

## Quebec: 0.5% rebound of real GDP in October

By Marc Pinsonneault

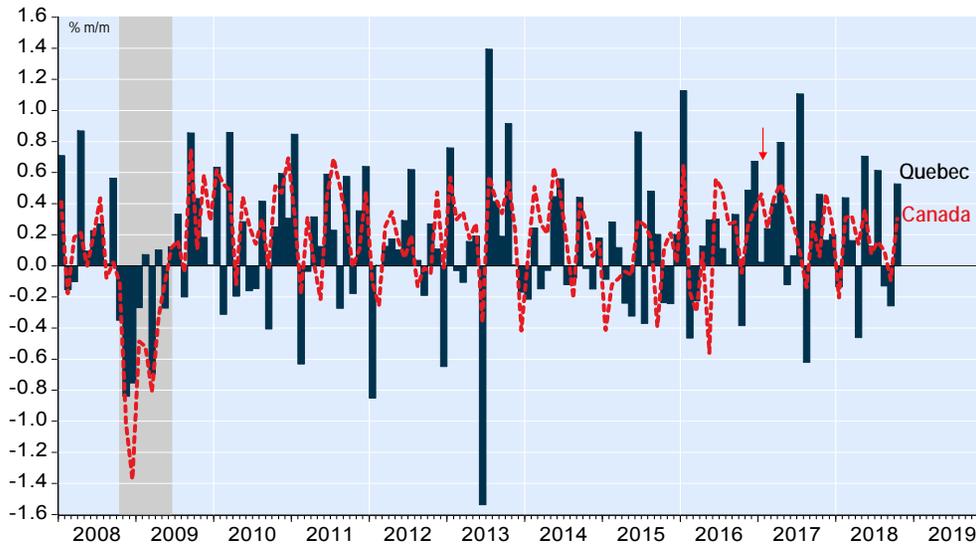
An October rebound took Quebec's real GDP to a new high, as it did Canada's. Since the beginning of 2017 Quebec economic growth has slightly exceeded that of Canada as a whole (right chart), thanks to services output growth of 5.1% over this period versus 4.7% countrywide. Goods production, however, rose 3.6% in Quebec versus 3.9% countrywide over that period; Quebec's goods output was braked by a soft patch of its primary sector. After Quebec real growth of 3.1% annualized in Q3, it would be surprising if the Q4 growth rate were to exceed 2.0%, an expectation similar to that for the country as a whole. We nevertheless maintain our forecast of 2.3% Quebec growth for 2018 as a whole, a performance very unlikely to be repeated anytime soon when annual growth of potential GDP is estimated at less than 1.5%.

### HIGHLIGHTS:

- Quebec real GDP rebounded 0.5% in October (Canada +0.3%) after contractions in both August and September (right chart).
- Goods production rose 1.1%, making up some of the ground lost in September. Rebounds in manufacturing (+1.0%), residential construction (+2.2%), electricity (+0.6%) and non-mining primary output (+4.1%) more than offset a 2.2% decline in mining and quarrying output.
- The manufacturing gain was far from broad-based: output was up in only 10 of the 19 industry groups. The overall advance came mainly from food production (+4.4%), and machinery (+9.3%), offsetting a sharp drop in pulp and paper (-9.6%).
- Services output rose 0.3% in October. The rise was fairly broad-based, with gains in 11 of the 15 service industry groups. We note strong contributions from finance and insurance (+1.1%) and health and social assistance (+0.9%).

### Quebec: Real GDP rebounded 0.5% in October

Monthly change in real GDP at basic prices



NBF Economics and Strategy, ISQ and Statistics Canada data

### Quebec GDP has more than kept pace with Canada's since early 2017

Real GDP at basic prices, chained 2012 dollars



NBF Economics and Strategy, ISQ and Statistics Canada data

### Montreal Office

514-879-2529

#### Stéfane Marion

Chief Economist and Strategist  
stefane.marion@nbc.ca

#### Krishen Rangasamy

Senior Economist  
krishen.rangasamy@nbc.ca

#### Kyle Dahms

Economist  
kyle.dahms@nbc.ca

#### Matthieu Arseneau

Deputy Chief Economist  
matthieu.arseneau@nbc.ca

#### Paul-André Pinsonnault

Senior Fixed Income Economist  
paulandre.pinsonnault@nbc.ca

#### Jocelyn Paquet

Economist  
jocelyn.paquet@nbc.ca

#### Marc Pinsonneault

Senior Economist  
marc.pinsonneault@nbc.ca

#### Angelo Katsoras

Geopolitical Analyst  
angelo.katsoras@nbc.ca

### Toronto Office

416-869-8598

#### Warren Lovely

MD & Head of Public Sector Strategy  
warren.lovely@nbc.ca

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