



Yukon Economic Overview and Outlook

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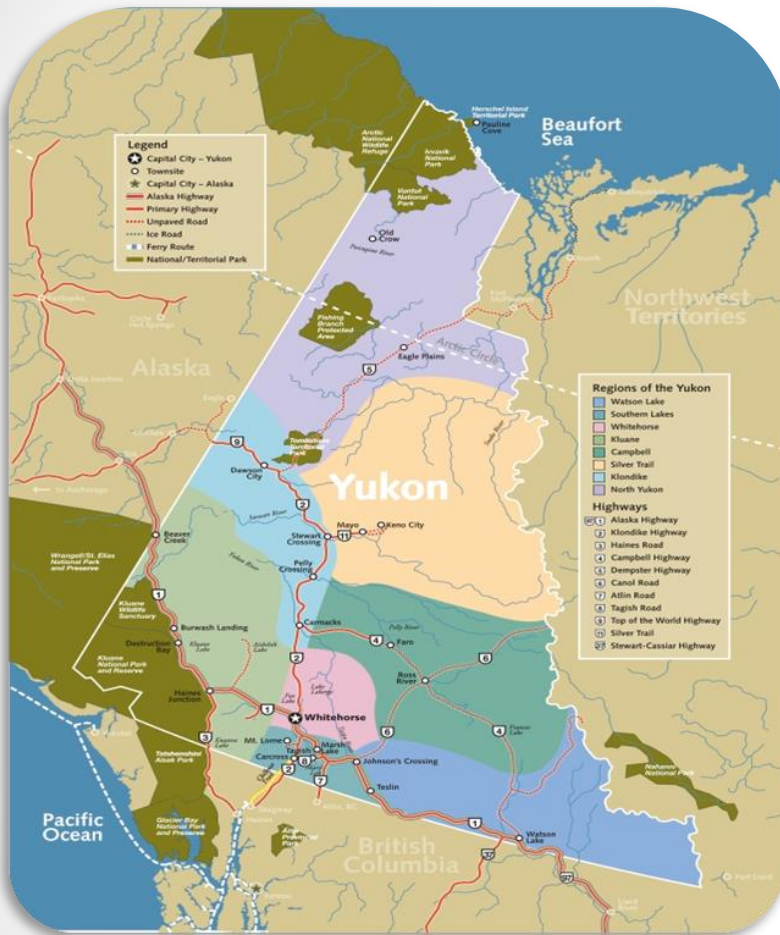
Presentation Overview

- Yukon Snapshot
- Economic Overview
- Key Indicators
- Sector Perspective
- Medium-term Outlook



Yukon Snapshot

- Geography
 - 482,443 km²
 - 5% of Canada
- Population
 - 37,000 people
 - 17 communities
 - ~75% in Whitehorse
- First Nations
 - 14 First Nations
 - ~25% of population (aboriginal)
 - 11 settled land claims
- Transportation:
 - 4,800 km road system
 - Access to three ice-free ports
 - Daily scheduled jet service (YXY)





About Forecasting

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Risks: Economic Forecasting

- New macroeconomic model
 - Centre for Spatial Economics (C4SE)
- Forecast \neq Prediction
 - We're often wrong...only as good as the assumptions
 - Small economies, like Yukon, can be impacted rapidly and significantly
- Risks to the forecast
 - global economics
 - metal prices
 - energy prices
 - exchange rates
- Mitigation strategy
 - Semi-annual economic forecast



Economic Overview

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Recent Performance

- Prolonged period of economic growth
 - 10 consecutive years of real GDP growth (2004 to 2013)
 - Record labour force (20,400) and employment levels (19,300)
- Primary economic driver – Mining Sector
 - 3 mines since 2007; strong exploration expenditures
- Growing private sector contribution
 - Mining: 20+ per cent of real GDP in 2013 (~4 per cent in 2003)
- Population growth to nearly 37,000
 - 10 consecutive years of population gains (2004 to 2013)

2013 Review

- Lowest growth in a decade
 - Real GDP growth: 1.3%
- Slower growth
 - Softening prices for key minerals in 2013 (gold, silver, copper)
 - Difficulties for mining companies in accessing financing
- The result?
 - Lower than expected mineral production (than originally forecast)
 - Slowdown in production at one mine; suspension of activities at another
 - Increase in total volume of mineral production in 2013
 - Decrease in value of production and development/exploration expenditures
- Population and employment up and unemployment rate down

2014 Outlook

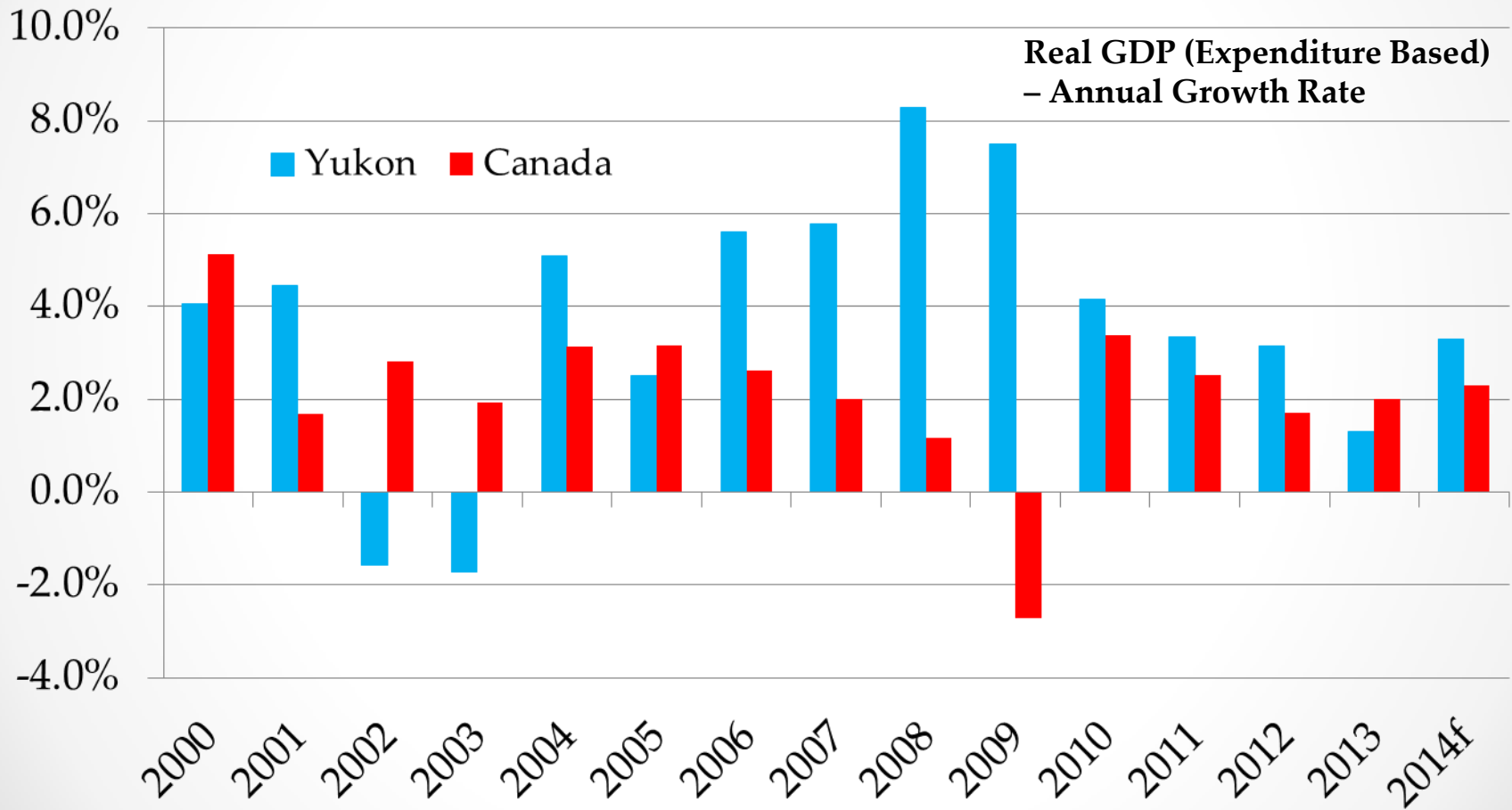
- Stronger economic growth
 - Real GDP growth: 3.3 per cent
- Key drivers for growth
 - Higher production of some minerals (gold, silver, zinc)
 - Development expenditures (current and future mines)
 - Construction activity (public investment)
 - Tourism visitation (continuing to grow)
- Population growth expected
 - Forecast to exceed 37,000 for the first time in recorded history
- Retail sales rebound
 - Expected to exceed \$680 million
- Growth in both employment and labour force



Economic Indicators

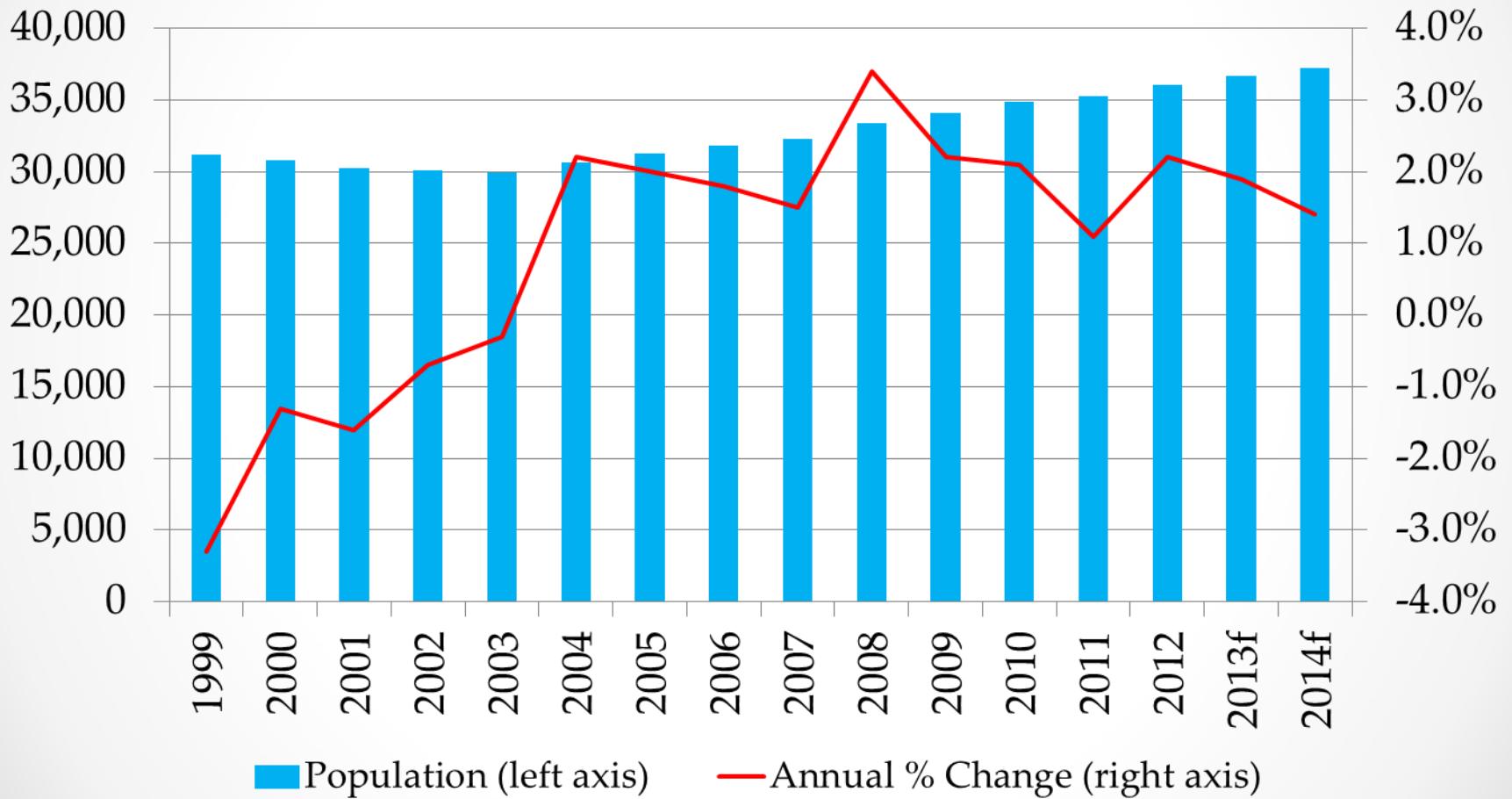
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Economic Growth



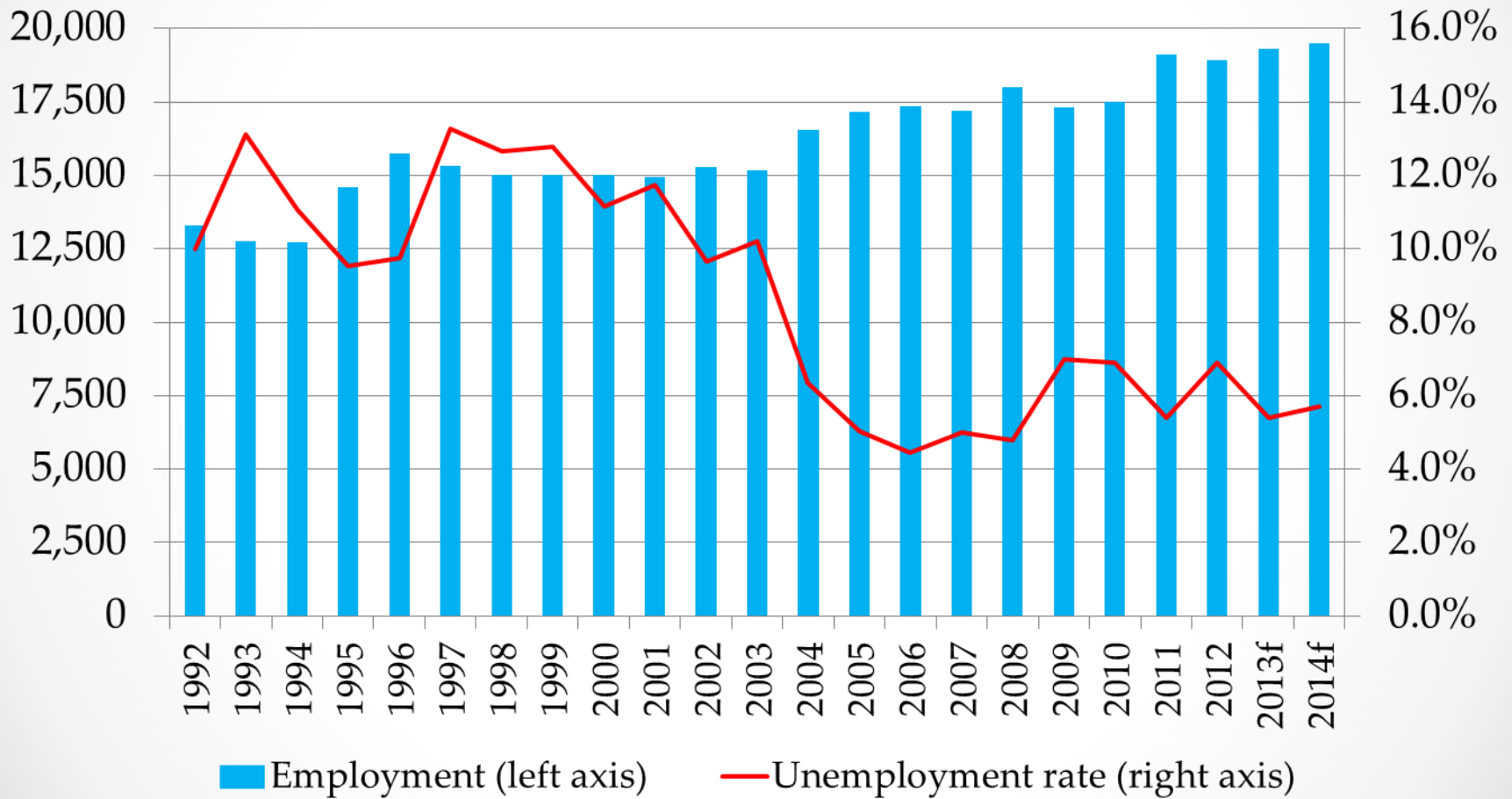
Source: Statistics Canada; International Monetary Fund; Department of Economic Development

Population Growth



Source: Yukon Bureau of Statistics; Department of Economic Development

Labour Market Performance



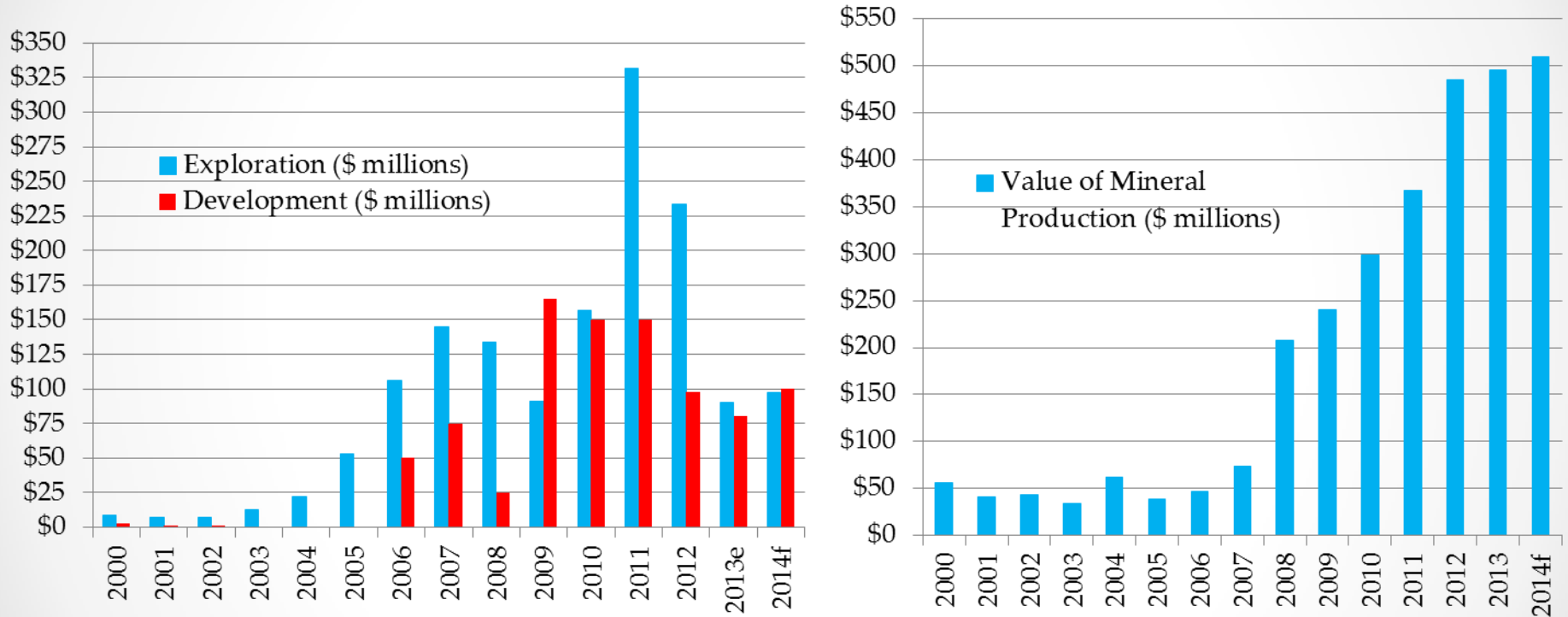
Source: Statistics Canada; Department of Economic Development



Sectoral Perspective

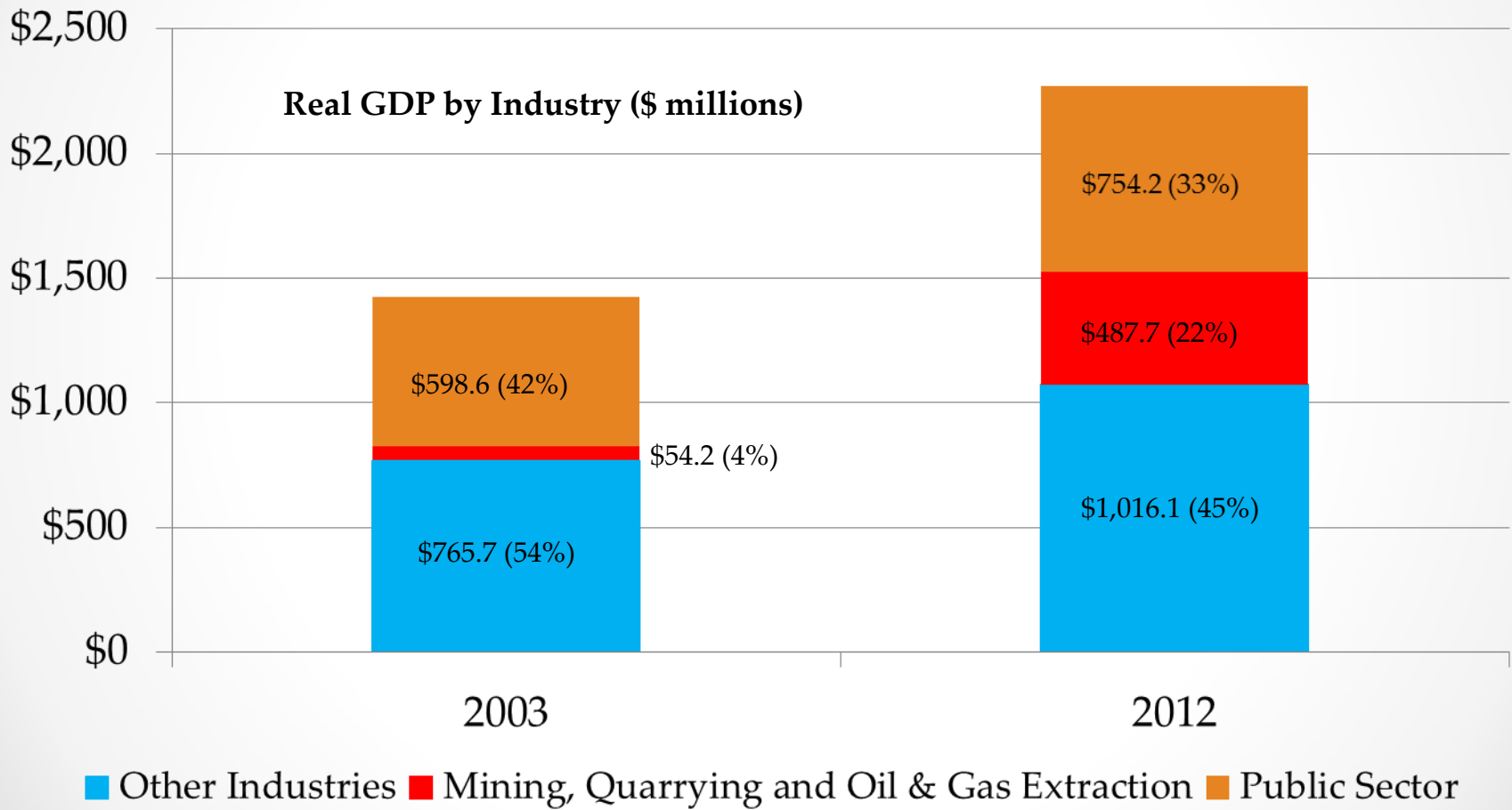
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Mining Sector Growth



Source: Natural Resources Canada; Department of Economic Development

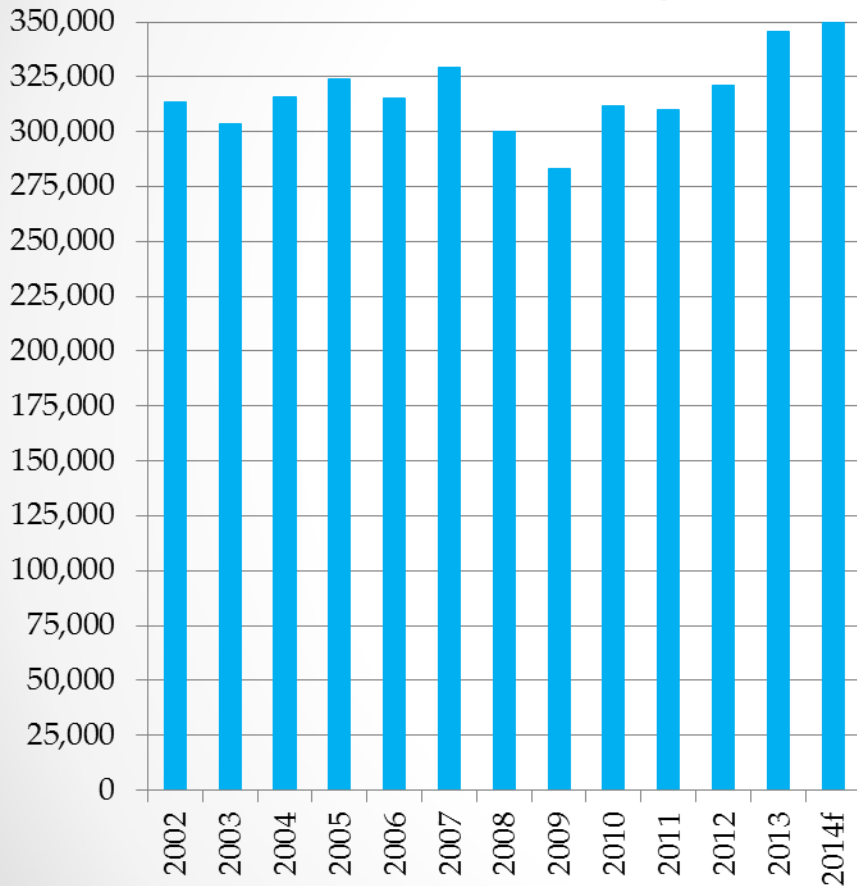
Private Sector Growth



Source: Statistics Canada; Department of Economic Development

Growing Visitation

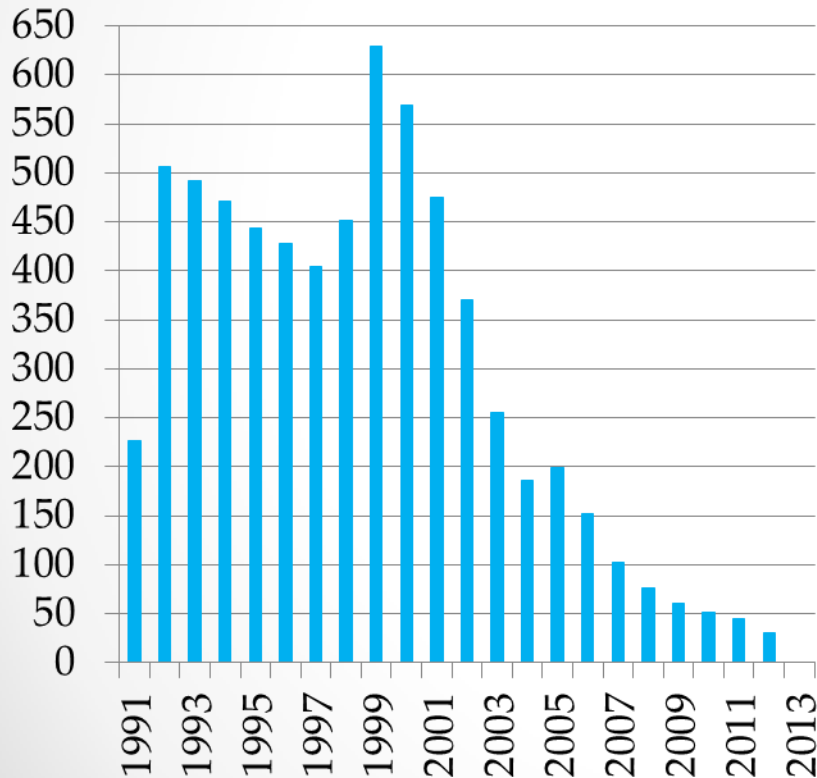
Yukon Border Crossings



Source: Department of Tourism & Culture; Department of Economic Development

Oil and Gas: Uncertainty

**Yukon Gas Production
(millions of cubic metres)**



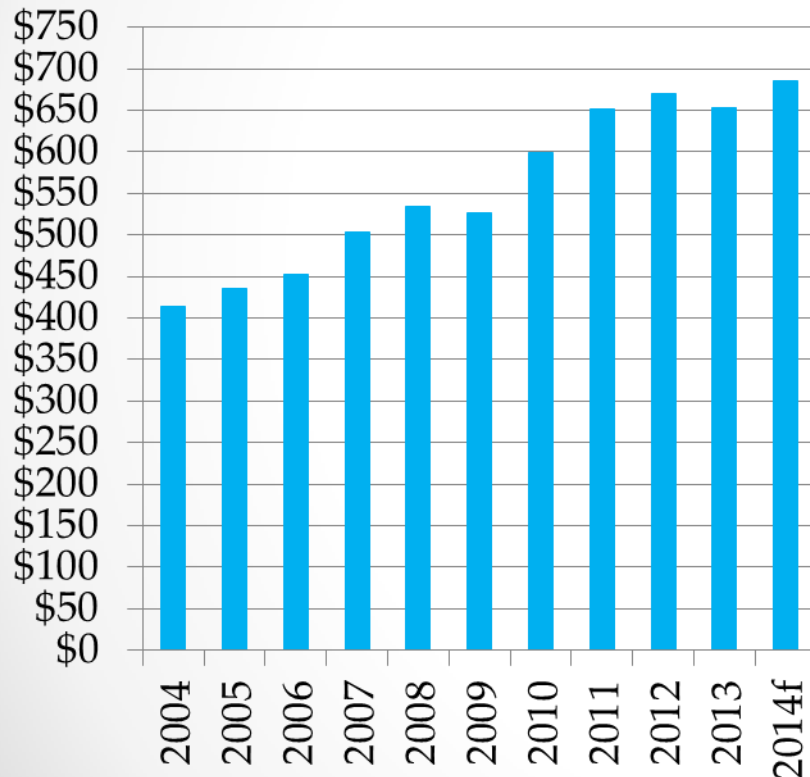
Source: Department of Energy, Mines & Resources

Trends:

- Prices trending upwards
- Potential demand increase (mining)
- Exploration work:
 - Kotanelee: EFL Overseas Inc. (\$25M)
 - Eagle Plain: Northern Cross (\$20M)

Recent Strength in Retail Sales

**Total Sales – Yukon
(\$ millions)**



Source: Statistics Canada; Department of Economic Development

The Future:

- Mining sector activity
- Higher population
- Higher employment
- Higher household incomes

Note: Higher fuel prices



Medium-term Outlook

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Medium-term Outlook (2015-2019)

- Key assumption – Four new mines during 2015 to 2019
 - Whitehorse Copper, Eagle Gold, Carmacks Copper, Casino (game changer)
- Average annual real GDP growth of 4.8 per cent
 - Real GDP to average over \$3 billion annually over the period
 - Mineral production of over \$1.3 billion in 2019 (~\$490 million in 2013)

Key Indicators

- Average annual population growth of 1.7 per cent
 - Population forecast at over 40,000 by 2019
- Strong gains in employment and labour force
 - Unemployment rate to be variable but remain low, averaging about 4 per cent
- Retail sales to grow to almost \$920 million by 2019
- Average annual tourism visitation growth of 1.0 per cent
 - Border crossings of near 370,000 by 2019



Thank You

