



## SASKATCHEWAN'S STRONG ECONOMIC GROWTH BUOYED BY AGRICULTURE: RBC ECONOMICS

**TORONTO, September 10, 2012** – Strong increases in farm incomes will be a key factor driving growth in Saskatchewan's economy to a rate well above the national average this year, according to the latest [RBC Economics Provincial Outlook](#) released today by RBC Economics Research. RBC projects provincial real GDP to rise by 3.6 per cent in 2012, one of the strongest rates in the country.

"In mid-2012, we saw key agricultural areas around the world, including the drought-ravaged U.S. farm belt, fall victim to declining production. This put upward pressure on agricultural prices," said Craig Wright, senior vice-president and chief economist, RBC. "Saskatchewan's agricultural sector, on the other hand, experienced large increases in production, with volume estimates for the province's three major crops up by almost nine per cent. Solid increases in provincial output paired with rising prices should bode well for a healthy jump in farm incomes."

Over the past couple of years, RBC notes that Saskatchewan had been benefiting from strong commodity prices for most of its major exports, particularly commodities such as oil and potash. In recent months, however, non-food commodity prices have come under some downward pressure due to weakening global demand.

"In the first half of the year, potash operations in Saskatchewan have cutback on production and some companies have announced delays or scaling back of capital expenditure projects," explained Wright. "However, we expect that global demand for potash and other natural resource commodities – although weaker than previously anticipated – will remain robust enough to keep prices at historically elevated levels. Mining and construction activity should remain in expansion mode this year."

The Outlook indicates that Saskatchewan's solid economic momentum was recently buoyed by an acceleration in provincial employment growth following surprisingly modest gains in 2011. Recent stronger-than-expected gains in manufacturing sales, wholesale trade and retail sales also show the underlying vigour in the provincial economy.

"Although we expect some slowing in agricultural production in 2013, strengthening activity in other natural resource industries will result in real GDP growth of four per cent – Saskatchewan will remain a growth leader among the provinces," added Wright.

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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 7 a.m. ET today at [rbc.com/economics/market/pdf/provfcst.pdf](http://rbc.com/economics/market/pdf/provfcst.pdf).

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