



SASKATCHEWAN TO LEAD PROVINCIAL ECONOMIC GROWTH RATES THROUGH 2013: RBC ECONOMICS

TORONTO, March 20, 2012 — Broad-based growth across a number of sectors in the province has set the stage for Saskatchewan to top the provincial economic growth rankings both this year and next, according to the latest [RBC Economics Provincial Outlook](#) report. RBC expects that rising demand for the province's natural resources, increased capital expenditure and continued growth in agricultural production will contribute to real GDP growth of 4.6 per cent in 2012 and 4.7 per cent in 2013.

“Saskatchewan is poised for a streak of standout growth over the next two years and is very much at the forefront of the economic surge underway in Western Canada,” explained Craig Wright, senior vice-president and chief economist, RBC. “The province is benefiting from the commodities boom and related capital investment, despite some recent softening in potash production, which we expect will reverse this year.”

According to RBC, the weakened demand for potash in the fourth quarter of 2011 can be attributed to increased concern over the global economic recovery. Recent aggressive policy action in Europe has helped ease these pressures, which bodes well for a recovery in demand and increased potash production through 2012.

A key reason for sustained optimism in Saskatchewan's economy is the expected strength of capital expenditures, due to the strong demand for various natural resource outputs. Recent capital spending survey numbers indicate that the mining sector leads these expenditures.

A 14 per cent rebound in agricultural output in 2011, after a weather-related 18 per cent drop in 2010, was also key to Saskatchewan's growth last year. Further recovery this year and next is anticipated, assuming normal weather patterns and the reversal of current dry soil conditions. RBC notes, however, that even under these favourable circumstances, agricultural production growth is expected to slow to six per cent this year and three per cent in 2013.

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“The growth we are seeing in agricultural production and capital spending in the natural resources sector are contributing to noticeable gains in manufacturing sales, particularly for machinery and fabricated metal components. We expect this trend will continue over the next two years,” 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 provincial details are available online as of 8 a.m. ET today at: rbc.com/economics/market/pdf/provfcst.pdf.

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