



SASKATCHEWAN ON PACE TO BE LEADER OF ECONOMIC GROWTH AMONG PROVINCES IN 2010, SAYS RBC ECONOMICS

TORONTO, December 14, 2009 — Further improvement in the global economy, mixed with a return to more normal weather conditions, stronger business capital investment and continued stimulus spending will breathe new life into Saskatchewan's economy next year, according to the latest RBC Economic report.

"The main sources of weakness that weighed down Saskatchewan's economy last year are expected to reverse in 2010, with a global economic recovery boosting demand for key resources such as potash and natural gas," said Craig Wright, senior vice-president and chief economist, RBC.

The *RBC Economics Provincial Outlook* forecasts that Saskatchewan's economy will grow by a strong 3.9 per cent in 2010, followed by an even stronger 4.6 per cent rise in 2011, representing the fastest provincial growth rate in the country in both years. This 2011 projection would represent Saskatchewan's best economic growth rate since 2004. Stimulus spending on provincial infrastructure projects will continue to support growth over the next year, with a return to normal weather conditions fuelling a rise in agricultural production.

Earlier this year, RBC anticipated that business investment would help keep growth in positive territory in the province through 2009. However; a sharp deterioration in the prices of key commodities has undermined this anticipated boost and has caused Saskatchewan's growth outlook for 2009 to be lowered to -1.6 per cent, down from a September *Outlook* projection of -1.3 per cent.

The main theme of the *RBC Economics Provincial Outlook* is that a mild economic recovery is expected to be widespread among provinces in 2010, after a significant contraction spread across the country in 2009 (with only Manitoba and Nova Scotia barely avoiding a decline in activity). The full force of fiscal and monetary stimulus should positively contribute to growth in 2010. The price tag for that stimulus however, will be huge budget deficits. While such deficits might cause some

discomfort, the alternative was even less attractive given the severity of the economic downturn. Returning to balance over the medium term will be a challenge involving difficult choices. Provincial economies are expected to be in solid growth territory in 2011, with the Prairie provinces – led by Saskatchewan –benefitting from strengthening commodity prices and hitting higher growth rates than the 3.9 per cent national average.

The *RBC Economics Provincial Outlook* assesses the provinces according to economic growth, employment growth, unemployment rates, retail sales and housing starts.

The full report and provincial details are available online as of 8 a.m. EST today www.rbc.com/economics/market/pdf/provfcst.pdf.

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