



NEWS

RBC SAYS DIVERSIFICATION KEY TO SASKATCHEWAN'S STRONG ECONOMY

TORONTO, October 12, 2007 — Saskatchewan's economy continues to strengthen and is expected to grow by 4.8 per cent in 2007, and 4.3 per cent in 2008, according to a provincial economic outlook released today by RBC.

"Saskatchewan has diversified its economic activities over the past several years, so that it is now vying with Alberta for the title of Canada's growth leader," said Craig Wright, vice-president and chief economist, RBC. "Nationally, the province ranks second in oil production and third in natural gas production and its list of economic achievements continues to broaden by the minute."

Activity in the uranium and diamond mining sectors has dominated the province's surge in mineral exploration and development spending over the past few months. Saskatchewan's resources sector will continue to accelerate early next decade when the flooded Cigar Lake mine opens in 2011 and two large diamond mines swing into production.

According to the RBC report, much of the province's economic strength is also spilling over into increased consumer spending and a hot housing market. This is especially true for Saskatoon, as the introduction of direct chartered flights to and from Fort McMurray has made the city a more viable housing option for oil sands workers.

However, Saskatchewan's economic excitement must be put into perspective, notes the report. There are a number of risks to consider such as a decline in potash and grain prices, slowing global demand for biofuels; strained housing affordability conditions that may price first time buyers out of the market; a potential correction to overvalued oil prices; and a growth picture that remains as vulnerable to agricultural conditions today as in the past, despite some progress toward diversification.

Across the provinces, Newfoundland and Labrador is expected to be the growth leader this year, with Alberta moving into the lead in 2008, rivaled only by Saskatchewan. Manitoba's steady growth and inflation rates will keep it in the middle of the western provincial pack, and B.C.'s growth rate will move slightly downward. RBC's forecast for Ontario's economy has been revised downward to the bottom of the pack among all the provinces. Quebec should fare somewhat better than Ontario next year, until currency depreciation, lower energy prices, improvements in the U.S. economy,

and capital spending lift central Canada's manufacturers and exporters. While P.E.I.'s growth prospects are modest, Nova Scotia and New Brunswick are well-positioned for better long-run growth as a result of renewed prospects for several large-scale capital projects.

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

According to the report (available online as of 8 a.m. E.D.T., at www.rbc.com/economics/markets/pdf/provfcst.pdf), provincial forecast details are as follows:

	Real GDP			Housing starts			Retail sales			Employment			CPI		
	07	08	09	07	08	09	07	08	09	07	08	09	07	08	09
	Thousands														
NFLD.	7.5	0.5	1.0	2.4	2.1	1.8	9.5	6.0	2.0	0.8	0.1	0.3	1.3	1.4	1.2
P.E.I.	1.9	1.8	1.4	0.6	0.6	0.5	9.0	4.5	3.7	1.3	0.4	0.2	1.5	1.7	1.6
N.S.	2.4	3.1	3.5	4.7	4.4	4.0	3.8	4.9	6.5	1.3	1.2	2.0	1.7	1.3	2.0
N.B.	2.5	2.8	2.6	4.1	3.8	3.4	5.6	4.5	4.0	2.0	0.8	0.9	1.8	1.4	1.6
QUE.	2.1	2.3	2.4	51.5	47.9	42.6	5.0	4.5	4.0	1.9	0.9	0.8	1.9	1.6	1.5
ONT.	1.9	1.8	2.5	68.6	66.5	60.5	3.6	4.0	4.5	1.4	0.9	1.0	2.0	1.8	1.7
MAN.	3.4	3.0	2.5	5.8	5.4	4.7	8.7	5.7	3.0	1.4	1.0	0.4	2.4	2.1	1.8
SASK.	4.8	4.3	3.2	5.8	4.8	3.5	12.5	9.5	6.0	2.4	1.0	0.8	3.0	3.0	2.3
ALTA.	5.0	4.5	3.0	48.5	41.2	35.0	10.5	9.8	8.5	4.9	2.0	1.8	5.4	3.3	2.8
B.C.	3.1	2.9	2.8	37.2	32.3	26.8	7.2	6.3	8.0	3.2	1.9	2.6	2.1	2.1	2.5
CANADA	2.7	2.5	2.6	230	210	184	6.0	5.6	5.5	2.2	1.2	1.2	2.3	2.0	1.9

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