



# The Heavy News Weekly



## Canada pension funds pull back on infrastructure as prices climb

Written by Matt Scuffham, published on February 05, 2016 for the *Globe and Mail*

Canada's biggest pension funds say they are walking away from more and more global infrastructure deals, citing concerns that intense competition for assets has driven valuations too far.

The shift could help cool global prices for tunnels, airports, toll roads, energy networks and other infrastructure as Canadian pension plans are among the world's biggest and most active buyers.

Pension funds' investment in infrastructure has risen since the 2008 financial crisis, as plunging interest rates and bond yields drove these players to seek steady returns elsewhere. Global equity and commodity turmoil has done little to dampen that interest and intense competition for a limited number of assets has been reflected in recent valuations.

Some investors, particularly in private equity circles, complain that the Canadian funds – dubbed “maple revolutionaries” because of the strategy of direct equity investments they pioneered in the 1990s – have a tendency to overpay.

Senior executives at the leading Canadian funds defend the merits of past infrastructure deals, but say they are worried prices no longer reflect the illiquidity of the assets, which cannot be sold quickly like stocks or bonds.

“The market is overheated. We have stepped out of the bidding for a lot of assets over the last two or three years,” a senior executive at one of Canada's biggest public pension funds, who declined to be named, told Reuters.

Among recent deals with no Canadian participation, British rail rolling stock owner Eversholt Rail Group was sold for \$3.8-billion (U.S.) to Hong Kong's Cheung Kong Infrastructure Holdings (CKI).

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## WORKSAFELY™ MHCA™

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Canadian funds still expect infrastructure to grow as a proportion of their overall investments because most plans have money rolling in and view infrastructure as a good match for long-term liabilities. But they say want to be more selective.

Canada's biggest 10 public pension funds have more than trebled in size since 2003 to more than \$1.1-trillion (Canadian) in assets. A third of that is now held in alternative assets such as infrastructure, real estate and private equity.

## **DUMB MONEY?**

Four Canadian pension funds now rank among the world's top 10 infrastructure investors, according to Boston Consulting Group. At the end of 2014 the four funds had \$36.8-billion (U.S.) infrastructure assets under management, equivalent to 41 per cent of the total infrastructure assets held by the top 10.

One New York-based investment banker, speaking on condition of anonymity, said private equity firms that have lost an infrastructure auction to a Canadian pension fund often grumble they paid too much, referring to rival bids as "dumb money".

For example, last year's acquisition by Canada's CPPIB and Hermes Infrastructure of a 30 per cent stake in Associated British Ports for about \$2.4-billion valued the business at around 20 times earnings compared with multiples of 10 to 12 that investors say are typical for the sector.

But recent prices do not necessarily mean buyers are paying too much said Dougal Macdonald, the head of Morgan Stanley Canada, which has advised on a number of deals involving Canadian pension funds.

"In a low rate environment, target returns across virtually all asset classes have come down. It is simply a resetting of returns for the right assets," he said.

Canadian pension funds typically look for nominal returns of 6 to 8 per cent from infrastructure, a few percentage points above what they would expect from fixed-income investments. Bankers note that private equity funds often seek returns of 20 per cent or higher, meaning pension funds can afford to pay more.

## **'CLUB DEALS' AND BIDDING WARS**

Still, Canadian executives said their funds should avoid being drawn into bidding wars as part of competing consortia.

"You've got to try and avoid auctions because they can get crazy. If you're just walking around with an open cheque book in these markets you're going to pay too much," said another executive with one of Canada's three largest pension funds, who declined to be named because of the sensitivity of the issue.

The executive said Canada's largest funds should co-operate more frequently. However, such "club deals" remained rare for the top three – the CPPIB, the Caisse de dépôt et placement du Québec and the Ontario Teachers' Pension Plan.

In the past they often found themselves competing against each other as well as foreign rivals that include South Korea's National Pension Service, Dutch pension fund APG, Australia's Future Fund, private equity and some sovereign wealth funds.

Among recent deals, New South Wales Premier Mike Baird hailed a "stunning result" for the Australian province after a consortium including the Caisse agreed to pay \$7.5-billion for an electricity network last year, significantly more than analysts expected.

The group had seen off competition from other investors including the CPPIB and a unit of another Canadian pension fund. The Caisse said at the time it was confident the acquisition met its investment objectives.

Canadian funds are also involved in a takeover battle for Australian port and rail giant Asciano AIO.AX, with Brookfield Asset Management BAMA.TO bidding against a consortium that includes the CPPIB.

Asciano's shares are trading below both groups' offers but at 34 times their earnings still look expensive compared with its nearest rival Aurizon, valued at 13 times its earnings.

"There's a lot of money chasing assets," an executive at an Ontario based fund said. "The important thing is to maintain our discipline".

**Pitblado**<sup>LAW</sup>

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## WORKSAFELY™ Safety Advisor Dave McPherson is bringing COR™ Week to Westwood Inn in Swan River, Manitoba

From February 22-26, 2016, training will include:

- 2 day COR™ Leadership in Safety Excellence
- 1 day COR™ Principles of Health & Safety Management
- 2 day COR™ Auditor

### LOCATION

Westwood Inn  
473 Westwood Rd  
Swan River, MB  
ROL 1Z0

### REGISTER NOW - SPACE IS LIMITED!

Contact Sarah Higgins  
at [sarah@mhca.mb.ca](mailto:sarah@mhca.mb.ca)  
or 204-947-1379.

Manitoba Chamber of Commerce: The MBiz Breakfast Series

## Business Spotlight on the 2016 Manitoba Provincial Election

February 26th Presented by [6PMarketing Strategies](#)

Canada Inns Polo Park  
7:30-9:30 am

Featuring:

**Chuck Davidson**, President & CEO, Manitoba Chambers of Commerce

**Chris Lorenc**, President, MHCA

**Ron Koslowsky**, Manitoba Vice President, Canadian Manufacturers & Exporters

**Dave Angus**, President & CEO, Winnipeg Chamber of Commerce



Tickets are sold online through the Manitoba Chamber of Commerce Website

<http://www.mbchamber.mb.ca>

If you have any questions about this event contact Stephanie Allen at 204-948-0105

[sallen@mbchamber.mb.ca](mailto:sallen@mbchamber.mb.ca)

# GROWING MANITOBA'S ECONOMY

## Pillars in Support of 'Growing Manitoba's Economy'

In today's globally competitive business environment it is imperative that government create a climate that attracts new business and allows existing businesses to grow and thrive. For Manitoba to reach its full potential there are seven key public policy pillars that political parties must address to demonstrate their political commitment to "Growing Manitoba's Economy," in their 2016 Provincial Election platforms.

### I. FISCAL COMPETITIVENESS

Manitoba must have an effective and fiscally prudent government committed to creating a competitive tax jurisdiction to attract and retain new investment.

### II. VENTURE CAPITAL

Commitment to the creation of an accessible venture capital fund and supportive tax credit policies to leverage investment in the growth of new and existing businesses.

### III. GLOBAL TRADE

Commitment to pursuing an expanded global trade profile for Manitoba which derives substantial economic benefit.

### IV. INFRASTRUCTURE INVESTMENT

Commitment to a strategic, sustained, disciplined approach to investment in Manitoba's core infrastructure.

### V. ABORIGINAL ENGAGEMENT

Commitment to the creation of an Aboriginal Engagement Strategy to ensure inclusion and partnership in economic growth policies.

### VI. SKILLED WORKFORCE

Commitment to attracting, educating, training and retaining a skilled, responsive workforce is fundamental to ongoing economic growth.

### VII. 'NEW FISCAL DEAL' FOR MUNICIPALITIES

Commitment to address the existing fiscal framework between the province and municipalities to meet the challenges of the future.

## CONCLUSION

The above principles are supported and respectfully submitted by the following supporting organizations each of which are committed to pursuing 'Growing Manitoba's Economy,' in the 2016 Provincial Election.

Business Council of Manitoba (BCM)  
Canadian Manufacturers and Exporters (CME)  
Manitoba Chambers of Commerce (MCC)  
Manitoba Heavy Construction Association (MHCA)  
Manitoba Home Builders Association (MHBA)  
The Winnipeg Chamber of Commerce (WCC)



## MHCA Welcomes New Members

The Manitoba Heavy Construction Association is proud to welcome **Vickar Community Chevrolet** as a member.

Vickar Community Chevrolet offers vehicles ranging from cars to medium duty trucks.

For more information about **Vickar Community Chevrolet** contact:

Mark Rempel

964 Regent Avenue W

Winnipeg, MB R2C 3A8

204-661-3976

mark.rempel@vickar.com



The Manitoba Heavy Construction Association is please to welcome **D3 Excavating LTD.** as a new member.

D3 Excavating LTD. provides services in sewer and water contracting and repair, full site services, excavating and hauling, rural chain trenching, directional drilling, commercial and residential development. They are proud to have been offering 34 years of service.

For more information about **D3 Excavating LTD.** contact:

Darren Schmidt

Box 451

Altona, MB R0G 0B0

204-324-5900

d3excavating@gmail.com

# Become a MHCA Member Today

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## Report: 2019 a 'Turning Point'

*Written by Don Wall; originally published on the Journal of Commerce website on February 8, 2016 and featured in the CCA Weekly*



**Canadian  
Construction  
Association**

The days of sustained growth in the Canadian construction industry enabled by a plentiful supply of labour will soon be over, reports BuildForce Canada in its 2016-2025 Construction and Maintenance Looking Forward forecast.

Instead, BuildForce foresees a scenario over the next 10 years in which there will be strength in some regions, set against a backdrop of labour-supply transition stemming from the retirement of many thousands of experienced baby boomer construction workers with a smaller number of lesser-skilled younger workers poised to take their place. The national demand to replace the retiring boomers is estimated at 250,000 workers while there will be an estimated 221,000 new entrants into the construction workforce.

First, the next few years will see faltering construction employment in areas hard hit by the drop in commodities prices and other factors countered by continued strength in regions like Ontario where major public infrastructure projects, nuclear megaprojects and broad Toronto-led growth will contribute to sustained gains until around 2019.

After that, construction growth may be moderate at best in most regions, forecasts BuildForce. While it is difficult for the construction industry to defend against unforeseeable economic threats, says BuildForce's executive director Rosemary Sparks, there are concrete steps the sector can take to ensure it is ready with skilled young workers to replace the retiring boomers.

"As population growth slows and a smaller pool of youth enters the workforce, adding new workers may become progressively more difficult," said Sparks. "With more than 21 per cent of the workforce retiring in the next 10 years, it's a race against the clock to offset the loss of that much experience.

"From our point of view, we have to think about how we are going to mentor these young people and get them the benefit of the skills and experience of those people who are leaving the industry." BuildForce's 2016-2025 forecast suggests that 2019 will mark the end of a 25-year expansion across Canada that has led to a doubling of the size of the construction workforce.

In Ontario over the next four years, hiring in the Greater Toronto Area will focus on specialized trades for transit and nuclear refurbishment, while commercial construction, home renovation and maintenance are viewed as employment growth areas. Central Ontario will see cyclical job gains; Eastern Ontario construction markets may see no overall growth over the period; demand for labour in Northern Ontario is expected to rise as resource development picks up steam; and Southwest Ontario sees gains in housing, bridge construction and nuclear plant refurbishment.

Nationally, the report offers this summary: "Overall, in most provinces, construction employment is carried to a new high or peak level in 2018 or 2019 with gains in non-residential construction exceeding losses in residential. After 2019, major industrial and engineering investment decelerates and most new housing markets slow, driven by slower population growth."

"Some provinces are not doing as well in this period of time, and others are at least doing reasonably well," says Sparks. "B.C. is poised to do very well, and Ontario is chugging along fairly strongly.

"And Ontario and Toronto are destination points for new immigrants, so it keeps that growth moving forward. It has impacts on new home building and overall."

"I think it shows the value of diversity in your economy. Ontario and Manitoba are like that, diverse

things going on.”

Will there be reduced growth after 2019, or a plateau? Sparks said, “I think it is the steepness of the expansion that might be over. This is difficult to forecast, and no one knows the depth of what we are in, or the duration. It is changing as we speak, with oil prices going down. These things are so fluid.” The industry is facing more volatility than it has in a long time, says Sparks, and the data prepared by BuildForce helps stakeholders manage through that and plan for the future.

“The whole purpose of the forecasting is to provide an early warning for the industry, giving them the best data that we think is available, giving it to them in a timely way, and giving it to them with as broad a horizon as we can so they use this when planning their workforce requirements,” said Sparks.

“It is something that you have to monitor continuously, because subtle changes can have a ripple effect.”

The construction labour market works differently than other sectors, says Sparks, and so requires different planning strategies.

“Our workers are not necessarily tied to an employer, they move from job to job and project to project and it is a mobile work force, they move from region to region,” she said. “So understanding some of the unique characteristics of the sector and then the challenges that come from that is a useful educational tool for everyone.”

## Job Posting

Position: Inside Sales Representative

Company: **Inland Aggregates**

Region: Canada

Location: Winnipeg, MB

### Summary:

Reporting to the Transportation Supervisor, this position is responsible for accurate, timely, and cost effective dispatching of deliveries throughout the Winnipeg area, order processing and customer service/sales support, along with identifying customers who present potential growth opportunities.

### Responsibilities:

- Management and trouble-shooting of remote scaling/ticketing processes
- Receiving and processing aggregate delivery orders
- Interacting with customers to investigate and resolve issues and complaints
- Providing support to depot scale and administrative staff
- Advising customers regarding product and delivery options
- Liaising with trucking contractors for efficient scheduling of aggregate orders and to ensure on-time delivery
- Skills and Qualifications Knowledge of aggregate materials, aggregate properties, and/or concrete products or other related construction industry experience
- Post-secondary education in business or technical field, or equivalent industry experience
- Strong problem-solving and decision-making skills
- Ability to multi-task in a face-paced environment
- Organizational skills with a keen eye for detail
- Proven relationship management and customer service skills
- Advanced proficiency in MS Office applications
- Inside sales and/or dispatch experience is an asset

### Application process

Employees can apply or refer an external candidate by going to: <http://careers.lehighhanson.com/apply-canada/>.

(Please click on the box that says “I’m currently a Lehigh Hanson employee” when applying)

Internal applications must be received by: **February 22, 2016**

Any additional questions can be directed to:

**Erin Latusas, Recruiter**

**780-420-2552**

**[Erin.latusas@lehighhanson.com](mailto:Erin.latusas@lehighhanson.com)**





**TO REGISTER,  
PLEASE CONTACT:**  
Sarah Higgins  
sarah@mhca.mb.ca

# Training Schedule

## February

- \*Written Communication {1/2 day AM}
- \*Verbal Communication {1/2 day PM}
- COR™ Leadership in Safety Excellence, Swan River, MB
- COR™ Principles of Health & Safety Management, Swan River, MB
- COR™ Auditor, Swan River, MB
- COR™ Leadership in Safety Excellence, Roblin, MB
- COR™ Principles of Health & Safety Management, Roblin, MB
- COR™ Auditor, Roblin, MB

- Feb. 11 MHCA Office
- Feb. 11 MHCA Office
- Feb. 22-23 Westwood Inn
- Feb. 24 Westwood Inn
- Feb. 25-26 Westwood Inn
- Feb. 22-23 Municipality of Roblin
- Feb. 24 Municipality of Roblin
- Feb. 25-26 Municipality of Roblin

## March

- COR™ Leadership in Safety Excellence
- COR™ Principles of Health & Safety Management
- COR™ Auditor
- Train the Trainer
- Flagperson {1/2 day AM}
- Committee/ Representative Training {1/2 day PM}
- Excavating and Trenching {1/2 day AM}
- Traffic Control Coordinator
- \*Planning Work {1/2 day AM}
- \*Document Use - Reading & Translating {1/2 day PM}

- Feb. 29 - March 1 MHCA Office
- March 2 MHCA Office
- March 3 - 4 MHCA Office
- March 14 - 15 MHCA Office
- March 16 MHCA Office
- March 16 MHCA Office
- March 18 MHCA Office
- March 21 - 22 MHCA Office
- March 24 MHCA Office
- March 24 MHCA Office

## April

- WCB Basics
- WCB Return To Work Basics
- \*Environmental Practices {1/2 Day AM}
- \*Effective Meetings {1/2 Day PM}

- April 19 MHCA Office
- April 20 MHCA Office
- April 21 MHCA Office
- April 21 MHCA Office

\*Leadership Certificate Program/Gold Seal



Manitoba Home Builders' Association

The Manitoba Heavy Construction Association & the Manitoba Home Builders' Association are pleased to present

# BREAKFAST WITH THE LEADERS SERIES

A series of current and engaging topics connected to the Heavy Construction Industry



Holiday Inn Winnipeg Airport Polo Park  
1740 Ellice Ave., Winnipeg, MB

Join us for breakfast and a presentation by



Mr. Brian Pallister  
Leader, PC Party  
Tuesday, January 19, 2016  
King Edward Room

★ COMPLETED



Ms. Rana Bokhari  
Leader, Liberal Party  
Thursday, January 28, 2016  
Madison Ballroom

★ COMPLETED



Premier Greg Selinger  
Leader, NDP  
Tuesday, February 23, 2016  
Madison Ballroom

★ UP NEXT

## AREAS OF INTEREST TO BE ADDRESSED IN THE PRESENTATIONS:

- Given the importance of growing Manitoba's economy, the relative priority the leader would place on trade & transportation investments as part of a provincial economic growth strategy, including promoting CentrePort Canada and the Port of Churchill as key Canadian trade gateways and corridors;
- To address obvious investment need, commitment to sustaining and incrementally enhancing the projected levels of strategic investment in Manitoba's core infrastructure through the dedicated 1 per cent of PST revenues;
- Income growth has not kept pace with the cost of housing. Address the rising cost of home ownership and decline in affordability in the Manitoba market, particularly as it impacts young people;
- Projected approaches to balancing the provincial budget;
- Views on renewing the existing provincial revenue sharing and striking a 'New Fiscal Deal' all of Manitoba's municipalities;
- With the growing importance and profile of the New West Partnership an indication to join, or otherwise project Manitoba's global presence and investment promotion.

Doors Open: 7:30 a.m.

Breakfast: 8:00 a.m.

Presentation: 8:15 a.m.

Cost: \$35.00 +GST / person

RSVP:

MHCA - Brenda Perkins at 204-947-1379 or [brenda@mhca.mb.ca](mailto:brenda@mhca.mb.ca)

MHBA - Janet Constable at 204-925-2578 or [jconstable@homebuilders.mb.ca](mailto:jconstable@homebuilders.mb.ca)

The Breakfast with the Leaders series is sponsored by Aon Reed Stebbins Inc.



# You're Invited

Manitoba Heavy Construction Association, Manitoba Construction Sector Council and Manitoba Institute of Trades and Technology (MITT) are pleased to invite you to a showcase of our Heavy Equipment Operator Certificate (HEOC) program.

Please join us on **February 22, 2016** at **10 am** to observe classes, talk to instructors and view our simulators in use by students.

The event will be held on campus at MITT. There will be complimentary refreshments for your convenience.

Industry Introduction to the HEOC program  
Feb. 22, 2016 10 am  
Manitoba Institute of Trades and Technology  
130 Henlow Bay, Winnipeg

If you have any questions about this event please  
contact Jackie Jones at [jackie@mhca.mb.ca](mailto:jackie@mhca.mb.ca)



MANITOBA INSTITUTE OF  
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# HEOC.

## Heavy Equipment Operator Certificate

# EXPO SOUTH

April 5 & 6, 2016

Victoria Inn & Conference Centre, Winnipeg, MB

Join Us If You:

- Want to strengthen your leadership skills within your organization
- Want a designation such as Gold Seal or National Construction Safety Officer
- Want to make important contacts within the construction industry

Registration options include:

Two-Day

One-Day and

**(NEW!)** Half-Day Courses

Visit [www.mhca.mb.ca](http://www.mhca.mb.ca) by

**March 18, 2016** to sign up!





## Winter Driving Tips

Driving during the winter can be very hazardous to you and your vehicle if you aren't careful. Accidents seem to happen daily this time of year. However, if you take the correct precautions and follow these safety tips you can drive safely this winter.

### Getting Ready

- Have your tires checked or replaced before winter begins. Remember to check tire air pressure frequently, as it decreases in colder weather. Consider using winter tires to provide better traction and handling through snow, slush and on ice. Never mix tires of different tread, size and construction.
- Check Weather and travel conditions before heading out. Don't take chances if the weather is bad.
- Put together an emergency kit and put it in your vehicle, you never know when it is needed.
- If you are traveling a long distance, plan your route ahead of time. Let someone know of your destination, route, and expected time of arrival.
- Clear snow and ice from all windows, lights, mirrors and the roof. After starting your vehicle, wait for the fog to clear from the interior of the windows so you will have a good visibility all around.
- Keep your gas tank sufficiently full - at least a half of a tank at all times is recommended.
- Make sure you have sufficient windshield washer fluid in the reservoir and that it is rated in the -40°C temperature range. Keep an extra jug in the vehicle.

### Staying safe:

- See and be seen in low-light conditions, and when blowing snow and white-outs impair your visibility. Turn on your vehicle's full lighting system in poor visibility.

- Adjust your driving to the road and weather conditions. Slow down and avoid sudden turns and sudden braking. Keep at least four seconds apart from the vehicle in front of you.
- In a skid, decelerate by taking your foot off the brake, step on the clutch or shift to neutral, then look where you want your vehicle to go and steer in that direction.
- Watch out for black ice (areas of the road that appear black and shiny) as they can cause your vehicle to suddenly lose traction.

### If you're stuck or stranded

- Don't panic. Stay with your vehicle for safety and warmth. Wait for help to arrive.
- Draw attention to your vehicle. Use emergency flashers, flares or a Call Police sign. Run your motor sparingly. For fresh air, slightly open a window away from the wind. You may have to exit your vehicle occasionally to make sure the exhaust pipe is clear of drifting snow before running the engine.
- If you attempt to free your vehicle from the snow, be careful. Dress warmly, shovel slowly and do not overexert yourself. Body heat is retained when clothing is kept dry. Wet clothing due to the weather or perspiration can lead to a dangerous loss of body heat.
- In blizzard conditions, especially overnight, make sure one person stays awake, because help could take some time to arrive. Maintain circulation by moving your feet, hands, and arms.



## Canadian Exports: Where's the Momentum?

By Peter G Hall, Vice President and Chief Economist



In all the turbulence swirling around us, a moment of bliss. Canada's merchandise exports ended a volatile 2015 with a 3.9 per cent monthly surge that cut the trade deficit by almost two-thirds. The December gift came in spite of widespread fears that Canada's trade stats would continue to disappoint, trading gingerly into the New Year's financial market maelstrom. Is it just one of many volatile stats, soon to be erased by a down-month, or is there reason to believe that things are looking up?

It might be just one month, but December's growth was attention-grabbing on a number of fronts. First, 10 of the 11 broad industry categories measured were up. Basic minerals was the only category to drop. Of the remaining sectors, five had a spectacular month, led by a 26 per cent surge in the aerospace industry. Mineral products had a banner month, followed by consumer goods, the auto industry and industrial machinery.

December's unified growth capped off a year that saw anything but. Crushed by tumbling prices, the energy sector saw a third of total exports vanish in 2015. Basic minerals were rescued by exports of non-metallic minerals and volume increases in copper and nickel. Otherwise, sub-categories endured huge losses. On balance, the sector was flat. So much for the bad news. At the very same time, exports of consumer goods were up 18.5 per cent for the year, followed closely by a 16.8 per cent surge in shipments of autos and auto parts. The aerospace sector racked up a 15 per cent gain, and machinery and equipment exports were also solidly into the double-digits.

Skeptics could shrug this off, attributing most of the gain to the plunge in the Canadian dollar. While the price-adjusted exports are indeed less spectacular, they are still very impressive. Consider consumer goods, up by almost 7 per cent; industrial machinery, up 6 per cent; forestry products, in spite of weak pulp and paper shipments, up 5.7 per cent; basic minerals, up 6.6 per cent; and to many, the biggest surprise, price adjusted energy exports, up 6.8 per cent. These categories are all soaring well above GDP growth. In many cases, what this means is that company throughput is up, and that productive capacity is getting tighter. Add in the profit gains from a weaker Canadian dollar, and it's entirely possible that Canada will see a corresponding near-term surge in investment in plant and equipment.

So much for last year; what does this mean going forward? Here's where momentum means the most. Weakness will persist into 2016 in the energy sector, which in real terms at present has a very flat profile. Worse off is the chemicals and plastics sector, which ended last year 2.5 per cent below the annual average. Surprisingly weak is exports of electric and electronic equipment, off 1.6 per cent at year-end. But basic minerals takes the cake: in December, it had slumped 7.8 per cent against the year's average, and it will take a lot to revive things in 2016.

Is there good news? Absolutely – the auto sector is on a strong up-trend, and is currently 8.4 per cent higher than average monthly exports for 2015. By the same measure, consumer goods - largely pharmaceuticals – are up 7 per cent, industrial machinery is up 4.6 per cent and forestry products are up 3.9 per cent. In each case, there is a sustained increase leading up to year-end. Mineral products show well, but much of this was due to a December spurt, so we'll have to see if this persists.

What this means is that on a number of fronts – mostly in currency-sensitive, high value-added sectors - Canadian exports are looking very healthy going into 2016. True, financial market turbulence has weighed on sentiment in the opening days of this year, but in terms of real activity – and the solid U.S. consumer, housing and business investment fundamentals that are driving it – the near term future for exporters is looking bright. Given how liquid many corporations are, chances are good that this will be augmented by a wave of business investment.

The bottom line? Naysayers beware: momentum in real, price-adjusted Canadian exports in key industries is showing a very robust trend. And if prices rebound, even the resource sector could see growth in 2016. Exporters are off to a great start.



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