



## **SASKATCHEWAN'S ECONOMY TO BE BUFFETED BY RETRACEMENT FROM HUGE AGRICULTURAL HARVEST: RBC ECONOMICS**

**TORONTO, June 11, 2014** — Growth in Saskatchewan's economy is expected to slow in 2014 as agricultural output recedes from last year's massive harvest, according to the latest [RBC Economics Provincial Outlook](#) released today. RBC forecasts real GDP growth of 1.4 per cent in 2014, down from the 4.5 per cent surge in 2013.

RBC says that preliminary 2013 GDP figures for Saskatchewan suggest that agriculture played an even stronger role than previously anticipated and that a return to average growing conditions and production levels will likely translate to a larger decline in output this year. This has prompted RBC to downwardly revise their forecast for 2014 from 2.0 per cent previously, though real GDP growth is expected to reaccelerate to 3.0 per cent in 2015.

"A more persistent downside risk for Saskatchewan's outlook continues to be production from and investment in the potash sector," said Craig Wright, senior vice-president and chief economist, RBC. "News that a major overseas potash producer has intended to increase output sharply in an attempt to grab a greater share of the global market undoubtedly has negative implications for Saskatchewan's potash-producing companies and growth in the province overall."

Preliminary production data for the province in Q1 2014 show that activity is unchanged relative to year-ago levels, following a 10 per cent increase in production in 2013. RBC expects that the levelling off in activity will be temporary as the global recovery strengthens, although this initial 2014 data could imply some downside risk to the 3.0 per cent and 4.5 per cent increases in potash production projected for 2014 and 2015, respectively.

Uncertainty about the demand for potash produced in Saskatchewan is expected to delay major spending initiatives, and contribute to a relatively flat trend in construction spending through 2014.

"Recent employment numbers in the province are consistent with expectations for slowing economic activity – in the first five months of the year employment was up only 1.3 per cent relative to the same period in 2013," noted Wright.

- 2 -

The RBC Economics Provincial Outlook assesses the provinces according to economic growth, employment growth, unemployment rates, retail sales, housing starts and consumer price indices. The full report and provincial details are available online as of 8 a.m. ET today at [rbc.com/economics/economic-reports/provincial-economic-forecasts.html](http://rbc.com/economics/economic-reports/provincial-economic-forecasts.html).

- 30 -

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