

Yukon Economic Overview and Outlook

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Presentation Overview

- > Yukon Snapshot
- > About Forecasting
- > Economic Overview
- > Key Indicators
- > Sector Perspective



Risks: Economic Forecasting

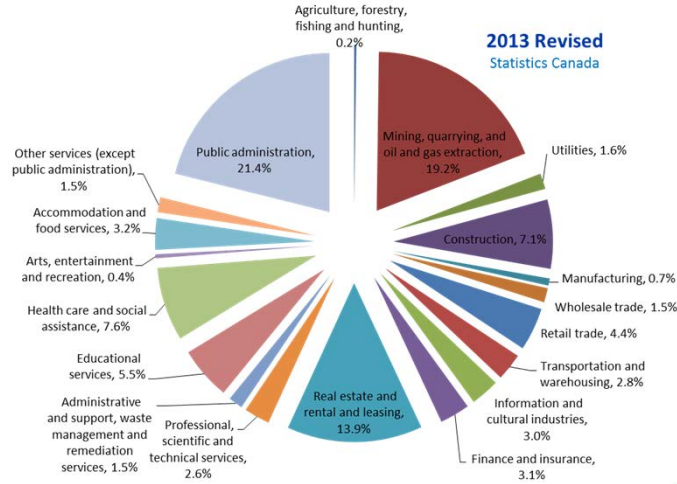
- > Forecast ≠ Prediction
 - Each forecast is based on a series of assumptions
 - Small economies, like Yukon, can be impacted rapidly

- > Risks to the forecast
 - global trends
 - metal prices
 - energy prices
 - exchange rates

- > Mitigation strategy
 - Twice annual economic forecast

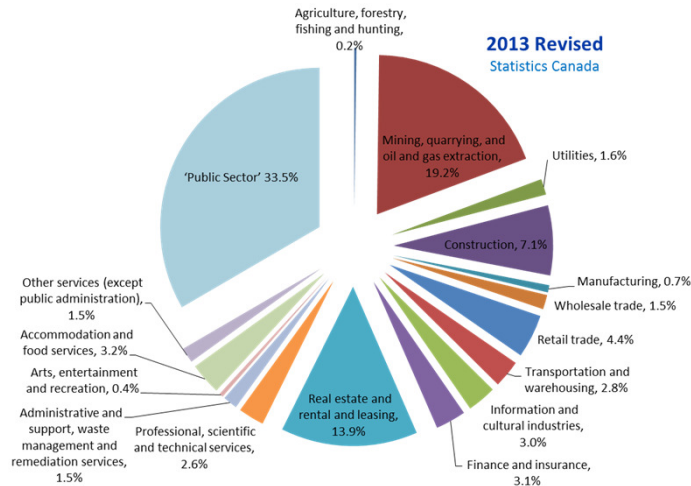


Yukon Real GDP by Industry



	2013	2012	% Change
Real GDP (Chained 2007\$)	\$2.21 billion	\$2.23 billion	-0.7%

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Decade in Review

- > Prolonged period of economic growth
 - 2013 estimated GDP contraction (first decline in 10 years)
- > Primary economic driver: Mining Sector
 - Three producing mines since 2007
 - Strong exploration expenditures
- > Growing private sector contribution
 - Mining: ~19% of Real GDP in 2013 (~4% in 2003)
- > Population estimated at over 36,600
 - 2013: 10th consecutive year of population gains
- > Record labour force and employment levels



Yukon
Economic Development

Recent Performance

- > 2013: Contraction in real GDP (-0.7%)
 - Worst performance in the country; first decline in 10 years
- > 2014: Forecasted growth of 1.2% to \$2.2 billion (2007\$)
 - Other key indicators
 - Modest population growth
 - Strong employment and labour force growth (lower unemployment rate)
 - Return to growth in retail sales
 - With mineral production coming in weaker than anticipated, there is a real possibility that the 2014 growth rate is overstated
- > Recent performance primarily defined by struggles in the mining sector:
 - Softening prices for key minerals
 - Challenges with access to financing
 - Mine closures and layoffs
 - Decrease in development and exploration expenditures

Yukon
Economic Development

2015 Forecast

- > Real GDP growth: 2.0%
 - Total economy at ~\$2.3 billion (2007\$)

- > Growth drivers: Mineral production and development
 - Resumption in mining in the Keno Hill district (Alexco)
 - Development spending (Bellekeno, Minto)
 - Continued capital investment by government

- > Other key indicators
 - Population expected to post growth to almost 37,000
 - Retail sales to grow to near \$700 million for the first time
 - Employment is expected to decline slightly from 2014.
 - Labour force up slightly, with the unemployment rate edging up to 5.0%.
 - Border crossings expected to post gains in 2015



Reality Check...

- > Mineral production likely to be down significantly in 2015
 - Wolverine Mine temporary shutdown (Jan '15)
 - Minto Mine production guidance lower than expected (Jan '15)
 - Bellekeno production likely not to return in 2015

- > Real GDP likely to decline in 2015

- > Other indicators likely to be impacted
 - Employment to fall below forecast.
 - Unemployment rate to be higher than forecast.
 - Retail sales gains to fall well below the \$700 million forecast
 - Likelihood of slightly weaker CPI growth

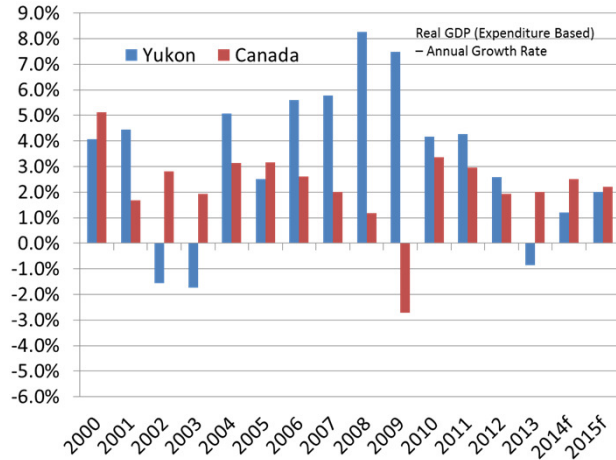


Beyond 2015: Uncertainty

- > Commodity Prices...
- > Exchange Rates...
- > Global Recovery...
- > Mining Outlook...
 - Bellekeno?
 - Wolverine?
 - Minto?
 - Eagle Gold?
 - Casino?



Economic Growth

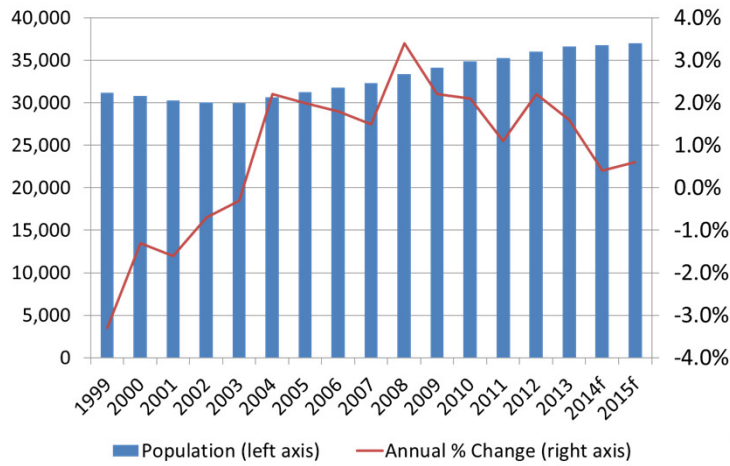


Reality Check:
Weakness in the mining sector is calling into question growth in 2014 and 2015.

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



Population Growth

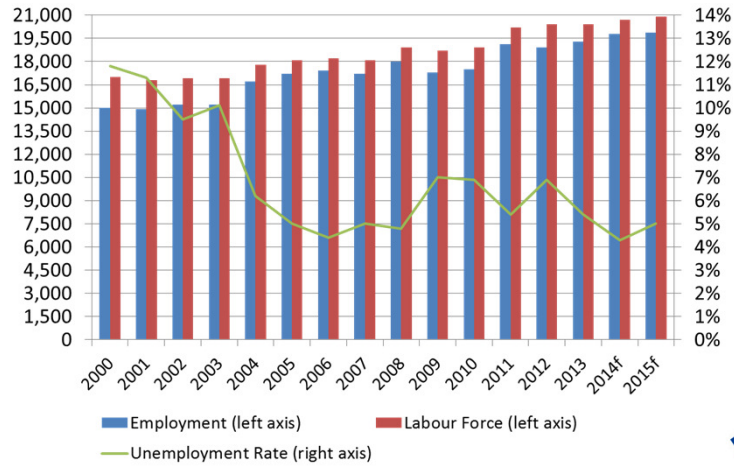


Reality Check:
Population growth expected to continue to grow in the short-term even in light of a weaker economy.

Source: Yukon Bureau of Statistics; Department of Economic Development



Labour Market

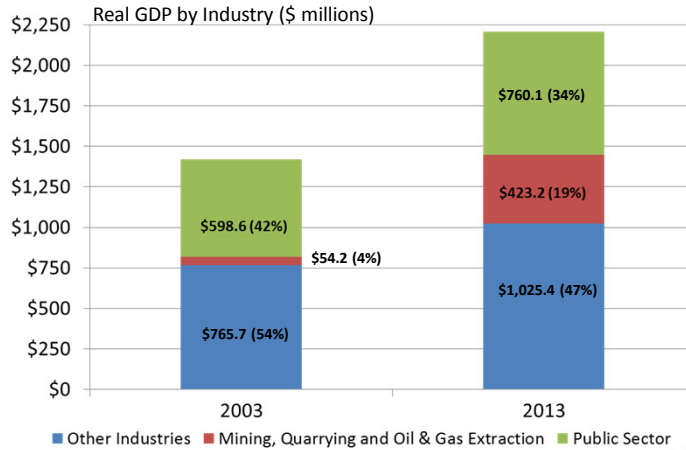


Reality Check:
 Labour market in 2015 likely to underperform January forecasts, resulting in an unemployment rate closer to 6%.

Source: Statistics Canada; Department of Economic Development



Private Sector Growth Driven by Mining

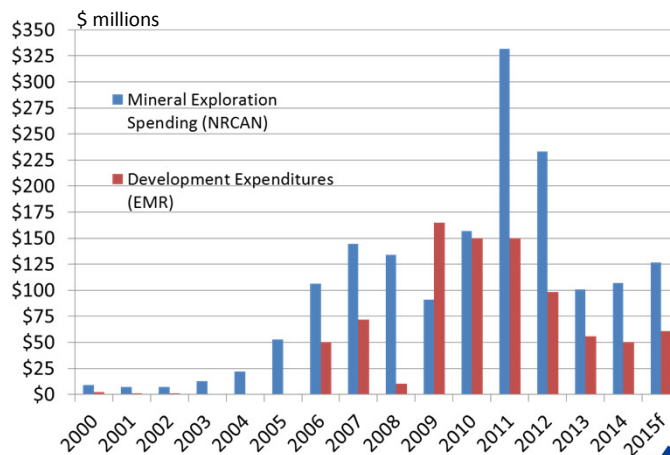


Source: Statistics Canada; Department of Economic Development

Public Sector – Includes 'Public Administration', 'Educational Services' and 'Health Care & Social Assistance'



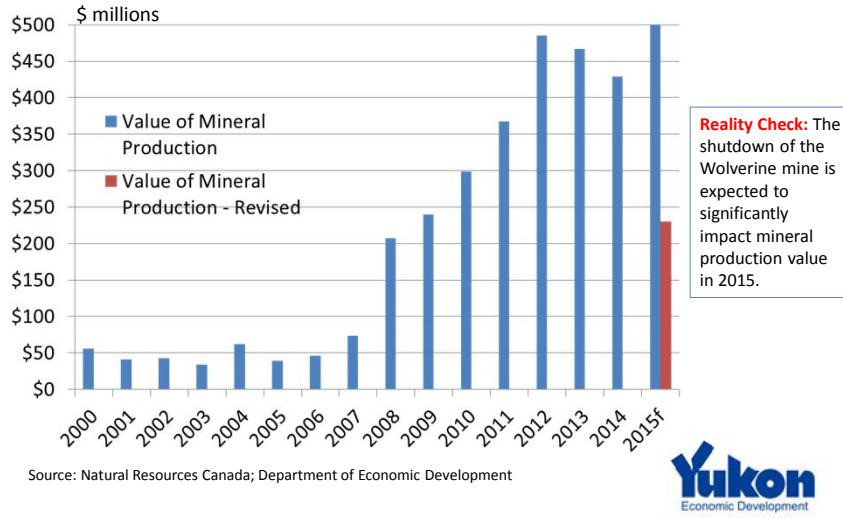
Mineral Exploration and Development



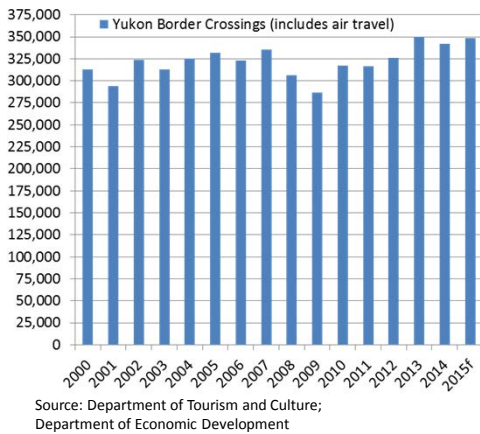
Source: Natural Resources Canada; Department of Energy, Mines & Resources; Department of Economic Development



Mineral Production



Tourism Activity Continues to Support the Economy

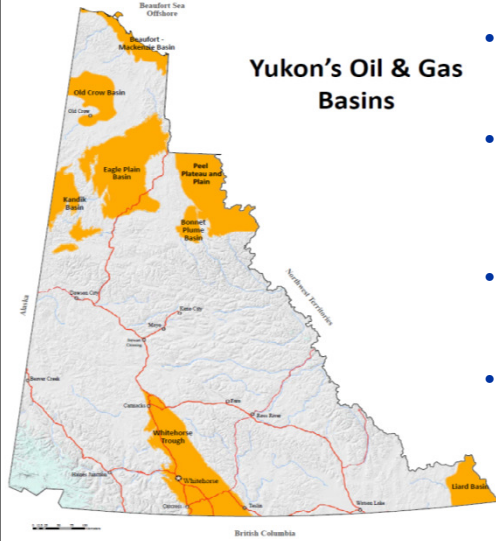


Return to growth expected in 2015

- Border crossings to approach 350,000
- Weaker Canadian dollar and weak oil prices persisting in 2015
 - Could positively impact tourism numbers
- Expectation for growth to continue beyond 2015



Oil & Gas – Opportunities Exist

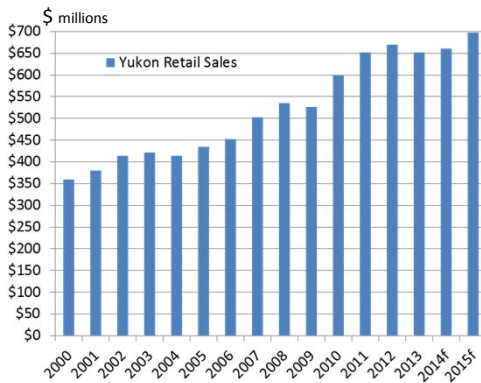


Source: Department of Energy, Mines & Resources

- Potential mining projects with significant energy demands
- Development depends on performance of natural gas prices
- Ongoing discussion on fracking
- Exploration work ongoing:
 - Kotaneelee: EFL Overseas Inc.
 - Eagle Plain Basin: Northern Cross



Solid Retail Sales Performance in Recent Years



Source: Statistics Canada; Department of Economic Development

Mining Sector Activity

- Recent retail sales growth tied to mining sector performance and the growth of Yukon's economy
 - Recent announcements impacting 2015 sales forecast

Higher Population

- Growing population contributing to retail sales growth

Higher employment

- Recent strong labour market performance has contributed to growth in retail sales
- Unemployment rate is forecast to increase in both 2015 and 2016 but remain at relatively low rates

Reality Check: Modest growth now expected for 2015 with the value to be well below the January forecast of \$700 million.



