



Sask. economy expected to maintain stability amidst slow labour market recovery

- SREDA's Q2 Consensus Forecast Survey¹ show economists have slightly trimmed their 2018 outlook for the Saskatchewan economy. Real GDP growth is now forecast to come in at 2.0%, 0.1 percentage point slower than projected in December, pushing it down to fifth position on the provincial growth leader-board. The economy is expected to expand at a slightly moderate pace (+1.9%) in 2019, tied with BC and Ontario for second place on the leader-board.
- The revision reflects a decline in capital spending, slow construction activity, fiscal tightening and the expected impact of sluggish employment and wage growth on consumer spending.
- On the upside, Saskatchewan's near-term growth will be powered by ongoing expansion in export-oriented manufacturing activities, renewed activity in the oil patch, recovery from weather-related weakness in agricultural production and demand for grains pulses and oilseeds.

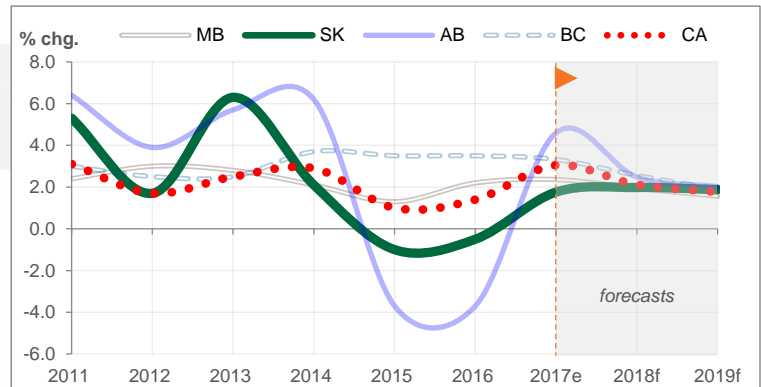
Key economic indicators

- The consensus forecast for job growth is 0.2% this year and 0.6% next, a downward revision reflecting continued labour market slackness.
- Retail sales is now forecast to increase 3.2% and 3.6% this year and next, a downward revision reflecting the impact of sluggish job and wage growth on consumer spending.
- Inflation is expected to pick up slightly.

Note:

1. SREDA's quarterly consensus economic forecasts are created by taking the mean average of a panel of five prominent independent forecasts (TD, RBC, BMO, Scotiabank and the Conference Board of Canada). Empirical studies show that pooling forecasts increases forecast accuracy, especially because of high degree of uncertainty in recent times.

SK growth forecast to hover around 2.0% in 2018-2019,...



...and rank 2nd on the prov. leader-board next year

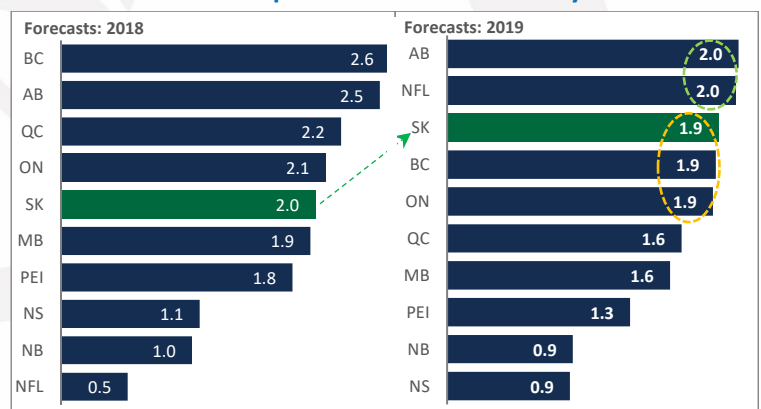


Table 1: Key economic indicators, Saskatchewan

	2015	2016	2017	2018f	2019f
Real GDP growth (%)	-1.0	-0.5	1.8	2.0 ↓	1.9 ≈
Employment (y/y % chg.)	0.5	-0.9	-0.1	0.2 ↓	0.6 ↓
Unemployment rate (%)	5.0	6.3	6.3	6.0 ≈	5.8 ≈
Retail sales (y/y % chg.)	-2.9	2.2	4.1	3.2 ↓	3.6 ↓
Inflation (y/y % chg.)	1.6	1.1	1.7	2.2 ↑	2.1 ≈
Housing starts (000)	5.1	4.8	5.0	4.8 ↓	5.5 ≈

Revision from Dec. 2017 consensus forecast ↑ revised up ≈ unchanged ↓ revised down

Table 2: Consensus growth forecasts for Saskatchewan

	2016	2017e	2018f	2019f
TD (Mar 15, 2018)	-0.5	1.8	1.6 ↓	1.7 ↓
RBC (Mar 12, 2018)	-0.5	2.1	2.9 ↑	2.5 ↓
BMO (Mar 16, 2018)	-0.5	1.7	1.9 ↓	1.7 ≈
Scotiabank (Mar 6, 2018)	-0.5	1.9	2.2 ↑	1.9 ↑
Conference Board (Feb 13, 2018)	-0.5	1.3	1.3 ↓	1.6 ≈
SREDA consensus growth forecasts, SK	-0.5	1.8	2.0 ↓	1.9 ≈

Source: StatCan Table 384-0038 & SREDA survey of prominent financial and economic forecasters