



SASKATCHEWAN'S ECONOMY TO BENEFIT FROM STRENGTH IN AGRICULTURE: RBC ECONOMICS

TORONTO, December 12, 2013 — A solid grain and oilseed harvest this year will boost Saskatchewan's GDP growth to 3.9 per cent in 2013, up from an earlier-estimated 2.7 per cent, according to the latest [RBC Economics Provincial Outlook](#) released today.

“Saskatchewan's three biggest crops – wheat, barley and canola – have played a large role in provincial growth this year with November estimates pointing to an increase of around 42 per cent,” said Craig Wright, senior vice-president and chief economist, RBC. “This level of agricultural output will be hard to sustain through 2014, which is the main factor in our downward revision of the provincial economic growth prospects for next year.”

RBC projects Saskatchewan's real GDP to grow 2.1 per cent in 2014, down from 2.7 per cent previously forecasted. RBC anticipates GDP growth to be generally maintained in 2015 at 2.5 per cent.

“In addition to strong agricultural output, Saskatchewan's economy will continue to benefit from strong job growth and the lowest provincial unemployment levels across Canada,” said Wright. “The real wildcard in the outlook for the province is what will happen to both potash production and capital spending within this sector.”

The RBC report notes that uncertainty continues to linger around the future of the potash sector with news breaking this past summer of an overseas producer attempting to acquire greater market share, particularly within emerging economies. In response to these developments, Potash Corporation of Saskatchewan announced plans to cut both its workforce, including approximately 440 layoffs in Saskatchewan, and production capacity, including suspending activity in two Saskatchewan mills.

“We still expect an overall increase of 10 per cent for potash output in 2013 on whole given the strong output in the first half of the year, but we are assuming sharply lower activity in 2014 and 2015,” said Wright.

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RBC says that the direct hit to economic prospects from potash is not only through production, but also through capital spending. Statistics Canada's February 2014 survey of private- and public-investment intentions will provide more guidance on the future of investment spending within the mining sector in response to the overseas developments, as well as capital expenditures in other sectors.

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.

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