



**ONE FUTURE.
ONE PEOPLE.
ONE MANITOBA.**

Manitoba's Economic, Fiscal and
Borrowing Update

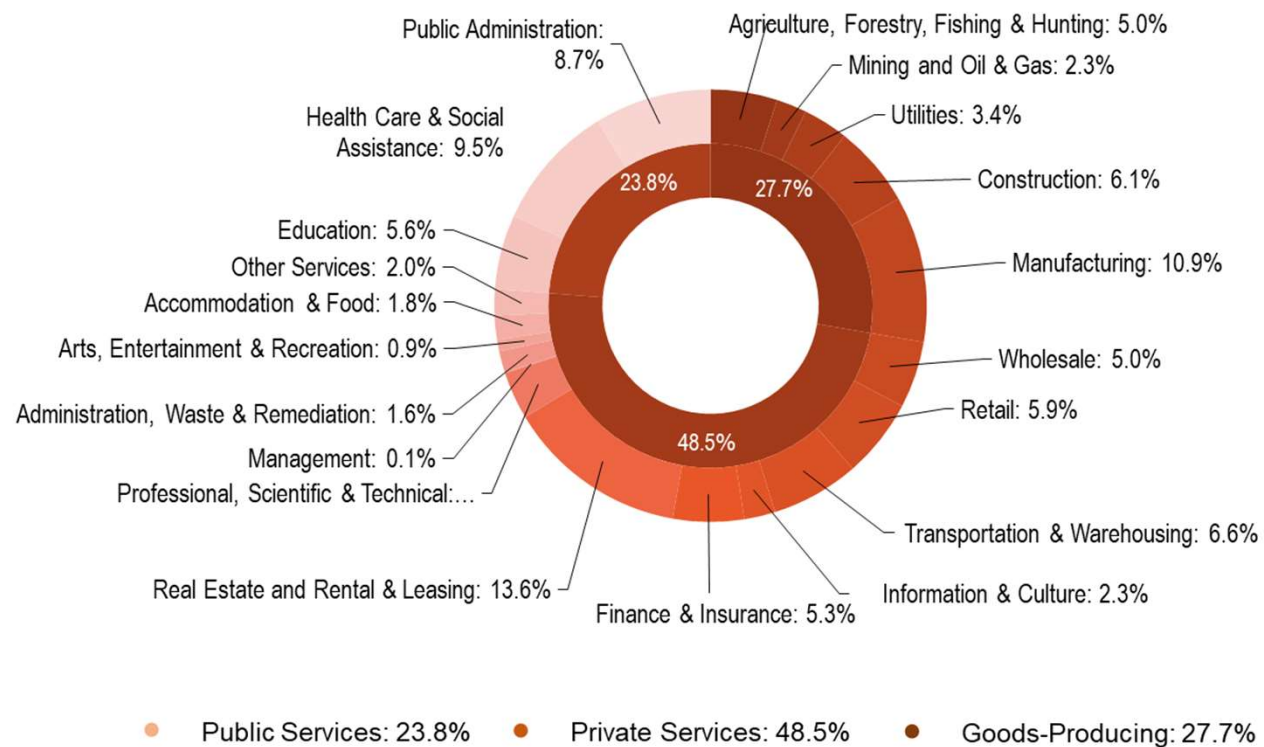
June 2024

manitoba.ca/BUDGET2024



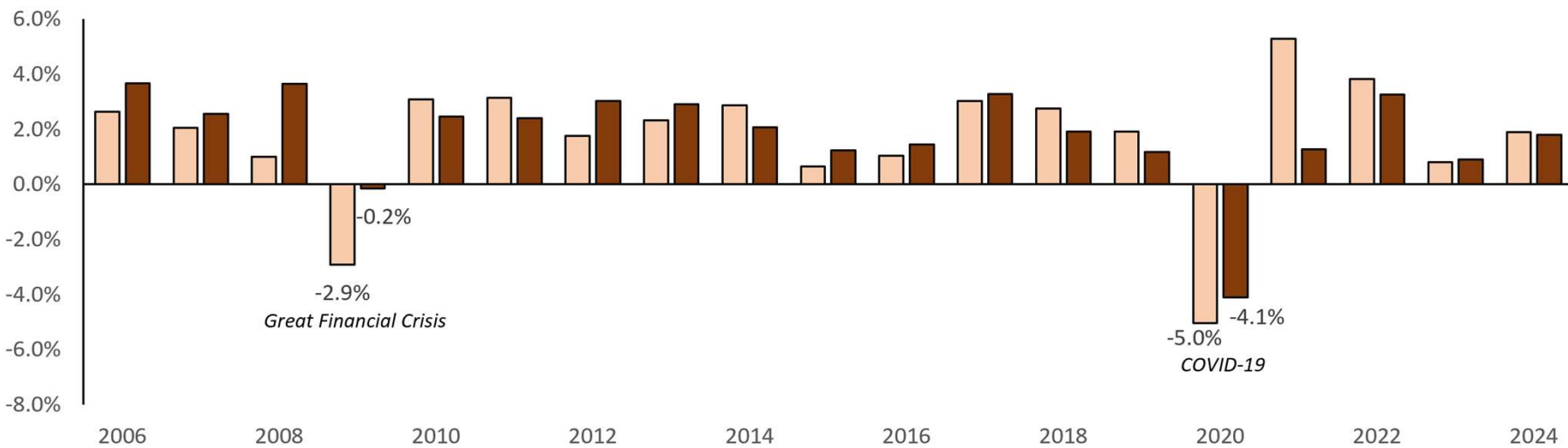
- Growing province with a **stable**, diversified economy
- Highly **diversified** with major presence in manufacturing, construction, finance and insurance, transportation and warehousing, agriculture
- **Balanced export market**: 48.5% international, 51.5% inter provincial
- **Broader foreign markets**: increasing exposure to growing global markets
 - 28% of exports going to non-U.S. markets (Canada 23%)
- Growth in **capital investment**
- Strong **demographic and labour market** fundamentals
- Various indicators of net worth point to a **healthy household balance sheet**

Composition of Gross Domestic Product by Industry, Manitoba, 2023



Source: Statistics Canada

Real GDP Growth, Annual, Manitoba & Canada



2006-2022: Statistics Canada

2023-2024: Manitoba Finance Survey of Economic Forecast

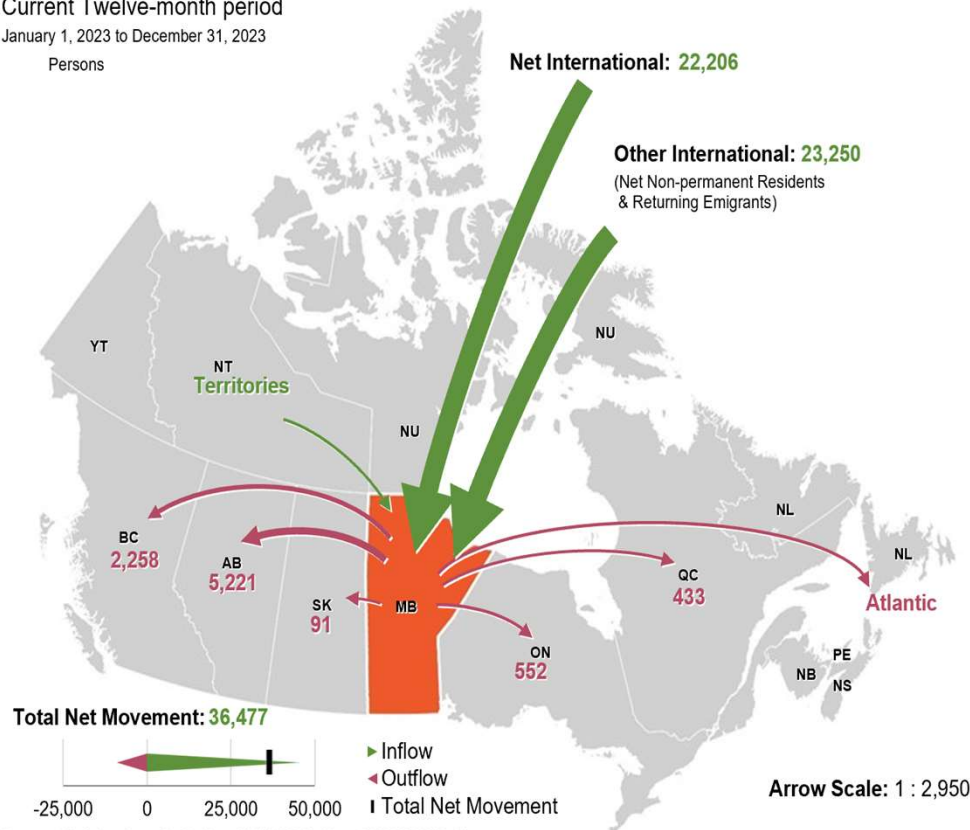
Canada Manitoba

Manitoba's economy fares better under global economic downturns

Demographics and Labour



Current Twelve-month period
January 1, 2023 to December 31, 2023
Persons



Source: Statistics Canada, Tables 17-10-0040-01 and 17-10-0045-01

- Immigration is an economic driver that can be used to fill labour market needs that cannot be filled domestically
- Labour shortages have been identified in Manitoba, across sectors, and within businesses of all sizes
- Manitoba has the highest potential labour market entrants (aged 15 to 24) vs. potential retirees (aged 55 to 64). For every Manitoban aged 55 to 64, there are 1.16 individuals aged 15 to 24. Manitoba is replacing all our potential retiree with new entrants

The Manitoba Provincial Nominee Program (MPNP) is critical to supporting Manitoba's employers, communities and regional labour markets

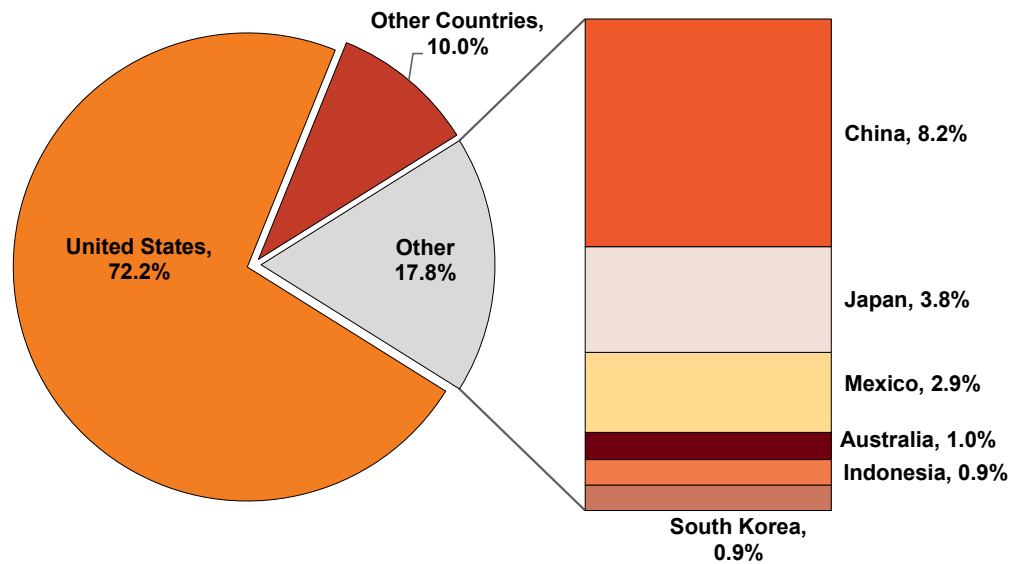
To enhance skills and to retain workers, Manitoba is making significant investments in advanced education. These investments are supporting the labour market over the longer-term

Exports and Foreign Markets



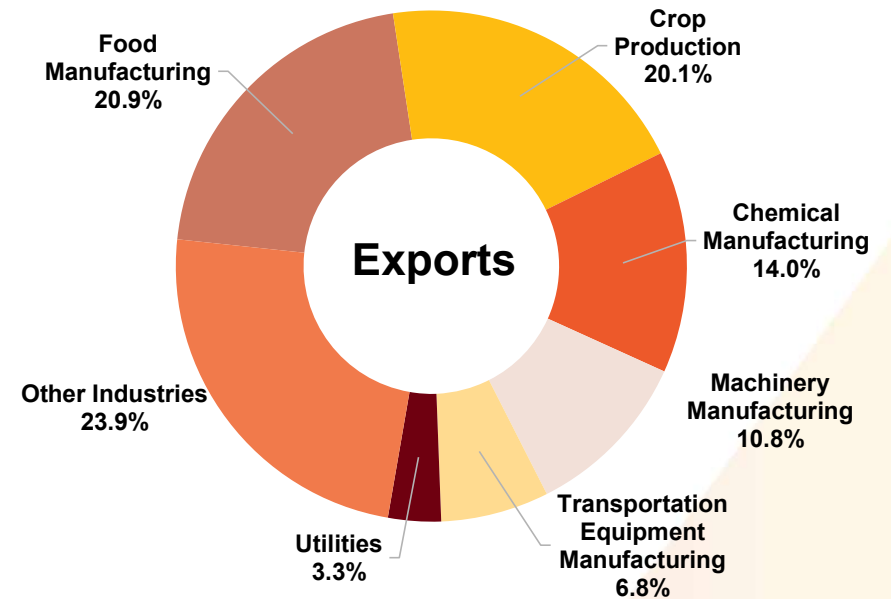
Manitoba exports by selected countries, share (%)

January to December 2023



Manitoba exports by industry, share (%)

January to December 2023



Economic Indicators

Manitoba Economic Indicators, 2023 Growth

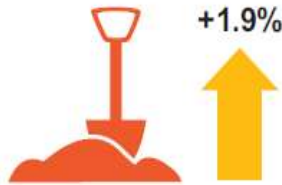
Avg. Weekly Earnings
2023



Employment
2023



Building Permits
2023



Housing Starts
2023



Population
2023



CPI
2023



International Trade
2023



Farm Cash Receipts
2023



Manufacturing Sales
2023



Retail Sales
2023



Source: Statistics Canada

Economic Outlook

Manitoba Economic Outlook		
	2024F	2025F
Gross Domestic Product		
Real	1.0	1.9
Nominal	4.1	3.5
Consumer Price Index	1.7	2.1
Employment	1.8	1.4
Unemployment Rate (%)	5.1	5.5
Population	2.4	1.7

Per cent change unless otherwise noted

Source: Manitoba Finance Survey of Economic Forecasts, June 2024

- Private sector forecasts **real GDP** to expand by 1.0% in 2024 and 1.9% in 2025
- **Nominal GDP** is projected to grow 4.1% in 2024 and 3.5% in 2025
- **Consumer Price Index** inflation is expected to be 1.7% in 2024 and 2.1% in 2025
- **Employment** growth expected to moderate in 2024 to 1.8% and decrease to 1.5% in 2025
- **Unemployment rate** expected to rise slightly to 5.1% in 2024 and increase to 5.5% in 2025

▪ **Rebuilding Health Care**

- Targeted investments in health care. Plan to hire 1,000 new health care workers
- Increase bed capacity and reduce ER wait times
- Investing in CancerCare
- Seniors care, personal care homes

▪ **Growing the Economy**

- Investments in highways, other transportation and water-related infrastructure
- Increase the number of apprenticeship training seats to help grow our skilled labour force

▪ **Lowering Costs for Families**

- Extending the gas tax cut
- Focused on tax credit competitiveness and affordability measures
- Rebate for new and used electric vehicles

▪ **Healthier Families and Safer Communities**

- Doubling the pre-natal benefits
- Capital investments for construction, expansion and improvements in school properties
- Addressing homelessness and affordable housing

SUMMARY BUDGET

For the Fiscal Year Ending March 31

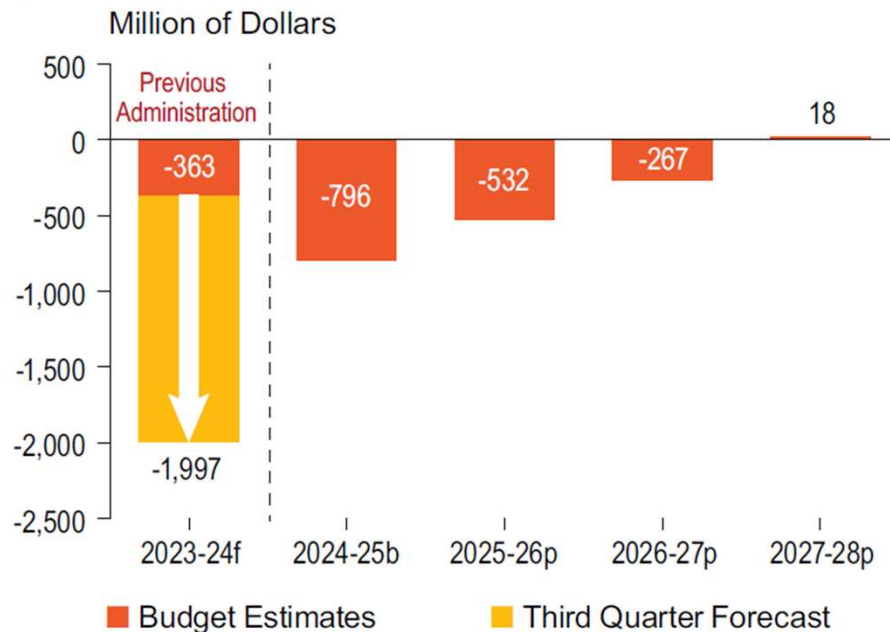
	2024/25 Budget	2023/24 Forecast*	2023/24 Budget
	(Millions of Dollars)		
Revenue	23,337	21,476	22,377
Expense	24,133	23,473	22,740
Operating Surplus (Deficit)	(796)	(1,997)	(363)
Summary Net Debt	35,421	33,514	31,057
Net Debt to GDP	38.5%	37.5%	34.6%

*As reported in the Third Quarter Fiscal Report on March 22, 2024

Budget 2024 forecasts a deficit of \$796 million for the fiscal year 2024/25

- Revenue growth is projected at \$960 M, or 4.3% *(vs Budget 2023)*
- Expenditures are projected to increase \$1,393 M, or 6.1% *(vs Budget 2023)*

Manitoba Summary Operating Surplus (Deficit)

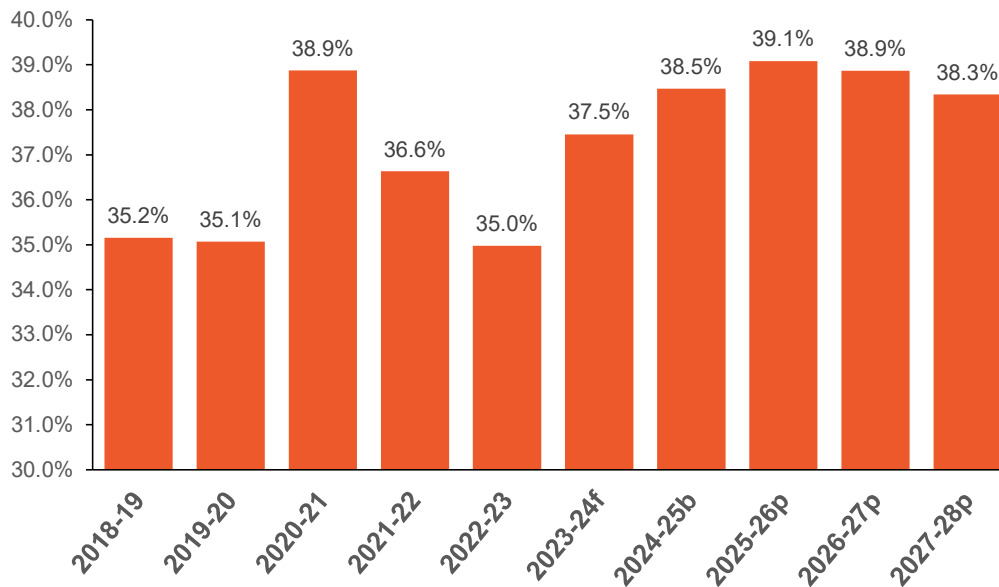


Sources: Manitoba Finance
f - Forecast b - Budget p - Projections

- Budget 2024 re-bases expenditures in health, providing a reasonable foundation for a credible path to balance for the government's single largest expenditures
- Forecasts for revenues and expenditures being approached prudently
- With inflation and interest rates expected to decline from current high levels, the economy is forecast to strengthen lifting revenue back to trend levels

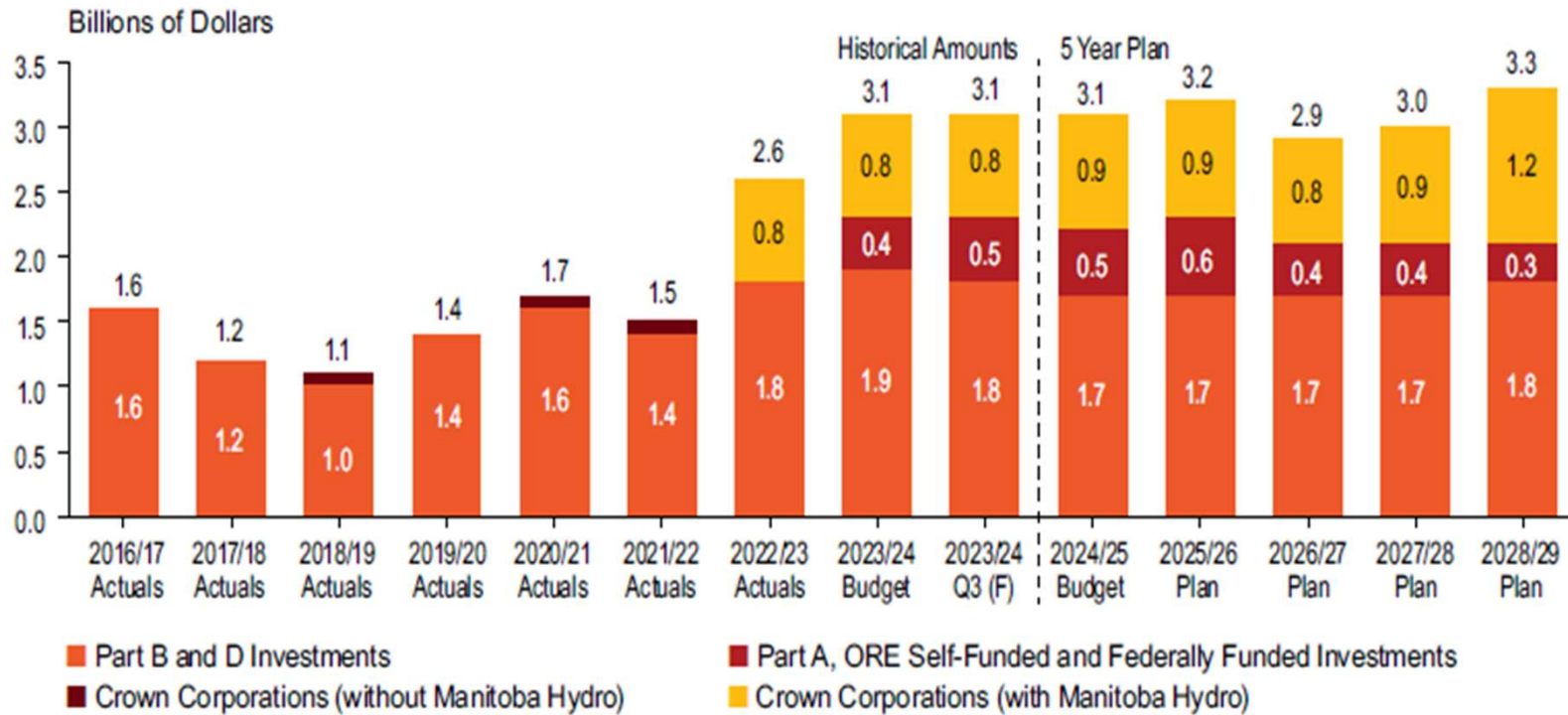
Plan shows an improving fiscal situation from a \$532-million deficit in 2025/26 to a \$18-million surplus in 2027/28

Net Debt-to-GDP Ratio



- Net Debt-to-GDP Ratio is expected to follow a downward trajectory after a peak in 2025/26
- Increasing demand for universally provided government services expected to impact the net debt ratio over the next two years
- Over the medium-term, several factors are expected to generate a downward trend in the net debt ratio

Annual Capital Infrastructure Investments



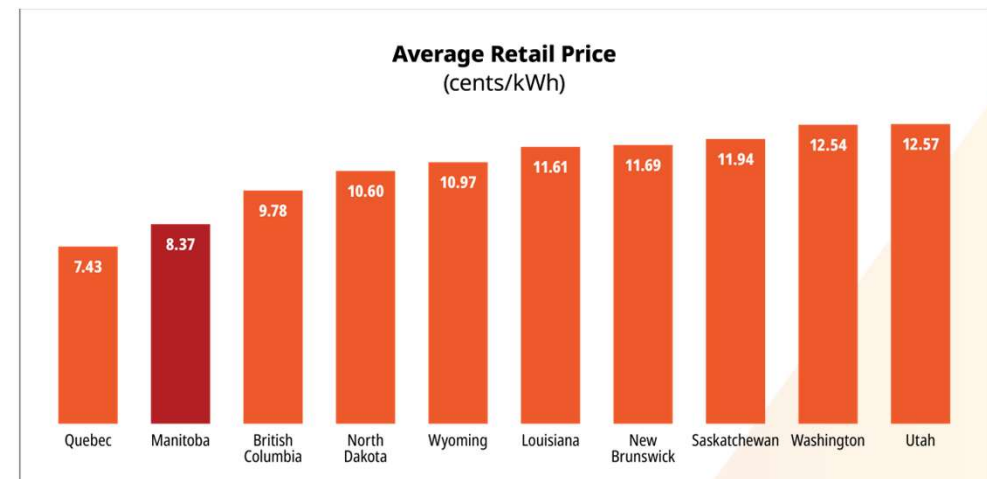
NORTH AMERICA'S CLEAN ENERGY LEADER

- **Manitoba Hydro** is a **100%-owned** Crown Corporation of the Province of Manitoba
- Hydro's clean and **renewable hydro power** is an **economic driver** for the Province, providing affordable hydro-electric energy that can fuel sustainable low-carbon future
- 97.6% of electricity generation is hydro, 2.3% is wind and 0.1% is thermal
- Roughly 1/3 of the electricity generated is exported outside of Manitoba (U.S., Canada) under normal weather conditions
- Manitoba Hydro's current generation capacity is 6,180 MW, with an additional 4,415 MW more of potential generation identified
- Manitoba's clean electricity exports have reduced global emissions by approx. 7 MtCO₂e per year, the equivalent of removing 2.15 million cars off the road annually*

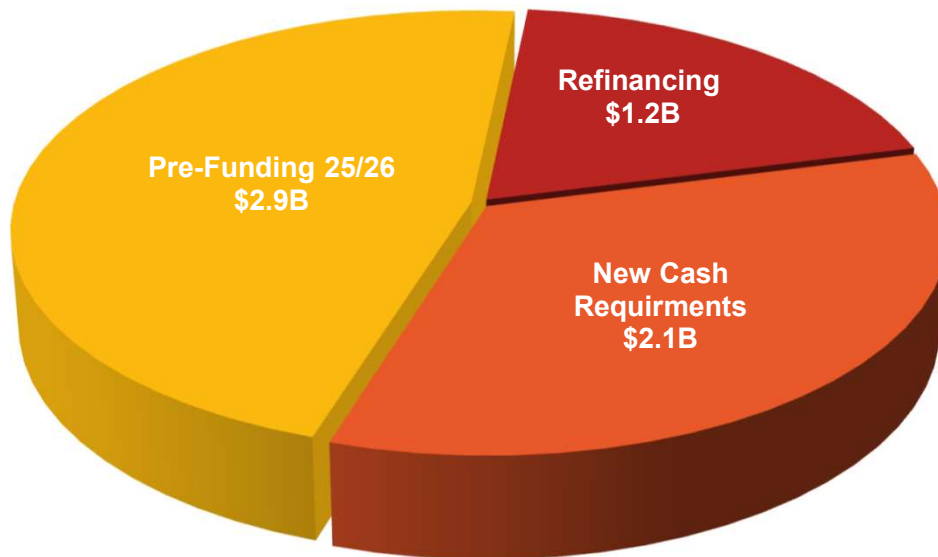
* Note: Average of 8 years data. NRCAN conversion factor of 3.26 Metric Tons of CO₂ equivalent emissions per vehicle per year (Greenhouse Gases Equivalencies Calculator - Calculations and References | Natural Resources Canada (nrcan.gc.ca))

Manitoba Hydro currently has among the lowest average retail electricity rates

Ten Lowest Cost Provinces/States in North America

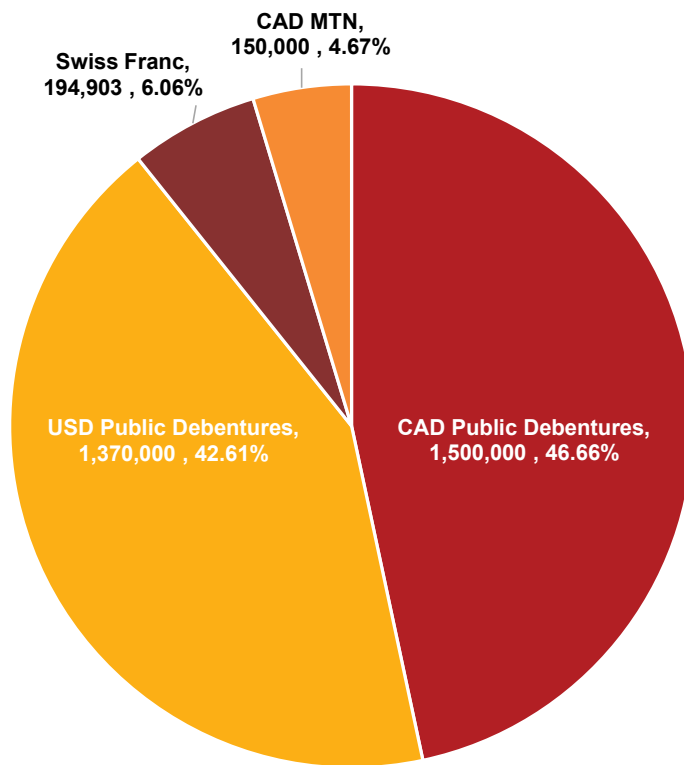


Source: US Dept of Energy (July 2023), Edison Electric Survey (July 1, 2023), Annual Reports (2022/23). Exchange rate as of July 4, 2023: 1 US\$ = 1.3219 CDN\$.



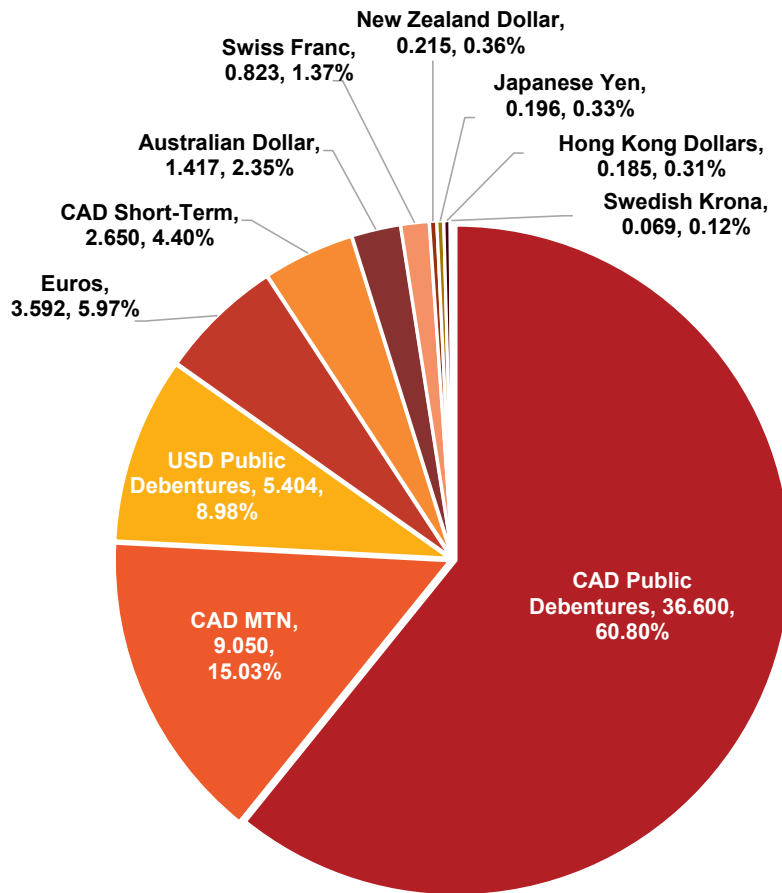
Borrowing requirements for fiscal 2024/25 are forecasted to be \$6.2 billion

- Refinancing – \$3.8 billion
- New Cash – \$2.4 billion
- Includes 6-months of fiscal 2025/26 requirements (\$2.9 billion)
- Manitoba continues to maintain a strong liquidity position
- Planned funding through both domestic and international capital markets



The Province has funded 51% of its forecasted requirements for fiscal 2024/25

- \$1.5-billion of 10yr and 30yr Canadian Public Debentures
- \$1-billion USD 10yr Global Debenture
- \$150-million new ultralong (50yr)
- 130-million CHF 10yr Benchmark



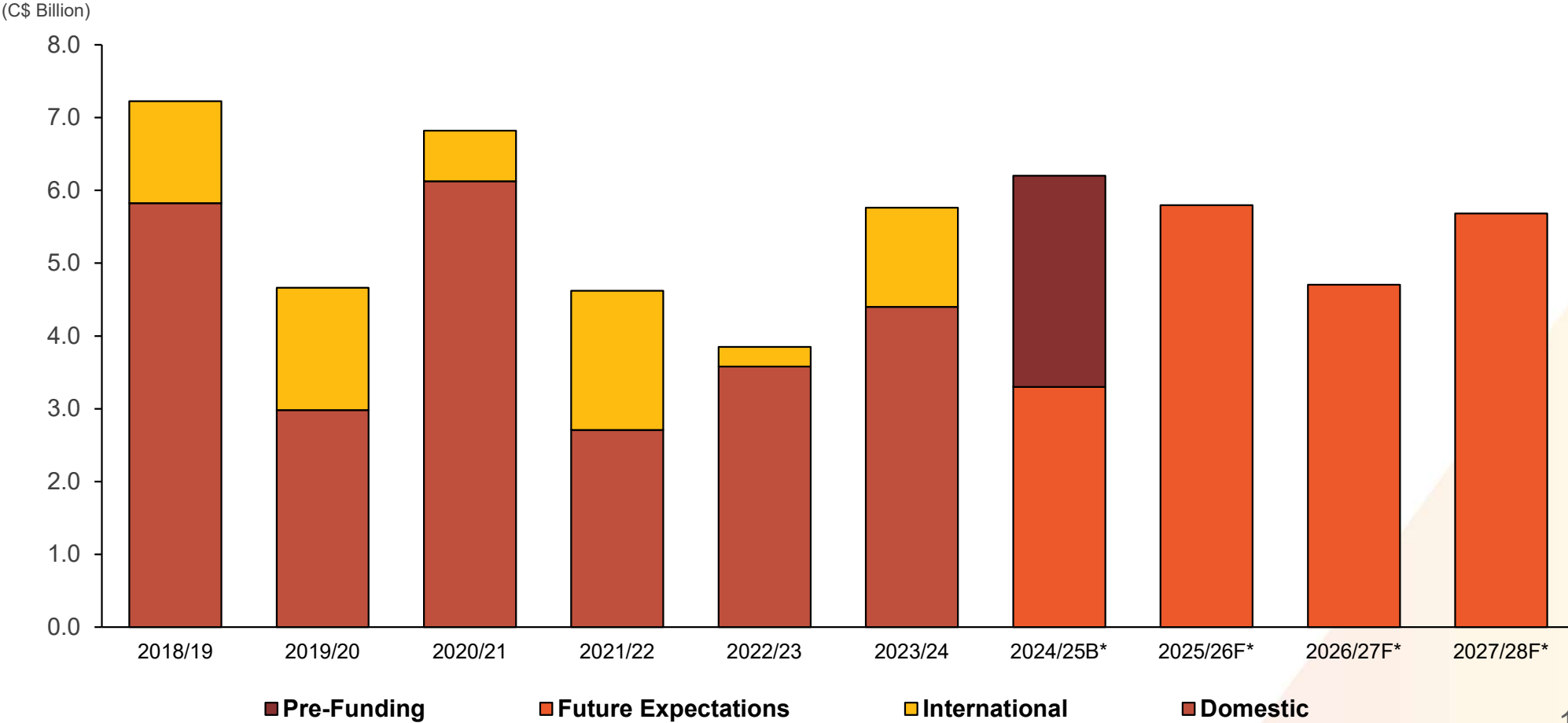
Short-Term Borrowing Program:

- Treasury Bill Program (\$200 million, 91-day auction weekly)
- Promissory Note Program

Long-Term Borrowing Program:

- **Domestic Borrowing:**
 - 10yr & 30yr Benchmarks
 - Medium Term Notes (MTN's)
- **International Borrowing:**
 - US Dollars SEC Registered
 - EMTN Programme
 - Australian Medium-Term Notes

Medium-Term Borrowing

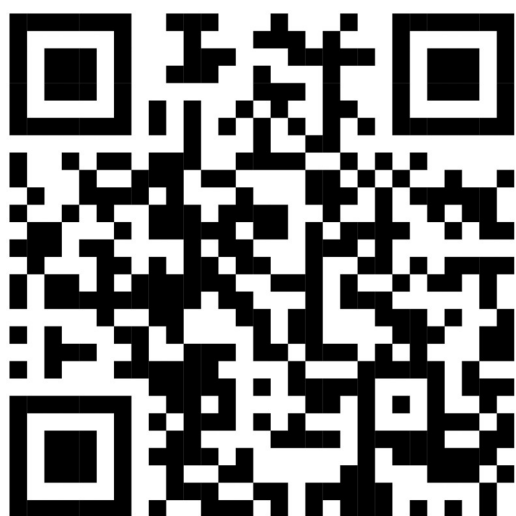


Credit Ratings



Agency	Long-Term Date of Last Action	Short-Term	Trend	ESG Score
Moody's	Aa2 Friday, July 10, 2015	NR	Stable	CIS-2 Neutral to Low
Standard & Poor's	A+ Friday, July 21, 2017	A-1	Stable	-
DBRS Morningstar	A (High) Friday, October 11, 2013	R-1 (Middle)	Stable	ESG Assessment No Significant Impact on Credit Analysis

Presentation Access:



Thank You

For more information, please visit Manitoba.ca

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