

The Bottom Line: 2020-Q4 review, and look forward

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COVID-19 related government programs are helping businesses stay afloat, amid the Pandemic, but challenges remain. Business have been adapting, with restaurants and retailers using ecommerce, curbside pickups to make sales even when customers cannot enter a business's location due to code red restrictions. Businesses that depend on serving large groups of customers at the same time are also facing particular challenges.

Retail Sales¹

Manitoba's October 2020 unadjusted retail sales were \$2 billion, up 12 per cent year-over-year. The three highest retail sectors in 2020 were **Furniture, and furnishings** (+30 per cent), **Building materials** (+22 per cent), and **Health personal care** (+20 per cent). The following three retail sectors were down year-over-year: **sports, hobby, music and books** (-6 per cent), **clothing** (-8 per cent), and **gasoline** (-10 per cent). Low crude oil prices are a drag on gasoline sales.

Wholesale Sales²

Manitoba's wholesale sales in October 2020 were \$1.56 billion, up 4 per cent year-over-year. The following wholesale sectors have better than average sales gains on the year: **Farm products** +17 per cent, **Personal household goods** +12 per cent, **Building materials** +9 per cent, and **Machinery and equipment** +6 per cent.

Manufacturing Sales³

Manitoba's overall manufacturing sales of \$1.64 billion in October 2020 are showing strength (up 3 per cent y/y), but there are variations by sector. The following manufacturing sectors are showing strength y/y: **machinery** (Index of 140), **Wood products** (Index of 133), **Non-metallic mineral products** (index of 130), **Chemicals** (index of 115), and **Food** (index of 115). **Transportation equipment's** y/y index continues to exhibit weakness (Index of 68, or down 32 per cent).

International Trade⁴

Manitoba's October 2020 imports of \$1.8 billion were up 5 per cent on the month. Imports remain down 8 per cent on the year. Manitoba's October 2020 domestic exports of \$1.2 billion are up 10 per cent on the month. Domestic exports remain down 4 per cent on the year.

On a year-over-year basis, **food, fishing & food products** (+12 per cent) domestic exports are a source of strength in Manitoba. **Aircraft and Transportation equipment** domestic exports remain weak, down – 56 per cent in October.

¹ Retail Sales, Source: Statistics Canada, Table 20-10-0008-01.

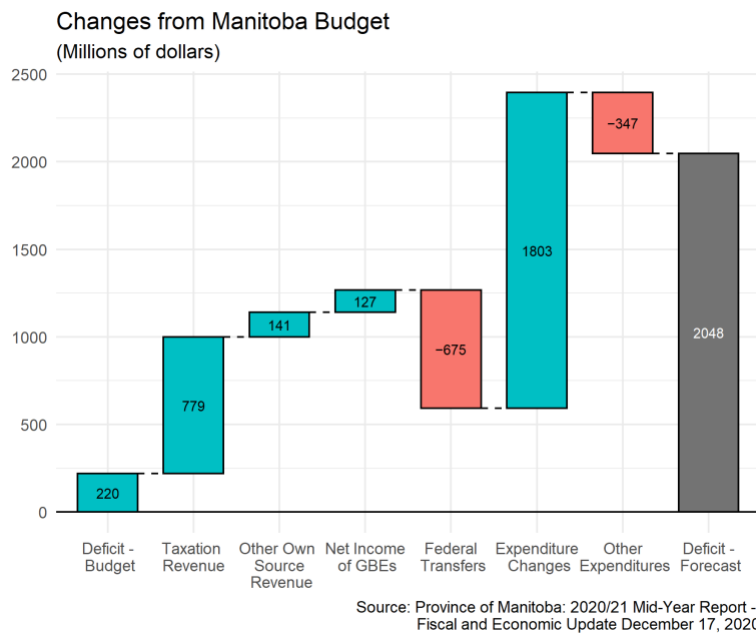
² Wholesale Sales, Source: Statistics Canada, Table 20-10-0074-01.

³ Manufacturing Sales, Source: Statistics Canada, Table 16-10-0048-01.

⁴ Trade, Source: Statistics Canada, Table 12-10-0119-01.

Provincial 2020/21 Mid-Term Report

Figure 1: Changes in Manitoba Government Deficit Forecast (\$millions)



The [waterfall chart](#) shows the components of the 2020/21 deficit projection. Beginning with the \$220 million forecast deficit in Budget 2020, the revenue and expenditure changes were primarily driven by COVID-19. The federal transfer of \$675 million significantly improved the deficit situation. The changes result in a revised deficit forecast of \$2,048 million.

In the same report, the province estimated COVID-19 related expenditures will total \$3.2 billion. This would mean that the \$1.8 billion estimated to be spent in 2020/21 represents 56.3 per cent

of this overall figure. The remaining 43.7 per cent is expected to be allocated/spent in future fiscal years.

Thinking about the future:

As we head into 2021, we have a bit of a light at the end of the tunnel. The [Pfizer-BioNTech](#) vaccine was approved December 12 for use in Canada. The [Moderna](#) vaccine is expected to be approved shortly. Other vaccines candidates are in phase 3 trials as well. The initial vaccinations of the Pfizer-BioNTech vaccines have already begun to be administered here in Canada. If all goes well, “Canada expects to have enough doses on hand next year to vaccinate every Canadian who wants a shot by the end of September, according to the Public Health Agency of Canada (PHAC),” according to a [CBC article on December 16, 2020](#).