

March 18, 2026

Saskatchewan: Modest deficits deployed to protect the economy

By Taylor Schleich and Ethan Currie

Highlights

Saskatchewan's plan for a balanced budget in 2025-26 didn't come to fruition as the province now expects to register a \$1.2 billion deficit (1.0% of GDP) in the outgoing fiscal year. In 2026-27, Saskatchewan is set to run a shortfall again, though it's expected to be smaller at \$819 million (0.7% of GDP). Important to note is that very cautious commodity price assumptions (e.g., <US\$60/bbl) create immediate budgetary upside given the recent run-up in oil prices. Like other provinces, Saskatchewan will make record investments in health care and pencils in one of the largest capital plans in provincial history. At the same time, tax regimes will remain favorable as Budget 2026 provides nearly \$200 million in aggregate savings on this front, while reductions to the civil service are also planned. Over the course of the five-year fiscal plan, budget deficits will steadily moderate and by 2030-31, the province expects to be running a surplus again. Consistent with ongoing shortfalls and a large capital plan, Saskatchewan's net debt will be on an upward trajectory in the coming years. The province's debt burden is set to rise from 15.2% of GDP in 2025-26 to 16.1% in 2026-27 before peaking at 16.7% of GDP in 2028-29. Financing charges are also on the rise and will consume a greater share of revenue in 2026-27 (5.7% vs. 5.1% in 2025-26). Still, the province's debt burden and interest bite are low compared to the weighted provincial average. Consistent with a rising debt burden, Saskatchewan's bond stock is set to grow over the budgetary horizon, though gross term issuance will take a slight step down in the upcoming fiscal year (\$4.8 billion from \$5.3 billion in 2025-26). Still, the province is an increasingly active issuer and the ~\$5 billion annual program is a decisive step up from levels seen just a couple of years ago.

- **Economic outlook** — Trade uncertainty, subdued global oil prices, and slower population growth weighed on the Saskatchewan economy in 2025, a trend seen throughout the country. It's estimated that the province's real GDP advanced by 2.2% last year—that's a step down from 3.0% growth realized in 2024, but stronger than the national average of 1.7%. Nominal GDP advanced at 4.3% in 2025, in line with the provincial aggregate, and followed a flat print in 2024, presumably driven by potash prices which were down ~20%. The budget is based on the average private sector forecast, which sees growth, in real and nominal terms, decelerating slightly in 2026 (to 1.6% and 3.3%, respectively). Further out the horizon, growth is seen rebounding, as real GDP is seen expanding at an average annual pace of ~2.3% from 2027 to 2030. The provincial population continues to experience growth, albeit at a slower pace from all-time highs experienced in 2023 and 2024 due to tighter federal immigration policies. Saskatchewan's most recent year-over-year population growth was recorded at 0.7%, and growth is expected to be comparable to the historical average over the medium term—projected to be 0.8% in 2026, and 1.0% on average between 2027-2030. Job creation in 2025 was relatively strong, as 15,200 jobs were added—a 2.5% increase from 2024 levels and the second highest growth rate among the provinces. In line with this resilience, Saskatchewan's unemployment rate was the lowest in the country in 2025 at 5.2% (below the national rate of 6.8%, and the prior five-year average of 5.9%). Looking ahead, it's projected that the total employment growth rate will decelerate to 1.3% this year. This pace is expected to be largely maintained (1.2% average) over the medium term, while the jobless rate is set to shrink further in 2026 to 5.1%, before rising to 5.2% by 2029.
- **Energy price assumptions & related sensitivities** – When it comes to planning assumptions, the budget assumes WTI will average US\$59.75/bbl during fiscal 2026-27. On budget day, the front WTI contract was well above that projection level, trading just shy of US\$100/bbl, as energy prices surged in response to the Middle East conflict. The budget concedes that uncertainty around the economic outlook remains elevated as geopolitical tensions and the upcoming USMCA review could continue to substantially impact provincial finances. Medium-term budgetary thinking sees WTI gradually rising through 2027-28 before picking up steam and reaching US\$74.25/bbl in 2030-31, the end of the forecast horizon. As for the light-heavy oil price differential, it is expected to average 14.7% of WTI in the upcoming fiscal year. The gap is then seen drifting slightly wider to 16% for the remainder of the outlook. Oil production is seen gradually rising throughout the forecast horizon and is penciled in at 165.7 million barrels for the upcoming fiscal year (up from the 2025-26 forecast but slightly down from last year's guidance). Meantime, potash prices are seen stepping up in every year of the outlook, averaging US\$289/Kcl tonne in 2026-27 before rising to US\$328/KCl tonne by 2030-31. The Canadian Dollar is seen gradually appreciating against the Greenback, to 76.3 cents by the end of the projection period. Official sensitivities imply each US\$1/bbl change in WTI is worth \$16.0 million in revenue to the province, all else equal (down from \$17.9 million last budget). The province also has notable sensitivity to the exchange rate (an implied fiscal impact of \$44 million per U.S. cent) and the price of potash (\$54 million for each US\$10/Kcl tonne).
- **Outgoing year budget balance (2025-26)** — A year ago, Saskatchewan was expecting to run a tiny \$12 million surplus. The first quarter update dashed hopes of a balanced budget as a \$349 million deficit was signaled. In the mid-year report, the expected deficit grew to \$427 million and since then, the shortfall has grown even larger. The province now expects to have run a \$1.21 billion deficit (1.0% of GDP) in 2025-26. The deterioration over the past year is a function of a two-sided budgetary hit. Revenues were \$253 million below the original plan (-1.2%), mainly due to affordability relief measures that remove the federal carbon tax rider from SaskPower customer bills. On the other side of the ledger, expenses were \$970 million above plan (+4.6%) mostly due to wildfire response and health care spending.
- **Medium-term fiscal outlook (2026-27 & beyond)** — Saskatchewan is set to remain in deficit in the upcoming fiscal year, as the province is guiding towards a smaller \$819 million shortfall (0.7% of GDP). The improvement is a function of healthy revenue growth (+3.2%) outpacing relatively restrained spending increases (+1.0%). As noted above, there is some clear upside risk to the province's revenue outlook given that they have incorporated a US\$59/bbl WTI price in their planning assumptions. With oil prices well above that mark today and likely to remain somewhat elevated, we'll be watching for a positive first quarter update.



Beyond 2026-27, the province expects its deficit to gradually moderate over time before reaching balance at the end of the five-year fiscal plan. Specifically, Saskatchewan is telegraphing a \$608 million deficit (0.5% of GDP) in 2027-28, a \$381 million deficit (0.3% of GDP) in 2028-29 and a \$137 million deficit (0.1% of GDP) in 2029-30. A modest \$124 million surplus (0.1% of GDP) has been penciled in for 2030-31. In these outer years of the fiscal plan, revenue is expected to grow by 4.1% annually, while spending is seen advancing by 3.0% per year. Outer-year expense growth is meant to match the average private sector forecast for the province’s combined population and inflation growth rates. Overall, Saskatchewan’s budget deficits are relatively modest, in all cases remaining below 1% of GDP. Still, this updated fiscal plan involves much more red ink than the one presented a year ago. Consider that in Budget 2025, the province saw a cumulative *surplus* of \$449 million between 2025-26 and 2028-29. Across those same years, the province now expects a cumulative deficit of \$3.0 billion.

- New initiatives** — Dubbed ‘Protecting Saskatchewan’, Budget 2026 seeks to deliver on several fronts. These include a focus on economic support, health care, education, affordability, and investments in communities and infrastructure. One of the largest capital budgets in the province’s history will see \$4.3 billion invested in essential infrastructure, while a record investment in health care is also penciled in (as seen from several other provinces). With a total health care budget of \$8.4 billion, this represents a ~5% boost in funding which will be allocated to increase overall capacity and efficiency. The small business tax rate will be unchanged at 1%, and there were no upward revisions to individual taxes—in fact, an estimated \$200 million in savings is provided through a combination of tax exemptions and indexations. Among the bigger-ticket items of this plan, Saskatchewan will invest an additional \$125 million in workforce development and allocated \$310 million to support RCMP operations and First Nations policing. Similar to other provinces, Saskatchewan conceded the importance of continued support in key services, while also seeking savings through reduction of the public service more broadly.
- Debt outlook & interest bite** — Following from the downside surprise on the budget balance, net debt is expected to end 2025-26 at a higher level than previously envisioned (\$18.1 billion in Budget 2026 vs. \$17.3 billion in Budget 2025). Net debt increased by \$2.44 billion in 2025-26 and looking ahead, net debt is set to take another considerable jump. \$1.66 billion is slated to be tacked on in 2026-27 which would push the level of net debt to \$19.72 billion as of March 2027, equivalent to 16.1% of GDP (vs. 15.2% in 2025-26). Over the medium term, net debt-to-GDP is seen edging up slightly and peaking at 16.7% in 2028-29. Notwithstanding a rising debt load, Saskatchewan’s debt burden would remain below the pandemic-related peak of 17.5% and would continue to reside at the lower end of the provincial spectrum. Financing charges in 2026-27 are expected to register a double digit increase from the outgoing fiscal year, but these will consume a still manageable 5.7% of total revenue. Again, that’s relatively low by provincial standards, even as the ‘interest bite’ will rise from 5.1% in 2025-26.
- Borrowing requirement** — Saskatchewan remained an active bond issuer in 2025-26, the \$5.3 billion of gross term funding larger relative to both 2024-25 (\$4.9 billion), as well as the \$3.9 billion originally estimated in last year’s budget. While ~80% of the province’s current debt stock is CAD-denominated, just over half of completed borrowing in 2025-26 was done domestically. Over \$1.7 billion (CAD equivalent) was EUR-denominated borrowing—a third of total issuance—while 10% of net new issuance was completed in CHF. Term borrowing will take a step down in the upcoming fiscal year to ~\$4.8 billion, before picking back up in 2027-28 (\$5.8 billion) on the back of larger refinancing needs. For the upcoming fiscal year, the province projects a total borrowing requirement of \$5.3 billion comprised of the following: refinancing \$1.7 billion; new taxpayer-supported debt \$2.5 billion; new self-supported borrowing \$1.2 billion (suggesting a \$0.5 billion planned increase in short-term outstandings).
- Current long-term credit ratings** — S&P: AA, Stable | Moody’s: Aa1, Stable | DBRS: AA(L), Stable | Fitch: AA, Stable

[Refer to our [Provincial Ratings Snapshot](#) for additional colour on specific credit rating drivers/considerations]

Fiscal Outlook						
(millions of dollars)	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	Forecast	Budget	Target	Target	Target	Target
Revenue	20,804	21,417	22,295	23,209	24,161	25,151
Expense	22,014	22,236	22,903	23,590	24,298	25,027
Surplus (Deficit)	(1,211)	(819)	(608)	(381)	(138)	124
Taxpayer-supported debt	24,391	26,822	29,286	31,368	33,058	
Self-supported debt	15,514	16,696	17,844	18,992	20,137	
Gross debt	39,905	43,519	47,130	50,360	53,194	
Net Debt (\$M)	18,068	19,723	21,231	22,134	22,450	
Net Debt as % of GDP	15.2	16.1	16.6	16.7	16.3	

Borrowing Requirements and Sources of Funding				
(millions of dollars)	2024-25	2025-26		2026-27
	Actual	Budget	Q3	Budget
Refinancing	1,461.9	1,498.5	1,485.7	1,683.7
New taxpayer-supported borrowing	2,530.7	1,769.3	2,704.5	2,450.0
New self-supported borrowing	940.8	775.6	1,648.6	1,201.8
Fiscal year borrowing	4,933.4	4,043.4	5,838.8	5,335.5
Sources of Funding				
(millions of dollars)	2024-25	2025-26		2026-27
	Actual	Budget	Q3	Budget
Short-term funding	54.2	124.1	836.3	500.0
Term borrowing	4,879.2	3,919.3	5,002.5	4,835.5
Total fiscal year financing	4,933.4	4,043.4	5,838.8	5,335.5
		<i>Term Borrowing Completed</i>	5,302.5	-



Economics and Strategy

Subscribe to our publications:
NBC.EconomicsStrategy@nbc.ca

To contact us:
514-879-2529

Stéfane Marion
Chief Economist and Strategist
stefane.marion@nbc.ca

Matthieu Arseneau
Deputy Chief Economist
matthieu.arseneau@nbc.ca

Jocelyn Paquet
Senior Economist
jocelyn.paquet@nbc.ca

Kyle Dahms
Senior Economist
kyle.dahms@nbc.ca

Alexandra Ducharme
Senior Economist
alexandra.ducharme@nbc.ca

Daren King, CFA
Senior Economist
daren.king@nbc.ca

Warren Lovely
Chief Rates and Public Sector Strategist
warren.lovely@nbc.ca

Taylor Schleich
Rates Strategist
taylor.schleich@nbc.ca

Ethan Currie
Strategist
ethan.currie@nbc.ca

Angelo Katsoras
Geopolitical Analyst
angelo.katsoras@nbc.ca

Nathalie Girard
Senior Coordinator
n.girard@nbc.ca

Giuseppe Saltarelli
Desktop Publisher
giuseppe.saltarelli@nbc.ca

General: This Report was prepared by National Bank Financial, Inc. (NBF), (a Canadian investment dealer, member of CIRO), an indirect wholly owned subsidiary of National Bank of Canada. National Bank of Canada is a public company listed on the Toronto Stock Exchange.

The particulars contained herein were obtained from sources which we believe to be reliable but are not guaranteed by us and may be incomplete and may be subject to change without notice. The information is current as of the date of this document. Neither the author nor NBF assumes any obligation to update the information or advise on further developments relating to the topics or securities discussed. The opinions expressed are based upon the author(s) analysis and interpretation of these particulars and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein, and nothing in this Report constitutes a representation that any investment strategy or recommendation contained herein is suitable or appropriate to a recipient's individual circumstances. In all cases, investors should conduct their own investigation and analysis of such information before taking or omitting to take any action in relation to securities or markets that are analyzed in this Report. The Report alone is not intended to form the basis for an investment decision, or to replace any due diligence or analytical work required by you in making an investment decision.

This Report is for distribution only under such circumstances as may be permitted by applicable law. This Report is not directed at you if NBF or any affiliate distributing this Report is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you. You should satisfy yourself before reading it that NBF is permitted to provide this Report to you under relevant legislation and regulations.

National Bank of Canada Financial Markets is a trade name used by National Bank Financial and National Bank of Canada Financial Inc.

Canadian Residents: NBF or its affiliates may engage in any trading strategies described herein for their own account or on a discretionary basis on behalf of certain clients and as market conditions change, may amend or change investment strategy including full and complete divestment. The trading interests of NBF and its affiliates may also be contrary to any opinions expressed in this Report.

NBF or its affiliates often act as financial advisor, agent or underwriter for certain issuers mentioned herein and may receive remuneration for its services. As well NBF and its affiliates and/or their officers, directors, representatives, associates, may have a position in the securities mentioned herein and may make purchases and/or sales of these securities from time to time in the open market or otherwise. NBF and its affiliates may make a market in securities mentioned in this Report. This Report may not be independent of the proprietary interests of NBF and its affiliates.

This Report is not considered a research product under Canadian law and regulation, and consequently is not governed by Canadian rules applicable to the publication and distribution of research Reports, including relevant restrictions or disclosures required to be included in research Reports.

UK Residents: This Report is a marketing document. This Report has not been prepared in accordance with EU legal requirements designed to promote the independence of investment research and it is not subject to any prohibition on dealing ahead of the dissemination of investment research. In respect of the distribution of this Report to UK residents, NBF has approved the contents (including, where necessary, for the purposes of Section 21(1) of the Financial Services and Markets Act 2000). This Report is for information purposes only and does not constitute a personal recommendation, or investment, legal or tax advice. NBF and/or its parent and/or any companies within or affiliates of the National Bank of Canada group and/or any of their directors, officers and employees may have or may have had interests or long or short positions in, and may at any time make purchases and/or sales as principal or agent, or may act or may have acted as market maker in the relevant investments or related investments discussed in this Report, or may act or have acted as investment and/or commercial banker with respect hereto. The value of investments, and the income derived from them, can go down as well as up and you may not get back the amount invested. Past performance is not a guide to future performance. If an investment is denominated in a foreign currency, rates of exchange may have an adverse effect on the value of the investment. Investments which are illiquid may be difficult to sell or realise; it may also be difficult to obtain reliable information about their value or the extent of the risks to which they are exposed. Certain transactions, including those involving futures, swaps, and other derivatives, give rise to substantial risk and are not suitable for all investors. The investments contained in this Report are not available to retail customers and this Report is not for distribution to retail clients (within the meaning of the rules of the Financial Conduct Authority). Persons who are retail clients should not act or rely upon the information in this Report. This Report does not constitute or form part of any offer for sale or subscription of or solicitation of any offer to buy or subscribe for the securities described herein nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever.

This information is only for distribution to Eligible Counterparties and Professional Clients in the United Kingdom within the meaning of the rules of the Financial Conduct Authority. NBF is authorised and regulated by the Financial Conduct Authority and has its registered office at 70 St. Mary Axe, London, EC3A 8BE.

NBF is not authorised by the Prudential Regulation Authority and the Financial Conduct Authority to accept deposits in the United Kingdom.

EU Residents: With respect to the distribution of this report in the member states of the European Union ("EU") and the European Economic Area ("EEA") by NBC Paris, the contents of this report are for information purposes only and do not constitute investment advice, investment research, financial analysis or other forms of general recommendation relating to transactions in financial instruments within the meaning of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 ("MiFID 2"). This report is intended only for professional investors and eligible counterparties within the meaning of MiFID 2 and its contents have not been reviewed or approved by any EU/EEA authority. NBC Paris is an investment firm authorised by the French Prudential Control and Resolution Authority ("ACPR") to provide investment services in France and has passported its investment services throughout the EU/EEA under the freedom to provide services and has its registered office at 8 avenue Percier, 75008 Paris, France. "NBC Financial Markets, a subsidiary of National Bank of Canada" is a trade name used by NBC Paris S.A.

NBF is not authorised to provide investment services in the EU/EEA.

U.S. Residents: With respect to the distribution of this report in the United States of America, National Bank of Canada Financial Inc. ("NBCFI") which is regulated by the Financial Industry Regulatory Authority (FINRA) and a member of the Securities Investor Protection Corporation (SIPC), an affiliate of NBF, accepts responsibility for its contents, subject to any terms set out above. To make further inquiry related to this report, or to effect any transaction, United States residents should contact their NBCFI registered representative.

This report is not a research report and is intended for Major U.S. Institutional Investors only. This report is not subject to U.S. independence and disclosure standards applicable to research reports.

HK Residents: With respect to the distribution of this report in Hong Kong by NBC Financial Markets Asia Limited ("NBCFMA") which is licensed by the Securities and Futures Commission ("SFC") to conduct Type 1 (dealing in securities) and Type 3 (leveraged foreign exchange trading) regulated activities, the contents of this report are solely for informational purposes. It has not been approved by, reviewed by, verified by or filed with any regulator in Hong Kong. Nothing herein is a recommendation, advice, offer or solicitation to buy or sell a product or service, nor an official confirmation of any transaction. None of the products issuers, NBCFMA or its affiliates or other persons or entities named herein are obliged to notify you of changes to any information and none of the foregoing assume any loss suffered by you in reliance of such information.

The content of this report may contain information about investment products which are not authorized by SFC for offering to the public in Hong Kong and such information will only be available to, those persons who are Professional Investors (as defined in the Securities and Futures Ordinance of Hong Kong ("SFO")). If you are in any doubt as to your status you should consult a financial adviser or contact us. This material is not meant to be marketing materials and is not intended for public distribution. Please note that neither this material nor the product referred to is authorized for sale by SFC. Please refer to product prospectus for full details.

There may be conflicts of interest relating to NBCFMA or its affiliates' businesses. These activities and interests include potential multiple advisory, transactional and financial and other interests in securities and instruments that may be purchased or sold by NBCFMA or its affiliates, or in other investment vehicles which are managed by NBCFMA or its affiliates that may purchase or sell such securities and instruments.

No other entity within the National Bank of Canada group, including National Bank of Canada and National Bank Financial Inc, is licensed or registered with the SFC. Accordingly, such entities and their employees are not permitted and do not intend to: (i) carry on a business in any regulated activity in Hong Kong; (ii) hold themselves out as carrying on a business in any regulated activity in Hong Kong; or (iii) actively market their services to the Hong Kong public.

Copyright: This Report may not be reproduced in whole or in part, or further distributed or published or referred to in any manner whatsoever, nor may the information, opinions or conclusions contained in it be referred to without in each case the prior express written consent of NBF.