



SASKATCHEWAN'S MINING SECTOR EXPECTED TO FUEL PROVINCIAL ECONOMIC GROWTH: RBC ECONOMICS

TORONTO, June 19, 2013 — Strengthening mining output will drive Saskatchewan's economy in 2013, according to the latest [RBC Economics Provincial Outlook](#) issued today. RBC forecasts provincial real GDP growth of 2.9 per cent in 2013 and 3.7 per cent in 2014.

In 2012, RBC's forecast for provincial growth steadily lowered to 2.4 per cent as demand for potash – and in turn production – softened largely due to weak overseas demand. However, with multi-year sales agreements settled late last year and early this year with a number of key overseas purchasers, demand has started to pick up. In fact, potash production numbers for the first quarter of 2013 are pointing to an impressive 26 per cent increase over year-ago levels.

“Saskatchewan's economy has traditionally been buffeted by swings in agricultural production, and in recent years the mining sector has been additional source of volatility,” said Craig Wright, senior vice-president and chief economist, RBC. “We expect the potash rebound to boost mining output by 4.5 per cent this year and 5.0 per cent next after growth of only 1.0 per cent in 2012.”

A sizeable snowfall last winter sparked concerns that Saskatchewan's agricultural production would be hindered by potential spring flooding, RBC says. By the end of May, however, Saskatchewan's government reported that 67 per cent of 2013 crops had been planted – this is only slightly below the five-year average (70 per cent) for the that time of year.

“We project a relatively stable 3.0 per cent growth for Saskatchewan's agricultural sector both this year and next, assuming that normal growing conditions prevail in the fall,” said Wright.

RBC expects residential construction to weaken from the overstated level of starts in 2012 – from 10,000 units last year to 7,900 this year and finally, 6,900 next year. This weakness, however, will be offset by strength in non-residential construction, such as ongoing spending on the Legacy potash mine. On net, RBC assumes growth in construction spending this year will be relatively modest at 1.5 per cent.

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/market/pdf/provfcst.pdf.

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