

# REGINA'S ECONOMIC BRIEFING

## Positive economic fundamentals

In Q4 2023, the macroeconomic indicators in the Greater Regina Area (GRA) thrived. December year-over-year employment growth was 8.1% (more than twice the provincial rate of 3.8%), equivalent to 11,300 positions over 2022. Unemployment remained low at 4.9%, with the GRA contributing more than half the province's job growth in December. Higher borrowing costs are affecting resale home prices, but with inflation moderating, interest rate cuts are expected sometime this year.

Source: Praxis Consulting

### Growth in employment

Average year-over-year total employment in the GRA was up 8.1% in December 2023 over the same period in 2022 – higher than the provincial growth rate.

Source: Government of Saskatchewan

### Low unemployment

The average year-to-date unemployment rate was unchanged in December 2023 from December 2022 at 4.9% representing full employment within the GRA<sup>1</sup>. The provincial unemployment rate stood at 5% over the same period.

Source: Praxis Consulting

### Housing starts increases

Benefitting from a late-season surge in apartment/condo units, November 2023's total year-to-date housing starts are up by 9.3% over the same period in 2022.

Source: Praxis Consulting

### National Consumer Price Index rose by 3.4%

Key factors contributing to this month's rise in inflation include mortgage interest costs, food, and transportation. The 3.4% increase will draw greater attention on the Bank of Canada's upcoming rate decision on Jan. 24.

Source: RBC Economics and Government of Saskatchewan

### Saskatchewan records highest growth in building permits

Saskatchewan experienced an 83.9% year-over-year increase in building permit value, with residential and non-residential permits seeing a substantial increase of 46% and 72%, respectively.

Source: Statistics Canada

### Saskatchewan stops collecting carbon tax on home heating

The Government of Saskatchewan suspended its collection of the carbon tax on home heating bills and is yet to decide if it will still pay carbon tax remittances to the federal government or not.

Source: Government of Saskatchewan

### Housing Price Index slips

The average year-to-date Housing Price Index Benchmark Composite Price is down from \$312,342 in December 2022 to \$302,983 in December 2023. Analysts are predicting increases in home sales and prices over the next two years.

Source: Praxis Consulting and TD Economics

<sup>1</sup> Unemployment rate of 5% or below is considered full employment.



POSITIVE

NEED TO WATCH

NEGATIVE

## KEY NUMBERS

### 2.7%

INCREASE IN SASKATCHEWAN'S CONSUMER PRICE INDEX FOR DECEMBER 2023, WELL BELOW THE NATIONAL AVERAGE OF 3.4%.

Source: Statistics Canada

### \$1.6B

CANADA'S TRADE SURPLUS SHRANK FROM \$3.2 BILLION IN OCTOBER TO \$1.6 BILLION IN NOVEMBER LAST YEAR.

Source: Statistics Canada

### 3.8%

SASKATCHEWAN'S EMPLOYMENT GROWTH YEAR-OVER-YEAR AND RANKING SECOND AMONG PROVINCES.

Source: Statistics Canada

### 9.4%

ALL-TIME LOW OFF-RESERVE INDIGENOUS UNEMPLOYMENT RATE FOR SASKATCHEWAN.

Source: Statistics Canada

### 88,790

VISITORS TO ATTEND FROST FESTIVAL IN 2023. VISIT ONE OF THE FOUR HUBS JANUARY 26 TO FEBRUARY 4, 2024

Source: FROST Regina



# A DEEPER LOOK...

## GDP and employment growth among Canadian cities

The Bank of Canada aggressively increased interest rates starting in early 2022 – a move largely expected to slow down Canada's economy, with some economists predicting an economic recession. The economy has shown resilience so far with increases in employment and lower than expected unemployment rates alongside growth in the country's GDP.

### Defining a recession

An economy is considered in a recession when it sees a prolonged period of negative economic growth, typically defined by two consecutive quarters of declining GDP. This single indicator, however, doesn't tell the whole story. Other factors, such as consumer spending, business investment, housing market activity, corporate profits, and trade activity can provide further insights into the overall health of the economy.

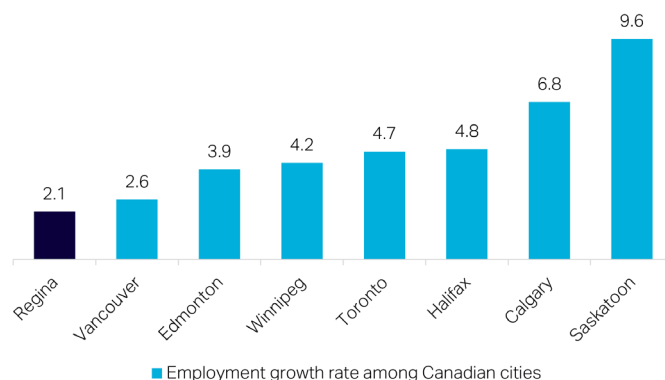
### Anticipating interest rate moves

While there has been a general concern about the cost of living in Canada, consumer spending – a major indicator of economic conditions – has been trending upwards, reaching an all-time high of \$1.3 trillion in Q3 of 2023. Further, November exports fell by 0.6%, while imports increased by 1.9% resulting in the contraction of the country's trade surplus from \$3.2 billion in October to \$1.6 billion. A weaker Canadian dollar is keeping exporters afloat amid a weakening global economy.

There is high anticipation that the Bank of Canada will lower interest rates this year to help the economy escape a recession. However, the risk of wage inflation, low productivity growth, and better than expected macro-economic indicators may influence the central bank to keep interest rates higher for longer.

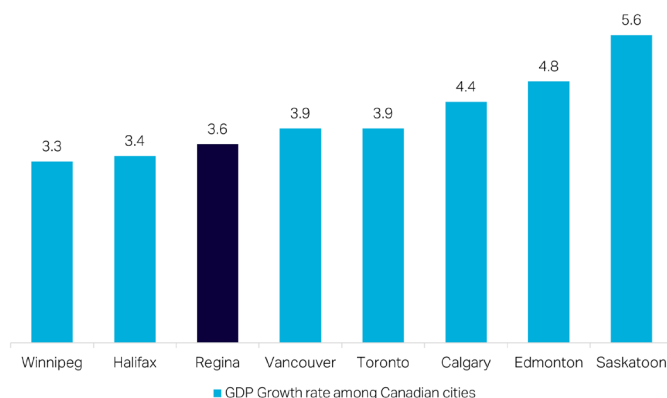
Regina's GDP rebounded strongly in 2022, growing at 3.6%, the highest since the pandemic. Despite a robust per-capita income of \$56,000, which surpasses the provincial average of \$53,000 and aligns with the national average, the rate of employment growth slowed to 2.1%, compared to the 5.4% seen in 2021. Various factors including base year effects and increased business borrowing costs, contributed to the deceleration. However, anticipated investments by key players like FCL/AGT Foods, Viterra, Cargill, and Red Leaf Pulp Ltd., are poised to create new employment opportunities.

2022 Employment growth rate among Canadian cities



Source: Conference Board of Canada, Economic Development Regina

2022 GDP and GDP growth rate among Canadian cities



Source: Conference Board of Canada, Economic Development Regina

## News Worth Watching

### New permanent emergency shelters announced for Regina and Saskatoon

New permanent emergency shelters are set to be established in each of Saskatchewan's two largest cities as temperatures plummet in the province.

Source: [CBC News](#)

### The University of Regina sees record enrollment for the winter 2024 semester

16,200 students were registered on the first day of the winter 2024 semester at the U of R. The number is up by 1,316 students from the same period last year.

Source: [Global News](#)

### Saskatchewan is home to 23 out of the 31 critical minerals on Canada's list

Saskatchewan ranks first in Canada for mining investment attractiveness. The province is home to the occurrences of 23 of the 31 critical minerals on Canada's list and the world's largest deposits of potash and high-grade uranium.

Source: [Government of Saskatchewan](#)

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