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FISCAL PULSE

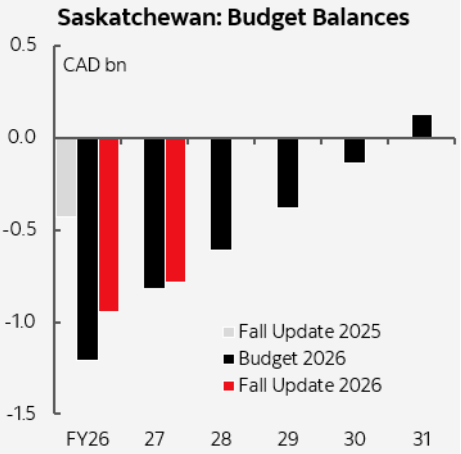
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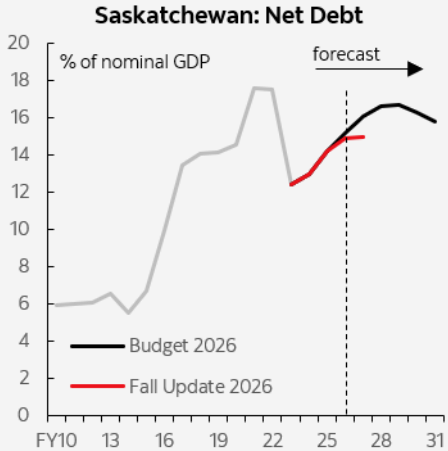
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Chart 1



FY26 figure is final as of Fall Update 2026.
Sources: Scotiabank Economics, SK Finance.

Chart 2



Sources: Scotiabank Economics, SK Finance, Finance Canada.

Saskatchewan: 2026–27 Mid-Year Update

- **Saskatchewan's mid-year fiscal update forecasts a budget deficit of $783.6mn (-0.6% of nominal GDP) in FY27, a slight improvement on Budget 2026's forecast of $819.4mn (-0.7%).** The $35.8mn difference can be attributed to the improved revenue outlook outweighing the concurrent upward revision to total expenses, along with a sizeable positive revision to nominal GDP growth in 2026 vs previous Budget estimates.

- **Natural resources, construction investment, firm up economic growth.** Real GDP is projected to grow by 1.5% in 2026, slightly lower than Budget's estimate of 1.6% and our own 2.0% forecast from the mid-October *Scotiabank Forecast* publication, as lower employment growth and a higher unemployment rate dampen growth. On the other hand, elevated natural resource prices have provided a welcome boost. Significantly higher WTI oil prices through most of the year have led to substantial revisions to total oil revenues expected in FY27, despite oil production expected to decline slightly by 2% compared to Budget 2026's estimates. The province now expects WTI oil prices to average $86 USD/bbl, roughly in line with the current year-to-date price average, though ongoing volatility and uncertainty in the Middle East could still lead to price pressures in either direction. Strong construction investment growth (+19.9% YTD vs 2025), manufacturing sales (+16.8% YTD) and stable population growth have also played a role in the province's positive economic outlook. Meanwhile, the nature of how U.S. tariffs have been applied (with Canadian energy products and potash exempt) has meant that Saskatchewan faces one of the lowest effective tariff rates among the provinces, mitigating its impact on the economy and allowing it to grow international goods exports (+15.1% YTD Jan–Sept vs 2025, higher than the national average).

- **Total revenue projections have improved by $669mn, or 3.1%.** Expected revenue from the province's non-renewable resources (oil, potash, uranium) account for the vast majority of upward revisions in the mid-year update, as higher WTI oil and uranium prices, along with stronger potash netback pricing have pushed the province to increase revenues from $2.6bn in FY27, to $3.3bn, an adjustment of approximately $725mn vs Budget and a projected increase of 20% over FY26. An increase in Saskatchewan's other own-source revenue of $153mn ($3.5bn total, -1% y/y) is partially offset by downward revisions via an anticipated tax revenue decline of $87mn vs Budget ($10.6bn total (2.6% y/y), which factors in the implementation and effects of the federal government's Productivity Mega Deduction (PMD), which came into effect on September 15, 2026, and allows businesses to immediately deduct the full cost of eligible capital assets), net income from GBEs (-$120mn) and federal transfers (-$3.7mn). As a result, revenues for FY27 are projected to total roughly $22.1bn, an increase of 4.5% over the previous year.

- **Total expenses have increased by $633mn, or 2.8%.** Operating cost pressures from the province's health authority have meant healthcare expense revisions ($8.8bn, 1.1% y/y) were the largest driver to upward expense pressures (+$350mn vs Budget), while protection of persons and property spending was also significantly reviewed upwards by $202mn ($1.4bn total,-8.6% y/y), largely attributed to costs associated with flooding, wildfire and emergency management activities, and larger correctional facility operating costs. The mid-year update now projects total expenses to land at approximately $22.9bn in FY27, 3.6% higher than FY26.

- **A slight improvement to the debt path**. While the province's gross debt figures have deteriorated by $236mn vs Budget (primarily due to increased borrowing requirements by SaskPower), its net debt projection for FY27 is expected to shrink. A lower budget deficit and reduced planned acquisition of GSO capital assets are forecasted to lower its net debt burden by approximately $822mn. Combined with significantly stronger nominal GDP growth in 2026 (8.1% compared to Budget 2026's previous forecast of 3.3%), the net debt-to-GDP ratio is predicted to settle at 15%, rather than 16.1%.
- **Obstacles toward a balanced budget in the years ahead remain.** Despite a rosier outlook than previously anticipated, the province will have to stay diligent in the medium-term as it plots its path back to a budget balance by FY31, as outlined in its spring Budget release. Improved revenues largely stemmed from higher oil prices, despite overall oil production expected to decrease slightly in the near term. The welcome boost to finances provided by the oil price shock may decrease heading into FY28, should volatility in the Middle East subside and prices normalize, while the introduction and implementation of the PMD could continue to dampen tax revenues in the years ahead (with the expectation of boosting long-term investment, productivity, and economic growth). Additional expenditure burdens could persist as the province continues to face heightened healthcare cost pressures, while dealing with future natural disasters could also be an additional pull on the province's finances, as we have seen with the higher expense revision in today's update. However, large construction growth, particularly among major projects across the province, does provide optimism in the medium-term for its economic outlook.

Table 1: Saskatchewan - Updated Fiscal Forecast

	FY26		FY27	
	Bud. '26	Final	Bud. '26	Nov. '26
Total Revenue	20,804	21,134	21,417	22,085
Total Expenses	22,014	22,081	22,236	22,869
Budget Balance	(1,211)	(947)	(819)	(784)
% of GDP	(1.0)	(0.8)	(0.7)	(0.6)
Net Debt	18,068	17,165	19,723	18,901
% of GDP	15.2	14.9	16.1	15.0
Debt Service	1,065	1,073	1,219	1,219
% of Revenue	5.1	5.1	5.7	5.5

Sources: Scotiabank Economics, SK Finance.

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