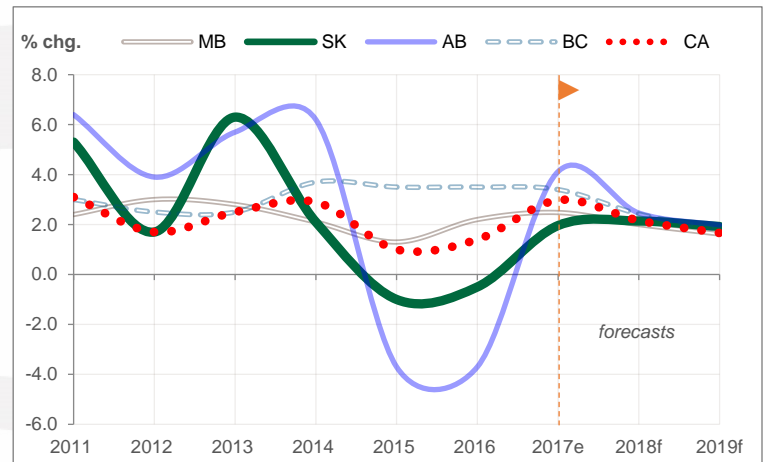




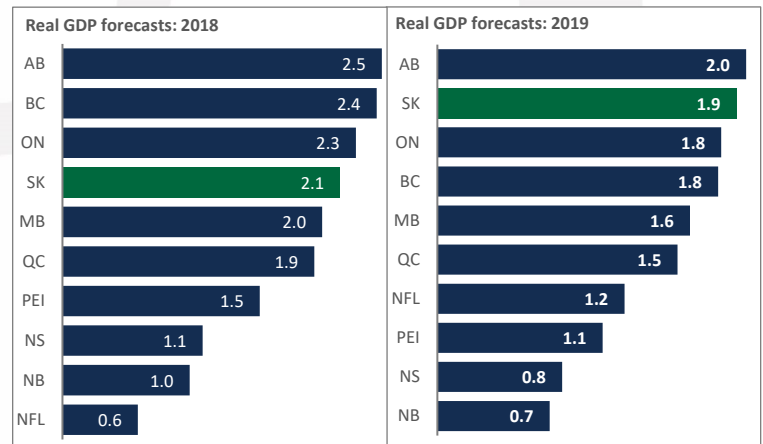
► Saskatchewan's economy expected to build momentum in 2018

- Economists¹ are largely optimistic about Saskatchewan's growth prospect for this year. Real GDP growth is forecast to come in at 2.1% in 2018 after an estimated 2.0% rebound last year, and increase 1.9% in 2019.
- This will bump up Saskatchewan to fourth position on the provincial economic growth leader-board in 2018, and second strongest growth next year. Saskatchewan ranked seventh last year.
- The momentum is expected to be driven by ongoing recovery in potash production (buoyed by new delivery contracts with key customers in China and India), sustained oil prices (which is boosting capital spending in the energy sector), and a return to more normal growing condition for crops in 2018 and 2019.
- On the downside, gains will be offset by weak construction activity (particularly in non-residential sector), further fiscal tightening (e.g., reversal of the 0.5% cut in corporate tax rate) and struggles in the uranium market.
- In addition, household spending is expected to be held back by sluggish employment and wage growth, and rising interest rates.

Real GDP growth in SK to further strengthen after a strong rebound from two years of recession



SK's economy expected to rank 4th strongest on the leader-board this year and come up 2nd in 2019



Consensus forecasts for Saskatchewan's economy

| | 2016 | 2017e | 2018f | 2019f |
|---|------|-------|-------|-------|
| TD (Dec 14, 2017) | -0.5 | 1.9 | 1.9 | 1.8 |
| RBC (Dec 12, 2017) | -0.5 | 2.1 | 2.7 | 2.7 |
| BMO (Dec 8, 2017) | -0.5 | 1.7 | 2.0 | 1.7 |
| CIBC (Dec 6, 2017) | -0.5 | 2.2 | 2.1 | 1.8 |
| Scotiabank (Dec 5, 2017) | -0.5 | 1.9 | 2.0 | 1.6 |
| Conference Board (Nov 1, 2017) | -0.5 | 2.1 | 1.6 | 1.6 |
| SREDA consensus growth forecasts, SK | -0.5 | 2.0 | 2.1 | 1.9 |

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

Note:

1. SREDA's consensus economic forecasts are created by taking the mean average of a panel of six prominent independent forecasts (TD, RBC, BMO, CIBC, 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.