

Economic Outlook

2010 - 2031



**Economic Analysis
Department
Spring, 2010
EO10-1**

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Preface

The objective of this annual forecast is to provide a set of economic parameters for corporate use.

This information is used in several areas of the corporation; for example, in load forecasting, project evaluation, and financial planning.

The document is derived from a variety of sources, including forecasts from IHS Global Insight, the Conference Board of Canada, Informetrica, Manitoba Bureau of Statistics, several financial and banking institutions such as BMO Nesbitt Burns, CIBC, Royal Bank of Canada, Scotiabank, National Bank, and TD Bank. As a final step prior to publication, the forecast is refined to reflect information available in early spring.

This forecast is based on what was known and could reasonably be foreseen at the time of its preparation. Users should be cognizant that conditions can and do change and should apply sensitivity analysis accordingly.

The variables are presented in both calendar year and fiscal year format. Fiscal year data have been derived from the calendar year data. Fiscal year data which conform with data found in G911 are presented on pages 3 to 5 following. The balance of the text relates to calendar year information.

Executive Summary

In 2009, Manitoba's **real GDP** declined by 0.9% while Canadian and U.S. real GDP declined by 2.6% and 2.4% respectively. Long-term average annual growth (2010-2031) is expected to be 1.8% for Manitoba, 2.2% for Canada, and 2.6% for the United States, compared to 1.9%, 2.0%, and 2.2% respectively for Manitoba, Canada, and the U.S. in EO2009.

In 2009, Manitoba and Canada **CPI** increased by 0.6% and 0.3% respectively, while the U.S. CPI decreased by 0.4%. In the long term, Manitoba and Canada CPI should trend around 2.1%. The U.S. CPI is expected to escalate at 2.1% in the long term, down slightly from the 2.2% forecast in EO2009.

Manitoba's **population** increased by 15,864 or 1.3%, while the Canadian population increased by 412,522 or 1.2%, and the U.S. population by 2.632 million or 0.9% in 2009. Similar to EO2009, in the long term, Manitoba's population is expected to grow at an annual rate of 0.6%, while Canadian and U.S. populations are both expected to grow at 0.9%.

Manitoba's aboriginal population is expected to grow at an annual rate of 1.7% or 4,200 people per year, higher than the 1.3% growth forecast in EO2009.

Manitoba's **employment** remained unchanged while the unemployment rate was 5.2% in 2009. Canada's employment declined by 1.6% while its unemployment rate was 8.3% in 2009. U.S. employment levels experienced negative growth of 3.8% while the unemployment rate was 9.3%. In the long term, Manitoba's employment levels and productivity are expected to grow, respectively, at 0.6% and 1.2% annually – similar to the EO2009 forecast. In EO2010, Canadian and U.S. employment growth are both forecast to be 0.9%, while their respective productivity will be 1.3% and 1.7%. In EO2009, Canadian and U.S. employment growth were forecast to be 0.6% and 1.0% respectively.

Manitoba housing starts were 4,174 in 2009 – down 25% from 2008. Canada's housing starts were 149,081 in 2009 – down 29% from 2008. U.S. housing starts were 0.553 million for the same period – down 39% from 2008. Over the forecast period, Manitoba housing starts are anticipated to be 5,400 units per year and Manitoba **residential electricity customers** are expected to increase by 4,100 units a year. EO2009 forecast 3,800 residential customers and 4,700 housing starts annually over the long term.

Canada's 90 Day **T-Bill rate** was 0.35% in 2009 while the U.S. T-Bill rate was 0.15%. In 2009, the Canadian **long bond rate** was 3.77% while the U.S. long bond rate was 3.66%. In the long term, Canada's 90 Day T-Bill rate is expected to be 4.45%, while the long bond rate is expected to be 6.00%, compared to 4.25% for the T-Bill rate and 5.50% for the long bond rate in EO2009. EO2010 long-term forecasts of the U.S. T-Bill and long bond rates are 4.50% and 5.65%, respectively, similar to the rates forecast in EO2009.

The **Canadian dollar** weakened by 6.5% from 1.07 Cdn\$/US\$ in 2008 to 1.14 Cdn\$/US\$ in 2009. In EO2010, the Canadian dollar is forecast to strengthen to 1.02 Cdn\$/US\$ in 2010 and 2011, while it is forecast to depreciate to 1.04 Cdn\$/US\$ by 2012, 1.11 Cdn\$/US\$ by 2015 and stabilize at that level for the remainder of the forecast period.

Recent Economic Performance

	2005	2006	2007	2008	2009
Manitoba					
Real GDP - % chge	2.8	3.3	3.8	1.7	-0.9
CPI - % chge	2.7	2.0	2.0	2.3	0.6
Population - % chge	0.4	0.5	0.8	1.0	1.3
Employment - % chge	0.6	1.1	1.6	1.8	0.0
Unemployment rate - %	4.7	4.3	4.4	4.1	5.2
Residential customers - '000s	423	427	431	436	441
Housing starts - Units	4,731	5,028	5,738	5,537	4,174
Retail sales - \$M	12,381	12,870	14,008	15,017	14,882
Manufacturing Shipments - \$M	13,688	14,862	16,168	16,378	14,581
Canada					
Real GDP - % chge	3.0	2.9	2.5	0.4	-2.6
CPI - % chge	2.2	2.0	2.2	2.3	0.3
Population - % chge	0.8	1.0	1.1	1.2	1.2
Employment - % chge	0.0	1.9	2.3	1.5	-1.6
Unemployment rate - %	6.8	6.3	6.0	6.1	8.3
Housing starts - '000s	224	229	228	211	149
Retail sales - \$B	366	389	412	426	413
Manufacturing Shipments - \$B	599	606	602	598	494
90 Day T-Bill rate - %	2.73	4.03	4.15	2.39	0.35
Long Bond rate - %	4.16	4.13	4.29	3.84	3.77
C\$/US\$	1.21	1.13	1.07	1.07	1.14
United States					
Real GDP - % chge	3.1	2.7	2.1	0.4	-2.4
CPI - % chge	3.4	3.2	2.9	3.8	-0.4
GDP Price Deflator - % chge	3.3	3.3	2.9	2.1	1.2
90 Day T-Bill rate - %	3.14	4.73	4.35	1.37	0.15
Long Bond Rate - %	4.43	4.84	4.73	3.97	3.66
Unemployment rate - %	5.1	4.6	4.6	5.8	9.3
Prices					
Wheat - US\$/tonne	197.8	216.6	302.8	455.7	300.6
Cattle - US cents/lb	87.2	86.2	94.0	93.8	84.0
Hogs - US cents/lb	68.4	64.2	65.5	66.1	58.2
Copper - US cents/lb	167.6	305.1	323.0	316.9	231.6
Nickel - US \$/lb	6.7	11.0	16.8	9.6	6.6
Zinc - US cents/lb	62.9	148.6	146.8	85.3	74.4
Gold - US\$/oz	445.5	604.0	699.0	872.5	969.7
Silver - US\$/oz	7.4	11.6	13.4	15.1	14.6

**Base Case
Fiscal Year Basis**

MANITOBA	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	
Real GDP (% chge)	-0.1	2.6	3.1	2.8	1.7	1.7	1.7	1.7	*
CPI (% chge)	0.7	1.6	1.9	2.2	2.1	2.1	2.1	2.1	& on
Population (000's)	1,226	1,240	1,251	1,261	1,270	1,278	1,287	1,295	*
Residential Customers (000's)	444	449	454	459	463	467	471	475	*
Unemployment Rate (%)	5.3	5.7	5.4	5.4	5.1	5.0	5.0	4.9	

*for 2017/18 and beyond, see page 5

CANADA	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	
Real GDP (% chge)	-1.2	3.1	3.1	2.9	2.1	2.1	2.1	2.1	**
CPI (% chge)	0.4	1.9	2.1	2.2	2.2	2.1	2.1	2.1	& on
GDP Price Deflator (% chge)	-0.7	2.6	2.0	2.0	2.0	2.0	2.0	2.0	& on
90 Day T-Bill (%)	0.22	0.95	2.50	3.10	3.65	4.10	4.45	4.45	& on
Long Bond Rate (%)	3.89	4.00	4.40	4.65	4.95	5.30	5.70	6.00	& on
U.S. Exchange Rate (C\$/US\$)	1.09	1.02	1.02	1.04	1.05	1.09	1.11	1.11	**
Unemployment Rate (%)	8.4	8.2	7.8	7.4	7.1	6.8	6.5	6.3	

**for 2017/18 and beyond, see page 5

UNITED STATES	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	
Real GDP (% chge)	-1.0	3.1	3.3	3.3	2.6	2.6	2.6	2.6	
CPI (% chge)	0.2	2.2	2.2	2.3	2.1	2.1	2.1	2.1	& on
GDP Price Deflator (% chge)	0.8	1.1	1.5	1.5	1.6	1.8	2.0	2.0	& on
90 Day T-Bill (%)	0.12	0.60	2.15	2.85	3.55	4.30	4.50	4.50	& on
Long Bond Rate (%)	3.93	4.40	4.60	4.70	5.00	5.45	5.65	5.65	& on
Unemployment Rate (%)	9.7	9.4	8.4	7.2	6.8	6.5	6.2	6.0	

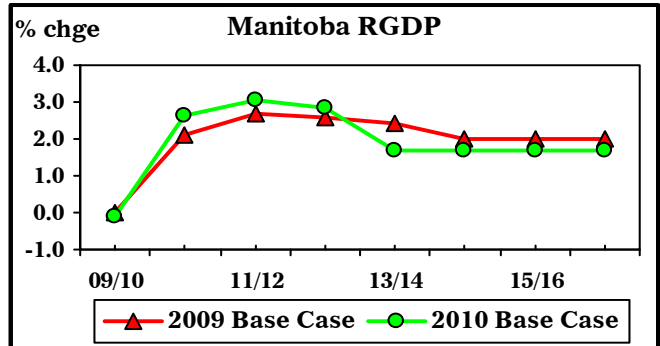
Manitoba Hydro Key Variables Fiscal Year Basis

Changes from Previous Forecast

Fiscal Year	2009 Base Case	October 2009 Update	2010 Base Case
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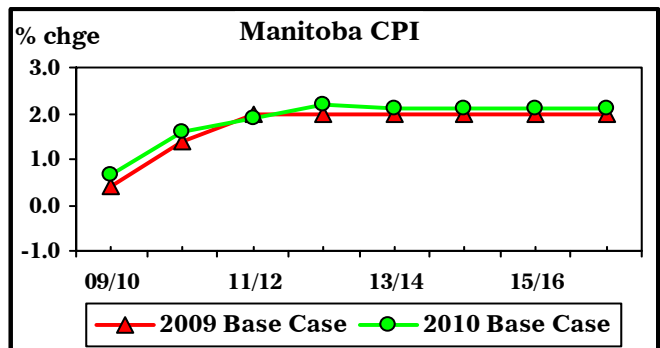
RGDP (% chge)

08/09	1.5	n/a	1.0
09/10	0.0	n/a	-0.1
10/11	2.1	n/a	2.6
11/12	2.7	n/a	3.1
12/13	2.6	n/a	2.8
13/14	2.4	n/a	1.7
14/15	2.0	n/a	1.7
15/16	2.0	n/a	1.7
16/17	2.0	n/a	1.7



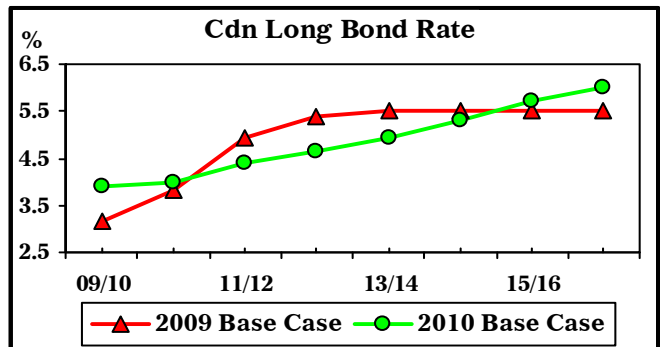
CPI - Inflation (% chge)

08/09	2.2	2.2	2.2
09/10	0.4	0.6	0.7
10/11	1.4	1.9	1.6
11/12	2.0	n/a	1.9
12/13	2.0	n/a	2.2
13/14	2.0	n/a	2.1
14/15	2.0	n/a	2.1
15/16	2.0	n/a	2.1
16/17 & on	2.0	n/a	2.1



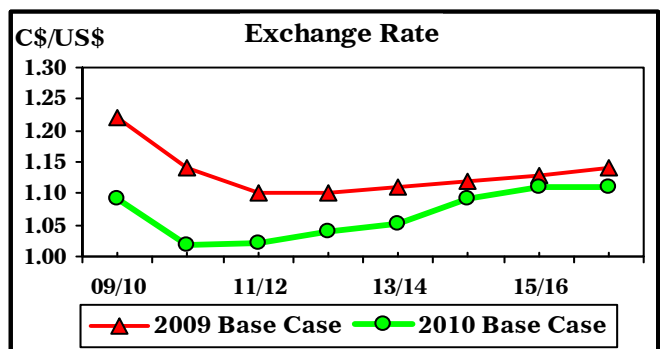
Canadian Long Bond Rate (%)

08/09	3.94	3.94	3.66
09/10	3.15	3.96	3.89
10/11	3.80	4.00	4.00
11/12	4.95	4.60	4.40
12/13	5.40	5.10	4.65
13/14	5.50	n/a	4.95
14/15	5.50	n/a	5.30
15/16	5.50	n/a	5.70
16/17 & on	5.50	n/a	6.00



Foreign Exchange (C\$/US\$)

08/09	1.13	1.13	1.13
09/10	1.22	1.11	1.09
10/11	1.14	1.07	1.02
11/12	1.10	1.09	1.02
12/13	1.10	1.07	1.04
13/14	1.11	n/a	1.05
14/15	1.12	n/a	1.09
15/16	1.13	n/a	1.11
16/17	1.14	n/a	1.11



Manitoba/Canada Economic Statistics
Fiscal Year Basis

Year	Man. Real GDP % chge	Man. CPI % chge	Man. Population '000s	Man. Residential Customers '000s	Cdn. Real GDP % chge	Cdn. CPI % chge	90 Day T-Bill Rate %	Cdn Long Bond Rate %	C\$/US\$
1985/86	4.8	4.5	1,085	364	4.2	4.1	9.52	10.49	1.38
1986/87	0.5	4.3	1,093	371	2.3	4.1	8.06	8.86	1.37
1987/88	1.0	4.1	1,099	378	5.0	4.4	8.47	9.90	1.31
1988/89	0.3	4.4	1,103	383	4.4	4.1	10.29	10.11	1.21
1989/90	2.6	4.7	1,104	386	2.2	5.2	12.37	9.77	1.18
1990/91	1.0	5.0	1,106	389	-1.0	5.0	12.07	10.59	1.16
1991/92	-2.3	3.8	1,110	391	-1.0	4.4	8.03	9.29	1.15
1992/93	0.9	1.9	1,114	393	1.1	1.6	6.25	8.18	1.23
1993/94	1.3	2.4	1,119	396	2.8	1.5	4.46	7.39	1.31
1994/95	3.0	1.6	1,125	398	5.1	0.4	6.46	8.95	1.38
1995/96	1.0	2.5	1,130	400	1.8	2.1	6.17	7.93	1.36
1996/97	3.2	2.5	1,135	402	2.4	1.7	3.67	7.28	1.36
1997/98	3.9	1.5	1,136	405	4.5	1.4	3.63	6.06	1.40
1998/99	3.6	1.5	1,139	406	4.1	0.9	4.81	5.35	1.50
1999/00	2.1	2.2	1,144	408	5.8	2.2	4.82	5.69	1.47
2000/01	3.3	2.5	1,148	410	4.6	2.7	5.42	5.66	1.50
2001/02	1.0	2.1	1,153	413	1.5	2.2	3.09	5.91	1.57
2002/03	1.4	2.3	1,158	415	3.1	3.0	2.79	5.41	1.55
2003/04	1.1	0.9	1,166	419	1.7	1.9	2.67	4.97	1.35
2004/05	2.3	2.7	1,175	422	3.5	2.2	2.31	4.81	1.28
2005/06	2.9	2.4	1,180	426	3.1	2.3	3.02	4.17	1.19
2006/07	3.4	2.0	1,187	430	2.4	1.9	4.16	4.23	1.14
2007/08	3.2	1.9	1,197	434	2.5	2.1	3.83	4.24	1.03
2008/09	1.0	2.2	1,210	440	-0.6	2.2	1.84	3.66	1.13
2009/10	-0.1	0.7	1,226	444	-1.2	0.4	0.22	3.89	1.09
Forecast									
2010/11	2.6	1.6	1,240	449	3.1	1.9	0.95	4.00	1.02
2011/12	3.1	1.9	1,251	454	3.1	2.1	2.50	4.40	1.02
2012/13	2.8	2.2	1,261	459	2.9	2.2	3.10	4.65	1.04
2013/14	1.7	2.1	1,270	463	2.1	2.2	3.65	4.95	1.05
2014/15	1.7	2.1	1,278	467	2.1	2.1	4.10	5.30	1.09
2015/16	1.7	2.1	1,287	471	2.1	2.1	4.45	5.70	1.11
2016/17	1.7	2.1	1,295	475	2.1	2.1	4.45	6.00	1.11
2017/18	1.7	2.1	1,304	480	2.1	2.1	4.45	6.00	1.11
2018/19	1.7	2.1	1,312	484	2.1	2.1	4.45	6.00	1.11
2019/20	1.7	2.1	1,320	488	2.1	2.1	4.45	6.00	1.11
2020/21	1.7	2.1	1,329	492	2.1	2.1	4.45	6.00	1.11
2021/22	1.7	2.1	1,336	496	2.1	2.1	4.45	6.00	1.11
2022/23	1.7	2.1	1,344	500	2.1	2.1	4.45	6.00	1.11
2023/24	1.7	2.1	1,352	504	2.1	2.1	4.45	6.00	1.11
2024/25	1.7	2.1	1,359	508	2.1	2.1	4.45	6.00	1.11
2025/26	1.7	2.1	1,367	512	2.1	2.1	4.45	6.00	1.11
2026/27	1.7	2.1	1,374	515	2.1	2.1	4.45	6.00	1.11
2027/28	1.7	2.1	1,381	519	2.1	2.1	4.45	6.00	1.11
2028/29	1.7	2.1	1,387	523	2.1	2.1	4.45	6.00	1.11
2029/30	1.7	2.1	1,394	527	2.1	2.1	4.45	6.00	1.11
2030/31	1.7	2.1	1,401	531	2.1	2.1	4.45	6.00	1.11

**Base Case
Calendar Year Basis**

MANITOBA	2009	2010	2011	2012	2013	2014	2015	2016	
Real GDP (% chge)	-0.9	2.5	3.0	3.2	1.7	1.7	1.7	1.7	& on
CPI (% chge)	0.6	1.5	1.8	2.2	2.1	2.1	2.1	2.1	& on
Population (000's)	1,222	1,237	1,249	1,259	1,267	1,276	1,285	1,293	*
Residential Customers (000's)	441	446	451	456	460	464	469	473	*
Unemployment Rate (%)	5.2	5.8	5.4	5.5	5.1	5.0	5.0	4.9	

*for 2017 and on, see page 8

CANADA	2009	2010	2011	2012	2013	2014	2015	2016	
Real GDP (% chge)	-2.6	3.1	3.1	3.2	2.1	2.1	2.1	2.1	**
CPI (% chge)	0.3	1.8	2.1	2.3	2.2	2.2	2.1	2.1	& on
GDP Price Deflator (% chge)	-1.9	2.9	2.0	2.0	2.0	2.0	2.0	2.0	& on
90 Day TBill (%)	0.35	0.60	2.30	2.95	3.50	4.00	4.45	4.45	& on
Long Bond Rate (%)	3.77	3.95	4.35	4.55	4.85	5.20	5.60	6.00	& on
U.S. Exchange Rate (C\$/US\$)	1.14	1.02	1.02	1.04	1.04	1.09	1.11	1.11	**
Unemployment Rate (%)	8.3	8.4	7.9	7.5	7.2	6.8	6.5	6.4	

**for 2017 and on, see page 8

UNITED STATES	2009	2010	2011	2012	2013	2014	2015	2016	
Real GDP (%)	-2.4	3.1	3.2	3.5	2.6	2.6	2.6	2.6	
CPI (%)	-0.4	2.2	2.2	2.4	2.1	2.1	2.1	2.1	& on
GDP Price Deflator (%)	1.2	1.0	1.5	1.5	1.6	1.8	2.0	2.0	& on
90 Day TBill (%)	0.15	0.35	1.90	2.70	3.35	4.20	4.50	4.50	& on
Long Bond Rate (%)	3.66	4.30	4.65	4.65	4.90	5.35	5.65	5.65	& on
Unemployment Rate (%)	9.3	9.6	8.7	7.3	6.9	6.6	6.3	6.0	

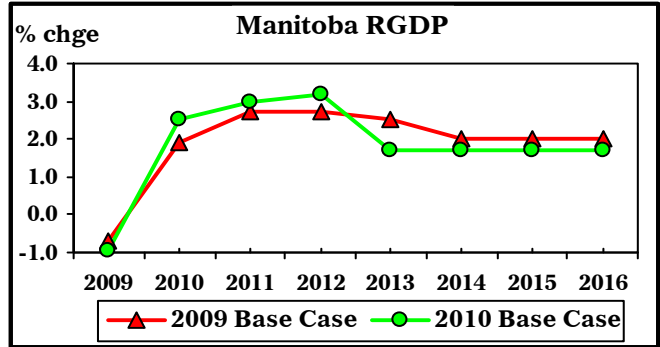
Manitoba Hydro Key Variables Calendar Year Basis

Changes from Previous Forecast

Calendar Year	2009 Base Case	October 2009 Update	2010 Base Case
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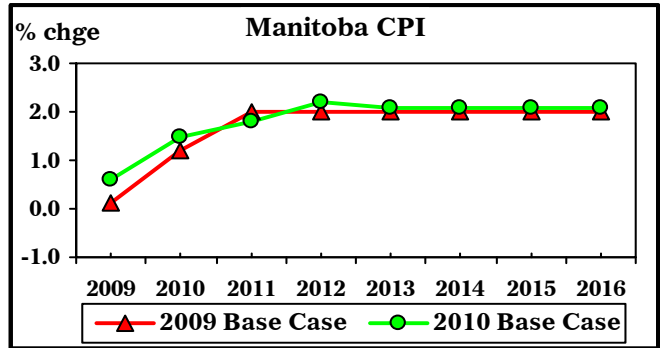
RGDP (% chge)

2009	-0.7	n/a	-0.9
2010	1.9	n/a	2.5
2011	2.7	n/a	3.0
2012	2.7	n/a	3.2
2013	2.5	n/a	1.7
2014	2.0	n/a	1.7
2015	2.0	n/a	1.7
2016	2.0	n/a	1.7



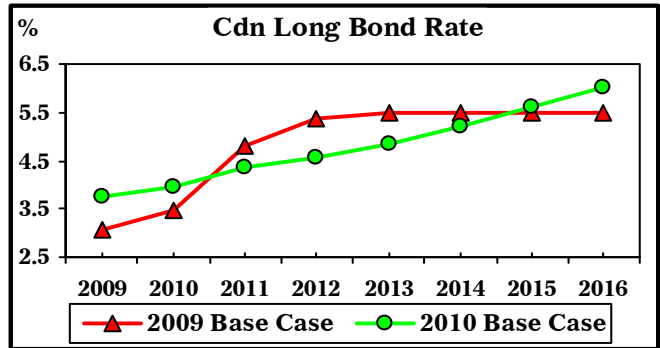
CPI - Inflation (% chge)

2009	0.10	n/a	0.6
2010	1.20	n/a	1.5
2011	2.00	n/a	1.8
2012	2.00	n/a	2.2
2013	2.00	n/a	2.1
2014	2.00	n/a	2.1
2015	2.00	n/a	2.1
2016	2.00	n/a	2.1



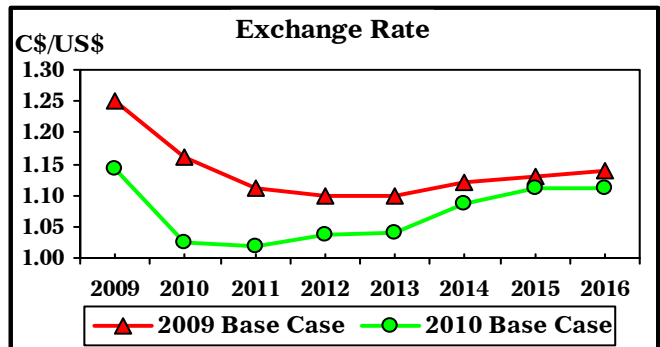
Canadian Long Bond Rate (%)

2009	3.05	n/a	3.77
2010	3.45	n/a	3.95
2011	4.80	n/a	4.35
2012	5.35	n/a	4.55
2013	5.50	n/a	4.85
2014	5.50	n/a	5.20
2015	5.50	n/a	5.60
2016	5.50	n/a	6.00



Foreign Exchange (C\$/US\$)

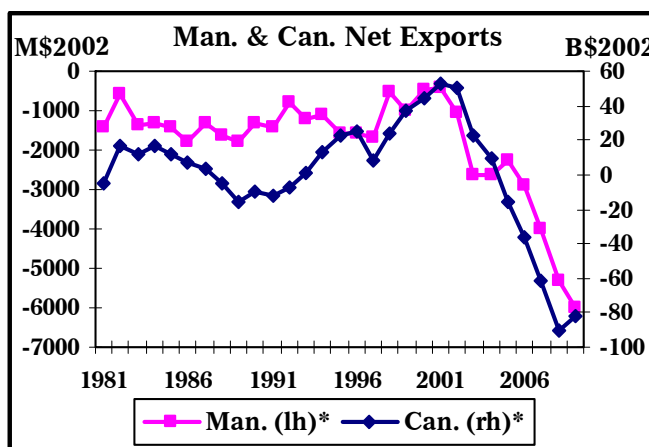
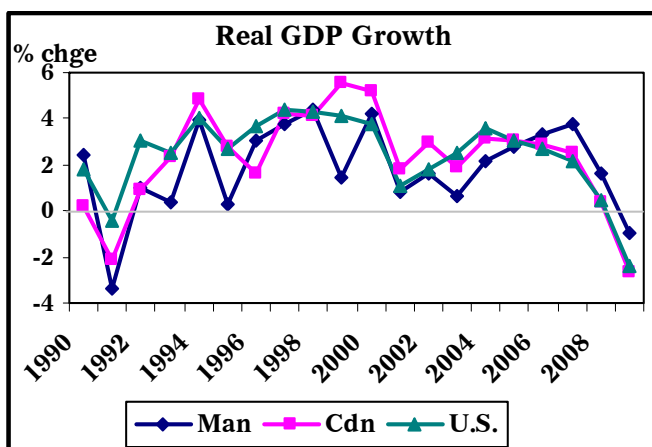
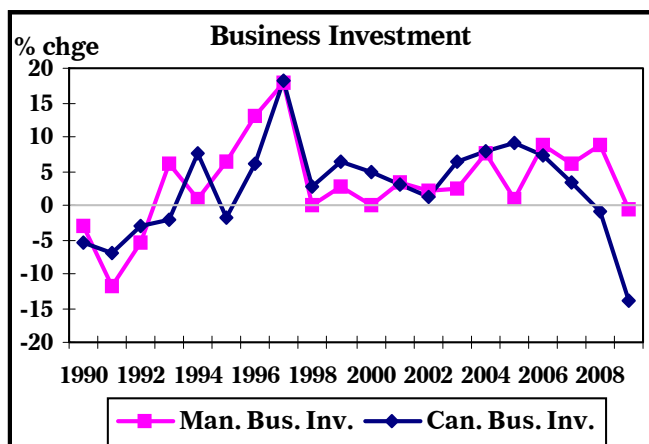
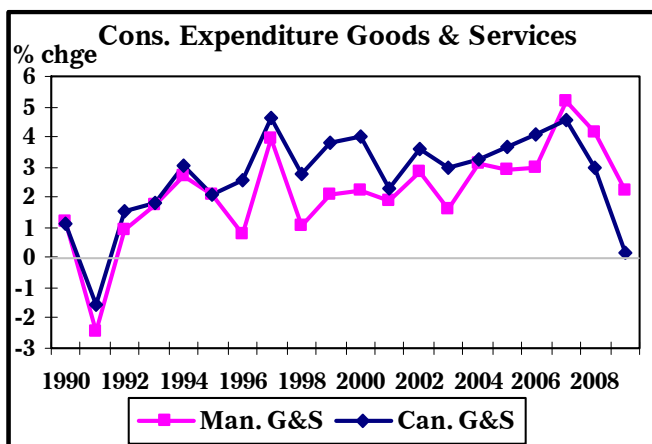
2009	1.25	n/a	1.14
2010	1.16	n/a	1.02
2011	1.11	n/a	1.02
2012	1.10	n/a	1.04
2013	1.10	n/a	1.04
2014	1.12	n/a	1.09
2015	1.13	n/a	1.11
2016	1.14	n/a	1.11



Manitoba/Canada Economic Statistics
Calendar Year Basis

Year	Man. Real GDP % chge	Man. CPI % chge	Man. Population '000s	Man. Residential Customers '000s	Cdn. Real GDP % chge	Cdn. CPI % chge	90 Day T-Bill Rate %	Cdn Long Bond Rate %	C\$/US\$
1985	6.5	4.2	1,082	363	4.8	4.0	9.43	11.02	1.37
1986	0.2	4.4	1,092	368	2.4	4.1	8.97	9.21	1.39
1987	1.5	4.2	1,098	376	4.3	4.4	8.15	9.62	1.33
1988	-0.5	4.2	1,102	382	5.0	3.9	9.48	9.94	1.23
1989	2.7	4.7	1,104	387	2.6	5.1	12.05	9.73	1.18
1990	2.5	4.5	1,105	390	0.2	4.8	12.81	10.73	1.17
1991	-3.4	5.1	1,110	392	-2.1	5.6	8.73	9.57	1.15
1992	1.0	1.4	1,113	394	0.9	1.4	6.58	8.37	1.21
1993	0.4	2.7	1,118	396	2.3	1.9	4.84	7.54	1.29
1994	3.9	1.4	1,123	398	4.8	0.1	5.54	8.56	1.37
1995	0.3	2.7	1,129	401	2.8	2.2	6.89	8.24	1.37
1996	3.1	2.2	1,134	403	1.6	1.5	4.21	7.48	1.36
1997	3.7	2.0	1,136	405	4.2	1.7	3.26	6.39	1.38
1998	4.4	1.3	1,137	408	4.1	1.0	4.73	5.44	1.48
1999	1.5	2.0	1,142	410	5.5	1.8	4.72	5.64	1.49
2000	4.2	2.5	1,147	413	5.2	2.7	5.49	5.80	1.49
2001	0.8	2.7	1,151	415	1.8	2.5	3.77	5.63	1.55
2002	1.6	1.5	1,157	417	2.9	2.2	2.59	5.25	1.57
2003	0.7	1.8	1,164	420	1.9	2.8	2.87	5.09	1.40
2004	2.2	2.0	1,174	421	3.1	1.8	2.22	4.87	1.30
2005	2.8	2.7	1,178	423	3.0	2.2	2.73	4.16	1.21
2006	3.3	2.0	1,184	427	2.9	2.0	4.03	4.13	1.13
2007	3.8	2.0	1,194	431	2.5	2.2	4.15	4.29	1.07
2008	1.7	2.3	1,206	436	0.4	2.3	2.39	3.84	1.07
2009	-0.9	0.6	1,222	441	-2.6	0.3	0.35	3.77	1.14
Forecast									
2010	2.5	1.5	1,237	446	3.1	1.8	0.60	3.95	1.02
2011	3.0	1.8	1,249	451	3.1	2.1	2.30	4.35	1.02
2012	3.2	2.2	1,259	456	3.2	2.3	2.95	4.55	1.04
2013	1.7	2.1	1,267	460	2.1	2.2	3.50	4.85	1.04
2014	1.7	2.1	1,276	464	2.1	2.2	4.00	5.20	1.09
2015	1.7	2.1	1,285	469	2.1	2.1	4.45	5.60	1.11
2016	1.7	2.1	1,293	473	2.1	2.1	4.45	6.00	1.11
2017	1.7	2.1	1,302	477	2.1	2.1	4.45	6.00	1.11
2018	1.7	2.1	1,310	481	2.1	2.1	4.45	6.00	1.11
2019	1.7	2.1	1,318	485	2.1	2.1	4.45	6.00	1.11
2020	1.7	2.1	1,327	489	2.1	2.1	4.45	6.00	1.11
2021	1.7	2.1	1,335	493	2.1	2.1	4.45	6.00	1.11
2022	1.7	2.1	1,342	497	2.1	2.1	4.45	6.00	1.11
2023	1.7	2.1	1,350	501	2.1	2.1	4.45	6.00	1.11
2024	1.7	2.1	1,358	505	2.1	2.1	4.45	6.00	1.11
2025	1.7	2.1	1,365	509	2.1	2.1	4.45	6.00	1.11
2026	1.7	2.1	1,372	513	2.1	2.1	4.45	6.00	1.11
2027	1.7	2.1	1,379	517	2.1	2.1	4.45	6.00	1.11
2028	1.7	2.1	1,386	520	2.1	2.1	4.45	6.00	1.11
2029	1.7	2.1	1,392	524	2.1	2.1	4.45	6.00	1.11
2030	1.7	2.1	1,399	528	2.1	2.1	4.45	6.00	1.11
2031	1.7	2.1	1,405	532	2.1	2.1	4.45	6.00	1.11

Real Gross Domestic Product



Average Annual Growth 1990-2009, % chge

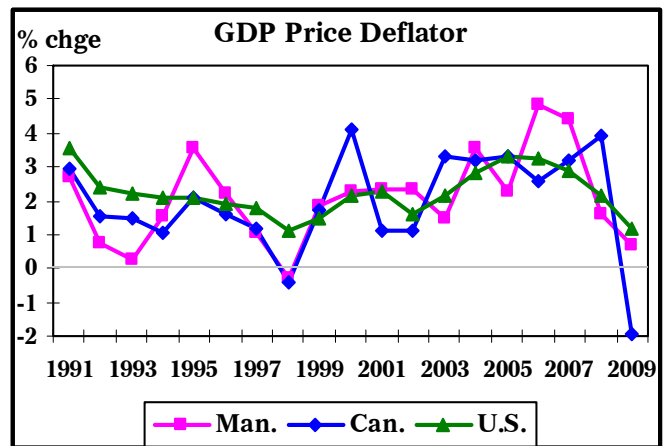
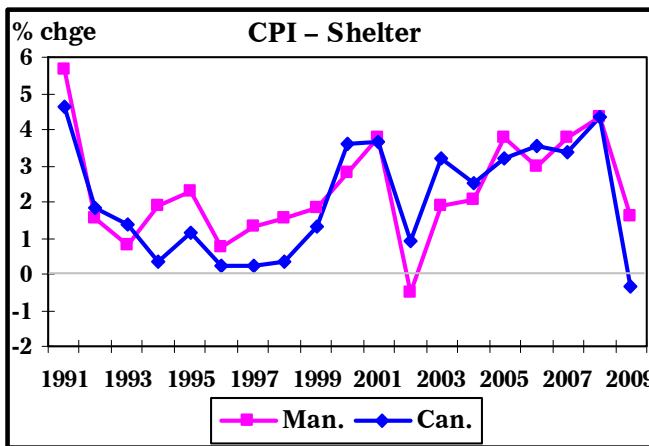
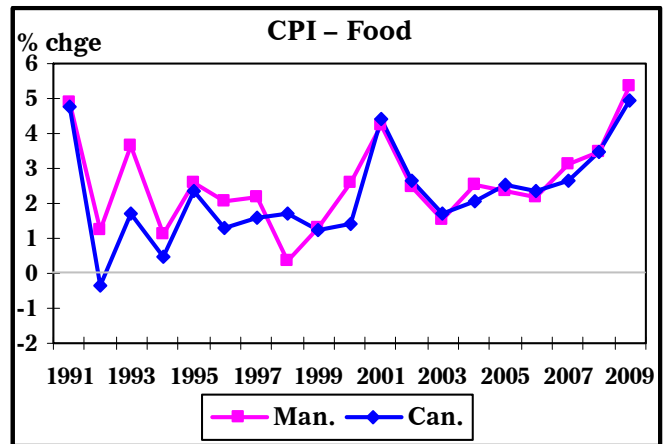
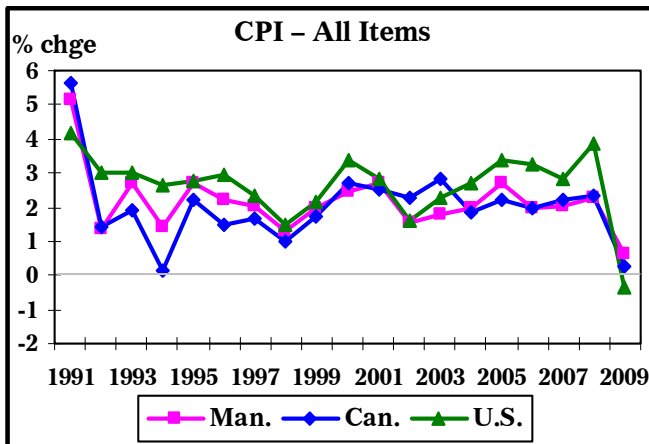
	Man.	Can.
Consumer Expenditure Goods and Services	2.3	2.9
Government Goods and Services	1.5	1.9
Government Investment	4.2	5.0
Business Investment	3.6	2.8
Exports	3.8	3.7
Imports	4.3	4.4
Real GDP	1.9	2.5

Manitoba's real GDP decreased by 0.9% in 2009 compared to a revised 1.7% growth in 2008. Consumption, which is 55-58% of aggregate demand, remained the key driving force in North American economies in 2009. Consumption was up 2.2% and 0.2% in Manitoba and Canada, respectively, and down by 0.6% in the U.S. In response to lower retail sales and manufacturing shipments as well as falling corporate profits, business investments were weak in 2009 with declines of 0.6% and 14.1% in Manitoba and Canada, respectively. Due to ongoing problems in the U.S. housing market, U.S. business investments fell 23.2%.

In 2009, nominal Manitoba and Canada GDP income posted decreases of 0.2% and 4.5%, respectively. Lower corporate profits and investment income, as well as government business income, were responsible for the drop. U.S. nominal GDP dropped 1.3% in 2009. EO2010 forecasts Manitoba's long-term real GDP to be 1.8%, 2.2% for Canada, and 2.6% for the U.S.

* lh = left hand axis and rh = right hand axis

Consumer Price Index



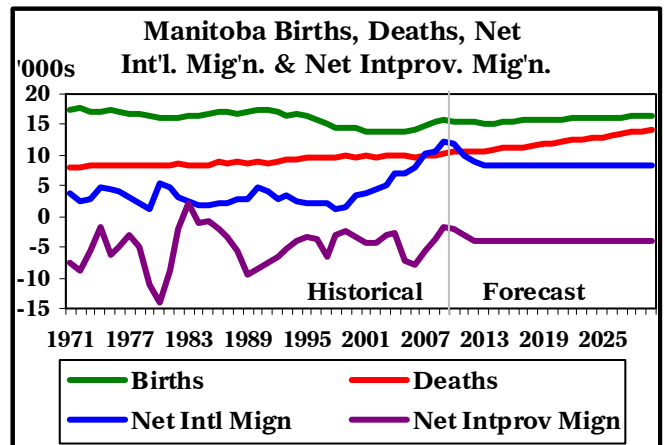
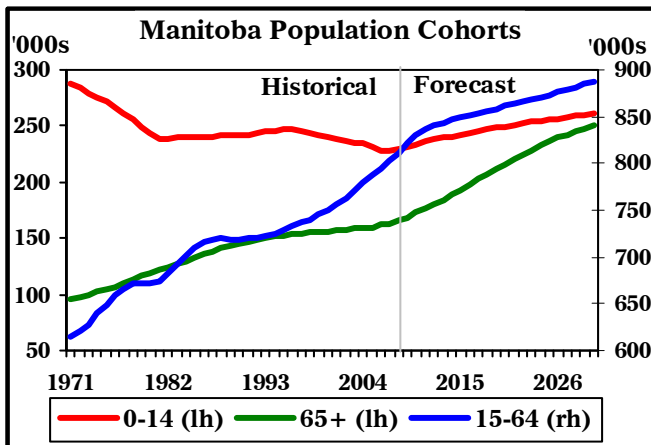
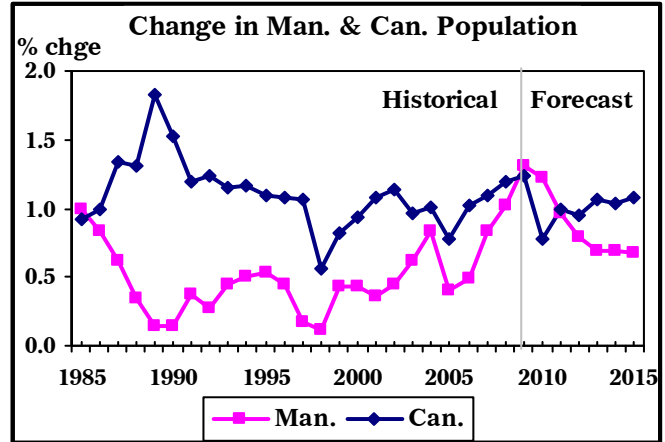
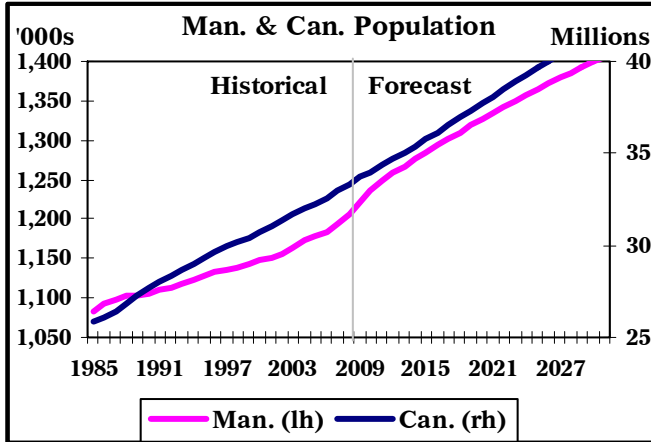
2009 Consumer Price Index

% chge

	Manitoba	Canada	U.S.
All Items - CPI	0.6	0.3	-0.4
Food	5.3	4.9	1.9
Shelter	1.6	-0.3	
Household	3.3	2.6	0.4
Clothing	-0.5	-0.4	1.0
Transportation	-6.3	-5.4	-8.3
Health	3.3	3.0	3.2
Recreation	0.5	0.9	0.9
Other Deflators:			
Energy	-11.4	-13.5	-18.4
GDP Deflator	0.7	-1.9	1.2

In 2009, Manitoba and Canada CPI increased by 0.6% and 0.3%, respectively, while the U.S. CPI decreased by 0.4%. The Manitoba and U.S. GDP price deflators increased by 0.7% and 1.2% respectively, while the Canada GDP price deflator decreased by 1.9% in 2009. Manitoba, Canada, and U.S. energy consumer price inflation decreased by 11.4%, 13.5%, and 18.4%, respectively, in 2009. The 2010 Economic Outlook forecasts that the Manitoba and Canada long-term CPI will be 2.1% and the U.S. long-term CPI will be 2.1%. The 2010 Economic Outlook forecasts that in the long term the Manitoba and Canada GDP price deflator will be 1.5% and 2.0%, respectively, while the U.S. GDP price deflator will be 2.0% annually.

Population



Manitoba's total population increased by 15,864 persons in 2009 or 1.3%. Total net migration to Manitoba was 10,526 people and the total natural increase was 5,338 in 2009.

Manitoba's population is expected to grow at 0.6% or 8,000 people annually over the forecast period, 900 people higher than the growth rate forecast in EO2009. Manitoba's international migration is boosted by the Provincial Nominee Program. As a result, international migration is forecast to grow by 10,100 immigrants annually. Manitoba's population forecast is based on a 1.8 total fertility rate and 8,300 net international migration offset by -3,900 net interprovincial migration. This translates to population growth resulting from a natural increase of 3,600 per annum and 4,400 from net migration.

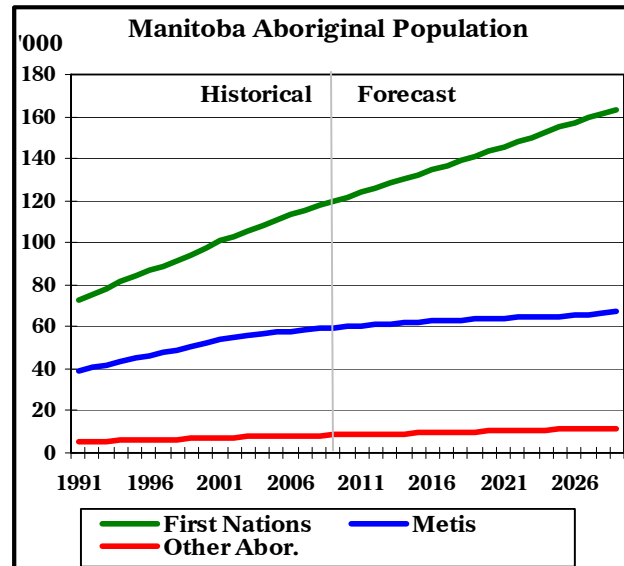
Canada's population is expected to grow at 0.9% or 334,000 people annually over the forecast period. The United States' population is expected to grow at 0.9% or 3,094,000 people annually.

Year	Mb Pop'n. 5 Yr Avg (% chge)
1960-1965	1.2
1965-1970	0.4
1970-1975	0.8
1975-1980	0.2
1980-1985	0.9
1985-1990	0.4
1990-1995	0.4
1995-2000	0.3
2000-2009	0.7
2010-2031	0.6

Year	Mb Pop'n. Changes
1992	3,085
1993	4,929
1994	5,612
1995	5,920
1996	5,046
1997	1,932
1998	1,361
1999	4,959
2000	4,865
2001	4,126
2002	5,174
2003	7,206
2004	9,747
2005	4,736
2006	5,730
2007	9,902
2008	12,166
2009	15,864

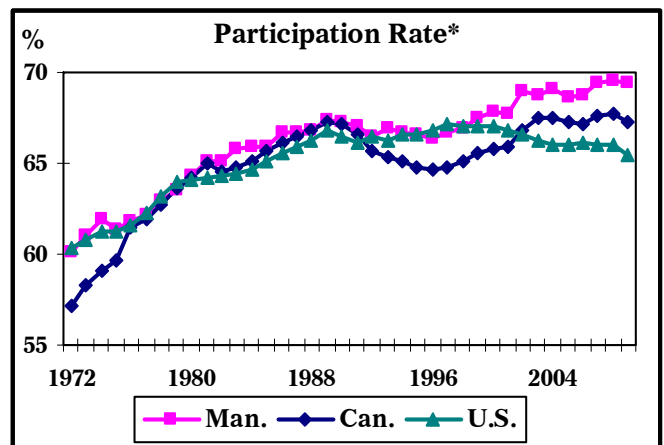
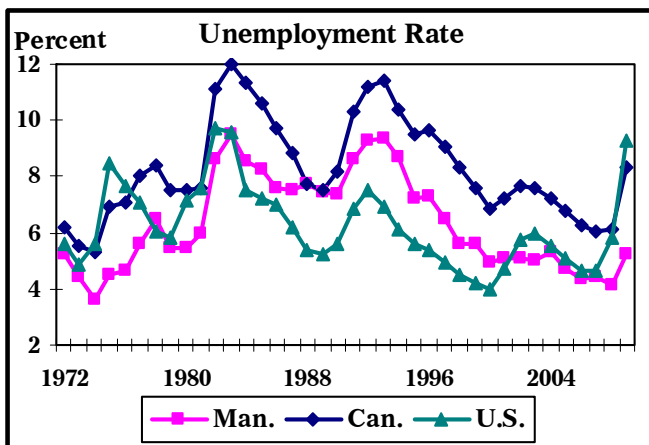
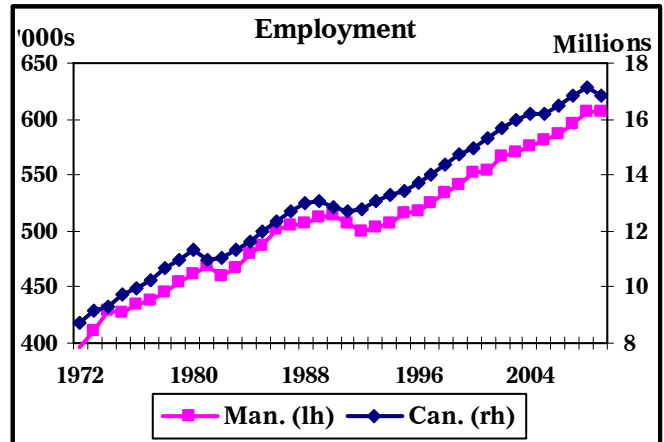
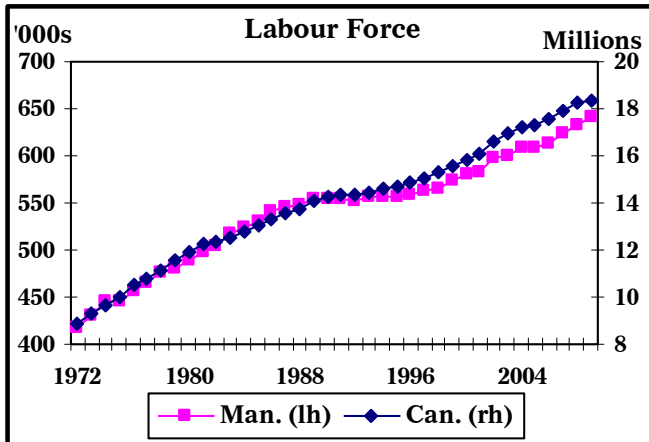
Manitoba Aboriginal Population

	Aborig. Pop'n. '000s	Annual Diff.	Man Pop'n. '000s	Aborig. Pop'n. Share Man Pop'n.
1996	147	3,975	1,134	12.9%
1997	151	3,844	1,136	13.2%
1998	154	3,090	1,137	13.5%
1999	158	4,332	1,142	13.8%
2000	164	6,078	1,147	14.3%
2001	169	5,460	1,151	14.7%
2002	173	3,646	1,157	15.0%
2003	177	3,757	1,164	15.2%
2004	181	3,991	1,174	15.4%
2005	185	4,056	1,178	15.7%
2006	189	4,016	1,184	16.0%
2007	193	3,917	1,194	16.2%
2008	197	4,043	1,206	16.3%
2009	201	3,831	1,222	16.4%
Forecast				
2010	205	3,829	1,237	16.5%
2011	208	3,936	1,249	16.7%
2012	212	3,926	1,259	16.9%
2013	217	4,125	1,267	17.1%
2014	221	4,016	1,276	17.3%
2015	225	4,220	1,285	17.5%
2016	229	4,101	1,293	17.7%
2017	233	4,198	1,302	17.9%
2018	237	4,178	1,310	18.1%
2019	242	4,271	1,318	18.3%
2020	246	4,156	1,327	18.5%
2021	250	4,352	1,335	18.7%
2022	254	4,246	1,342	18.9%
2023	259	4,328	1,350	19.2%
2024	263	4,421	1,358	19.4%
2025	267	4,297	1,365	19.6%
2026	272	4,385	1,372	19.8%
2027	276	4,176	1,379	20.0%
2028	280	4,176	1,386	20.2%
2029	284	4,176	1,392	20.4%
2030	288	4,176	1,399	20.6%
2031	293	4,176	1,405	20.8%



Total Manitoba aboriginal population increased by 3,831 people or 1.0% in 2009. Manitoba has the second largest Registered Aboriginal population in Canada, after Ontario. In EO2010, Manitoba's aboriginal population is expected to grow at an annual rate of 1.7% or 4,200 people per year. EO2010 is based on annual growth of 3,200 registered Indians, 700 non-registered Métis, and 300 other aboriginals. Manitoba's aboriginal population share of the total Manitoba population trends from 16.5% in 2010 to 20.8% in 2031 in EO2010. In EO2009, Manitoba's aboriginal population share of the total Manitoba population trended from 15.5% in 2009 to 17.9% in 2030. Total Manitoba aboriginal population is expected to increase mainly due to a higher projected fertility rate relative to the rest of the Manitoba population. The aboriginal population forecast is based on the Manitoba Bureau of Statistics' publication *Manitoba's Aboriginal Community: A 2001 to 2026 Population and Demographic Model*.

Employment

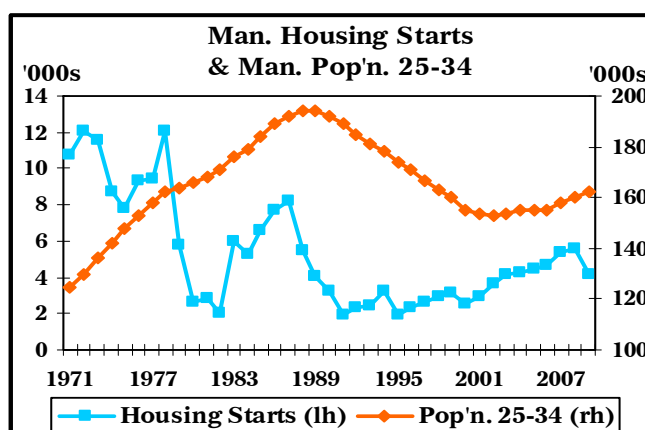
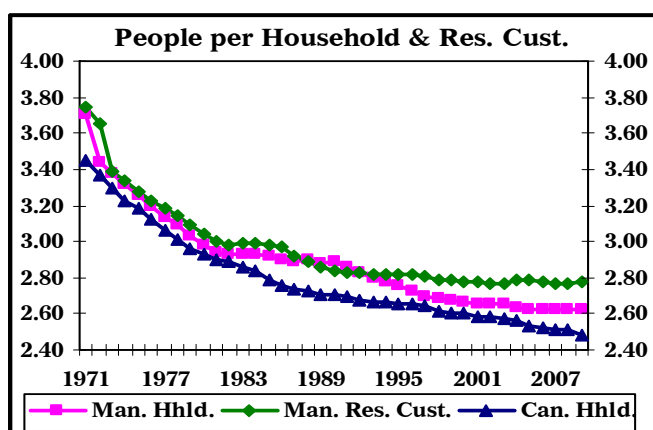
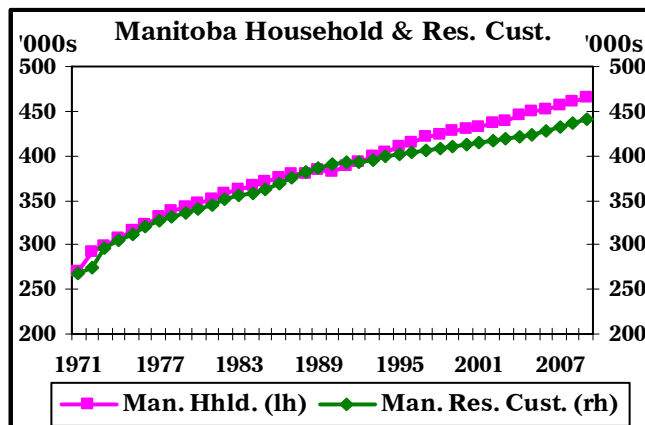
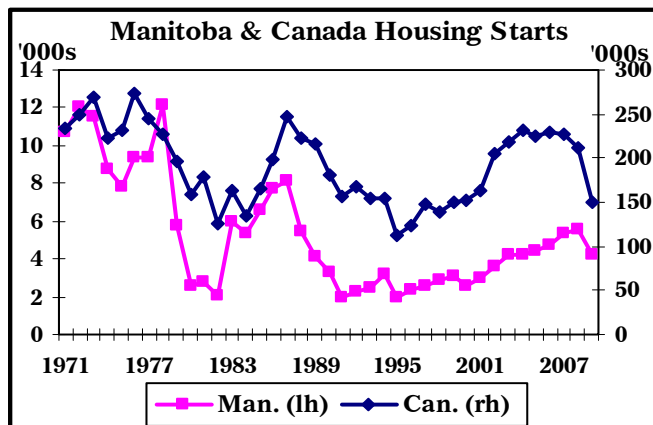


*Participation Rate = Labour Force/Popn 15+

	Manitoba			Canada			United States		
	1999	2009	% chge 09/08	1999	2009	% chge 09/08	1999	2009	% chge 09/08
Population 15+ - '000s	851	923	1.4	23,787	27,309	1.4	207,771	235,801	0.9
Participation Rate - %	67.5	69.4		65.5	67.3		67.1	65.4	
Labour Force - '000s	574	640	1.2	15,591	18,372	0.7	139,380	154,206	-0.1
Employment - '000s	541	607	0.0	14,412	16,848	-1.6	133,501	139,881	-3.8
Unemployment Rate - %	5.6	5.2		7.6	8.3		4.2	9.3	
Employment Rate - %	63.7	65.8		60.6	61.7		64.3	59.3	
Industrial Weekly Wage - \$	568	772	2.9	641	824	1.6	463	616	1.4

Over the 2010-2031 period, Manitoba's and Canada's employment levels are forecast to grow annually at 0.6% and 0.9% respectively, while the United States' is anticipated to grow at 0.9% annually. Manitoba's unemployment rate is expected to trend from 5.8% in 2010 to 4.7% in 2031. Canada's unemployment rate is expected to trend from 8.4% in 2010 to 5.9% in 2031. The United States' unemployment rate is expected to trend from 9.6% in 2010 to 5.0% in 2031.

Housing



	Man. Housing Starts	Man. Res. Cust. '000s	Can. Housing Starts '000s
1994	3,197	398	154
1995	1,963	401	113
1996	2,318	403	123
1997	2,612	405	148
1998	2,895	408	138
1999	3,133	410	149
2000	2,560	413	153
2001	2,963	415	163
2002	3,617	417	205
2003	4,206	420	219
2004	4,216	421	233
2005	4,437	423	224
2006	4,692	427	229
2007	5,365	431	228
2008	5,537	436	211
2009	4,174	441	149

Total Manitoba housing starts were 4,174 in 2009, down from 5,537 housing starts in 2008. Strong population growth, rising personal disposable income, and low mortgage rates were not sufficient to maintain the demand for housing at previous levels. EO2010 forecasts that Manitoba housing starts will increase at approximately 5,400 units annually. Manitoba residential customers are forecast to increase by 4,100 units or 0.8% annually over the 2010-2031 period, similar to the forecast in EO2009. The annual population growth rate of 8,000 people in EO2010 is 900 people higher than the growth rate forecast in EO2009.

The number of Manitoba Hydro metered residential customers increased by 4,741 units in 2009. EO2010 forecasts that Manitoba residential customers will increase by 4,100 units or 0.8% annually over the 2010-2031 period, similar to the forecast in EO2009.

Interest Rates

Canadian Interest Rates

	2009 Average %	12 Month Low %	12 Month High %
90 Day T-Bill Rate	0.35	0.20	0.93
Prime Rate	2.40	2.25	3.00
Govt 10 Yr+ Rate	3.77	3.45	3.97

U.S. Interest Rates

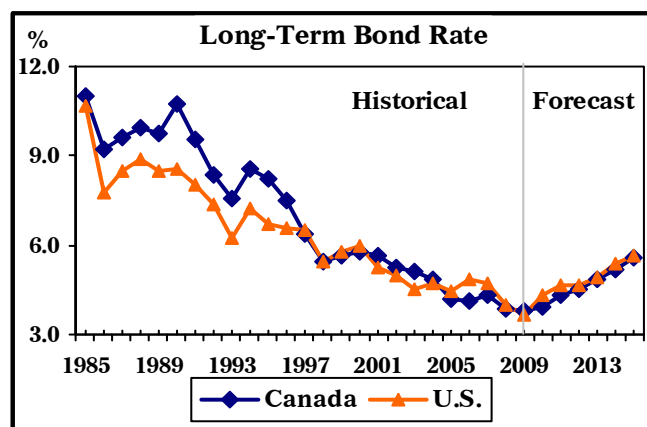
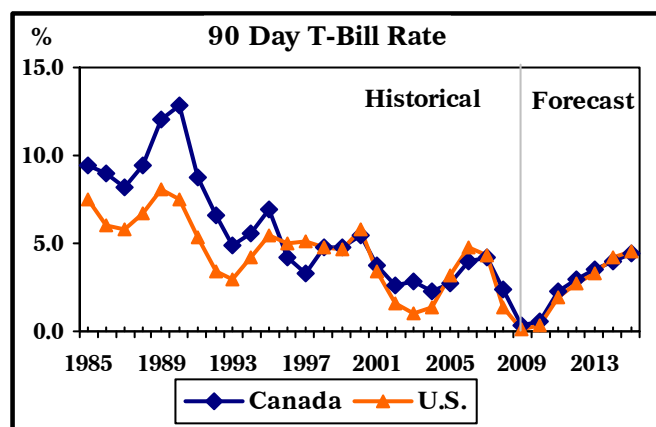
	2009 Average %	12 Month Low %	12 Month High %
90 Day T-Bill Rate	0.15	0.17	0.24
Prime Rate	3.25	3.25	3.25
Govt 10 Yr Rate	3.66	2.83	4.12

Short-Term Interest Spread

	Cdn. 90 Day T-Bill Rate %	U.S. 90 Day T-Bill Rate %	Spread %
1979	11.69	10.04	1.65
1989	12.05	8.11	3.94
1999	4.72	4.64	0.08
2009	0.35	0.15	0.20

Long-Term Interest Spread

	Cdn. GOC 10 Yr Rate %	U.S. Long Bond 10 Yr Rate %	Spread %
1982	14.22	12.88	1.34
1989	9.73	8.47	1.26
1999	5.64	5.75	-0.11
2009	3.77	3.66	0.11



In 2009, the Bank of Canada maintained its highly stimulative monetary policy adopted in 2008. As a result of the economic recession of 2009, the 90 Day T-Bill rate dropped from 2.39% in 2008 to 0.35% in 2009, while the 10 Yr+ bond rate dropped from 3.84% to 3.77% over the same period.

Canadian 90 Day T-Bill rates are forecast to trend from 0.60% in 2010 to 4.45% in the long term. The U.S. 90 Day T-Bill rate is expected to trend from 0.35% in 2010 to 4.50% in the long term. Canada and U.S. 10 Yr+ long bond rates are forecast to trend at 6.00% and 5.65%, respectively. The positive spread in Canadian-U.S. T-Bill rates of 0.25% in 2010 is expected to decrease to -0.05% by 2015.

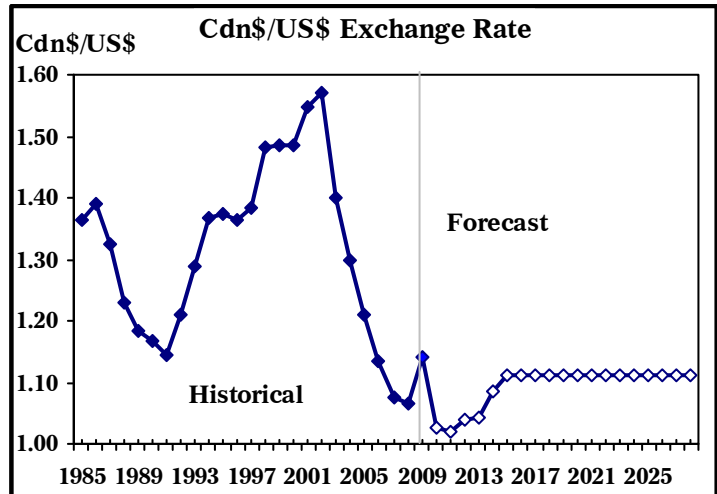
The Manitoba Hydro interest rate is based on the forecast Canada long bond rates plus a borrowing spread (to reflect the difference in the cost of borrowing between the federal government and the Province of Manitoba) plus a provincial guarantee fee.

Exchange Rate

Year	US\$/Cdn.\$	Cdn.\$/US\$
1970	0.96	1.04
1975	0.98	1.02
1980	0.86	1.17
1985	0.73	1.37
1990	0.86	1.17
1995	0.73	1.37
1996	0.73	1.36
1997	0.72	1.38
1998	0.67	1.48
1999	0.67	1.49
2000	0.67	1.49
2001	0.65	1.55
2002	0.64	1.57
2003	0.71	1.40
2004	0.77	1.30
2005	0.83	1.21
2006	0.88	1.13
2007	0.93	1.07
2008	0.94	1.07
2009	0.88	1.14
2010	0.98	1.02
2020	0.90	1.11
2031	0.90	1.11

Range in Exchange Rate

	2009 Average	12 Month Low	12 Month High
Cdn. \$/US \$	1.14	1.26	1.05
US \$/Cdn. \$	0.88	0.79	0.95



The Canadian dollar weakened relative to the U.S. dollar by 6.5% in 2009. Falling commodity prices, including oil, are the main factors behind the depreciating Canadian dollar in 2009. It has appreciated 37.5% since 2002, when it was at its lowest historic value relative to the U.S. dollar.

The Canadian dollar is expected to appreciate to 1.02 Cdn\$/US\$ in 2010 and depreciate to 1.04 Cdn\$/US\$ in 2012, and then depreciate to 1.11 Cdn\$/US\$ in 2015, and then stabilize at that level for the remainder of the forecast period.