



SASKATCHEWAN'S ECONOMY EXPECTED TO ACCELERATE IN 2015 DESPITE LOWER OIL PRICES: RBC ECONOMICS

TORONTO, March 12, 2015 — Saskatchewan's economic activity is expected to continue growing in 2015, despite a sharp drop in oil prices, according to the latest [RBC Economics Provincial Outlook](#) released today. RBC has lowered its outlook for Saskatchewan's real GDP growth to 2.1 per cent in 2015 and to 2.1 per cent in 2016, down from 2.8 per cent in both 2015 and 2016 that RBC forecasted in December.

"This revision to Saskatchewan's GDP reflects greater caution about investment spending in the energy sector," said Craig Wright, senior vice-president and chief economist, RBC. "However, even with this downward revision, the provincial economy is set to rebound from the 1.1 per cent estimated rate for 2014."

Tempering the impact of weak oil production and investment is the fact that non-energy mining activity in the province – potash in particular – rebounded strongly late last year. RBC expects this to be sustained during the forecast period. Saskatchewan potash producers had cut back on output at the start of 2014 because of rising overseas production, as major producers attempted to gain a greater share of the global market. However, these external pressures eased as the year progressed. In response, by Q4 2014, potash production in Saskatchewan was up 30 per cent compared to levels a year ago.

RBC says that these supportive factors for the potash sector should continue this year and next and be further enhanced by a weakening Canadian dollar.

"Incentives to expand production of non-energy mining capacity in the province would help to offset projected investment cutbacks in the energy sector and result in relatively flat construction activity overall. A key risk to this is that increases in potash production are not sustained," said Wright.

A projected rebound in agriculture to 4 per cent in 2015, after an estimated 13 per cent drop in 2014, is also expected help moderate slow growth in the energy sector. The decline in 2014 was due to a bumper crop in 2013, although wet growing conditions last year contributed to deterioration in crop quality.

- 2 -

“We are assuming that average growing conditions in Saskatchewan will provide small boosts to grain production in Saskatchewan in 2015 and 2016,” added Wright.

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 details are available as of 8 a.m. ET today at rbc.com/economics/economic-reports/provincial-economic-forecasts.html.

- 30 -

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