

Needs For and Alternatives To

APPENDIX G

Economic Outlook 2013 – 2034

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Economic Outlook

2013 – 2034



**Economic Analysis
Department
Spring, 2013
E013-1**

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Preface

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 the following sources: IHS Global Insight, the Conference Board of Canada, Informetrica, Spatial Economics, BMO Nesbitt Burns, CIBC, Desjardins, Laurentian, 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 calendar year data. Fiscal year data are presented on pages 3 and 4 and in Appendix A; the balance of the text relates to calendar year information.

Executive Summary

Recent Economic Performance

The recent economic performance of several key economic indicators for Manitoba, Canada, and the U.S. for the past five years is provided on page 2.

In 2012, Manitoba real GDP growth remained stable relative to 2011, while Canada real GDP growth declined and the U.S. rebounded over the past year.

In 2012, Manitoba, Canada, and U.S. **CPI** increased by 1.6%, 1.5%, and 2.1% respectively. These inflation rates are significantly lower than those experienced over the previous year-to-year.

All three economies' **population** and **employment rates** stabilized in 2012 relative to 2011. Manitoba's **unemployment rate** fell to 5.3% in 2012. Both Canada's and U.S.'s unemployment rate experienced a decline in 2012 relative to 2011.

Although the Canadian and U.S. short-term interest rates (**90 Day T-Bill rate**) remain historically low, these rates increased slightly in 2012 relative to 2011. Both the Canadian and U.S. **long bond rate** decreased in 2012 relative to 2011. The **Canadian dollar** depreciated from 0.99 Cdn\$/US\$ in 2011 to 1.00 Cdn\$/US\$ in 2012.

Future Outlook of Economic Performance

The reference case outlook of several key economic indicators for Manitoba, Canada, and the U.S. is provided on page 3.

Relative to last year's outlook, the long-term average annual growth in **real GDP** is expected to be higher for Manitoba and Canada, and remain the same for the U.S.

In the long term, Manitoba, Canada, and U.S. **CPI** are expected to escalate at 2.0% relative to EO2012.

In the long term, Manitoba's and Canada's **populations** are expected to grow at an annual rate of 1.0%, while the U.S. population is expected to grow annually at 0.9%.

Relative to the EO2012 forecast, this year's outlook for **housing starts** in Manitoba has declined by 400 units per year from 7,400 units to 7,000 units. Over the forecast period, Manitoba **residential electricity customers** are expected to increase on average by 5,350 units per year as compared to last year's forecast of 6,300 residential customers per year.

In the long term, Canada's **90 Day T-Bill rate** and the **long bond rate** are expected to be lower than last year's forecast. The U.S. 90 Day T-Bill rate and long bond rate are expected to be down from last year's forecast.

In EO2013, the **Canadian dollar** is forecast to be at or close to par by 2012/13 and depreciate slowly thereafter to 1.03 Cdn\$/US\$ by 2016/17 and on.

Page 4 provides comparisons of the current forecast of key variables to those prepared in the spring and fall of 2011.

Recent Economic Performance

	2008	2009	2010	2011	2012
Manitoba					
Real GDP – % chge	4.0	-0.5	2.3	2.2	2.2
CPI – % chge	2.3	0.6	0.8	3.0	1.6
Population – % chge	1.0	1.2	1.3	1.3	1.2
Employment – % chge	1.9	-1.9	1.9	0.8	0.9
Unemployment rate – %	2.4	5.2	5.4	5.4	5.3
Residential customers – '000s	436	441	445	449	455
Housing starts – Units	5,537	4,174	5,888	6,083	7,242
Retail sales – \$M	14,980	14,915	15,766	16,448	16,663
Manufacturing Shipments – \$M	16,373	14,653	14,422	15,275	15,463
Canada					
Real GDP – % chge	1.1	-2.8	3.2	2.6	1.8
CPI – % chge	2.3	0.3	1.8	2.9	1.5
Population – % chge	1.2	1.2	1.2	1.0	1.1
Employment – % chge	1.4	-1.4	1.4	1.5	1.1
Unemployment rate – %	6.1	8.3	8.0	7.5	7.0
Housing starts – '000s	211	148	191	194	215
Retail sales – \$B	428	415	439	456	468
Manufacturing Shipments – \$B	592	487	530	571	590
90 Day T-Bill rate – %	2.39	0.35	0.56	0.93	0.96
LT Bond rate 10 Yr+ – %	3.84	3.77	3.55	3.09	2.25
C\$/US\$	1.07	1.14	1.03	0.99	1.00
United States					
Real GDP – % chge	-0.3	-3.1	2.4	1.8	2.2
CPI – % chge	3.8	-0.4	1.7	3.1	2.1
GDP Price Deflator – % chge	2.1	1.0	1.3	2.1	1.8
90 Day T-Bill rate – %	1.37	0.15	0.13	0.05	0.09
LT Bond rate 10 Yr – %	3.67	3.26	3.22	2.86	1.89
Unemployment rate – %	5.8	9.3	9.6	8.9	8.1
Prices					
Wheat – US\$/bu	11.2	7.0	7.6	11.2	9.7
Cattle – US\$/cwt	89.2	80.4	91.9	113.3	122.4
Hogs – US\$/cwt	47.7	42.0	55.1	66.5	64.2
Copper – US\$/lb	3.2	2.3	3.4	4.0	3.6
Nickel – US\$/lb	9.6	6.6	9.9	10.4	8.0
Zinc – US\$/lb	0.9	0.8	1.0	1.0	0.9
Gold – US\$/oz	872.0	973.0	1225.0	1570.0	1668.0
Silver – US\$/oz	15.0	14.7	20.2	35.1	31.2

Reference Case Forecast Fiscal Year Basis

MANITOBA	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	
Real GDP (% chge)	2.1	2.1	2.4	2.6	2.3	2.1	2.0	2.0	*
CPI (% chge)	1.6	1.8	2.0	2.0	2.0	2.0	2.0	2.0	& on
Population (000's)	1,271	1,286	1,302	1,317	1,332	1,348	1,363	1,379	*
Residential Customers (000's)	459	464	470	476	481	487	492	498	*
Unemployment Rate (%)	5.3	5.2	5.1	5.3	5.2	5.1	5.1	4.9	

*for 2020/21 and beyond, see Appendix A, page A-1

CANADA	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	
Real GDP (% chge)	1.8	1.9	2.4	2.4	2.3	2.3	2.1	2.0	*
CPI (% chge)	1.2	1.5	2.0	2.0	2.0	2.0	2.0	2.0	& on
GDP Price Deflator (% chge)	1.4	1.8	1.8	1.8	1.8	1.9	1.9	1.9	& on
90 Day T-Bill (%)	0.97	1.05	1.45	2.35	3.25	3.70	3.90	3.90	& on
LT Bond Rate 10 Yr+ (%)	2.18	2.50	3.05	3.50	4.25	4.70	5.05	5.05	& on
U.S. Exchange Rate (C\$/US\$)	1.00	1.02	1.01	1.01	1.03	1.03	1.03	1.03	& on
Unemployment Rate (%)	7.1	7.0	6.8	6.4	6.1	6.0	5.9	5.9	

*for 2020/21 and beyond, see Appendix A, page A-1

UNITED STATES	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	
Real GDP (% chge)	2.1	2.4	2.9	3.0	2.8	2.6	2.4	2.4	& on
CPI (% chge)	1.8	1.8	1.8	1.9	2.0	2.0	2.0	2.0	& on
GDP Price Deflator (% chge)	1.7	1.9	2.1	1.9	2.0	2.0	2.0	1.9	& on
90 Day T-Bill (%)	0.10	0.20	0.40	1.20	2.55	3.40	3.80	3.90	& on
LT Bond Rate 10 Yr (%)	1.83	2.30	2.90	3.50	4.20	4.70	5.10	5.30	& on
Unemployment Rate (%)	8.0	7.6	7.1	6.5	6.0	5.6	5.5	5.5	

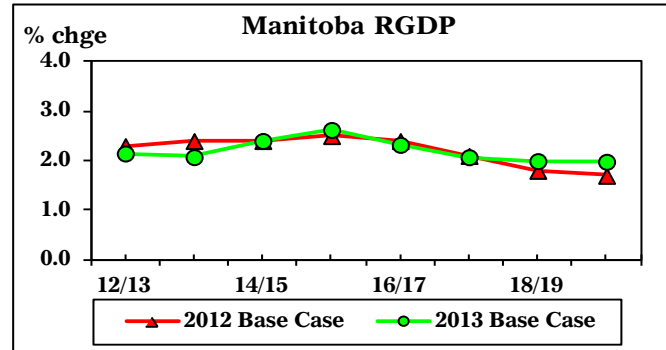
Manitoba Hydro Key Variables Fiscal Year Basis

Changes from Previous Forecast

Fiscal Year	2012 Base Case	October 2012 Update	2013 Base Case
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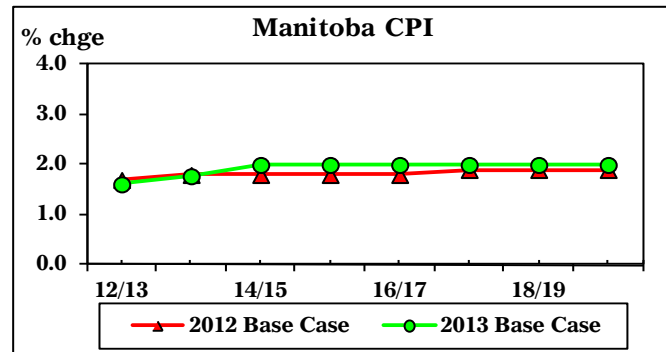
RGDP (% chge)

11/12	2.2	n/a	2.2
12/13	2.3	n/a	2.1
13/14	2.4	n/a	2.1
14/15	2.4	n/a	2.4
15/16	2.5	n/a	2.6
16/17	2.4	n/a	2.3
17/18	2.1	n/a	2.1
18/19	1.8	n/a	2.0
19/20	1.7	n/a	2.0



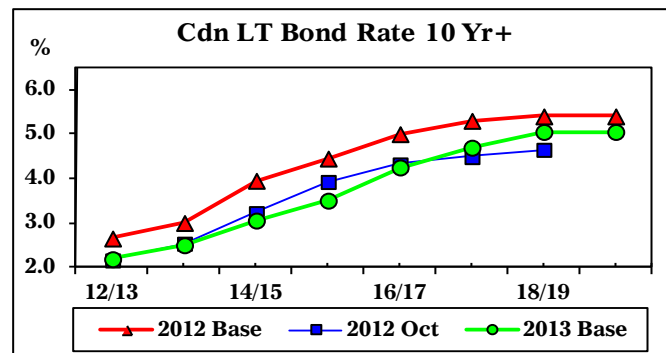
CPI - Inflation (% chge)

11/12	2.8	n/a	2.8
12/13	1.7	n/a	1.6
13/14	1.8	n/a	1.8
14/15	1.8	n/a	2.0
15/16	1.8	n/a	2.0
16/17	1.8	n/a	2.0
17/18	1.9	n/a	2.0
18/19	1.9	n/a	2.0
19/20 & on	1.9	n/a	2.0



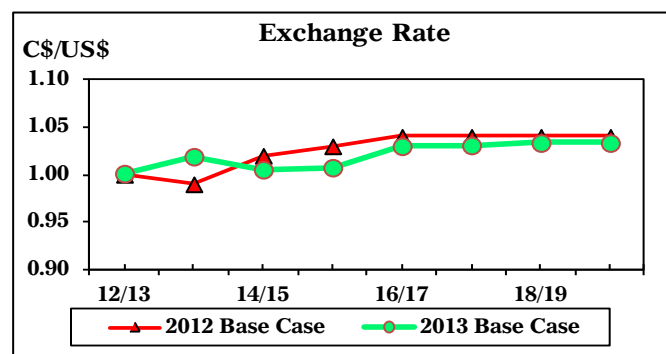
Canadian LT Bond Rate 10 Yr+ (%)

11/12	2.79	n/a	2.83
12/13	2.65	2.16	2.18
13/14	3.00	2.53	2.50
14/15	3.95	3.22	3.05
15/16	4.45	3.92	3.50
16/17	5.00	4.32	4.25
17/18	5.30	4.48	4.70
18/19	5.40	4.65	5.05
19/20 & on	5.40	n/a	5.05



Foreign Exchange (C\$/US\$)

11/12	0.99	n/a	0.99
12/13	1.00	n/a	1.00
13/14	0.99	n/a	1.02
14/15	1.02	n/a	1.01
15/16	1.03	n/a	1.01
16/17	1.04	n/a	1.03
17/18	1.04	n/a	1.03
18/19	1.04	n/a	1.03
19/20 & on	1.04	n/a	1.03



Forecasts of Key Economic and Financial Indicators

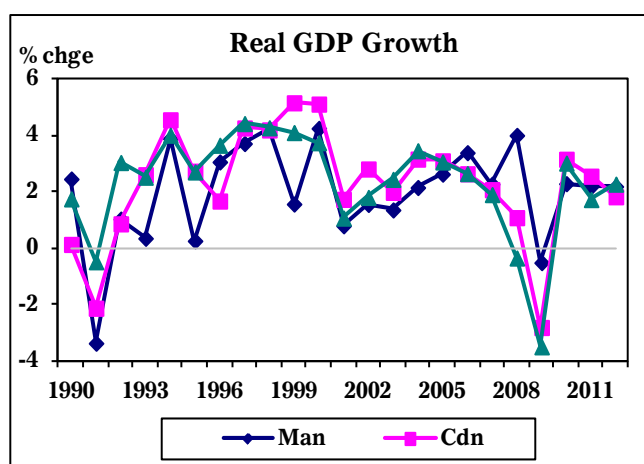
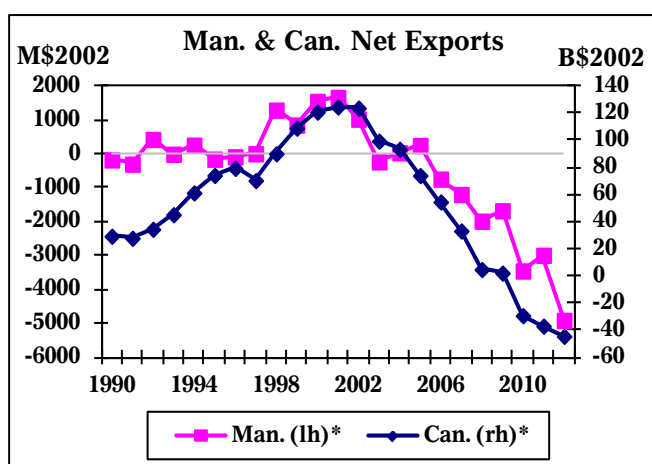
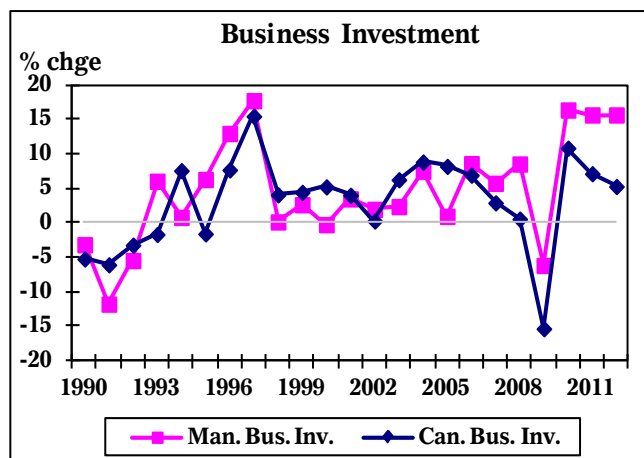
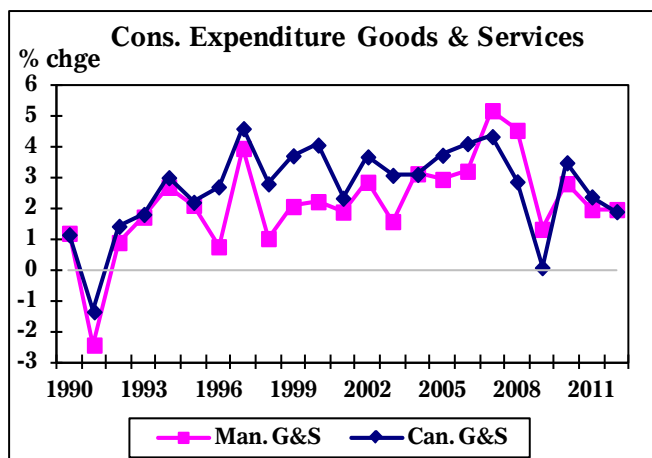
The forecasts reported in the Economic Outlook are based on a consensus view of several independent sources including Canada's primary financial institutions in addition to several other independent sources, all of which are well known and respected. For the purpose of the 2013 Economic Outlook, the forecasting sources included IHS Global Insight, the Conference Board of Canada, Informetrica, Spatial Economics, BMO Nesbitt Burns, CIBC, Desjardins, Laurentian, Royal Bank of Canada, Scotiabank, National Bank of Canada, and TD Bank.

The following sections of the report provide tables, graphs, and written summaries of the data behind the forecasts for the following key economic indicators:

- Real Gross Domestic Product,
- Consumer Price Index and GDP Price Deflator,
- Population including Manitoba Aboriginal Population,
- Employment,
- Housing,
- Short-term and Long-term Interest Rates, and
- C\$/US\$ Exchange Rate.

Appendix A and B of this report provide the history and forecasts for key economic indicators for Manitoba and Canada on a fiscal year basis and a calendar year basis, respectively. Appendix C provides a description and data related to economic alternative cases.

Real Gross Domestic Product



Average Annual Growth 1990-2012, % chge

	Man.	Can.	U.S.
Consumer Expenditure Goods and Services	2.2	2.7	2.7
Government Goods and Services	1.5	1.6	1.3
Government Investment	4.3	3.5	
Business Investment	4.0	3.3	3.0
Exports	4.0	3.8	5.2
Imports	4.6	4.8	5.6
Real GDP	2.0	2.4	2.4

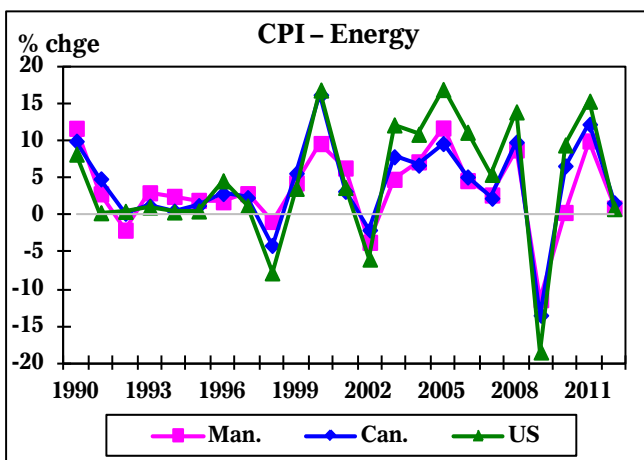
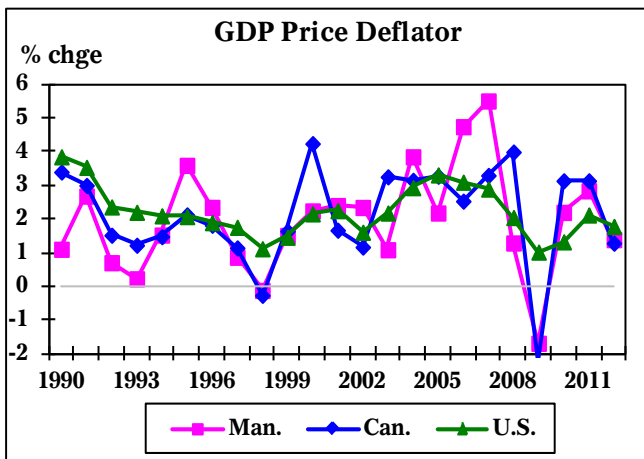
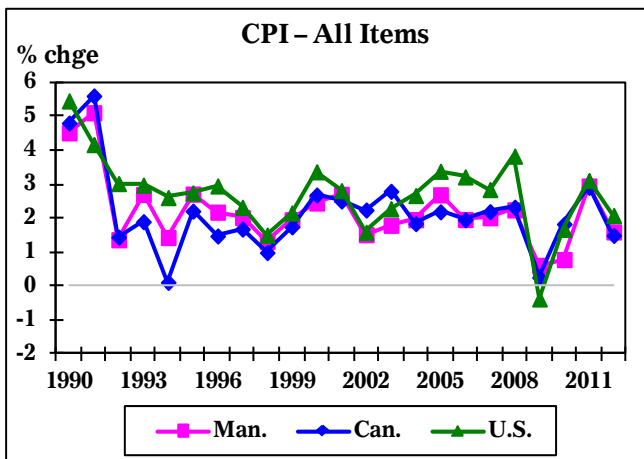
still persist, U.S. business investments were up 9.8%. EO2013 forecasts Manitoba's and Canada's long-term real GDP to be 2.0%, and 2.5% for the U.S.

Manitoba's real GDP increased by 2.2% in 2012 similar to the 2.2% growth in 2011. Consumption, which is 64-70% of aggregate demand, remained the key driving force in North American economies in 2012. Household expenditure was up 2.0% and 1.9% in Manitoba and Canada, respectively, and up by 1.9% in the U.S. In response to higher retail sales and manufacturing shipments as well as escalating corporate profits, business investments were up in 2012 with increases of 15.7% and 5.3% in Manitoba and Canada, respectively. Although ongoing problems in the U.S. housing market

In 2012, nominal Manitoba and Canada GDP income posted increases of 3.6% and 3.3%, respectively. Higher corporate profits, as well as interest and miscellaneous investment income were responsible for the increase. U.S. nominal GDP increased 4.0% in 2012.

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

Consumer Price Index and GDP Price Deflator

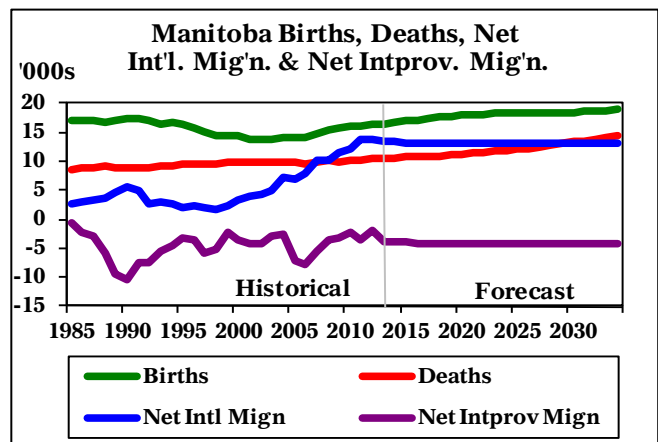
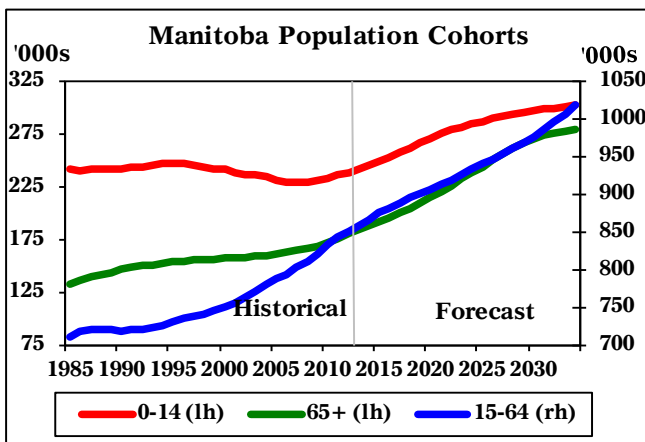
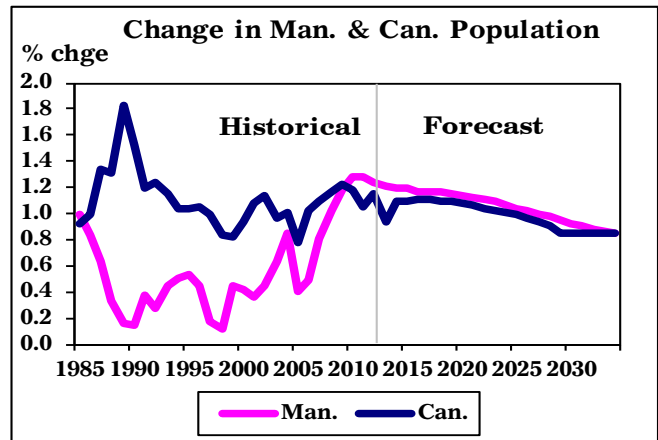
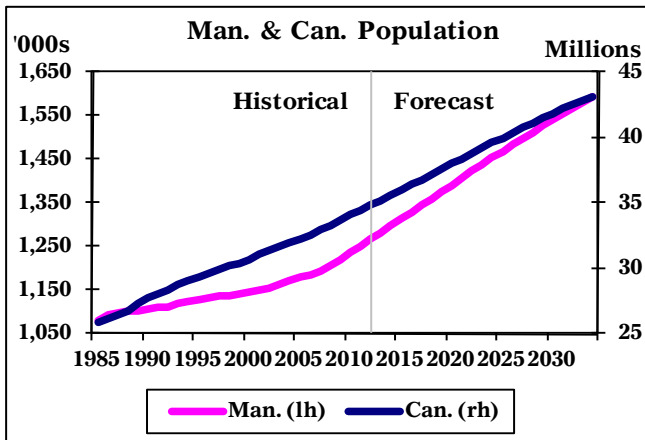


The Consumer Price Index (CPI) is based on a basket of household goods while the GDP price deflator is based on all goods produced domestically. In 2012, Manitoba and Canada CPI increased by 1.6% and 1.5%, respectively, while the U.S. CPI increased by 2.1%. Manitoba and Canadian GDP price deflators increased by 1.4% and 1.3% respectively, while the U.S. GDP price deflator increased by 1.8% in 2012. Manitoba, Canada, and U.S. energy consumer price index increased by 1.0%, 1.7%, and 0.9%, respectively, in 2012. The 2013 Economic Outlook forecasts that the Manitoba, Canada, and U.S. long-term CPI will be 2.0%. The 2013 Economic Outlook forecasts that in the long term the Manitoba GDP price deflator will be 1.7%, while Canada and the U.S. GDP price deflator will be 1.8% and 1.9% respectively.

2012 Consumer Price Index % chge

	Manitoba	Canada	U.S.
All Items - CPI	1.6	1.5	2.1
Food	2.2	2.3	2.5
Shelter	1.9	1.2	
Household	1.8	1.9	1.6
Clothing	0.3	0.1	3.4
Transportation	1.4	2.0	2.3
Health	1.0	1.4	3.6
Recreation	-0.2	0.6	1.1
Other Deflators:			
Energy	1.0	1.7	0.9
GDP Deflator	1.4	1.3	1.8

Population



Manitoba's total population increased by 15,313 persons in 2012 or 1.2% relative to 2011. Total net migration to Manitoba was 9,522 people and the total natural increase was 5,791 in 2012.

Manitoba's population is expected to grow on average at 1.0% or 14,900 people annually over the forecast period, 2,100 people lower than the growth rate forecast in EO2012. This year's forecast assumes that the Provincial Nominee Program will continue to sustain high annual growth in immigrants. As a result, international migration is forecast to grow by 15,100 immigrants annually. Manitoba's population forecast is based on a 1.9 total fertility rate and 13,100 net international migration offset by -4,100 net interprovincial migration. This translates to population growth resulting from a natural increase of 6,000 per annum and 8,900 from net migration. Refer to Appendices A and B for the forecasts of Manitoba population expressed in calendar and fiscal years.

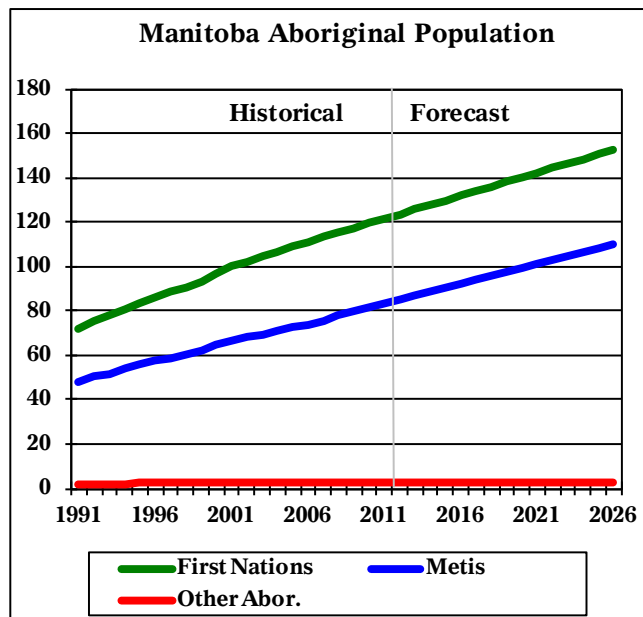
Canada's population is expected to grow on average at 1.0% or 383,000 people annually over the forecast period. The United States' population is expected to grow on average at 0.9% or 3,100,000 people annually.

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
2000-2012	0.8
2013-2034	1.0

Year	Mb Pop'n. Changes
1995	5,921
1996	5,046
1997	1,929
1998	1,360
1999	4,962
2000	4,864
2001	4,126
2002	5,174
2003	7,206
2004	9,747
2005	4,736
2006	5,730
2007	9,571
2008	12,088
2009	14,213
2010	15,819
2011	15,967
2012	15,313

Manitoba Aboriginal Population

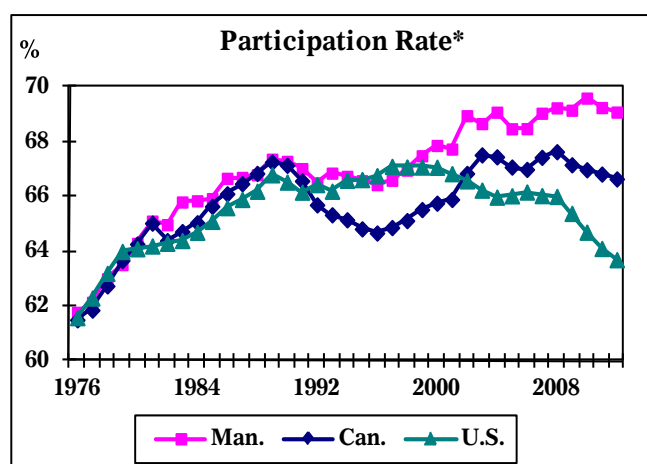
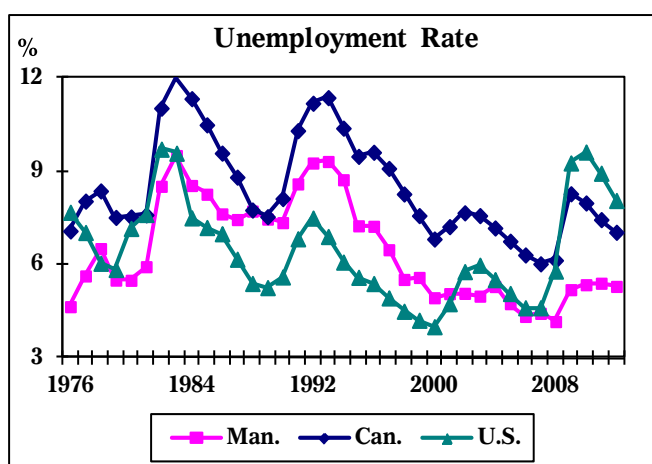
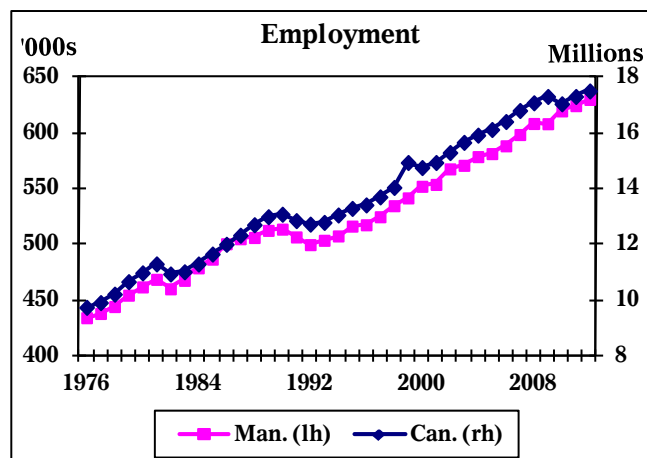
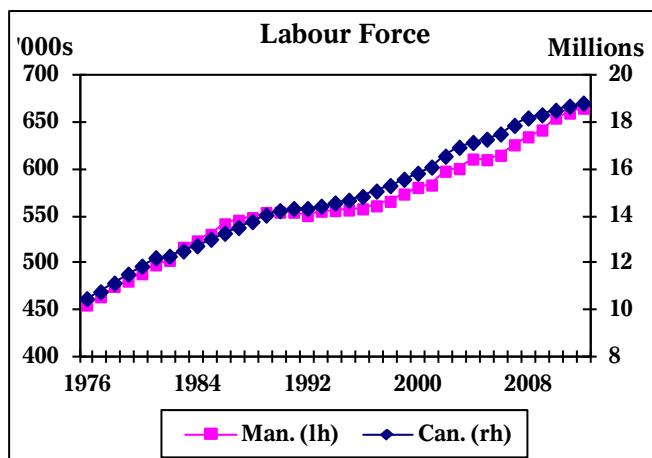
	Aborig. Pop'n. '000s	Annual Diff.	Man Pop'n. '000s	Aborig. Pop'n. Share Man Pop'n.
1999	157	4,530	1,143	13.8%
2000	164	6,355	1,147	14.3%
2001	169	5,709	1,151	14.7%
2002	173	3,746	1,157	15.0%
2003	177	3,660	1,164	15.2%
2004	181	3,764	1,174	15.4%
2005	184	3,660	1,178	15.6%
2006	188	3,764	1,184	15.9%
2007	192	3,880	1,194	16.1%
2008	196	3,880	1,206	16.2%
2009	200	3,880	1,220	16.4%
2010	204	3,880	1,236	16.5%
2011	207	3,880	1,252	16.6%
2012	211	3,880	1,267	16.7%
Forecast				
2013	215	3,880	1,282	16.8%
2014	219	3,880	1,298	16.9%
2015	223	3,880	1,313	17.0%
2016	227	3,880	1,329	17.1%
2017	231	3,880	1,344	17.2%
2018	235	3,880	1,360	17.3%
2019	238	3,880	1,375	17.3%
2020	242	3,880	1,391	17.4%
2021	246	3,880	1,407	17.5%
2022	250	3,880	1,422	17.6%
2023	254	3,880	1,438	17.7%
2024	258	3,880	1,453	17.7%
2025	262	3,880	1,468	17.8%
2026	266	3,880	1,483	17.9%
2027	269	3,880	1,498	18.0%
2028	273	3,880	1,512	18.1%



Manitoba Aboriginal population includes registered Indian, Métis (non-registered), and other Aboriginal. Total Manitoba Aboriginal population increased by 3,880 people or 1.9% in 2012. Manitoba has the second largest registered Aboriginal population in Canada, after Ontario. In EO2012, Manitoba's Aboriginal population is expected to grow at an annual rate of 1.6% or 3,880 people per year. EO2013 is based on annual growth of 2,080 registered Indians and 1,800 non-registered Métis. Manitoba's Aboriginal population share of the total Manitoba population trends from 16.7% in 2012 to 18.1% in 2028 in EO2013. In EO2012, Manitoba's Aboriginal population share of the total Manitoba population trended from 16.6% in 2011 to 17.7% in 2027. 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 Statistics Canada's publication *Population projections by Aboriginal Identity in Canada 91-552-X*.

Employment

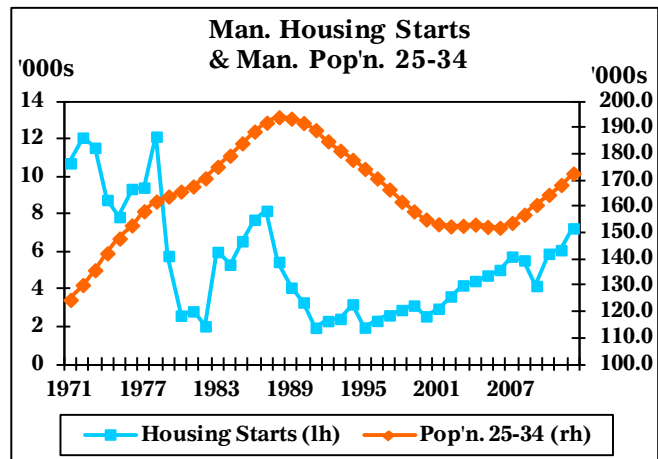
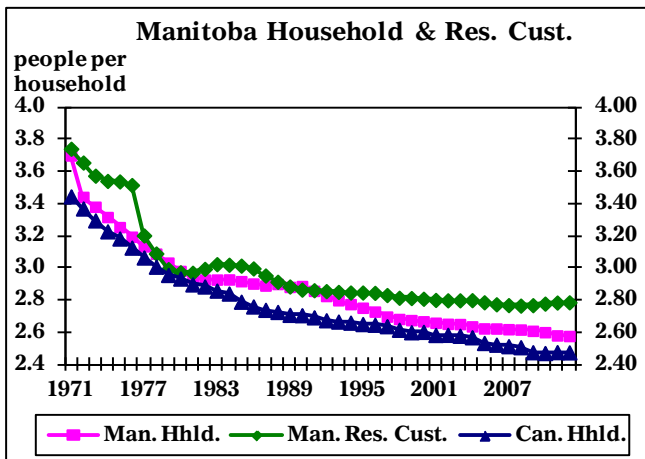
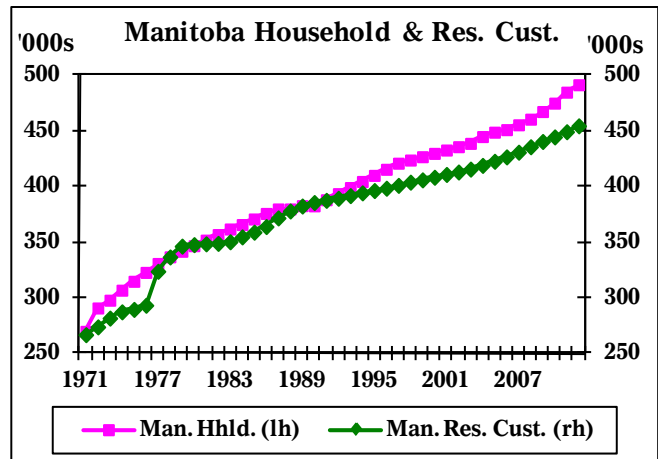
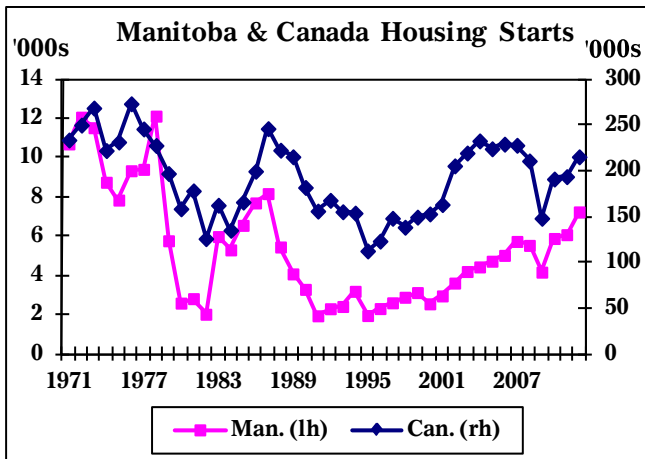


*Participation Rate = Labour Force/Popn 15+

	Manitoba			Canada			United States		
	2002	2012	% chge 12/11	2002	2012	% chge 12/11	2002	2012	% chge 12/11
Population 15+ - '000s	868	963	1.0	24,786	28,258	1.0	217,569	243,284	1.5
Participation Rate - %	69.0	69.1		66.8	66.6		66.6	63.7	
Labour Force - '000s	598	665	0.8	16,569	18,833	0.7	144,856	154,969	0.9
Employment - '000s	568	630	0.9	15,298	17,506	1.1	136,481	142,464	1.9
Unemployment Rate - %	5.1	5.3		7.7	7.0		5.8	8.1	
Employment Rate - %	65.5	65.4		61.7	62.0		62.7	58.6	
Industrial Weekly Wage - \$	608	809	2.9	657	875	2.5	507	666	1.7

Over the 2013-2034 period, Manitoba's and Canada's employment levels are forecast to grow annually at 1.0% and 0.8% respectively, while the United States' is anticipated to grow at 0.9% annually. Manitoba's unemployment rate is expected to trend downwards from 5.2% in 2013 to 5.0% in 2018 and remain around the 4.9% rate until 2034. Canada's unemployment rate is expected to trend from 7.1% in 2013 to 5.2% in 2034. The United States' unemployment rate is expected to trend from 7.7% in 2013 to 5.5% in 2034.

Housing



	Man. Housing Starts	Man. Res. Cust. '000s	Can. Housing Starts '000s
1994	3,197	395	154
1995	1,963	397	113
1996	2,318	399	123
1997	2,612	401	148
1998	2,895	404	138
1999	3,133	406	149
2000	2,560	409	153
2001	2,963	411	163
2002	3,617	413	205
2003	4,206	416	219
2004	4,440	419	233
2005	4,731	423	224
2006	5,028	427	229
2007	5,738	431	228
2008	5,537	436	211
2009	4,174	441	148
2010	5,888	445	191
2011	6,083	449	194
2012	7,242	455	215

Total Manitoba housing starts were 7,242 in 2012, up from 6,088 units in 2011. Strong population growth, increase in employment force, rising wages, and low mortgage rates were the driving forces behind the demand for housing in 2012, which was the highest level since 1987. EO2013 forecasts that Manitoba housing starts will increase at approximately 7,000 units annually in the longer term. The forecasted annual population growth rate in Manitoba of 14,900 people in EO2013 is 2,100 people lower than the growth rate forecast in EO2012 and is the main driver in the increased housing starts.

The number of Manitoba Hydro metered residential customers increased by 5,309 units in 2012 relative to 2011. EO2013 forecasts that Manitoba residential customers will increase by 5,350 units or 1.0% annually over the 2013-2034 period, down about 1,000 units annually from EO2012. Refer to Appendices A and B for the forecasts of Manitoba residential customers expressed in calendar and fiscal years.

Interest Rates

Canadian Interest Rates

	2012 Average %	12 Month Low %	12 Month High %
90 Day T-Bill Rate	0.96	0.83	1.02
Prime Rate	3.00	3.00	3.00
LT Bond Rate 10 Yr+	2.25	2.01	2.79

U.S. Interest Rates

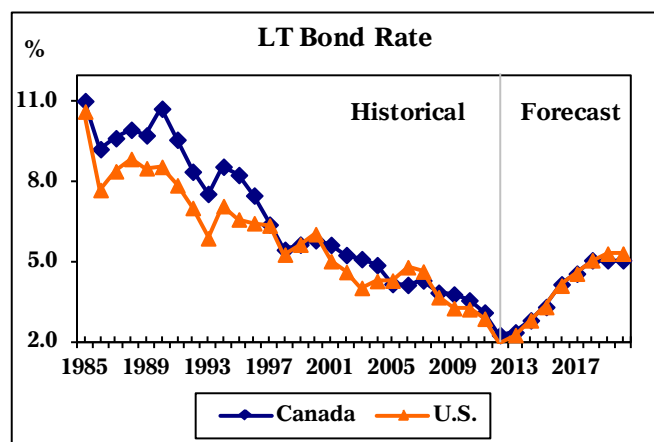
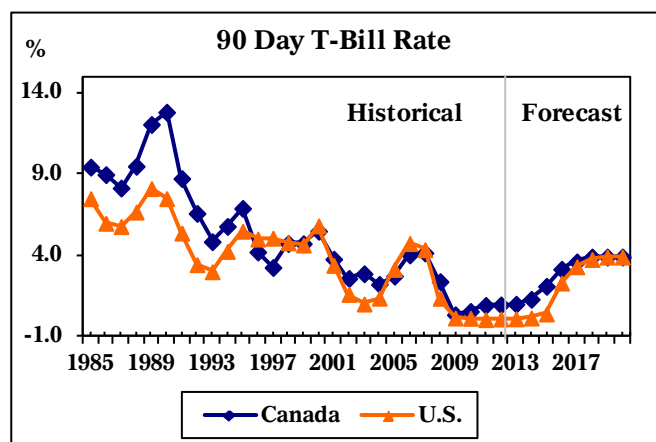
	2012 Average %	12 Month Low %	12 Month High %
90 Day T-Bill Rate	0.09	0.02	0.13
Prime Rate	3.25	3.25	3.25
LT Bond Rate 10 Yr	1.89	1.59	2.51

Short-Term Interest Spread

	Cdn. 90 Day T-Bill Rate %	U.S. 90 Day T-Bill Rate %	Spread %
1982	13.66	10.72	2.94
1992	6.58	3.43	3.15
2002	2.59	1.60	0.98
2012	0.96	0.09	0.87

Long-Term Interest Spread

	Cdn. LT Bond Rate 10 Yr+ %	U.S. LT Bond Rate 10 Yr %	Spread %
1982	14.22	13.00	1.22
1992	8.37	7.01	1.36
2002	5.25	4.61	0.64
2012	2.25	1.89	0.35



For the purpose of representing the long-term interest rates that impact Manitoba Hydro, for Canadian long-term debt the average of a 10 year and a 30 year Canadian long bond rate is used and is referred to as a 10 Yr+ rate. For U.S. long-term debt, a 10 year U.S. long bond rate is used.

In 2012, the Bank of Canada maintained its stimulative monetary policy throughout the year. The Bank of Canada maintained the overnight rate at 1.00% throughout 2012. As a result, the 90 Day T-Bill rate increased from 0.93% in 2011 to 0.96% in 2012, while the 10 Yr+ bond rate dropped from 3.09% to 2.25% over the same period.

Canadian 90 Day T-Bill rates are forecast to trend from 1.00% in 2013 to 3.90% in the long term. The U.S. 90 Day T-Bill rate is expected to trend from 0.10% in 2013 to 3.90% in the long term. Canada and U.S. long bond rates are forecast to trend up to 5.05% and 5.30%, respectively. The positive spread in Canadian-U.S. T-Bill rates in 2012 is expected to decline over the forecast period. The positive spread in Canadian-U.S. long bond rates in 2012 is also expected to decline over the forecast period.

Refer to Appendices A and B for the forecasts of Canadian interest rates expressed in calendar and fiscal years. Forecasts of U.S. interest rates can be found on page 3.

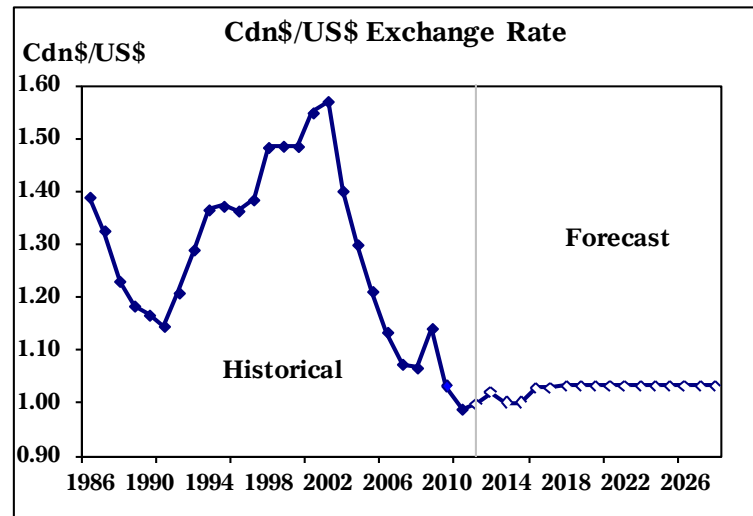
Exchange Rate

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	0.65	1.49
2001	0.64	1.55
2002	0.71	1.57
2003	0.77	1.40
2004	0.83	1.30
2005	0.88	1.21
2006	0.93	1.13
2007	0.94	1.07
2008	0.94	1.07
2009	0.88	1.14
2010	0.97	1.03
2011	1.01	0.99
2012	1.00	1.00
2024	0.97	1.03
2034	0.97	1.03

Range in Exchange Rate

	2012 Average	12 Month Low	12 Month High
Cdn. \$/US \$	1.00	1.03	0.98
US \$/Cdn. \$	1.00	0.97	1.02



The Canadian dollar depreciated slightly relative to the U.S. dollar by 1.10% in 2012 relative to 2011. Softer commodity prices and widening trade gap are the main factors behind the weakening Canadian dollar in 2012. It has appreciated over 57% since 2002, when it was at its lowest historic value relative to the U.S. dollar.

The Canadian dollar is expected to continue to depreciate slightly over the next few years from near parity in 2013 and 2014 to 1.03 Cdn\$/US\$ in 2016 and beyond.

Appendix A

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 LT Bond Rate 10 Yr+ %	C\$/US\$
1988/89	0.3	4.4	1,103	381	4.0	4.1	10.29	10.11	1.21
1989/90	2.6	4.7	1,104	385	2.1	5.2	12.37	9.77	1.18
1990/91	1.0	5.0	1,106	387	-1.1	5.0	12.07	10.59	1.16
1991/92	-2.3	3.8	1,110	389	-1.1	4.4	8.03	9.29	1.15
1992/93	0.9	1.9	1,114	391	1.1	1.6	6.25	8.18	1.23
1993/94	1.3	2.4	1,119	394	3.1	1.5	4.46	7.39	1.31
1994/95	3.0	1.6	1,125	396	4.8	0.4	6.46	8.95	1.38
1995/96	1.0	2.5	1,130	398	1.7	2.1	6.17	7.93	1.36
1996/97	3.2	2.5	1,135	400	2.5	1.7	3.67	7.28	1.36
1997/98	3.9	1.5	1,136	404	4.6	1.4	3.63	6.06	1.40
1998/99	3.6	1.5	1,139	405	4.0	0.9	4.81	5.35	1.50
1999/00	2.3	2.2	1,144	408	5.5	2.2	4.82	5.69	1.47
2000/01	3.4	2.5	1,148	411	4.5	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	1.5	2.3	1,158	415	3.0	3.0	2.79	5.41	1.55
2003/04	1.6	0.9	1,166	419	1.8	1.9	2.67	4.97	1.35
2004/05	2.3	2.7	1,175	422	3.3	2.2	2.31	4.81	1.28
2005/06	2.8	2.4	1,180	426	3.5	2.3	3.02	4.17	1.19
2006/07	3.1	2.0	1,186	430	1.5	1.9	4.16	4.23	1.14
2007/08	2.7	1.9	1,197	434	2.7	2.1	3.83	4.24	1.03
2008/09	2.9	2.2	1,209	440	0.1	2.2	1.84	3.66	1.13
2009/10	0.2	0.6	1,224	444	-1.3	0.4	0.22	3.89	1.09
2010/11	2.3	1.0	1,240	448	3.0	2.0	0.78	3.48	1.02
2011/12	2.2	2.8	1,256	453	2.4	2.8	0.91	2.83	0.99
2012/13	2.1	1.6	1,271	459	1.8	1.2	0.97	2.18	1.00
Forecast									
2013/14	2.1	1.8	1,286	464	1.9	1.5	1.05	2.50	1.02
2014/15	2.4	2.0	1,302	470	2.4	2.0	1.45	3.05	1.01
2015/16	2.6	2.0	1,317	476	2.4	2.0	2.35	3.50	1.01
2016/17	2.3	2.0	1,332	481	2.3	2.0	3.25	4.25	1.03
2017/18	2.1	2.0	1,348	487	2.3	2.0	3.70	4.70	1.03
2018/19	2.0	2.0	1,363	492	2.1	2.0	3.90	5.05	1.03
2019/20	2.0	2.0	1,379	498	2.0	2.0	3.90	5.05	1.03
2020/21	2.0	2.0	1,395	503	2.0	2.0	3.90	5.05	1.03
2021/22	2.0	2.0	1,410	509	2.0	2.0	3.90	5.05	1.03
2022/23	2.0	2.0	1,426	515	2.0	2.0	3.90	5.05	1.03
2023/24	2.0	2.0	1,441	520	2.0	2.0	3.90	5.05	1.03
2024/25	2.0	2.0	1,457	526	2.0	2.0	3.90	5.05	1.03
2025/26	2.0	2.0	1,472	531	2.0	2.0	3.90	5.05	1.03
2026/27	2.0	2.0	1,487	536	2.0	2.0	3.90	5.05	1.03
2027/28	2.0	2.0	1,502	542	2.0	2.0	3.90	5.05	1.03
2028/29	2.0	2.0	1,516	547	2.0	2.0	3.90	5.05	1.03
2029/30	2.0	2.0	1,530	552	2.0	2.0	3.90	5.05	1.03
2030/31	2.0	2.0	1,544	557	2.0	2.0	3.90	5.05	1.03
2031/32	2.0	2.0	1,558	562	2.0	2.0	3.90	5.05	1.03
2032/33	2.0	2.0	1,572	567	2.0	2.0	3.90	5.05	1.03
2033/34	2.0	2.0	1,585	572	2.0	2.0	3.90	5.05	1.03

Appendix B

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 LT Bond Rate 10 Yr+ %	C\$/US\$
1988	-0.5	4.2	1,102	378	4.8	3.9	9.48	9.94	1.23
1989	2.7	4.7	1,104	383	2.4	5.1	12.05	9.73	1.18
1990	2.5	4.5	1,105	386	0.1	4.8	12.81	10.73	1.17
1991	-3.4	5.1	1,110	388	-2.1	5.6	8.73	9.57	1.15
1992	1.0	1.4	1,113	390	0.9	1.4	6.58	8.37	1.21
1993	0.4	2.7	1,118	392	2.6	1.9	4.84	7.54	1.29
1994	3.9	1.4	1,123	395	4.6	0.1	5.78	8.56	1.37
1995	0.3	2.7	1,129	397	2.7	2.2	6.89	8.24	1.37
1996	3.1	2.2	1,134	399	1.7	1.5	4.21	7.48	1.36
1997	3.7	2.0	1,136	401	4.3	1.7	3.26	6.39	1.38
1998	4.2	1.3	1,137	404	4.2	1.0	4.73	5.44	1.48
1999	1.6	2.0	1,142	406	5.2	1.8	4.72	5.64	1.49
2000	4.3	2.5	1,147	409	5.1	2.7	5.49	5.80	1.49
2001	0.8	2.7	1,151	411	1.7	2.5	3.77	5.63	1.55
2002	1.6	1.5	1,157	413	2.8	2.2	2.59	5.25	1.57
2003	1.4	1.8	1,164	416	2.0	2.8	2.87	5.09	1.40
2004	2.2	2.0	1,174	419	3.2	1.8	2.22	4.87	1.30
2005	2.6	2.7	1,178	423	3.1	2.2	2.73	4.16	1.21
2006	3.4	2.0	1,184	427	2.7	2.0	4.03	4.13	1.13
2007	2.3	2.0	1,194	431	2.1	2.2	4.15	4.29	1.07
2008	4.0	2.3	1,206	436	1.1	2.3	2.39	3.84	1.07
2009	-0.5	0.6	1,220	441	-2.8	0.3	0.35	3.77	1.14
2010	2.3	0.8	1,236	445	3.2	1.8	0.56	3.55	1.03
2011	2.2	3.0	1,252	449	2.6	2.9	0.93	3.09	0.99
2012	2.2	1.6	1,267	455	1.8	1.5	0.96	2.25	1.00
Forecast									
2013	2.0	1.7	1,282	460	1.8	1.4	1.00	2.35	1.02
2014	2.3	2.0	1,298	466	2.4	2.0	1.30	2.80	1.00
2015	2.7	2.0	1,313	471	2.4	2.0	2.10	3.30	1.00
2016	2.4	2.0	1,329	477	2.3	2.0	3.15	4.15	1.03
2017	2.1	2.0	1,344	482	2.3	2.0	3.60	4.55	1.03
2018	2.0	2.0	1,360	488	2.2	2.0	3.90	5.05	1.03
2019	2.0	2.0	1,375	494	2.0	2.0	3.90	5.05	1.03
2020	2.0	2.0	1,391	499	2.0	2.0	3.90	5.05	1.03
2021	2.0	2.0	1,407	505	2.0	2.0	3.90	5.05	1.03
2022	2.0	2.0	1,422	510	2.0	2.0	3.90	5.05	1.03
2023	2.0	2.0	1,438	516	2.0	2.0	3.90	5.05	1.03
2024	2.0	2.0	1,453	521	2.0	2.0	3.90	5.05	1.03
2025	2.0	2.0	1,468	527	2.0	2.0	3.90	5.05	1.03
2026	2.0	2.0	1,483	532	2.0	2.0	3.90	5.05	1.03
2027	2.0	2.0	1,498	538	2.0	2.0	3.90	5.05	1.03
2028	2.0	2.0	1,512	543	2.0	2.0	3.90	5.05	1.03
2029	2.0	2.0	1,527	548	2.0	2.0	3.90	5.05	1.03
2030	2.0	2.0	1,541	553	2.0	2.0	3.90	5.05	1.03
2031	2.0	2.0	1,555	558	2.0	2.0	3.90	5.05	1.03
2032	2.0	2.0	1,569	563	2.0	2.0	3.90	5.05	1.03
2033	2.0	2.0	1,582	568	2.0	2.0	3.90	5.05	1.03
2034	2.0	2.0	1,595	573	2.0	2.0	3.90	5.05	1.03