

SREDA'S Q3 2018 ECONOMIC RATING

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FOR THE SASKATOON REGION

Economic indicators for Q3 2018 suggest the local economy is levelling out. Unemployment has increased to 7.2%, but net jobs created grew to 5,000 for 2018. The housing market continues to correct due to lower demand, with residential starts and permits down again this quarter, but commercial building permits remain strong. So while growth forecasts for Saskatchewan have been trimmed down to 1.6% for 2018, they have been raised to 2.2% for 2019; on the basis that job growth will continue and consumer confidence will strengthen.

Alex Fallon, President and CEO, SREDA

REAL GDP (2007 \$) AND POPULATION PROJECTIONS

CMA GDP: 2018 FORECAST

\$18.2B

2.0% Change from 2017

CMA POPULATION: Q3 2018

331,476

0.4% Change from Q2 2018

SK POPULATION: Q3 2018

1,177,332

0.3% Change from Q2 2018

"Despite depressed crude prices, wet harvest conditions and high steel and aluminum tariffs, the outlook for Saskatchewan industry is looking up. Recent news has highlighted some of the upcoming opportunities for the region with the announcement of a new LNG project in BC, new exploration incentives for the mining sector, and cannabis legalization opening doors for new manufacturing facilities."

Taylor McCallum, Business & Economics Specialist, SREDA



LABOUR MARKET - SASKATOON CMA (Q3 2018)

UNEMPLOYMENT RATE

7.2%

0.4 PP Change from Q2 2018

EMPLOYMENT LEVEL

175,433

1.3% Change from Q2 2018

LABOUR FORCE

189,067

1.7% Change from Q2 2018

PARTICIPATION RATE

70.0%

0.7 PP Change from Q2 2018

"In the wake of the USMCA agreement, increased certainty around the export climate has positively affected the mindset of many businesses even if steel and aluminum tariffs persist. After downward revisions to economic forecasts over the summer the trends have turned positive once again with growth of 2% and upwards forecast for 2018. It will take time for business owners to recover full confidence in the economy though, particularly with lingering issues with pipeline and resource development."

Keith Moen, Executive Director, NSBA



HOUSING MARKET, YTD (JAN-SEPT, 2018)

CMA HOUSING STARTS

1,079

-17.4% Change from 2017

BUILDING PERMITS (YXE)

\$484.1M

-13.4% Change from 2017

EXISTING HOME SALES (YXE)

1,976

-26.4% Change from 2017

AVERAGE HOME PRICE (YXE)

\$309,824

-10.2% Change from 2017

"Residential home sales in Saskatoon and region for the first three quarters of 2018 are on par with the same period as compared to 2017. Inventory levels have declined by 2% with just over 3,100 active listings at the end of September. Pricing has experienced a slight decline year over year of 4% in the city. Saskatoon is not immune to the impact of a challenging economy but has overall weathered the storm reasonably well when compared to other western cities."

Jason Yochim, CEO, Saskatoon Region Association of Realtors



OTHER INDICATORS - SK YTD (JAN-AUG ,2018); YXE YTD (JAN-SEPT, 2018)



"All indicators point to strong results for the tourism sector in Q3 of 2018. Convention and sport sales exceeded full year targets before the end of the quarter. Airport passenger volumes hit historic record levels in each of the past 7 months, with associated strong room sales for the accommodation sector."

Todd Brandt, President and CEO, Tourism Saskatoon



Q3 2018 SECTOR NEWS

ENERGY

\$40B LNG project in Kitimat approved for overseas export

National Energy Board to host public hearings regarding the Trans Mountain Pipeline in Q4, release findings by Feb, 2019

Gap between US and Canadian oil prices is growing, up to \$52/barrel (USD)

Global investment in renewables is down, electricity investments are rising above even oil and gas

Cowessess First Nation launches solar energy project, adding to the already completed wind turbine project

AGRICULTURE

New \$30M warehouse facility near Balzac, AB to be the home of insect-based feed product

Wheat overtook canola as top seeded crop in Saskatchewan again

Steel tariffs effect outlook for the prices of farm equipment for Saskatchewan farmers

Ag in Motion showcases state-of-the-art farming technology including AI and self-driving equipment

Canada benefits from EU tariffs on American corn

Saskatchewan's AGT Food looking to take company private

SCIENCE AND TECH

Saskatoon born ticketing platform Picatic, acquired by Eventbrite

Google planning a return to China with censored search engine

X-Ray Microscopy conference brings global scientists to Saskatoon (300 researchers from 24 countries)

Microsoft announces new Canadian headquarters - Downtown Toronto

U of S students working on new computer speech technology

Federal government approves roadside saliva test for cannabis

CONSTRUCTION

Government of Canada invests \$53.3M to upgrade the highway near the US border in Saskatchewan

New Merlis Belsher sports complex completed in time for first home opener

Saskatoon Fire Station No. 3 opens on Clarence Ave

3,500 new construction workers needed in Saskatchewan over next decade, in large part to replace -9k retirees

Bridge collapses hours after opening in RM of Clayton, after municipality turns down \$750,000 in provincial funding to build it

MINING

Cameco permanently lays off 700 employees

BHP remaining cautious on bringing Jansen mine near Humbolt into production

RTEC indicates it's on schedule to start drilling at the diamond mine near Prince Albert in 2018

Canada is trying to get into the lithium market with new project in Quebec, but distance from Asia is proving challenging

New incentive to create more mining opportunities in Saskatchewan

MANUFACTURING

Audi launches first electric SUV (in partnership with Amazon), competing with Tesla

Government of Canada invests \$11M+ in Canada's wine sector

Westleaf Cannabis Secures \$24M loan for development of two manufacturing facilities, one near Battleford on Thunderchild First Nation land

Uncertainty over how USMCA will affect the Canadian auto industry, minimum wage gives Canada edge over Mexico but regional content rules could cause price increases and threaten sales

RETAIL AND WHOLESALE

PepsiCo purchases SodaStream for \$3.2B

Marshalls opens in Saskatoon end of August

Aurora and Coca-Cola looking into cannabis drink partnership

Tim Hortons to open 1,500 outlets in China, facing downturn in Canada

7 Cannabis shop opened in Saskatoon October 17

SASKATOON

WestJet announced more flight options to sunny destinations this winter

Nation's 2nd largest building permit decline recorded in Saskatoon, down 46% for first half of the year

The Traffic Bridge and North Commuter Parkway were both completed for October

City's debt projected to decrease until 2020, but to rise to \$450M in 2024

Home sales down 15% from Q2 and 26% compared to this time last year

Data released puts Saskatoon at the top of the crime severity index in Canada

SASKATOON REGION

Nutrien cuts 80 jobs at Vanscoy mine

Warman and Martensville development on track to exceed 2017, holding strong in a slower housing market

Cannabis shops to open in Martensville (1), Warman (2) and RM of Corman Park (1) in October

Plans in place to rebuild Rosthern's John Deere dealership after \$20M in damages from fire

Construction began on new school in Rosthern

City of Saskatoon discuss Regional Utility Framework for Water & Wastewater Services

SASKATCHEWAN

Cannabis industry to add 700+ jobs to the Saskatchewan market before legalization

Harvest behind 5 year average due to unseasonably wet and cool weather (73% complete vs 84% mid-October)

Ontario is joining Saskatchewan in fight against federally imposed carbon tax

Uber Eats now available in Saskatoon and Regina

Minimum wage up \$0.10 to \$11.06, Saskatchewan now second lowest in Canada

Government investing \$20M to upgrade the water treatment plant for Regina and Moose Jaw

CANADA

Greyhound Canada cuts most services to western Canada by end of October

Bank of Canada raises rates to 1.5%, highest since 2009

Inflation hit 3% in July, the highest it has been since 2011

USMCA increases US dairy market share in Canada, but keeps Chapter 19 (a special dispute process for trade practices)

Calgary votes to continue 2026 Winter Olympics bid

Inflation up, in large part due to gas prices (Aug - 2.8%, excluding gas 2.2%)

INTERNATIONAL

Despite the election of a new Mexican president and Canadian tariffs on U.S. steel and aluminum, USMCA deal is finalized

China & the U.S. impose tariffs on billions of dollars of goods (\$110B on U.S.; \$250B on China with taxes ranging from 5-25%)

Amazon raises minimum wage to \$15 for all US employees

North and South Korea summit ends in deal to "cease all hostile acts against each other"

Elon Musk steps down as chairman, remains CEO after tweet suggesting taking Tesla private lead to investigations

US unemployment rate falls to 49 year low of 3.7% (compare to Canada's rate of 5.9%) in September

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