

REGINA'S ECONOMIC BRIEFING

A thriving prairie economy

The economic conditions in the Greater Regina Region continue to flourish in the latter part of 2023. October year-to-date employment growth remains positive at 3.2% or 4,470 positions over 2022, twice the provincial rate. Unemployment remains low at 4.9%. October inflation is moderating and, at 2.3%, is at its lowest level since early 2022. A slowdown in labour force participation growth, a decrease in new home construction and a softening of home prices stand out as the sole indicators with downside risks.

Source: Praxis Consulting

Unemployment rate drops

Regina's average year-to-date unemployment rate fell from 5.0% in October 2022 to 4.9% in October 2023.

Source: Praxis Consulting

Saskatchewan ranks #1 in GDP growth

Amid news of a 1.1% drop for Q3 2023, StatCan notes Saskatchewan's 2022 GDP increased by 6% year-over-year. This was the highest GDP growth rate recorded among Canadian jurisdictions. City GDP numbers are released mid-December.

Source: Statistics Canada

Skilled labour shortages costing Regina's economy nearly \$500M

Approximately 4,400 job vacancies exist in the GRA equating to an estimated \$428 million in unrealized employment income and \$54 million in unrealized provincial tax revenue annually, if left unfilled.

Source: Economic Development Regina

Change in CPI slows for the GRA

Year-to-date CPI change for the GRA in October is 2.3%, down from a 4.1% increase in September.

Source: Praxis Consulting

Number of job vacancies trends upwards

The number of job vacancies in the GRA increased to 6,890 in Q2 of 2023, representing an 11% increase from 2023Q1.

Source: Statistics Canada

Saskatchewan homebuyers buck the national trend

Even as the Canadian Real Estate Association reported the number of homes sold in Canada for October fell by 5.6% compared to September, the province of Saskatchewan saw a 11% year-over-year increase.

Sources: Canadian Real Estate Association, Saskatchewan Realtors Association

KEY NUMBERS

\$6.3B

FEDERAL INVESTMENT IN NEW HOUSING INITIATIVES.

Source: Government of Canada

3.1%

CANADA'S HEADLINE INFLATION SLOWED TO 3.1% YEAR-OVER-YEAR IN OCTOBER. DOWN FROM 3.8% IN SEPTEMBER.

Source: Statistics Canada

\$14/hour

SASKATCHEWAN'S MINIMUM WAGE AS OF OCTOBER 1, AN INCREASE FROM \$13 PER HOUR.

Source: Statistics Canada

605,300

NUMBER OF PEOPLE EMPLOYED IN SASKATCHEWAN IN OCTOBER. UP 19,300 FROM A YEAR PREVIOUS.

Source: SaskJobs.ca

\$500M

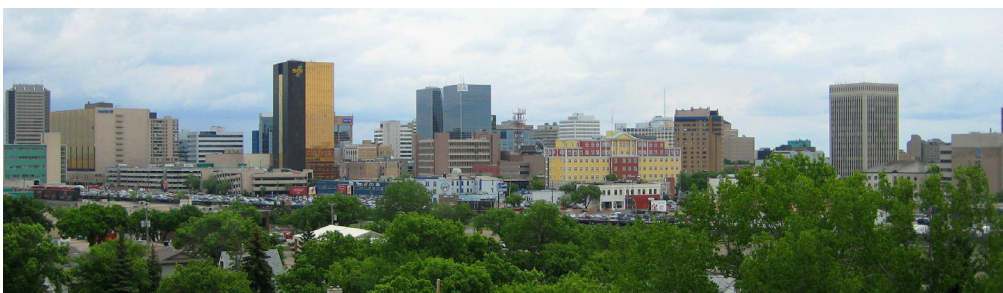
PROPOSED CUT IN FEDERAL GOVERNMENT SPENDING IN THE UPCOMING BUDGET.

Source: Canada.ca

-1.1%

REAL GROSS DOMESTIC PRODUCT FELL AT AN ANNUALIZED PACE OF 1.1 PER CENT IN THE JULY-TO-SEPTEMBER PERIOD.

Source: Statistics Canada



A DEEPER LOOK...

A deeper dive into the Government of Canada's Fall Economic Statement

The federal government has announced about \$16 billion in new initiatives to tackle affordability issues.

Key Initiatives

- Investing \$6.3 billion in new housing units across the country.
- Removing GST on new rental housing between 2023 and 2029.
- Aligning with monetary policy goals of bringing inflation down to the 2% target by 2025.
- Expanding eligibility for the Clean Technology and Clean Electricity Investment Tax Credits to support the generation of electricity, heat, or both electricity and heat, from waste biomass.
- Removing of the GST/HST from psychotherapist and counsellor visits.
- Introducing a new 15-week shareable EI adoption benefit for adoptive and surrogate parents.
- Proposing to add up to four additional weeks of Employment Insurance benefits for eligible seasonal workers.

Key Forecasts and Analysis

Interest Rates: On average forecasts predict no further interest rate hikes from the Bank of Canada above the current overnight rate of 5 per cent. The first full rate cut is expected in the second quarter of 2024, with the policy rate gradually declining to 3.75 per cent by the fourth quarter of 2024 and to an average of 2.9 per cent in 2025.

Labour Market: Canada's labour market has seen the fastest post-pandemic job recovery in the G7, with over a million more Canadians employed today than before the pandemic. Despite a tight labour market, Saskatchewan's job market remains on a decided upswing, with 19,300 more people working in October than a year earlier. Regina was responsible for more than half of the province's growth (+10,600).

Housing Market: Shelter costs remain the highest contributor to CPI changes in Canada. Plans by the federal government to invest in affordable homes and rental properties are expected to bring some calm to the housing sector.

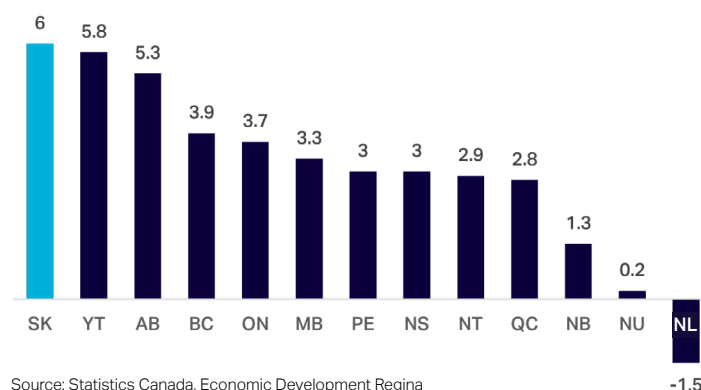
Saskatchewan's decision to remove PST on new homes and new Secondary Suite Incentive Program should help housing affordability in the region. The GRA remains one of the most affordable housing markets in the country.

Inflation: Headline inflation in Canada fell from its June 2022 peak of 8.1% to 3.1% in October 2023. This compares to a rate of 1.8% for Saskatchewan and 2.3% for Regina – both significant drops. Inflation is forecasted to fall back to its 2% target by 2025.

Economic Growth: Canadian economy is now expected to slow, but avoid a recession – although the national unemployment rate is expected to rise to 6.5% in 2024. Economic growth is however expected to reach 2% annually starting in 2025.

The Conference Board of Canada predicts that Saskatchewan will continue to lead the country in economic growth mostly due to higher commodity prices in the next year.

GDP growth rates among Canadian Jurisdictions 2021 to 2022



News Worth Watching

Saskatoon and Regina in competition for federal housing funds

Saskatoon and Regina are in competition for federal housing funds, with both cities vying to address their respective housing challenges and secure financial support for affordable housing initiatives.

Source: [CBC News](#)

BoC says higher interest rates might be here to stay

The Bank's Senior Deputy Governor, Carolyn Rogers, says the era of super-low interest rates may be over for Canadians

Source: [Financial Post](#)

Canada's economy sees surprise contraction in its third quarter

The Canadian economy declined, marked by a decrease in export shipments and stagnant consumer spending, reflecting an ongoing economic struggle exacerbated by elevated interest rates.

Source: [The Globe and Mail](#)

Natural gas prices fall in SK, AB and BC

On a month-over-month basis, natural gas prices fell in Saskatchewan, Alberta and British Columbia in October. The declines were a result of lower commodity prices.

Source: [Statistics Canada](#)

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