



SASKATCHEWAN'S ECONOMY EXPECTED TO SLOW IN 2014 AFTER A VERY STRONG GAIN LAST YEAR: RBC ECONOMICS

Paul Ferley, RBC's assistant chief economist, [discusses](#) Saskatchewan's economic growth

TORONTO, March 19, 2014 — Growth in Saskatchewan's economy is set to slow in 2014 largely due to an expected drop in agricultural output, according to the latest [RBC Economics Provincial Outlook](#) released today. RBC forecasts real GDP growth of 2.0 per cent in 2014, down from an estimated 3.9 per cent in 2013.

Exceptionally favorable weather conditions in Saskatchewan during the 2013 growing season amplified grain and oilseed production in the province. RBC says that a return to more normal conditions in 2014 should slow production to more sustainable levels going forward.

"We expect Saskatchewan's economy to feel the impact of a marked slowing in agricultural production in 2014 – after an increase of more than 15 per cent in 2013 we anticipate a 6.0 per cent decline in agricultural output," said Craig Wright, senior vice-president and chief economist, RBC. "Next year we should see a pick-up with output at 2.0 per cent. This will contribute to a bounce back in real GDP growth of 2.7 per cent."

The 2014 forecast also assumes a slowing in potash production. RBC's forecasts provincial production this year will be about half of the 10 per cent rate achieved in 2013 largely in response to indications that the world's largest potash producer, Uralkali, intends to ramp up production in an attempt to grab a greater share of the global market.

"The prospect of a jump in potash production overseas is worrisome for Saskatchewan's producers in that it will have an attendant cooling effect on overall activity in the province," said Wright. "That said, the situation is likely to remain fluid and continues to be a bit of a wildcard for Saskatchewan's economic outlook. We see both upside and downside risks."

Statistics Canada's latest P&PI survey indicated that firms in the province, both inside and outside of the mining sector, remain cautious about undertaking additional expenditures. Non-residential investment in 2014 is expected to decline 1.0 per cent after dropping about 1.5 per cent in 2013.

These survey numbers were more cautious than RBC previously anticipated which contributed to the slight downwardly revised real GDP growth forecast for Saskatchewan in 2014. RBC's view, however, is that any decline in investment spending in 2014 will be partially deferred to 2015; real GDP in the province was upwardly revised for that year.

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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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For more information, please contact:

[Craig Wright](#), RBC Economics Research, 416-974-7457

[Paul Ferley](#), RBC Economics Research, 416-974-7231

[Elyse Lalonde](#), Communications, RBC Capital Markets, 416-842-5635