



NEWS

RBC SAYS SASKATCHEWAN ECONOMY HAS GREAT LONG-RUN POTENTIAL

TORONTO, January 11, 2008 — Saskatchewan's economy improved in 2007 with growth peaking at over four per cent, but is expected to modestly soften in 2008 and 2009, according to the latest provincial economic outlook released today by RBC.

"The province's economic activity heated up in 2007 thanks to a sudden influx of migrants, an improvement in the housing market and strength in certain commodity prices like grains, oil, uranium and potash," said Craig Wright, senior vice-president and chief economist, RBC. "The next decade offers great potential if commodity prices cooperate and the province plays its cards right by managing the risks of overheated housing and commodity cycles."

The surge in interprovincial migration helped push housing markets up significantly last year. While strained housing affordability conditions produced record prices, they will dampen demand going forward into 2008.

"Diamond mining does not yet factor into our two-year forecast, but if activity proceeds on schedule, it could really boost the province's economy by decade's end," noted Wright.

A variety of capital investments will also add economic support, such as the potash expansion in Rocanville (\$1.8 billion) and a uranium mine in northern Saskatchewan (\$400 million) that is slated to begin production early next decade. Rounding out the trio of major project initiatives is the massive Bakken formation that offers the potential for up to 100 billion barrels of quality light sweet crude with about 10 to 15 per cent of that potentially able to be extracted by conventional technology and significantly more through horizontal drilling and hydraulic fracturing. This is in addition to other oil production or prospects in place elsewhere in the province. "Diamonds, uranium, and oil offer the potential for sustainable growth going forward," said Wright.

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Across Canada, Alberta leads all provinces with above-average economic growth, followed by Saskatchewan and Nova Scotia. On the opposite end of the scale, and showing a complete turnabout with its mega-projects now in maturation, Newfoundland and Labrador is posting the slowest economic growth rate of 0.5 per cent, and on its heels is P.E.I., as well as Quebec and Ontario with its manufacturing woes. However, a more bullish outlook is in store by the end of this decade for Newfoundland and Labrador, New Brunswick and Nova Scotia.

The RBC Economics *Provincial Outlook* assesses the provinces according to economic growth, employment growth, unemployment rates, personal income growth, retail sales, housing starts and the Consumer Price Index.

According to the report (available online as of 8 a.m. E.S.T., at www.rbc.com/economics/market/pdf/provfcst.pdf), provincial forecast details are as follows:

	Real GDP			Housing starts Thousands			Retail sales			Employment			CPI		
	07	08	09	07	08	09	07	08	09	07	08	09	07	08	09
NFLD.	9.0	0.5	1.0	2.5	2.2	1.9	10.0	6.0	2.0	0.7	0.1	0.3	1.5	1.0	1.2
P.E.I.	1.9	1.2	1.4	0.7	0.6	0.5	9.1	4.5	3.7	1.3	0.4	0.2	1.8	1.3	1.6
N.S.	2.4	3.0	3.5	4.8	4.5	4.1	4.4	4.9	6.5	1.3	1.8	2.0	1.9	1.1	2.0
N.B.	2.5	2.5	2.6	4.1	3.8	3.4	6.7	4.5	4.0	1.9	1.7	0.9	2.0	1.2	1.6
QUE.	1.9	1.7	2.5	49.4	46.9	40.4	4.4	4.0	4.1	2.2	1.2	0.9	1.6	1.1	1.6
ONT.	1.7	1.4	2.6	68.1	66.2	60.2	3.9	3.5	4.7	1.6	1.0	1.1	1.9	1.0	1.7
MAN.	3.4	3.1	2.5	5.7	5.7	5.0	9.0	5.3	3.4	1.5	1.2	1.5	2.2	1.7	1.6
SASK.	4.6	3.8	3.3	5.9	6.1	4.5	12.2	8.5	6.5	2.3	1.6	0.8	3.0	2.4	2.4
ALTA.	4.3	3.9	3.2	48.3	38.6	35.2	9.7	9.0	8.2	4.8	2.0	1.8	5.1	2.9	2.6
B.C.	3.0	2.5	3.0	38.6	35.2	28.5	7.1	6.0	7.5	3.2	1.9	2.6	1.8	1.4	2.2
CANADA	2.6	2.1	2.7	228	210	184	5.9	5.1	5.5	2.3	1.3	1.4	2.1	1.4	1.9

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