

# Manitoba Market Report: May 2024

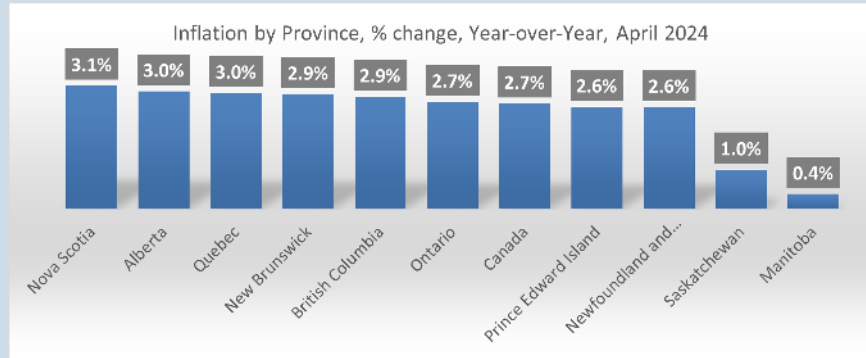
## INFLATION INSIGHTS

In April 2024, Manitoba's [Consumer Price Index \(CPI\)](#) experienced a modest year-over-year increase of 0.4% marking it as the province with the lowest inflation rate in Canada. Canada's overall inflation rate for the same period was 2.7%, marked the lowest inflation rate in three years, since March 2021.

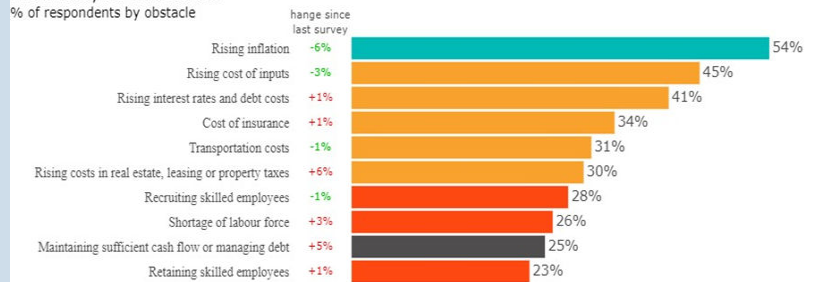
Shelter costs driven by mortgage interest costs and rent increases were the major contributors to Manitoba's inflation. With the gas tax pause in action, gasoline is the top downward contributor to Manitoba's inflation.

## WHAT THIS MEANS FOR YOU

The low inflation environment in Manitoba could potentially benefit businesses, offering more predictable pricing dynamics and influencing consumer spending patterns. However, despite lower inflation in Manitoba, there remains a notable concern among businesses regarding inflationary pressures. According to the Canadian Survey on Business Conditions, Q1 2024, rising inflation (54%), rising cost of inputs (45%) and rising interest rates and debt costs (41%) are top concerns for businesses over the next three months for Manitoba.



## Top 10 business obstacles expected, next three months Manitoba; all industries

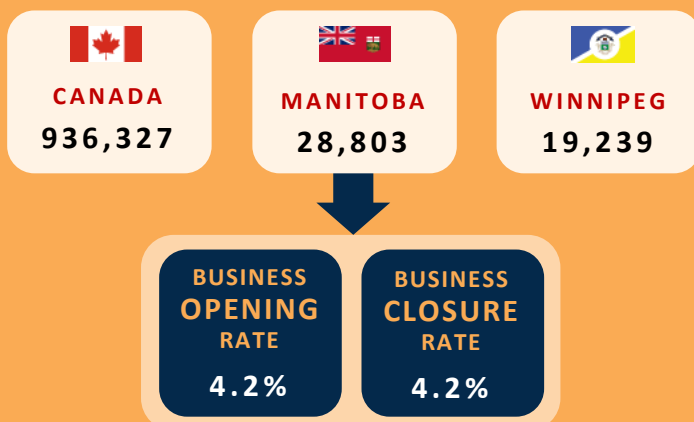


Sources: Canadian Chamber of Commerce Business Data Lab; Statistics Canada, Canadian Survey on Business Conditions.

## BUSINESS OPENINGS AND CLOSURES

JANUARY 2024

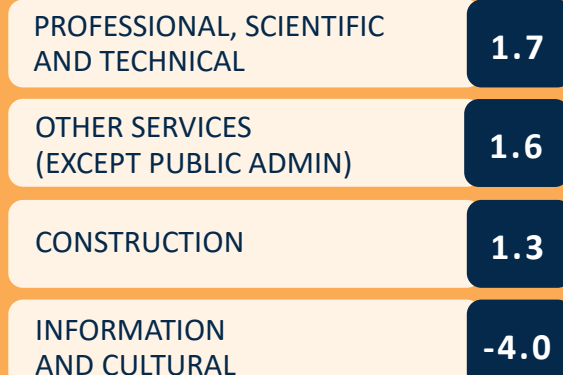
### NUMBER OF ACTIVE BUSINESSES



In Manitoba, professional, scientific & technical services and other services grew by 1.7% and 1.6% respectively since January 2023. The Information & cultural industries declined by 4% in number of active businesses.

### CHANGES IN BUSINESS OPENINGS (MB)

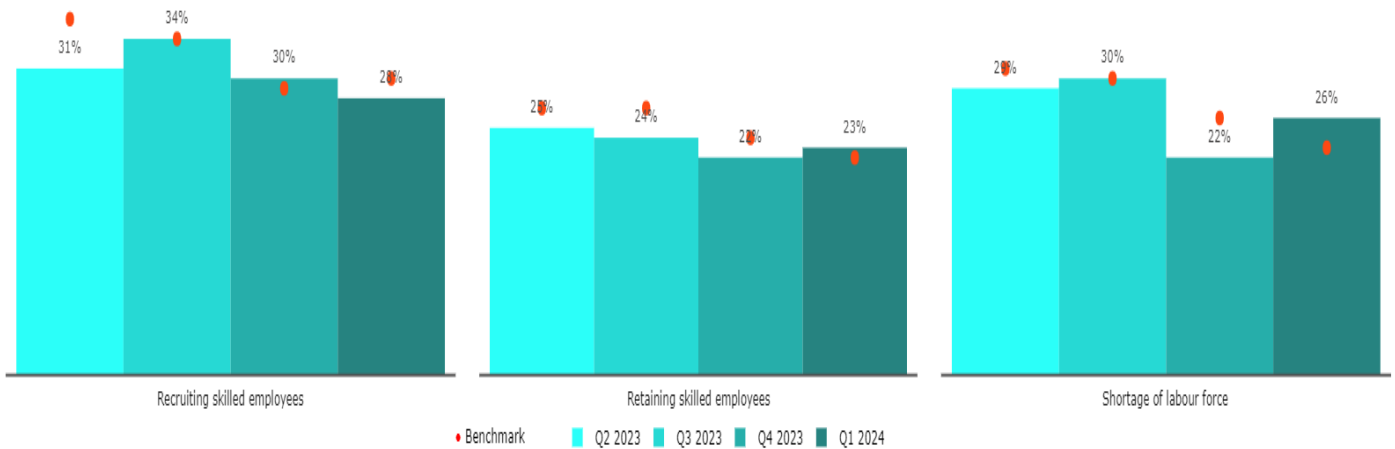
YEAR-OVER-YEAR CHANGES (%) BY INDUSTRY



### Labour obstacles expected, next three months

#### Manitoba; all industries

% of respondents, by labour obstacle



Sources: Canadian Chamber of Commerce Business Data Lab; Statistics Canada, Canadian Survey on Business Conditions.

## MANITOBA LABOUR MARKET

APRIL 2024

LABOUR FORCE

740,900

EMPLOYMENT

730,300

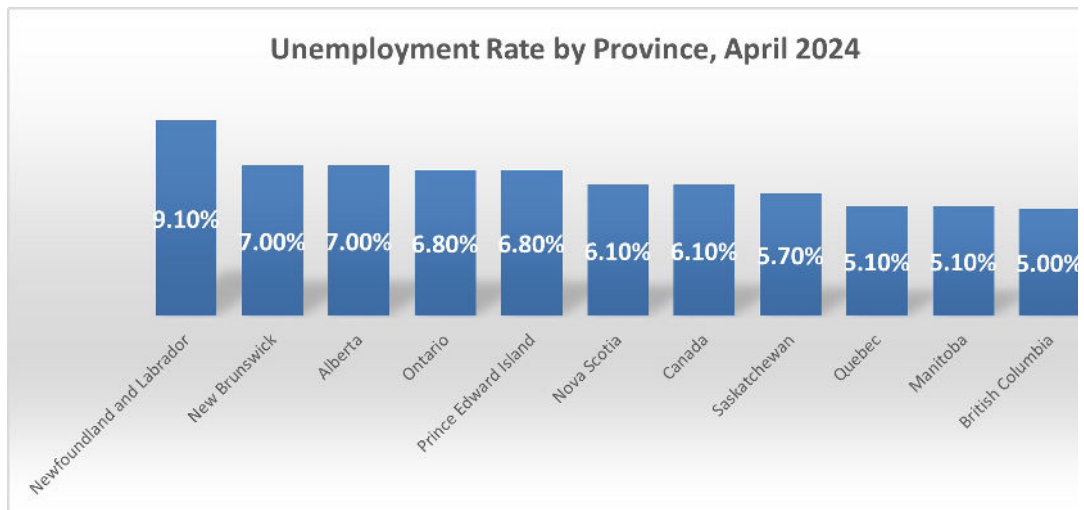
PARTICIPATION RATE

66.3%

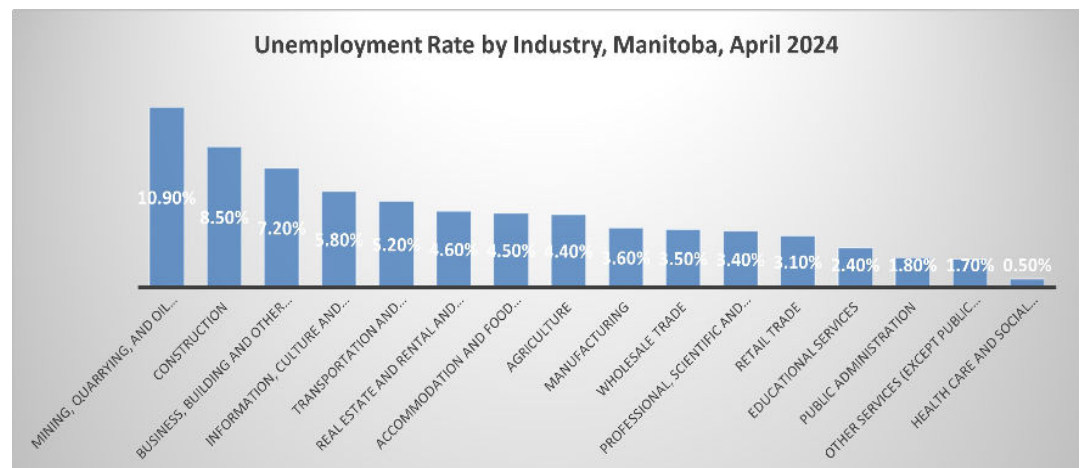
According to the Canadian Survey on Business Conditions, Q1 2024, Manitoba's industries faced ongoing challenges with labour-force shortages and skilled-employee retention, while seeing a slight decrease in the severity of recruiting skilled employees compared to previous quarters. Overall, while familiar obstacles persisted, there were signs of potential improvement in talent acquisition during this period.

Manitoba's unemployment rate was 5.1% for April 2024, tied with Quebec having the second lowest unemployment rate among the provinces and below the national average of 6.1%. Average hourly wages in Manitoba increased by 5.7% over the past year, climbing by \$1.66 to reach \$30.68, surpassing the 4.7% growth seen across Canada, where wages rose by \$1.57 to \$34.95. Manitoba had 23,795 job vacancies in January 2024 with a vacancy rate of 3.7%.

### Unemployment Rate by Province, April 2024



### Unemployment Rate by Industry, Manitoba, April 2024





# KEY ECONOMIC NEWS

## FEDERAL BUDGET 2024

On April 16, 2024, Deputy Prime Minister and Finance Minister The Honourable Chrystia Freeland presented the 2024 federal budget, "[Fairness for Every Generation](#)." [Here](#) are the key points for Manitoba's business community:

- **Capital Gains Inclusion Rate:** The budget proposes an increase in the capital gains inclusion rate from 1/2 to 2/3 for individuals and corporations exceeding a \$250,000 threshold. This change applies to gains realized on or after June 25, 2024.
- **Canada Carbon Rebate:** Introduction of the Canada Carbon Rebate for Small Businesses, providing automatic refundable tax credits to eligible businesses, including Indigenous governments, based on their employment size in the province.
- **Interprovincial Trade Support:** Establishment of the Canadian Internal Trade Data and Information Hub to facilitate interprovincial trade and labour mobility.
- **Housing Affordability:** Investments to build more homes and create programs for low-income affordable housing.
- **AI Infrastructure:** \$2.4 billion investment in building AI infrastructure and promoting adoption.

## POLICY INTEREST RATE

From July 2023 through April 2024, the Bank of Canada maintained its policy interest rate at 5.00%. In April 2024, Canada saw an increase of 90,000 jobs, marking the strongest month of job creation since January 2023. Looking ahead, we might see a reduction in the interest rate, potentially in the June policy meeting. Businesses should closely monitor the Bank of Canada's stance on interest rates, especially amid speculation of a potential decrease soon. With the strong U.S. economy, the Fed isn't expected to act until November. This difference could push down the Canadian dollar, aiding exporters but raising costs for imports.

Join us at our final [VIP Luncheon](#) of the 2023/24 on June 24, 2024 season to explore the labour market, productivity, and the impact of rising interest rates on Canadian businesses. Bank of Canada Governor Tiff Macklem will provide insights into monetary policies and their effects on your business's profitability and sustainability.

## MANITOBA'S ECONOMIC GROWTH IN 2023

On May 1, 2024, [Statistics Canada](#) released preliminary data on Provincial Gross Domestic Product (GDP) by Industry for the year 2023. Manitoba's economy saw a 1.3% increase in real GDP, slightly surpassing the national growth rate of 1.2%. Notably, every province and territory, except Newfoundland and Labrador and the Northwest Territories, experienced growth, though the pace was generally slower compared to 2022.

In 2023, Manitoba's real GDP expanded by 1.3%, a slowdown from the robust 3.3% growth seen in 2022. The goods-producing industries in the province faced a decline of 1.1%, aligning with the national trend where such industries saw a 1.2% decrease across seven out of ten provinces. However, Manitoba's service-producing industries outperformed the national average, recording a 2.3% increase.

The agriculture, forestry, fishing, and hunting sector notably contributed 0.85 percentage points to Manitoba's real GDP growth. Despite this, Manitoba's real GDP per capita stands at \$47,694, the lowest among the prairie provinces. The decline of 1.6% in real GDP per capita mirrors the national average decline of 1.7%.

Factors such as elevated interest rates are dampening consumer spending, particularly as more mortgages come up for renewal, thereby affecting residential investment. Investment spending also faces challenges. Interestingly, record population growth is bolstering output from service-producing industries across the country, though goods-producing industries are grappling with tight monetary policies, inflation, and elevated cost pressures.

## IMPROVED SENTIMENT AND ECONOMIC OUTLOOK IN Q1 2024

The Bank of Canada's Business Outlook Survey for the first quarter of 2024 shows a slight improvement in Canadian business sentiment, although it remains subdued overall. Concerns about a potential recession have eased, with fewer firms preparing for it, as attention shifts to weaker demand and economic uncertainty. Business investment intentions have weakened, indicating sluggish economic growth, but some sectors, such as housing, anticipate improvements driven by expectations of lower rates. Wage growth expectations remain elevated but moderate, while overall cost pressures have substantially eased. While expectations for wage growth remain moderate, businesses are likely to continue facing pressures to manage costs effectively amidst evolving economic conditions. The easing of overall cost pressures could provide some relief, but prudent financial management will remain vital.