

SREDA'S ECONOMIC RATING

C

FOR THE SASKATOON REGION

“The Saskatoon Region economy continues to adjust to the more moderate levels of growth seen across Canada. With energy prices rising from recent lows, and growth in sectors such as non-residential construction, retail sales and agriculture, our economy is weathering ongoing economic headwinds. SREDA expects GDP growth to be lower than previously forecast but to remain positive at around 1% for the year. We are maintaining our “C” rating for the Saskatoon Region economy.”

Alex Fallon, President & CEO, SREDA

GDP & POPULATION

GROSS DOMESTIC PRODUCT

\$17.3B

▲ 0.3% Change from Q1 2016

CMA POPULATION

310,300

▲ 0.6% Change from Q1 2016

WORKING AGE POPULATION

256,767

▲ 0.5% Change from Q1 2016

“The seasonal activity typically associated with Q2 has been steady in most sectors, and positive in others. Notable increases in YXE airport traffic and tourism activity have been driven largely by new and unique sporting and concert events. These upticks will help to offset challenges in some sectors, such as mining, and oil and gas. Optimal growing conditions across much of the province have agricultural producers feeling positive as well.” - Keith Moen, Executive Director, North Saskatoon Business Association



EMPLOYMENT

UNEMPLOYMENT RATE

6.9%

▲ 0.6% Change from Q1 2016

EMPLOYMENT RATE

64.9%

▼ -1.2% Change from Q1 2016

LABOUR FORCE

178,800

▼ -0.7% Change from Q1 2016

PARTICIPATION RATE

69.6%

▼ -0.8% Change from Q1 2016

“After generating approximately 25,000 net new jobs between 2012 and 2015, the Saskatoon Region has shed about 5,000 jobs thus far in 2016. Even with these job losses Saskatoon’s unemployment rate, at 6.8%, remains below the national average of 7.0%.” - Dan Sumner, Manager, Economic Forecasting and Analysis, SREDA



HOUSING

HOUSING STARTS (YTD)

912

▼ -21.6% Change from Q2 2015

BUILDING PERMITS (YTD)

385.1M

▼ -12.8% Change from Q2 2015

EXISTING HOME SALES (YTD)

1,573

▼ -11% Change from Q2 2015

AVERAGE HOME PRICE

\$350,302

▼ -0.9% Change from Q2 2015

“While the market is still adjusting to this year’s weaker economic conditions, Saskatoon’s new housing market remains healthy and robust. Although the year-to-date permit totals for multi-units are adjusting to reflect the market demand, the year-to-date totals for single-unit permits are similar to last year. Overall, new housing activity in Saskatoon after the second quarter is consistent with forecasts for the year.” - Chris M. Guérette, CEO, Saskatoon & Region Home Builders’ Association



Saskatoon

Saskatchewan (May YTD)

NEW BUSINESS LICENSES 349 ▼ -3.3% Change from Q2 2015	YXE PASSENGERS 0.721M ▼ -1.4% Change from Q2 2015	WHOLESALE TRADE \$9.51B ▼ -15% Change from 2015	NEW CAR SALES \$812M ▼ -5.1% Change from 2015	RETAIL SALES \$7.8B ▲ 0.7% Change from 2015
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“Overall business licensing and building permits continue to surprise. Although there is slower economic activity at the moment, it does not appear that it has significantly impacted the net number of new business licenses or building permits being issued in Saskatoon.” - Alan Wallace, Director, Planning & Development, City of Saskatoon



Q2 2016

SECTOR OVERVIEW



CONSTRUCTION

Housing starts in Saskatoon have stabilized at an annualized rate of ~2,000 units.

Renovation market booming locally as home owners opt for home improvements over moving.

P3 project to build 18 new schools in the province is on time and on budget.

Infrastructure Canada plans to invest more than \$120 billion in projects over the next 10 years.



SCIENCE AND TECHNOLOGY

7Shifts raised \$1.2 million for expansion; hiring 10 to 15 new employees.

Affinity and Conexus Credit Union develop Android Mobile Pay technology in Saskatchewan.

Pulse crop research at CDC received a 5 year funding commitment worth \$23 million.

Water Security's Mine Overlay Site Testing (MOST) facility unveiled at the UofS.

Saskatchewan cyclotron began providing radioisotopes to RUH for PET-CT scans.



ENERGY

Fort McMurray wildfires temporarily halt production of over 1 million bpd of oilsands crude.

After starting Q2 below \$40/barrel, WTI strengthened to \$50/barrel and has stabilized in the mid \$40s.

Oil prices climb as Saudi energy minister says market nearing balance.

NEB launches review of Energy east pipeline that will be 'unlike any other in the NEB history'.



MANUFACTURING

After a tough stretch during 2014 and 2015 which saw Saskatchewan manufacturing shipments fall ~20% from their peak, shipments have begun to stabilize.

Evraz lays off 90 workers.

Canadian manufacturing sales grew by a 1.0% in April after 2 consecutive month-on-month declines.

“Declining energy and commodity prices have resulted in lower manufacturing employment in the region. The pressure is on for local manufacturers to seek out efficiency gains in their operations, which will increase productivity and competitiveness in the longer-term.” - Mike Holden, Chief Economist, Canadian Manufacturers & Exporters



AGRICULTURE

As of July 11, Sask Ag. rates over 90% of crops as either “ahead” or “normal” for this time of year.

Realized net income for Saskatchewan farmers set another record in 2015, growing by 38% to \$4.2 billion.

Saskatchewan farmers seed 48% more lentils in 2016, on top of a 27% increase in 2015.

GrainsConnect building grain terminal in Maymont, Sask.

Bayer officially opens its new \$24 million wheat breeding station south of Saskatoon.



MINING

500 jobs cut as Cameco closes Rabbit Lake uranium mine

\$4.1 billion K + S Legacy Project nearly complete

Weil Group Resources opened Canada's only high-grade helium plant near Mankota – a \$10M project.

Mosaic temporarily lays off about 330 workers at Colonsay potash mine

De Beers could spend up to \$20.4 million on diamond exploration in northern Sask

Claude Resources approves \$337-million takeover offer by Silver Standard Resources Inc.



WHOLESALE AND RETAIL TRADE

Broadway \$4 million Revitalization Project impacts sales for area businesses.

Food Truck Association forms in Saskatoon.

Sask government amends The Food Safety Regulations to remove barriers in order to allow home-processed foods to sell directly to consumers.

Saskatoon is getting a new 35,000-square-foot Co-op Home Centre.

Q2 2016

TOP NEWS

SASKATOON REGION

Canadian Business magazine and PROFITguide have ranked Saskatoon #3 on the 2016 ranking of Canada's Best Places for Business.

Garth Brooks concerts' estimated economic impact of \$16 million.

First phase of Parcel Y project begins; includes a 15-storey Alt Hotel, condo tower and an underground parkade.

SREDA honoured businesses and individuals at the first annual Newcomer Entrepreneur of the Year Awards (NEYA).

Wanuskewin Heritage Park to apply for a UNESCO World Heritage Designation (UWHD)

Plans to revitalize the Corman Air Park are in the works.

SASKATCHEWAN

Sask Party 2016-17 budget projects a \$434 million deficit.

Sask minimum wage to increase by \$0.22 to \$10.72 starting Oct 1.

Report shows Saskatchewan's aboriginal education gap costs the provincial economy \$1.1 billion/year.

Sask has lowest net business tax burden and second-lowest provincial tax burden on individuals according to CBoFC.

CANADA

The number of countries with AAA credit rating is shrinking; Canada stands to benefit from being in exclusive club.

Canpotex abandons plans for \$775-million B.C. export terminal.

Canadian new home prices grow at fastest pace in nearly 9 years.

Canadian retailers are having their best start to the year since 2010.

Finance ministers reach deal to expand Canada Pension Plan

INTERNATIONAL

U.K. surprises the World with vote to leave European Union (Brexit).

Fed keeps interest rates unchanged: Fed expects the U.S. economy would grow only 2% in 2016 and 2017.

Japan gov't cuts inflation forecasts, gloomier on outlook than BOJ.

RBC calls for US\$1,500 gold next year.

U.S. job market rebounds in June with hiring surge of 287,000 jobs.

JP Morgan says Scottish independence, new currency now its 'base case'.

"Air passenger numbers rebounded to near-record volumes in Q2, providing optimism toward further economic growth in the tourism industry. Convention and event activity was also strong in the quarter. This includes the impressive results from the Garth Brooks concerts which generated over \$11.4 million in direct spending in the local economy." - Todd Brandt, CEO, Tourism Saskatoon



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