



## **SASKATCHEWAN'S ECONOMY EXPECTED TO REBOUND IN 2015: RBC ECONOMICS**

**TORONTO, December 12, 2014** — Saskatchewan's economy is expected to rebound in 2015, courtesy of growth in agricultural production, improvements in the labour market and a recovery in non-energy mining, according to the latest RBC Economics [Provincial Outlook](#) released today. RBC forecasts real GDP growth of 2.8 per cent in 2015 after modest growth in 2014 of 1.1 per cent.

The projected 2015 growth is a slight downward revision from our previous forecast of 3.0 per cent, reflecting the negative impact of expected lower oil prices on income growth in the province. Restrained by declining agricultural production last year, RBC downwardly revised their 2014 real GDP forecast to 1.1 per cent from the previously estimated 1.3 per cent.

According to RBC, Saskatchewan's growth in 2015 is expected to get a boost from some recovery in non-energy mining activity after indications that activity was restrained in the first half of 2014 by cutbacks in potash production.

"Recent data is tentatively suggesting some easing from the declining activity that prevailed over the first half of this year," said Craig Wright, senior vice-president and chief economist, RBC. "A modest improvement in global demand that we expect should pave the way for a further strengthening in potash production in the province next year and into 2016."

More positive trends in the provincial labour market are also expected to contribute to growth. Solid employment gains and continued robust immigration into Saskatchewan have contributed to housing starts rebounding more than expected in 2014 to 8,600. Assuming a rise in interest rates beginning in 2015, RBC forecasts provincial housing starts to moderate to a still solid 8,100 units next year before moderating further to 7,000 in 2016.

"The recent employment numbers in the province support indications of an increase in housing starts in 2014 from the 8,300 recorded in 2013," added Wright. "However, the expected rise in interest rates in 2015 will exert a cooling effect on new home construction and lead to a moderation in starts."

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Gains in agriculture and non-energy mining are expected to contribute to business investment strengthening in both 2015 and 2016, after indications of relatively flat capital expenditure in 2014. Cutbacks to investment spending in the energy sector present some downside risks to this outlook.

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).

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