



Saskatchewan poised to lead the country in economic growth: RBC Economics

TORONTO, June 10, 2010 — Led by a recovery in commodity markets and strengthening capital spending, Saskatchewan's economy is expected to grow by 3.8 per cent this year and 4.4 per cent next year, putting the province ahead of all others in 2011, according to the latest report by RBC Economics.

"Weakening commodity markets took a toll on Saskatchewan's economy in 2009, as growth declined by 5.4 per cent last year, much higher than originally thought," said Craig Wright, senior vice-president and chief economist, RBC. "The economy is showing signs of a strong rebound however, as rising global demand fuels an improvement in key commodity markets for the province, including potash, oil and uranium."

The report noted that the provincial economy was weakened in 2009 by cutbacks in global agricultural fertilizer demand, as Canadian potash production dropped almost 60 per cent last year. A recent rebound in the potash market has caused production to rise almost 200 per cent in the first quarter, year-over-year, which bodes well for Saskatchewan's economic growth.

"Rising demand and a corresponding boost to commodity prices are expected to enhance export revenues in the province, which will stimulate income growth and set the stage for higher capital investment spending," Wright added.

According to the report, retail sales growth rose by 4.3 per cent in the first quarter compared to 2.6 per cent in the previous quarter. RBC expects employment growth of 1.8 per cent in 2010 and 2.8 per cent in 2011.

The RBC Economics Provincial Outlook assesses the provinces according to economic growth, employment growth, unemployment rates, retail sales, housing starts and consumer price indexes.

The full report and provincial details are available online as of 8 a.m. EDT today at www.rbc.com/economics/market/pdf/provfcst.pdf.

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