



SASKATCHEWAN LEADS IN ECONOMIC GROWTH: RBC ECONOMICS

Global demand for natural resources keeps provincial economy in the fast lane

TORONTO, December 12, 2011 — Saskatchewan will continue to lead the provinces in economic growth through 2013, according to the latest [RBC Economics Provincial Outlook](#) report. Strong natural resource production along with accelerating residential investment and near record high migration levels will help to expand the province's GDP by 4.2 per cent in 2012, following a projected 4.5 per cent gain in 2011. Growth is expected to trend moderately higher in 2013 rising 4.7 per cent.

"As the global economy continues on its path of recovery, demand for Saskatchewan's natural resources like potash and oil will remain strong – especially as prices remain attractive," explained Craig Wright, senior vice-president and chief economist, RBC. "This demand is expected to keep growth in the mining sector robust through to 2013."

Capital expenditure for the development of natural resource production is growing, thanks to continued demand for Saskatchewan's resources. Examples include the Bakken oil fields and the potash mines near Esterhazy. To date, the Jansen potash project east of Saskatoon has resulted in \$1.2 billion in expenditures; further spending on this project is anticipated going forward. In addition, spending on the \$3.2 billion Legacy potash project north of Moose Jaw is expected to start in 2012 with production scheduled to commence in 2015.

The RBC report indicates that manufacturing sales have also increased 20 per cent in the third quarter of 2011 as a result of strong demand for Saskatchewan's natural resources. This factor also contributed to a 24 per cent increase in wholesale trade.

"Though employment levels remain relatively flat, increased economic activity in Saskatchewan has had a particularly positive impact on migration to the province," added Wright. "In the second quarter of 2011, both inter-provincial and international inflows of migrants climbed to the highest rate on record since 1971, helping to further boost housing starts in the province."

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RBC's forecast for Saskatchewan's housing starts in 2011 has been increased to 7,400 units this year. This trend is expected to continue upwards to 7,600 for 2012, followed in 2013 by 7,900, the highest annual tally since 1979.

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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