



SASKATCHEWAN'S ECONOMY TO GROW AT A MODERATE PACE IN 2015: RBC ECONOMICS

TORONTO, June 3, 2015 — Weakness in the oil and gas sector is expected to keep Saskatchewan's overall growth modest both this year and next, according to the latest [RBC Economics Provincial Outlook](#) released today. RBC forecasts real GDP to grow by 1.6 per cent in 2015 and 1.9 per cent in 2016, down from the 2.1 per cent and 2.3 per cent forecasted in March.

RBC's downward revision to Saskatchewan's economic outlook reflects recent data which signals a more pronounced drag in manufacturing and retail sales, possibly stemming from a greater than previously thought knock-on effect from the weakness in the energy sector.

"The biggest source of uncertainty for the Saskatchewan economy over the forecast continues to be the extent to which growth in non-energy mining will overcome weakness in energy production and investment," said Craig Wright, senior vice-president and chief economist, RBC. "We believe the province's energy sector will remain challenged in the short-term, even with the expected partial recovery in oil prices."

In 2014, increased growth in non-energy mining reflected a 6.0 per cent rise in potash production. Preliminary numbers suggest that this strength has continued into the early part of 2015. RBC expects gains in non-energy mining to offset weakness in the energy sector this year and next.

Positive contribution from non-energy mining is expected to limit the weakness in overall investment and construction activity. RBC anticipates construction activity will continue to decline this year by a relatively modest 2.0 per cent, following the 2.5 per cent decline in 2014. RBC says construction will rebound in 2016 by 2.0 per cent.

The report indicates that agriculture is likely to be another contributor to growth in Saskatchewan this year with production expected to rebound to a positive growth rate. Early indications for the 2015 crop are that seeding conditions are more favourable this year compared to the past two years. RBC notes that final crop production levels in Saskatchewan will ultimately be more a function of weather through the summer growing period.

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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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