

WINNIPEG'S DIVERSITY and ECONOMIC OUTLOOK

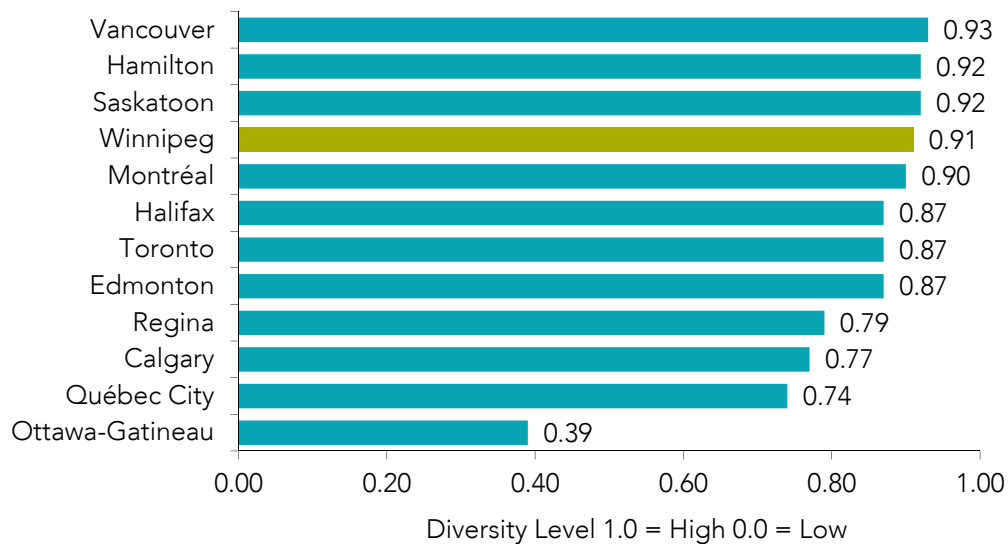
Diversity Breeds Stability

Winnipeg has one of the most diverse economies of any major city in Canada. Winnipeg's aerospace, finance and insurance, transportation, agribusiness, information technology, furniture and apparel industries provide a solid economic base that serves the community well. Overall, Winnipeg's diverse economy provides a stable workforce, low unemployment rate and a cushion against major fluctuations resulting from downturns in the economy.

Winnipeg has the most diversified advanced manufacturing sector in Western Canada, which ranges from food and beverage to tractors and other farm equipment, municipal and inter-urban buses to specialty steel products, electrical components, aerospace components, chemicals, plastics, furniture and much more. Advanced manufacturers can source many of their inputs from other firms and draw on a large pool of skilled labour; much of this activity is export oriented. Bus and tractor manufacturers export most of their output, for example, making motor vehicles one of Manitoba's largest categories of export.

Winnipeg also has a long history as a major financial centre and is the headquarters of some of Canada's most prominent investment firms and insurance companies. Adding to this is Winnipeg's historical strength in aerospace and food products manufacturing and commercialization in functional foods, nutraceuticals, bio-composites and biofuels.

Economic Structure by Major Metropolitan Areas 2015



Source: Conference Board of Canada, Metropolitan Outlook, Winter 2017

Winnipeg Economic Outlook

The Conference Board of Canada projects real GDP growth to remain stable and expand by 2.4 per cent or \$38.5 billion (2007 dollars) in 2017, up from 2.3 per cent in 2016. The economy is projected to generate employment growth of 2.1 per cent in 2017, following a meagre 0.3 per cent increase in 2016. The unemployment rate is expected to fall from 6.5 per cent to 6.0 percent in 2017.

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Manufacturing output is forecast to return to positive growth thanks to a lower Canadian dollar, solid U.S. demand, and strength among transportation equipment builders. The Conference Board anticipates a modest expansion, with local manufacturing output forecast to advance by 2.0 per cent in 2017 and by 2.2 per cent on an average annual basis from 2018 to 2021.

The construction sector grew by 1.9 per cent in 2016. Winnipeg's housing starts dropped by about 13.5 per cent in 2016 to 3,800 units, after four years of above average activity. New home construction is expected to reduce starts by a further 2.8 per cent in 2017. Strong population gains, driven mainly by international migration will fuel housing starts growth of 4.4 per cent per year between 2018 and 2021.

Employment growth in the services sector is forecast to expand 2.3 per cent in 2017. Growth will remain healthy in transportation and warehousing, at 3.0 per cent in 2017, following two years of over four per cent output growth. The wholesale and retail trade sector will also contribute to services growth, with output set to rise by 2.0 per cent this year. The personal services sector should benefit from an improved tourism outlook with Winnipeg hosting the Canada Summer Games. Personal services output growth is forecast to reach 2.8 per cent in 2017 and 3.0 per cent in 2018.

| Key Economic Indicators | 2017f | 2018f | 2019f |
|--|--------------|--------------|--------------|
| GDP at Basic Prices (Millions \$ 2007) | 38,545 | 39,353 | 40,151 |
| (% Change) | 2.4 | 2.1 | 2.0 |
| Consumer Price Index (2002=1.0) | 1.31 | 1.34 | 1.37 |
| | 2.0 | 2.2 | 2.2 |
| Personal Income (Millions \$) | 37,841 | 39,270 | 40,739 |
| | 4.2 | 3.8 | 3.7 |
| Personal Income per Capita (\$) | 46,075 | 47,048 | 48,036 |
| | 2.4 | 2.1 | 2.1 |
| Personal Disposable Income (Millions \$) | 29,624 | 30,698 | 31,726 |
| | 4.3 | 3.6 | 3.4 |
| Personal Disposable Income per Capita (\$) | 36,071 | 36,778 | 37,409 |
| | 2.5 | 2.0 | 1.7 |
| Total Population ('000) | 821 | 835 | 848 |
| | 1.8 | 1.6 | 1.6 |
| Labour Force (000) | 463 | 466 | 471 |
| | 1.6 | 0.7 | 1.0 |
| Employment ('000) | 435 | 438 | 443 |
| | 2.1 | 0.8 | 1.1 |
| Unemployment Rate (%) | 6.0 | 5.9 | 5.8 |
| Retail Sales - Winnipeg (\$ Millions) | 12,257 | 12,534 | 12,782 |
| | 2.4 | 2.3 | 2.0 |
| Housing Starts (Thousands \$) | 3.7 | 3.8 | 3.9 |
| | -2.8 | 2.7 | 2.6 |

Source: The Conference Board of Canada

Updated: March 2017