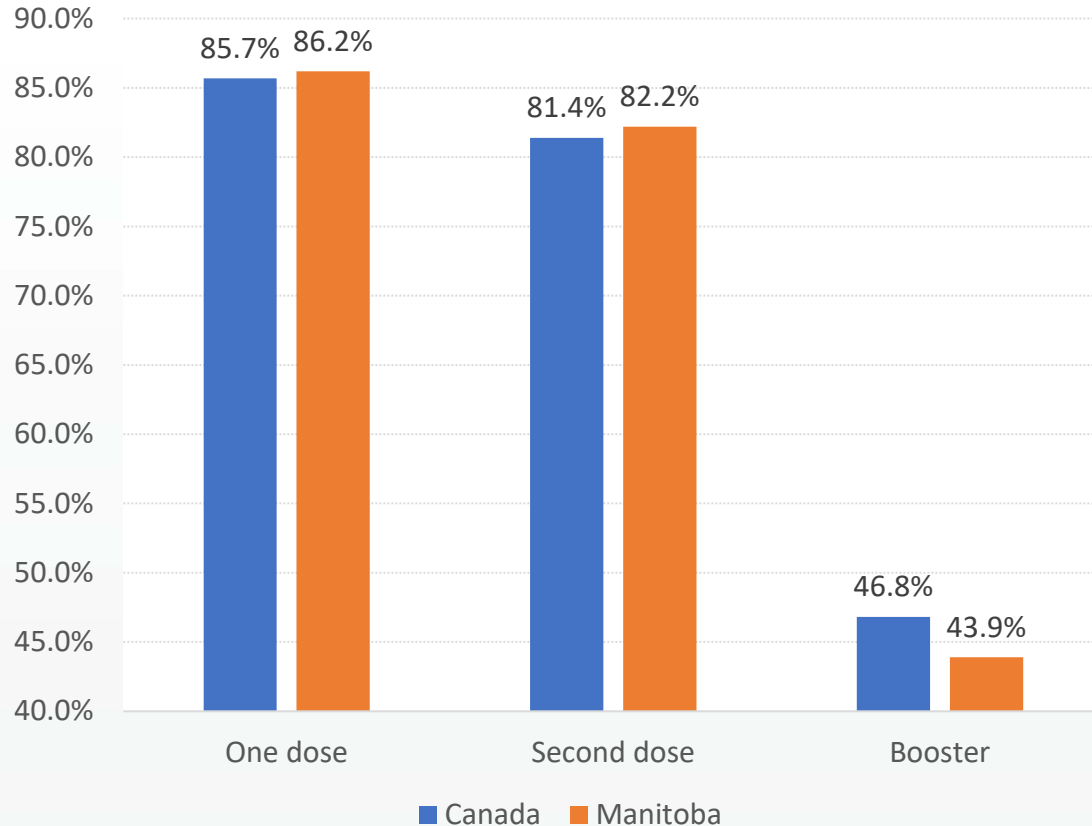
Strength:

- **Energy (Index = 135)**
- **Aircraft and Transportation Equipment (Index = 132)**
- **Chemicals, Plastic and Rubber (index = 121)**

Y/Y Weakness:

- **Motor Vehicles (index = 80)**

COVID-19 Vaccination Uptake (Eligible Canadians)



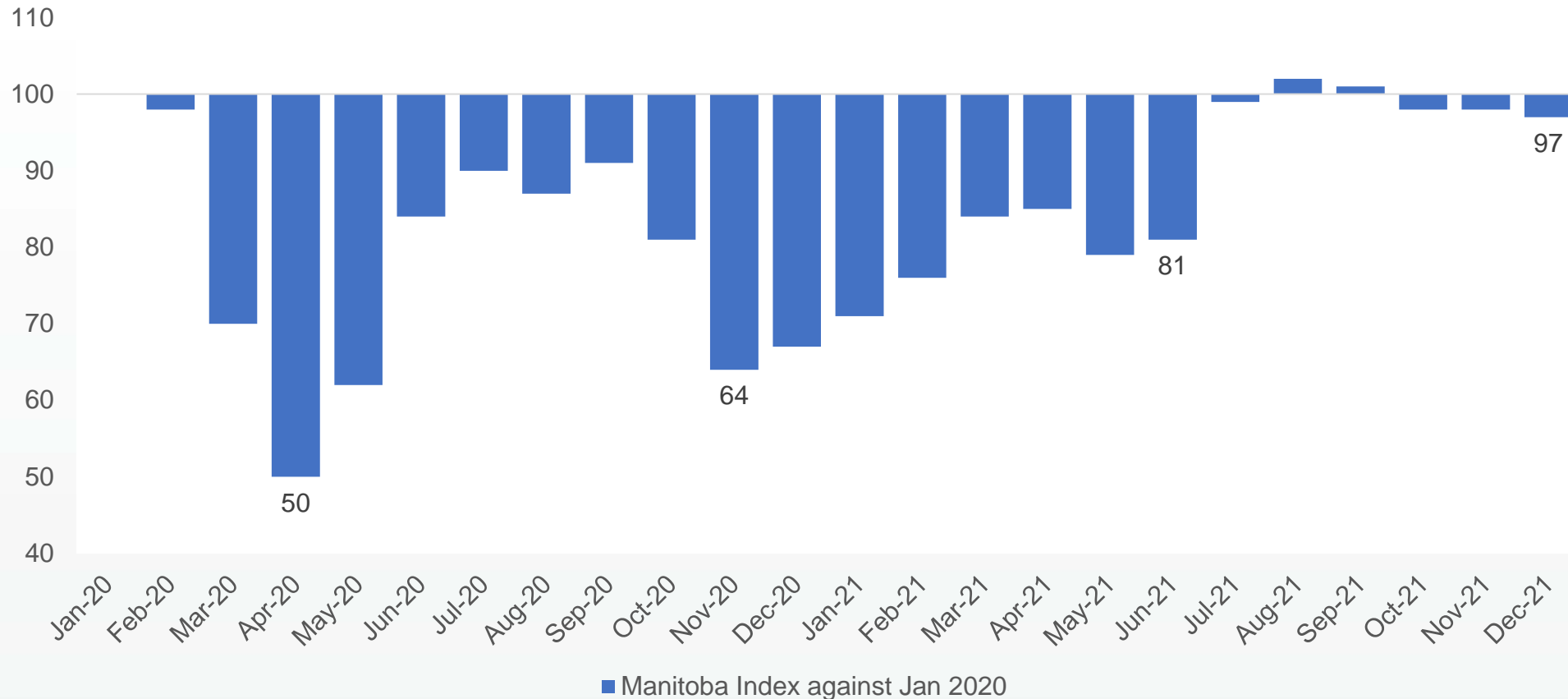
COVID-19 response changing

Canada is well-positioned to ease restrictions, and head towards an endemic situation

- High vaccine uptake/availability, rapid tests and therapeutics are available.
- Some will need or want to continue to wear masks and take other precautions
- Monitoring by public health agencies will continue but is likely to become routine and less of a public event.
- **Expect border controls to continue, but for compliance to become cheaper and easier.**
 - This will encourage more flights as business and personal tourism continues to return.

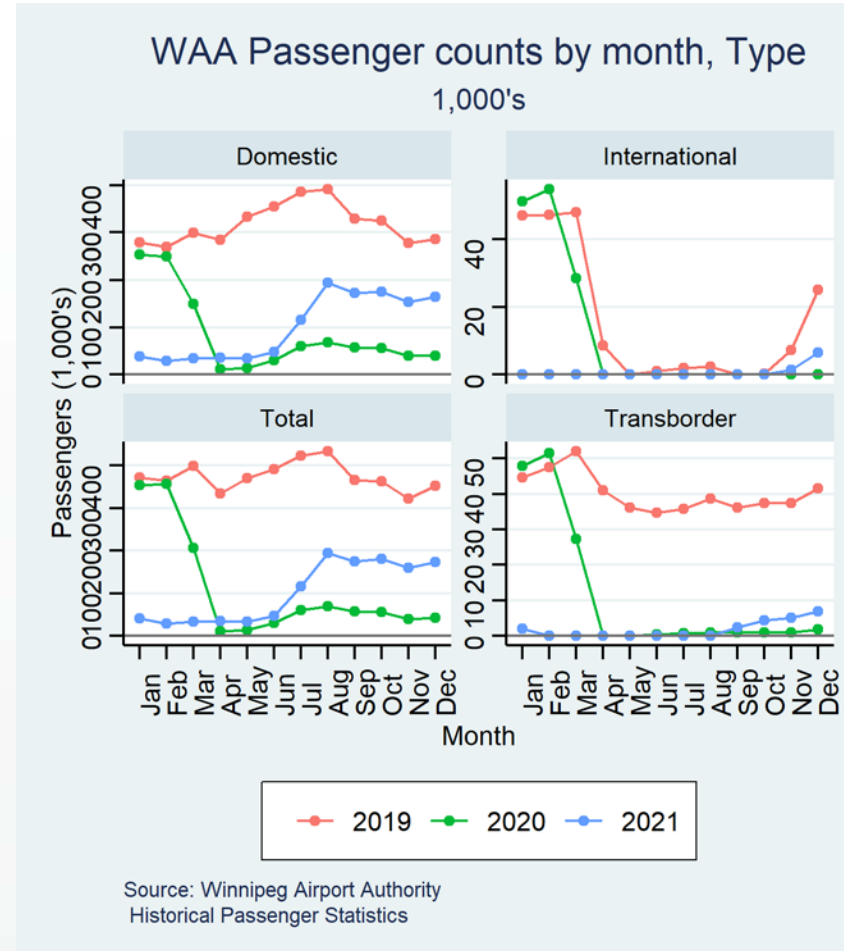
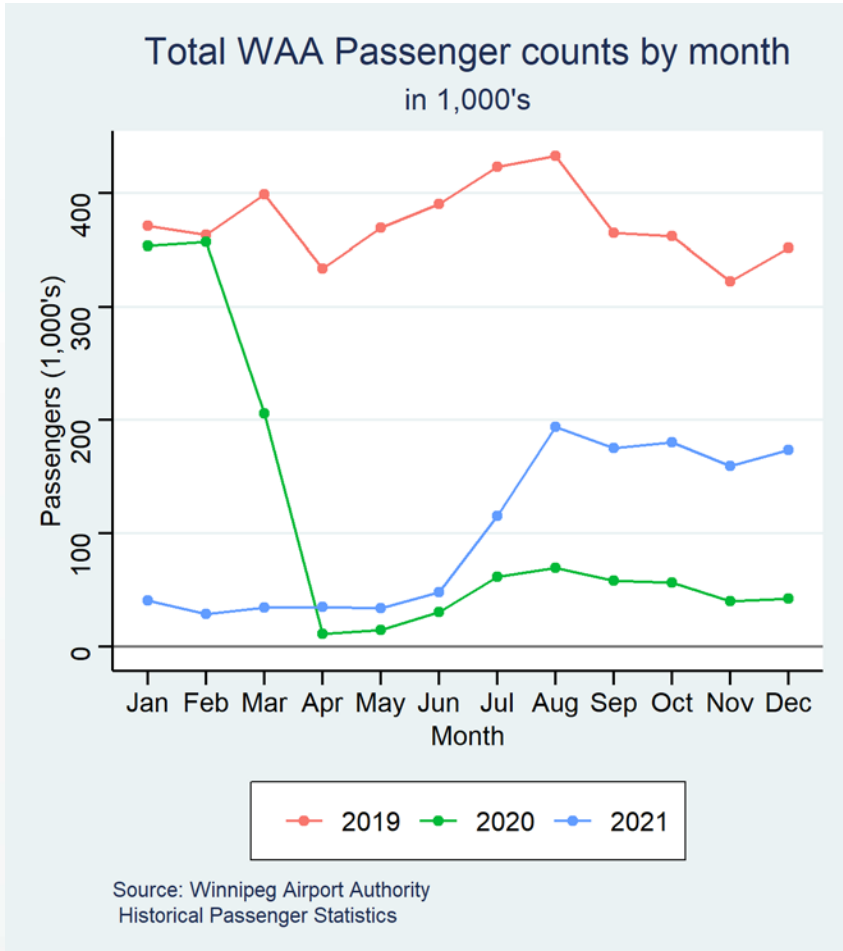
Source: Our World in Data March 2, 2022, Manitoba COVID-19 Vaccine dashboards, <https://manitoba.ca/covid19/vaccine/index.html>, March 4, 2022.

Manitoba Total Food Services and Drinking Places Index (100 = same as January 2020)

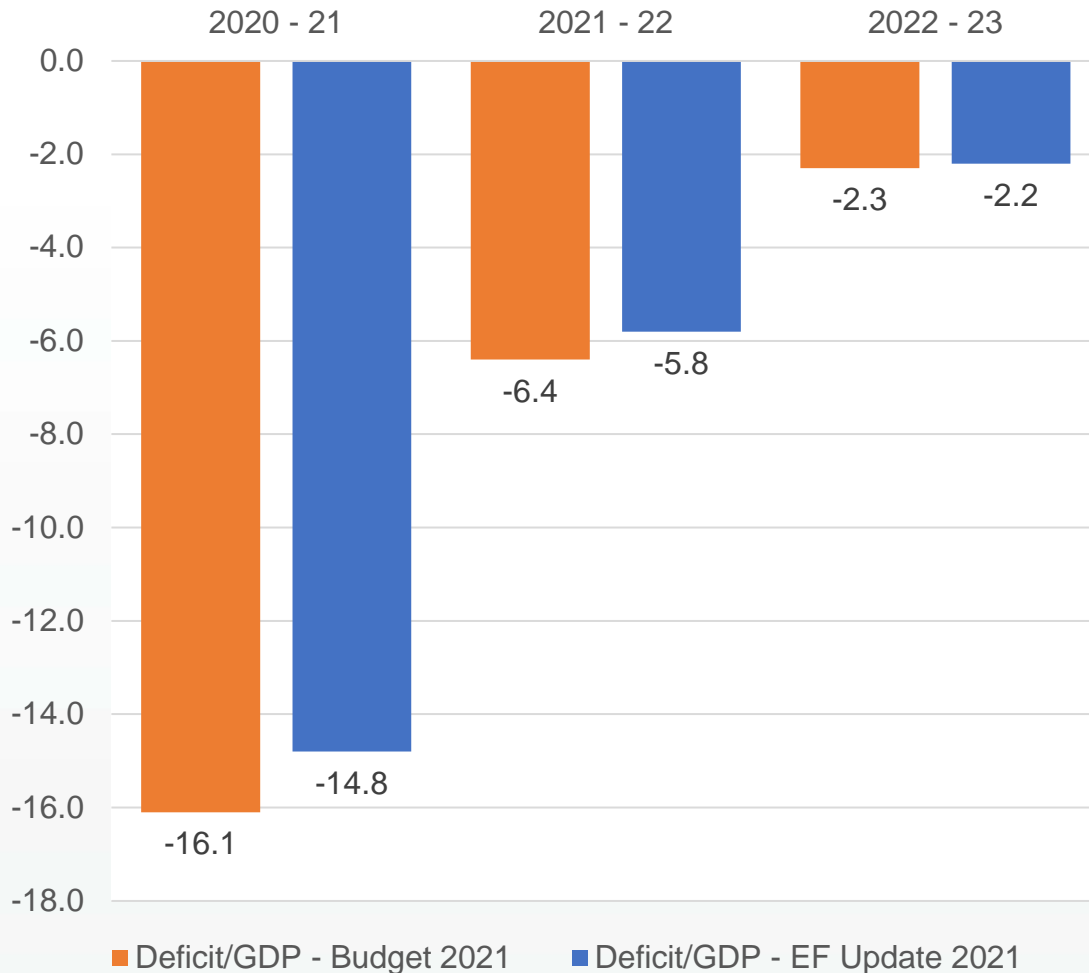


Source: Statistics Canada, Table 21-10-0019-01, Monthly survey of food services and drinking places. Seasonally adjusted.

Winnipeg Airport Authority Passenger Counts by Trip Type



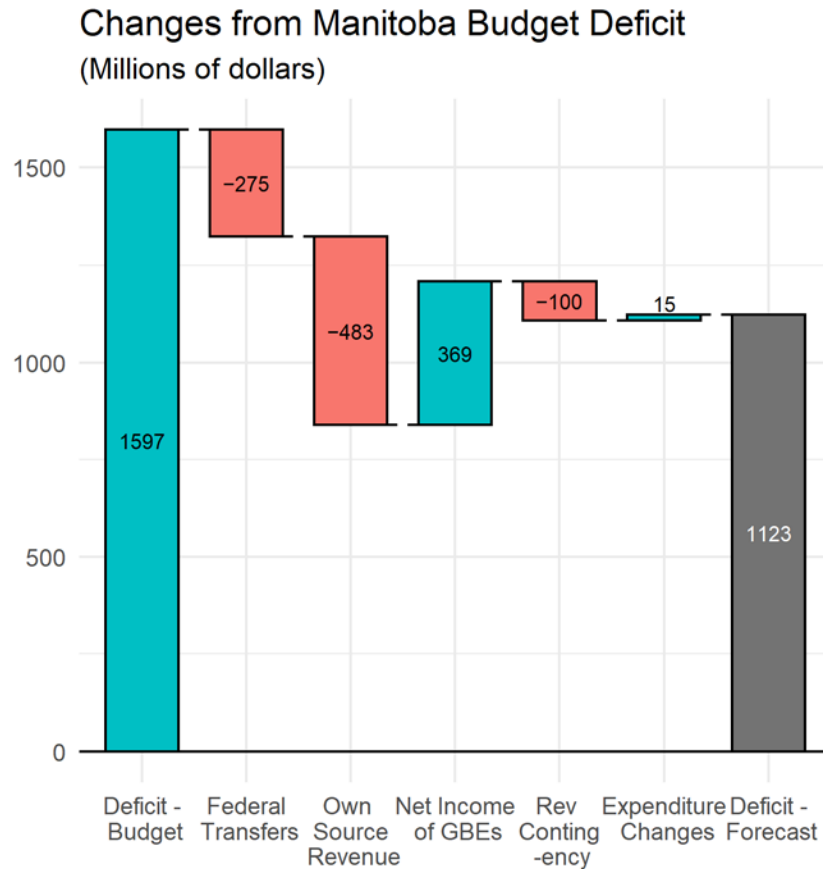
Canada Budget Deficit as a Share of GDP



The Economic and Fiscal Update 2021 of the Federal Government noted the following:

- COVID-19 personal and business transfers were projected to decline sharply in 2022-23 after two years of extraordinary levels.
- Economic growth is adding to tax revenues
 - Deficit/GDP declining as a result
- Priorities included:
 - Finishing the fight against COVID-19
 - Support for people
 - Support for business

Changes in Manitoba Government Deficit Forecast (\$millions)



Source: Province of Manitoba: 2021/22 Mid-Year Report - Fiscal and Economic Update December 2021

The waterfall chart shows the components of the 2021/23 deficit projection. Beginning with the **budgeted deficit of \$1,597 million** in Budget 2021, the revenue changes were driven by COVID-19 and economic recovery. Expenditures changes were minor. The changes result in a **revised deficit forecast of \$1,123 million.**

Credit Ratings

Agency	Rating
DBRS	A (high)
Moody's	Aa2
S&P	A+

2021/22 Manitoba Mid-Year Fiscal Update (\$Millions)

Description	Mid-Year Forecast	Budget	Change
Revenue	18,327	17,838	489
Expense	19,450	19,435	15
Net Income (Loss)	(1,123)	(1,597)	474
Summary Net Debt	29,102	29,998	(896)
Net Debt to GDP	36.1%	39.9%	-3.8%

Source: Province of Manitoba, Manitoba Finance, (December 2021) Manitoba 2021/22 Mid-Year Report Fiscal and Economic Update, page 2.

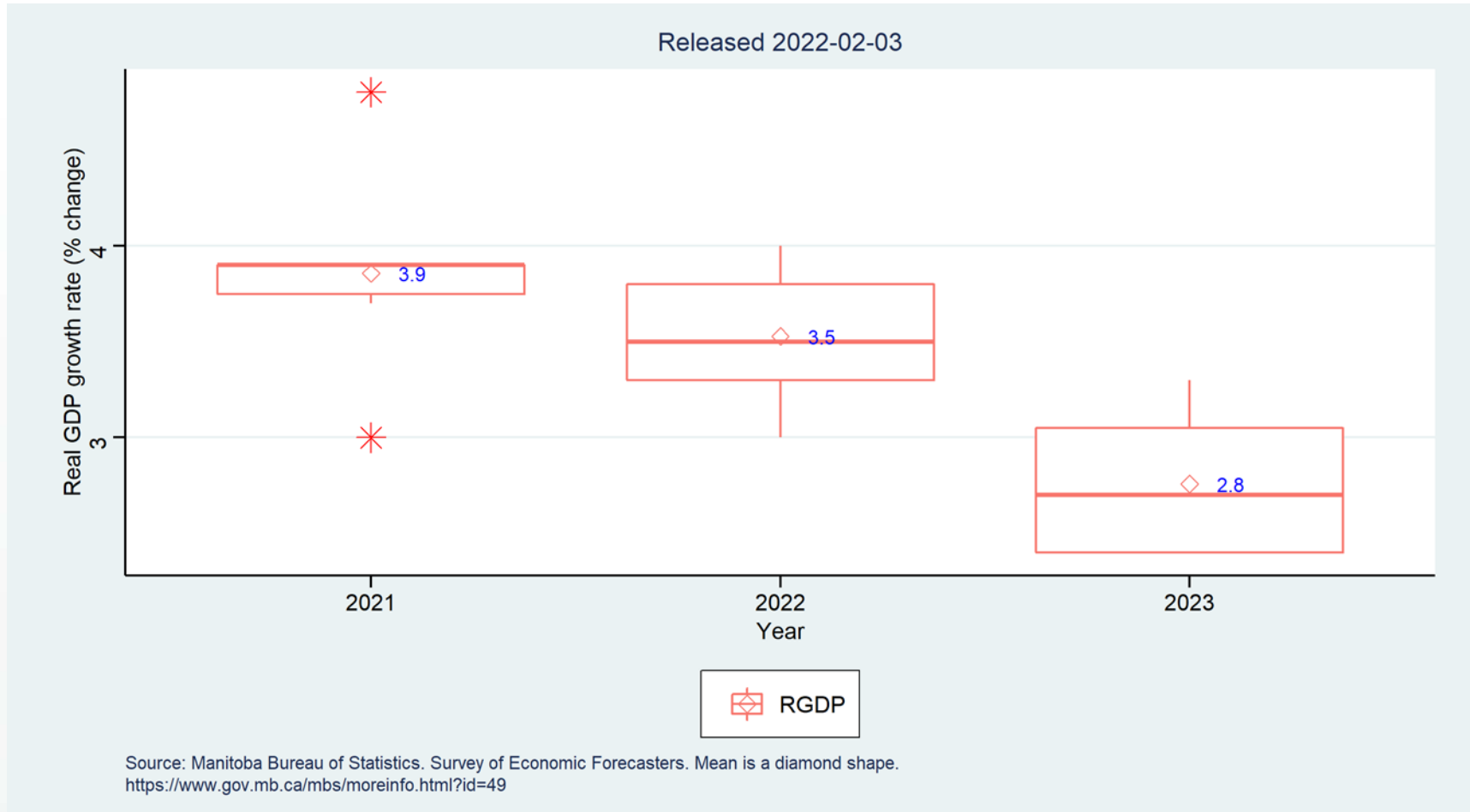
Manitoba Finance Survey of Economic Forecasts

Per cent Growth Unless Noted (f = Forecast)

Manitoba	2021f	2022f	2023f
Real GDP	3.9	3.5	2.8
Nominal GDP	10.3	5.9	4.4
Consumer Prices	3.1	3.6	2.5
Employment	3.5	2.4	1.2
Unemployment Rate (%)	6.4	5.1	4.8

Source: Manitoba Finance Survey of Economic Forecasters, as of February 2022

Risks: Real GDP Growth Rate Scenarios (% change)

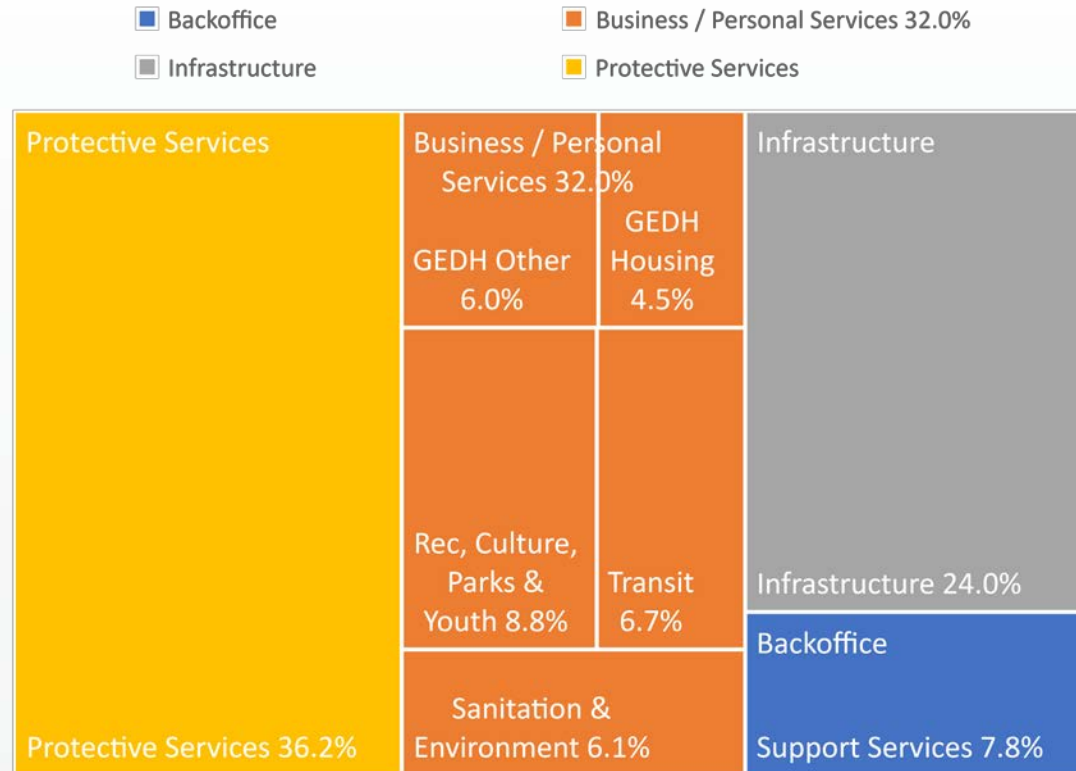


Brandon 2022 Proposed Budget

Brandon 2022 Revenues (\$93.6 Million)

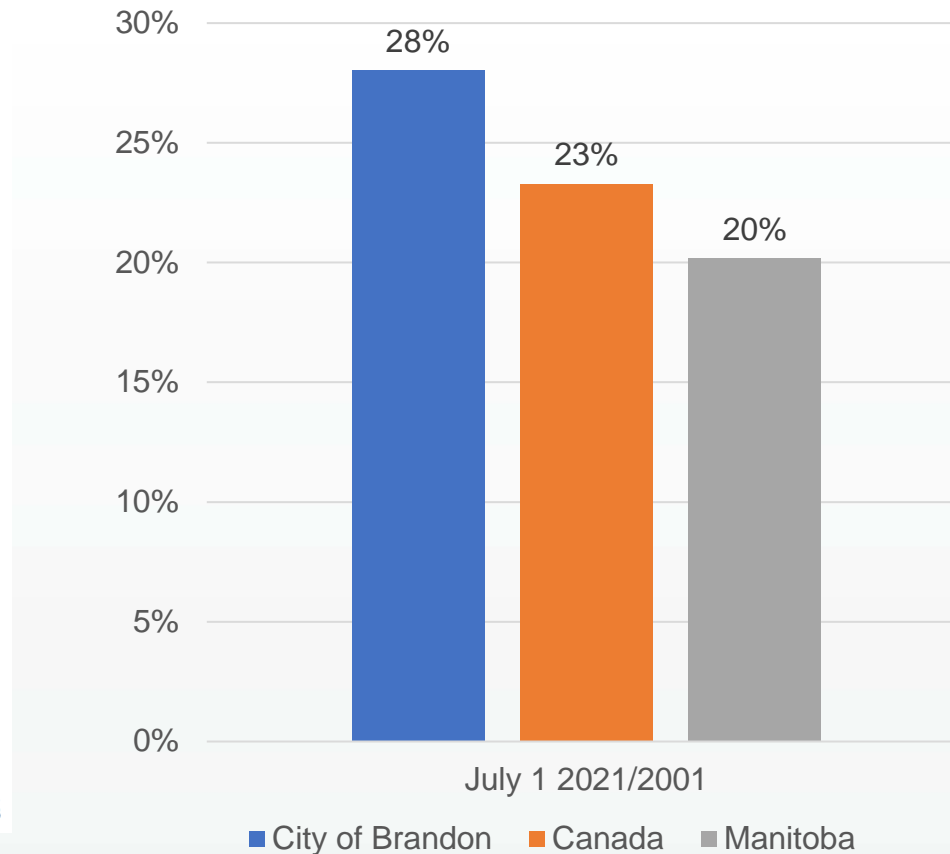
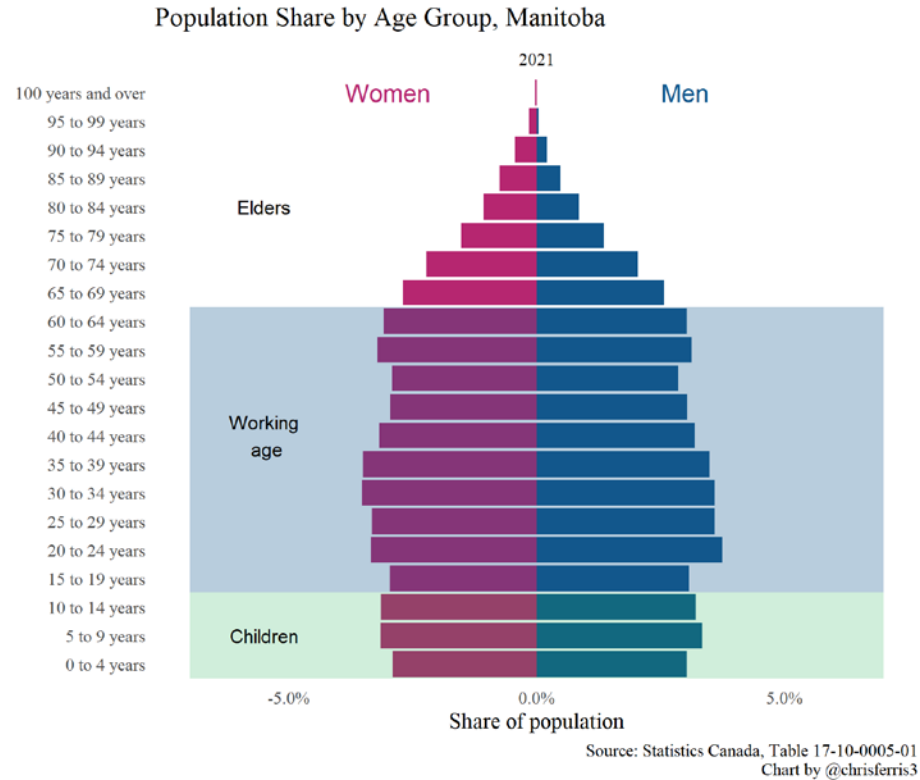


Brandon 2022 Expenses (\$93.6 Million)



Source: City of Brandon, Proposed 2022 Budget.
<https://brandon.ca/budget/2022-budget>

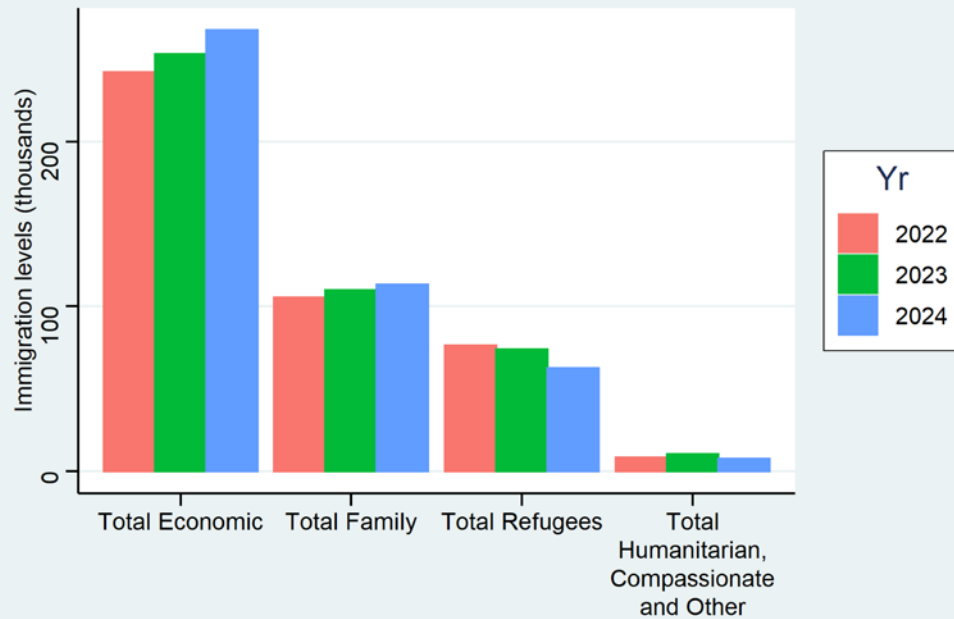
Population Pyramid and growth over the last 20 years



Source: Statistics Canada. Tables: 17-10-0135-01, and 17-10-0005-01.

Canada Immigration Plans (2022 – 2024)

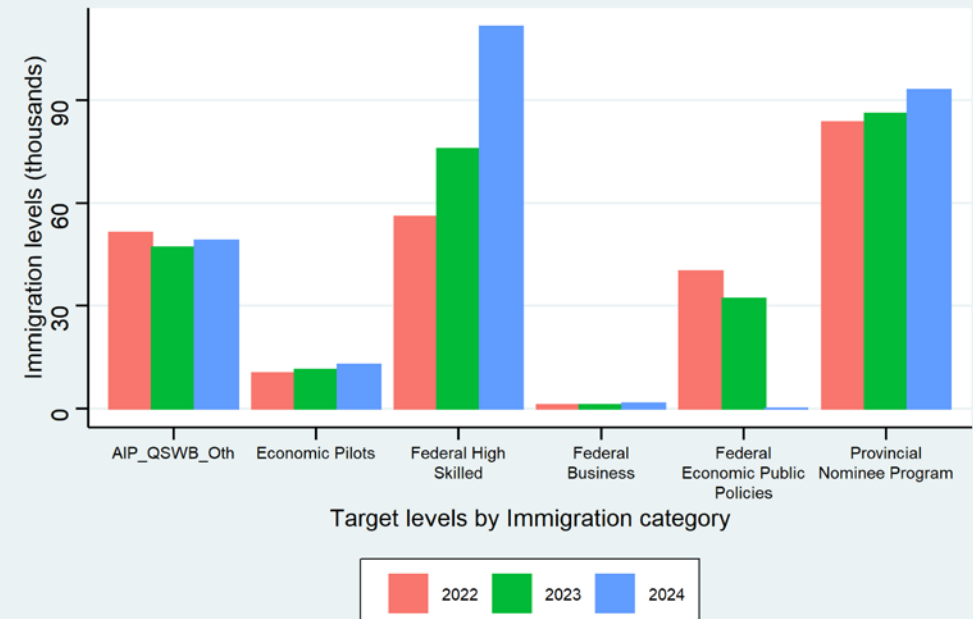
Total Immigration Level by Category (2022 - 2024)
thousands



Target levels by Immigration category

Source: Immigration, Refugees, and Citizenship Canada. February 14, 2022
<https://www.canada.ca/en/immigration-refugees-citizenship/news/2022/02/new-immigration-plan-to-fill-labour-market-shortages-and-grow-canadas-economy.html>

Canada Economic Immigration by Subcategory (2022 - 2024)
thousands



Target levels by Immigration category



Source: Immigration, Refugees, and Citizenship Canada. February 14, 2022
<https://www.canada.ca/en/immigration-refugees-citizenship/news/2022/02/new-immigration-plan-to-fill-labour-market-shortages-and-grow-canadas-economy.html>
 (AIP) Atlantic Immigration Program, (QSWB) Quebec Skilled Workers, Business, and Other

All-items CPI Inflation by Geography

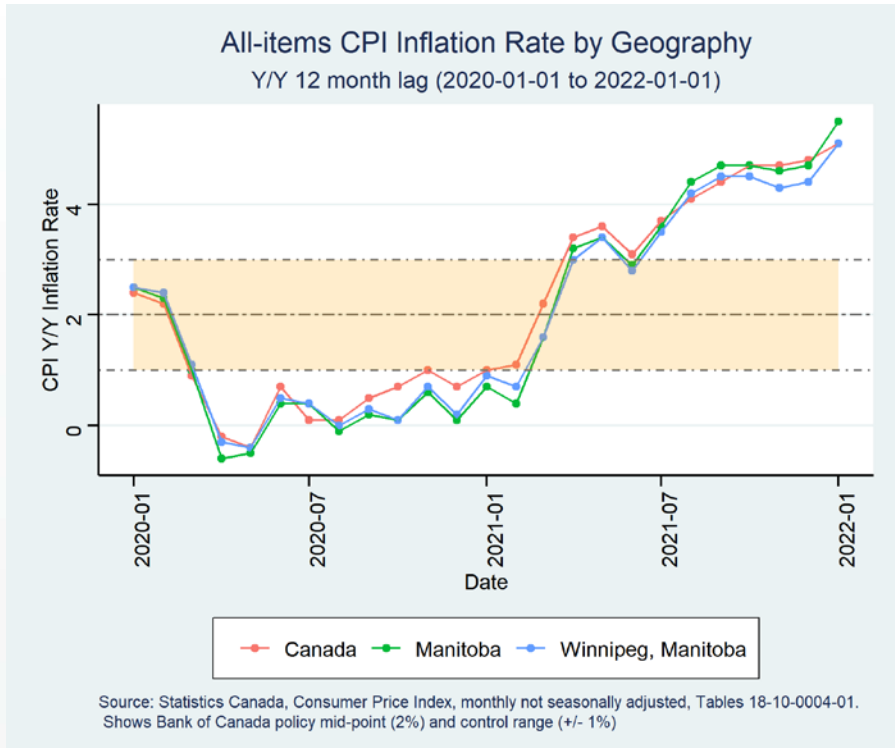
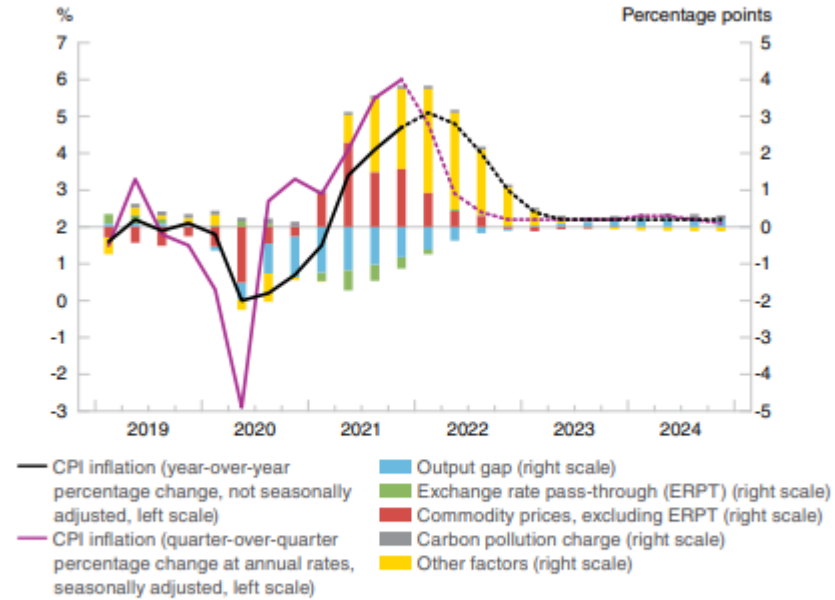


Chart 15: CPI inflation is forecast to ease as pandemic-related forces fade

Contribution to the deviation of year-over-year inflation from 2%, quarterly data

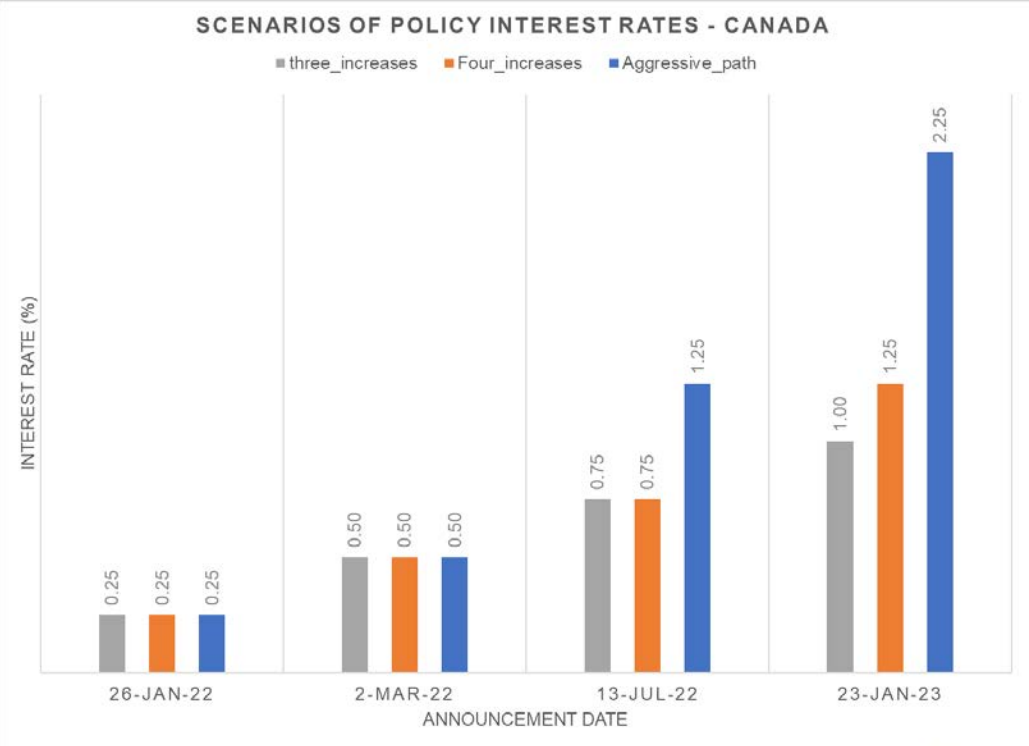
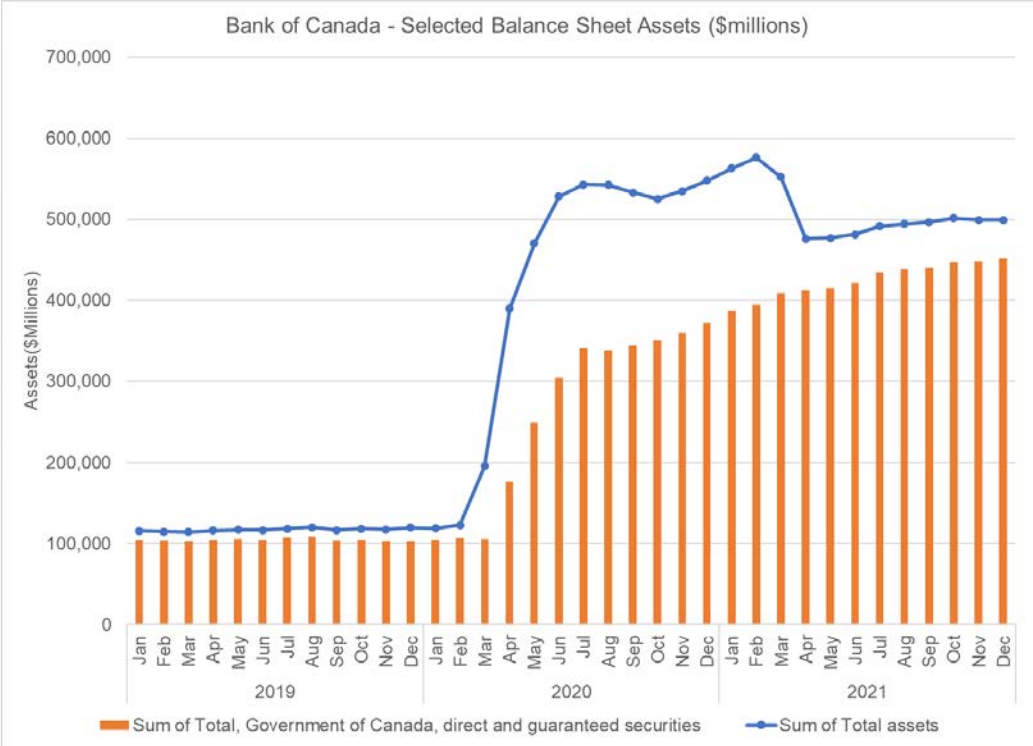


Note: "Other factors" includes, in particular, the impacts of various supply-related disruptions on inflation, such as the effects of semiconductor shortages on motor vehicle prices, of shipping bottlenecks on goods prices, and of unfavourable weather conditions on food prices. Numbers may not add to total due to rounding.

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

Source: Statistics Canada, Bank of Canada, January 2022 MPR.

Bank of Canada Interest Scenarios, size of balance sheet



Source: Interest rate scenarios.

Risk: Russian Invasion of Ukraine 2022



- It is unclear how and when this will be resolved. So, what do we know?
- Harsh official sanctions and many Western firms pausing or ending activity in Russia.
- Potential to have a stagflationary effect if it drags on
- Russia, Ukraine and/or Belarus are important suppliers of
 - [Wheat](#) and other crops (Rus, UKR)
 - Fertilizers (Rus, Belarus)
 - Oil and gas (Rus)
 - Numerous minerals (Rus)

Economic Growth: Enabling Factors

Factor	Example
Simple and transparent rules	Work to simplify rules in the Winnipeg area and elsewhere
Available, serviced employment land	E.g., Brandon has undeveloped industrial lands serviced by CN and CP.
Water reclamation opportunity	e.g., Through the Water Reclamation Facility , the volume of treated effluent available for use as industrial use water is in the range of 20-25 ML per day
Updating Bridges, Aiport Master Plan	e.g., Replacing Daly Overpass (increase capacity), Updating Airport Master plan.

Source: Brandon Economic Development, Economic Development Winnipeg.

Enables Economic Growth: GDP Per Capita

This makes it easier for firms to pick Manitoba when investing and expanding jobs

Factor	Example
Sufficient Capital	Startup, Growth and other capital to grow businesses
Encourage R&D	Federal and provincial R&D investment incentives
Various Tax credits	Encourage activity
Skills training, talent attraction	Can boost labour productivity and eventually wages. E.g. EDW Talent Hub , Retrain Manitoba. Expands the skilled work force, Rural and Northern Immigration pilot program.
Real Estate Developments	Larger mixed use residential/commercial. Strong residential construction, quick absorption rates, low vacancy rates . E.g. use of TIF for WestVic Common .

Source: Brandon Economic Development, Economic Development Winnipeg



Manitoba Economy Summary

- **Weakness:**

- High contact industries continue to suffer, along with their suppliers. E.g., Tourism, accommodations, airline passengers, restaurants. Expect to recover fully by 2024.

- **Strengths:**

- Wholesale, Ecommerce, Air cargo, food manufacturing, construction/renovation supply chain,

- **Risks/Opportunities:**

- Russian invasion of Ukraine, disruption of wheat, oil, nat. gas markets
- Supply chain and lack of primary/intermediary inputs (1st half of 2022 or later)
- Risk of rising debt payments as interest rates rise over the coming years.
- Need to keep growing the economy to enables the continued shrinkage of the deficit



Economic Development Winnipeg:

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



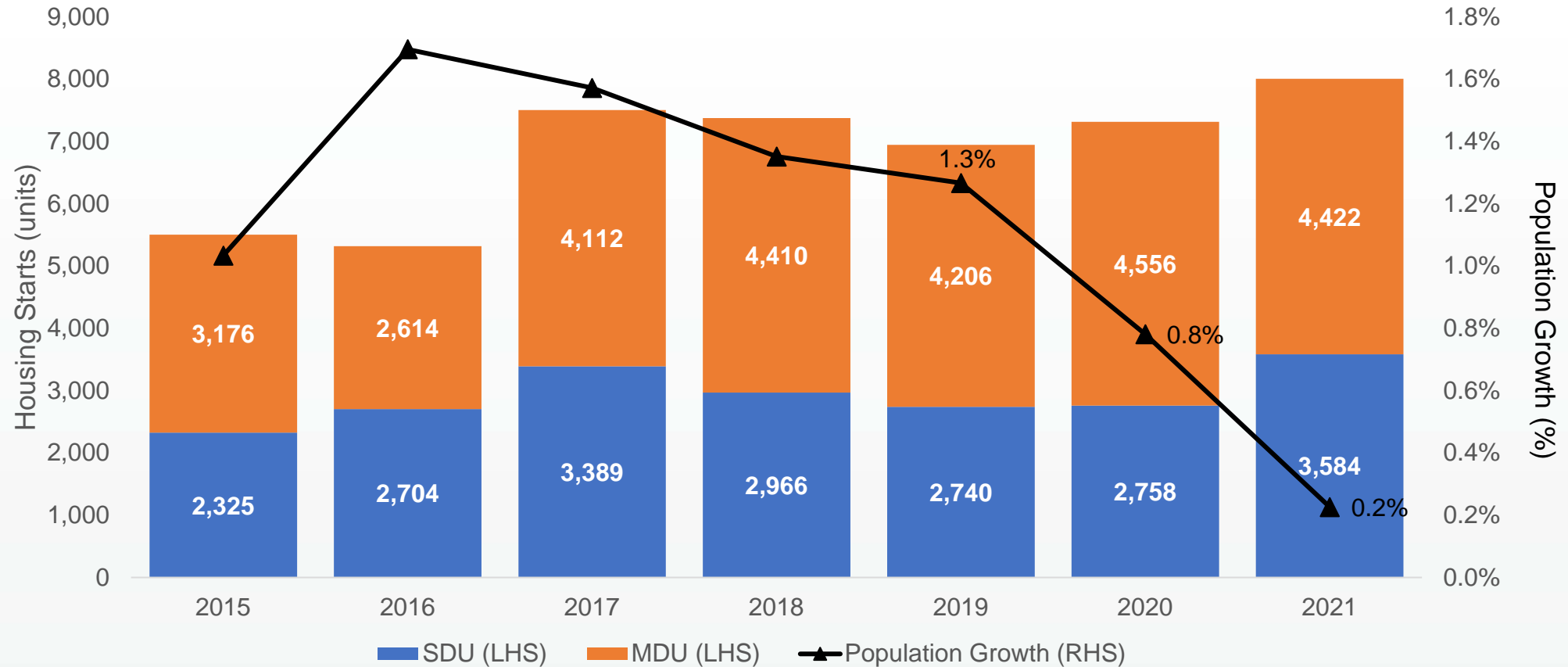
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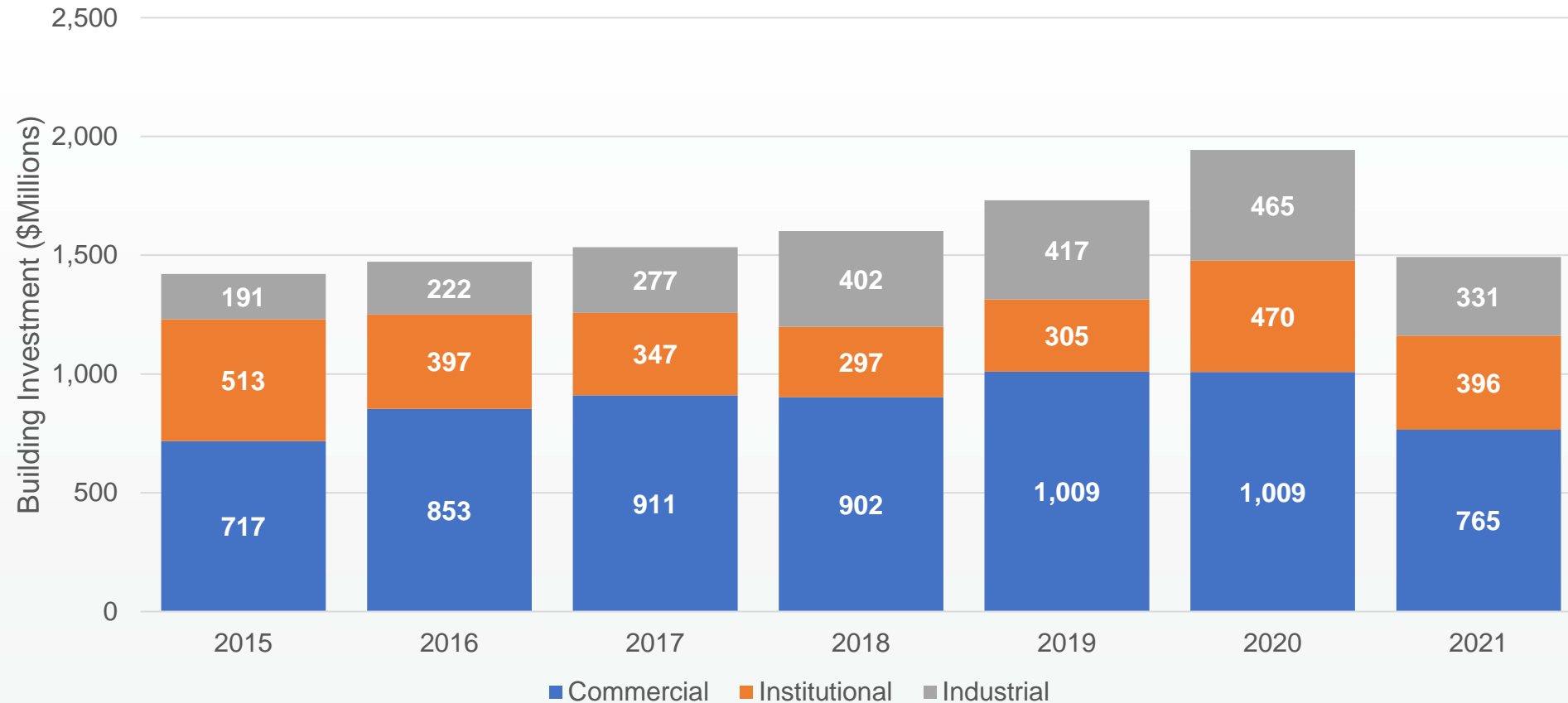
Backup Slides

Manitoba Housing Starts, and Population Growth (2015 – 2021)



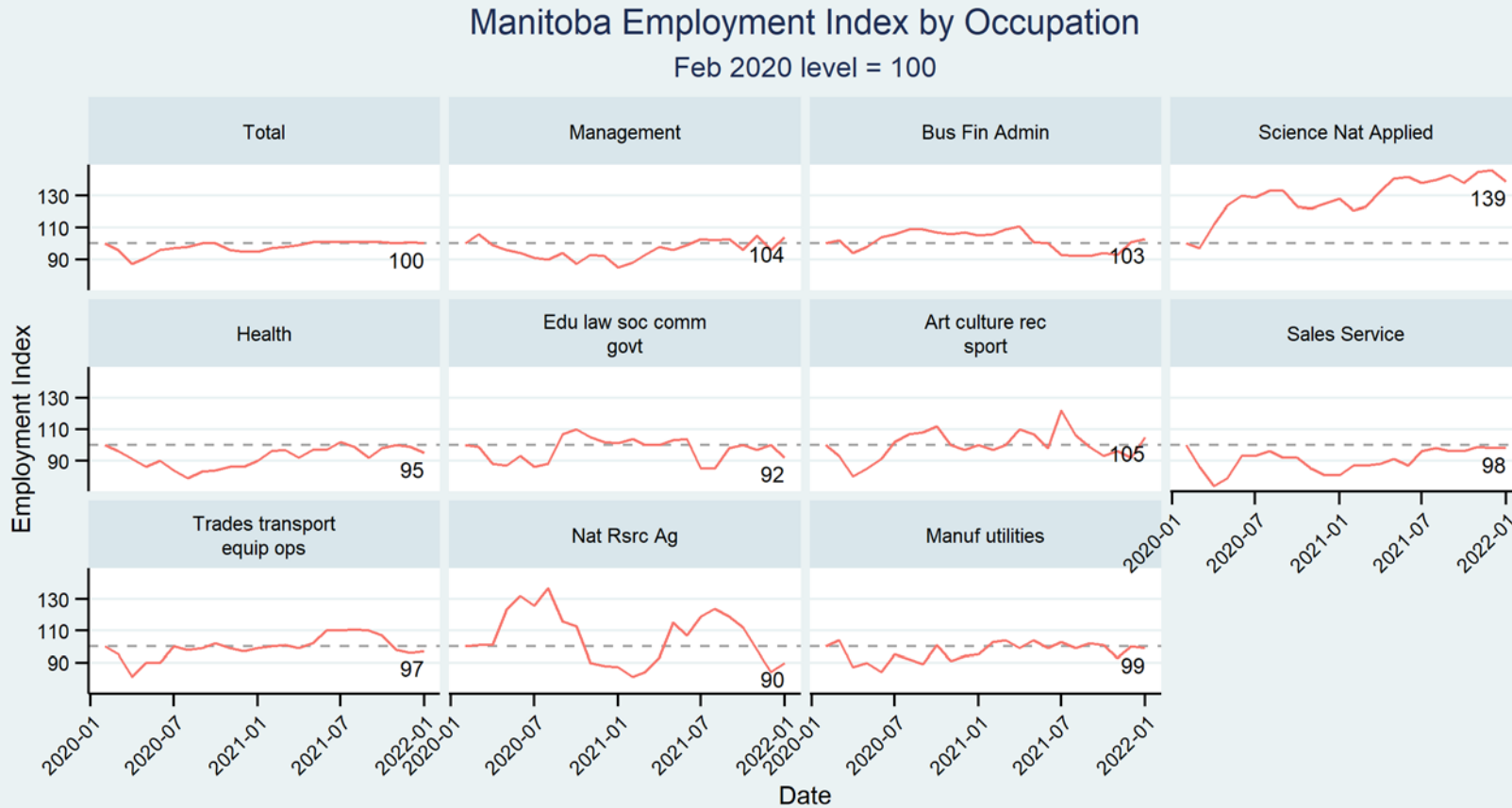
Source: Statistics Canada, Table 34-10-0135-01 Housing Starts (2015-Q1 – 2021-Q4), and July 1 Population, Table 17-10-0005-01.

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



Source: Statistics Canada, Table 34-10-0175-01 (Jan – Nov, 2015 - 2021)

Manitoba Employment Index by Occupation (Feb'20 level = 100)



Source: Statistics Canada, LFC by Occupation, Monthly, Not Seasonally adjusted, Table 14-10-0296-01