

Economic Development Winnipeg

WEEKLY ECONOMIC DIGEST



CONSIDERING TRAVEL AND TOURISM DATA - ACTIVITY IS STILL DOWN AS OF JUNE 2021

BUT BETTER DAYS APPEAR TO BE ON THEIR WAY

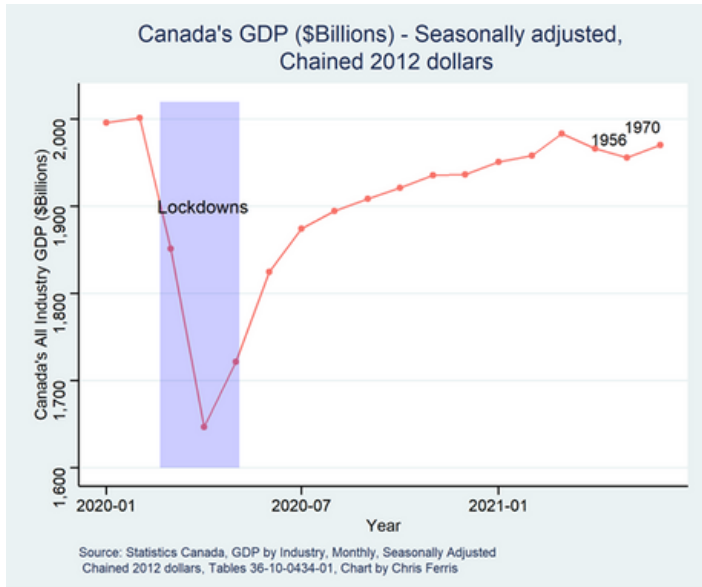
Chris Ferris, Senior Economist

Bottom Line

However we look at the historical data, activity in the travel and tourism industries remain down sharply. Canada's June 2021 GDP by industry shows that the associated industries remain down sharply, particularly **air travel**. The **trade balance for travel** in July 2021 is narrowing slowly, but it is not the net negative amount that we normally see with Canadian travel. When we look at the **financials statistics for the Canadian air passenger industry** in June 2021, passenger numbers remain down sharply. Load factors remain down, but less so since airlines had mothballed many planes earlier in the pandemic. The restarting of routes with the easing of restrictions, and the use of vaccination certificates/passports should see the number of passengers rise from August 2021 and onwards. It is expected to be a long road to recovery though.

The key thing to restoring the travel/tourism industry is the ongoing containment of COVID-19 outbreaks through the use vaccinations and non-pharmaceutical interventions (such as social distancing and masks).

REVIEW CANADIAN GDP BY INDUSTRY - JUNE 2021



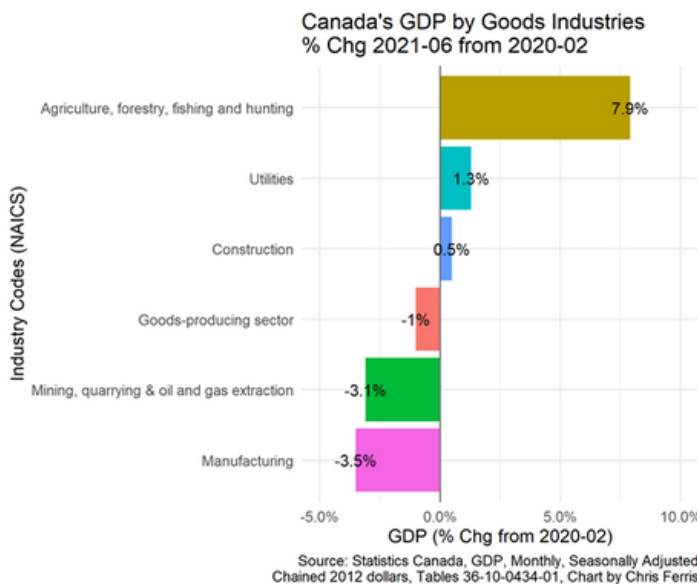
Canada GDP

Canada's monthly GDP for June 2021 was released this week. Month-over-month, it was up just under a percent.

Compared to February 2020, GDP is still down 1.5 per cent.

Canada's GDP by Goods Industries

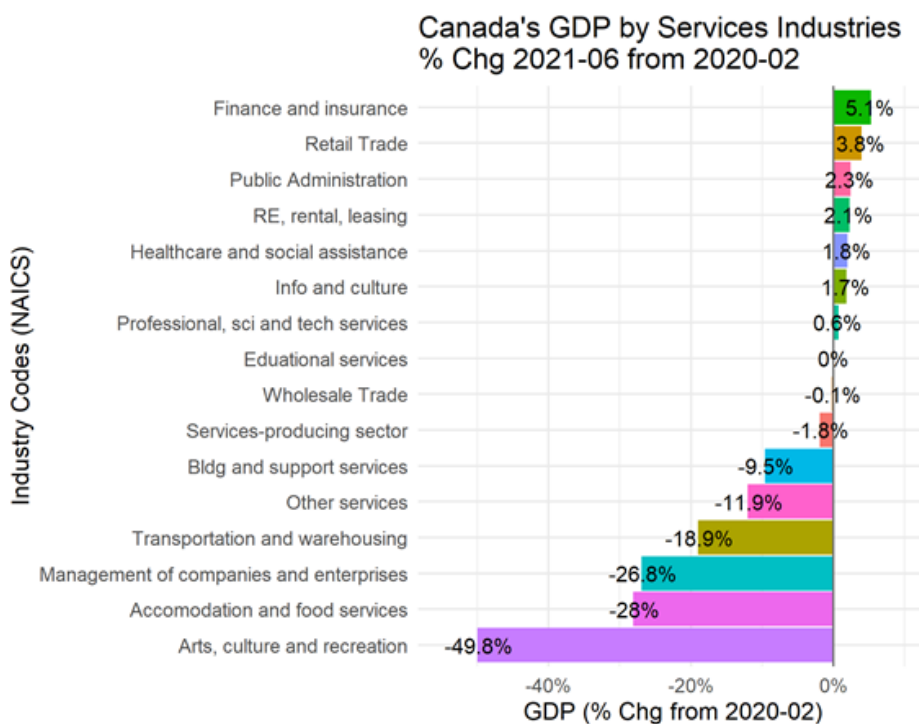
Goods producing industries are mostly recovered compared to their Feb'20 level. The agriculture, forestry, fishing and hunting sector was still outstanding in Jun 2021 compared to Feb 2020. But given the drought that hit Western Canada particularly hard this summer, we can expect this sector to fall off during Aug-2021 – Jul-2022.



A variety of supply chain problems (backlogs of containers in **China** and the **West Coast of North America**) are affecting manufacturing and other downstream sectors. The automotive sector and electronics sectors are facing a supply shortage of **computer chips**. There is an expectation that the **supply and demand for automotive chips will be resolved by the end of 2021**, but the overall shortage may not be resolved until sometime in **2023**, when new plants come online.

Source: Statistics Canada, Table 36-10-0434-01

REVIEW CANADIAN GDP BY INDUSTRY - JUNE 2021



Canada's GDP by Services Industries

While most of the services industry sectors have recovered compared to their Feb'20 level, six industry sectors are still well below their Feb'20 level.

Travel and tourism related sectors in June 2021 are down the most still:

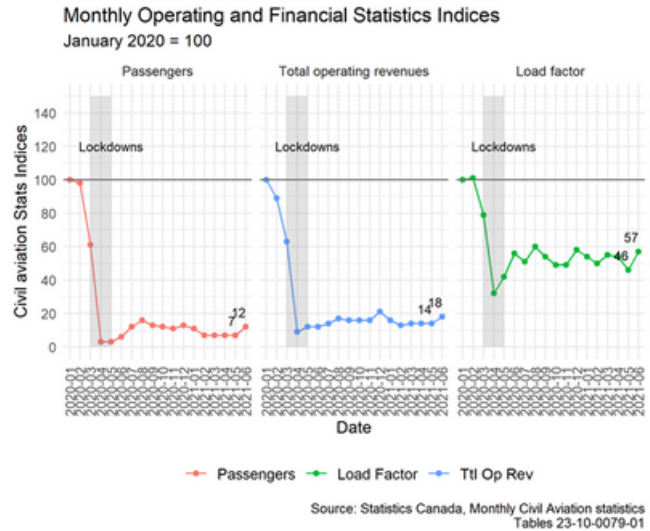
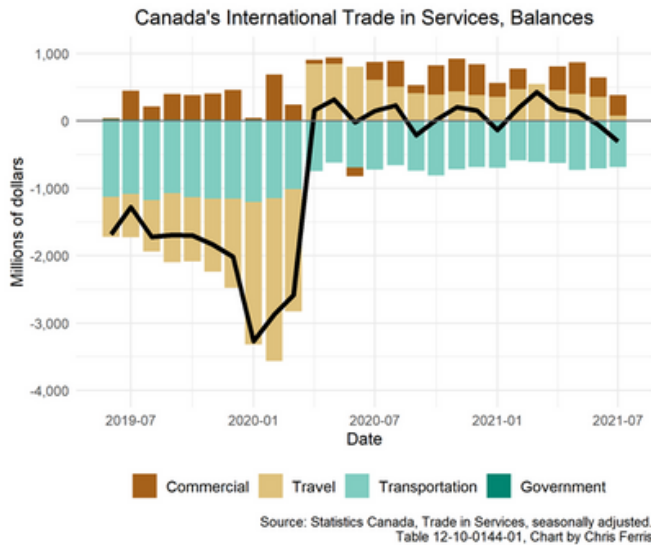
- **Arts, culture, and recreation** down 49.8%,
- **Accommodation and food services** down 28%, and the
- **Transportation and warehousing** down 18.9%, being dragged down by:
 - **Air travel** down 89%, and
 - **Transit, ground passenger, scenic and sightseeing transportation** is down 51.5%.

The easing of COVID-19 restrictions tied to increasing vaccination rates is expected to help turn these industries around in the coming months, in combination with some other precautions.

As people return to working in their office more over the coming months (under the assumption of keeping COVID-19 contained this Fall/Winter), we should see improvements for related building support services.

Source: Statistics Canada, Table 36-10-0434-01

TRAVEL STATISTICS



Trade in Services - July 2021

When we review Canada's international trade balance in services for Travel, the unusually positive travel balance continues to narrow. This is because Canadians' overseas travel is still down 57% from its Feb'20 level, while travel to Canada is still down 81 per cent from Feb'20.

Air Travel Industry - June 2021

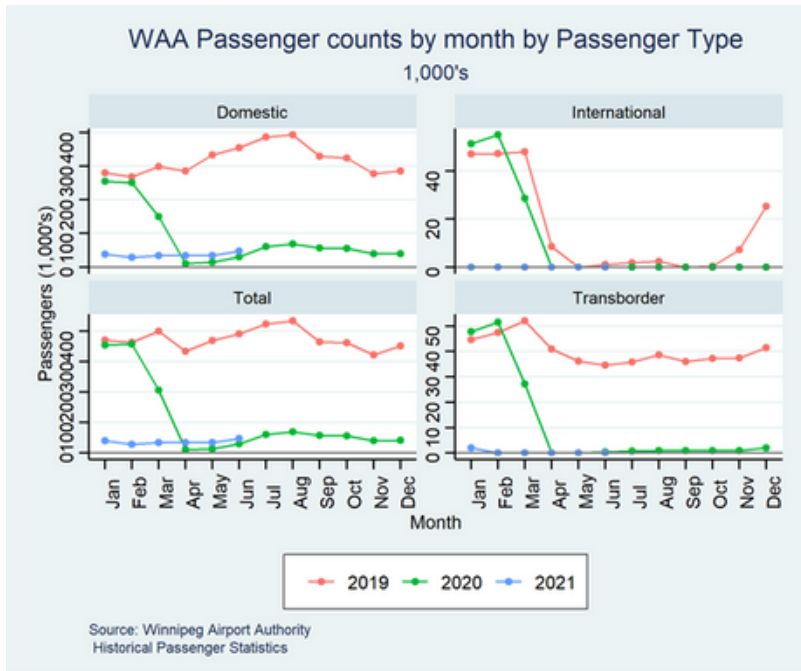
When compared to June 2019 (pre-pandemic), June 2021 **aircraft movements for Jets** (which carry most passengers) remain down 66 per cent in Canada, and 64 per cent at Winnipeg/James Richardson International Airport.

Canada's Monthly **Civil Aviation Statistics** for June 2021 compared to June 2019 shows passenger numbers were still down 88%, revenues down and 82%, and the load factor is still down 43%. The mothballing of planes earlier in the pandemic enabled the concentration of more passengers onto fewer planes.

From various announcements about the restoration of select routes, we know airlines are ramping up their activities in anticipation of more passengers from August 2021 and onwards, so we will be watching these numbers.

/1 Statistics Canada, Tables 12-10--144-01 (Services Trade) and 23-10-0079-01

TRAVEL STATISTICS



Winnipeg Airports Authority

This correlates with the Winnipeg Airport Authority's passenger numbers in 2020 and 2021 YTD compared to 2019.

- The **total number of passengers** moving through the James Richardson International Airport has remained down sharply since February 2020.

- Typically, **international flights** from Winnipeg are seasonal, peaking during the first quarter - Jan-Feb-Mar. These flights have been zero for most of the pandemic.
- **Transborder flights** (Canada-USA) have been zero or nearly zero for much of the time as well.

Easing COVID-19 restrictions and the use of vaccine certificates/passports should start to show positive results in upcoming months.

INQUIRIES AND CONTACTS

If you require help accessing government programs, contact our YES! Winnipeg team through the [Help us help you form](#).

General inquires: wpginfo@edwinnipeg.com

Marketing & communications inquiries:

marketingandbranding@edwinnipeg.com