

Quebec: Real GDP up 0.3% in January

Jan.: +0.3% Dec.: flat Nov.: +0.4% Oct.: +0.4%

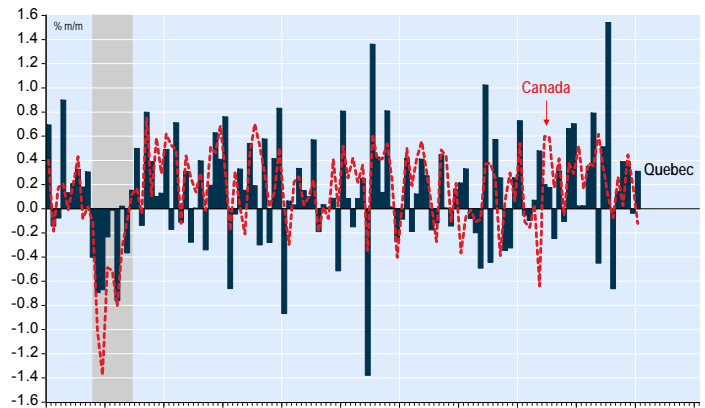
NUMBERS: The Institut de la statistique du Québec (ISQ) reports that Quebec real GDP at basic prices grew 0.3% in January (Canada: -0.1% – top chart). Goods production rose 0.9%, as manufacturing jumped 1.4%, electricity 1.5% and mining 1.0%, and non-mining primary industries grew 0.3%. Residential construction was the only goods sector to retreat (-2.3%), due mainly to renovations. Eleven of the 19 manufacturing industry groups were up in January, with most of the increase coming in food products (+4.1%) and primary metals (+6.9%). Services output was up 0.1%, with the gains confined to five of the 15 industry groups – wholesale trade (+0.9%); professional, scientific and technical services (+1.6%); finance and insurance (+0.8%); administrative, support and waste management services (+0.8%); and health and social assistance (+0.4%).

OPINION: In contrast to the soft patches felt by the rest of Canada in January, notably in oil extraction and home resales, Quebec generally maintained its momentum in the first month of the year. Since last July, the second-largest provincial economy has notably outpaced that of Canada as a whole (middle chart). Over that seven-month period, manufacturing output expanded 3.1% in Quebec and 0.9% in Canada as a whole. That said, January’s manufacturing advance in Quebec is unlikely to continue. Other economic indicators send a mixed message. Wholesale trade was flat in February while retail trade expanded. Housing starts remained very high but March employment made up only some of the losses of the previous two months. Whatever the case, even if GDP were to come in flat for February and March, first-quarter expansion would come in at 1.7% annualized thanks to the January growth (bottom chart). Given the stimulus measures contained in the recent provincial budget, we do not hesitate to stick with our forecast of 2.3% GDP growth in 2018, assuming the Quebec economy is not tripped up by the outcome of NAFTA negotiations.

Marc Pinsonneault

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Monthly change in real GDP at basic prices



NBF Economics and Strategy, ISQ and Statistics Canada data

Quebec's economic growth since January 2015 exceeds Canada's

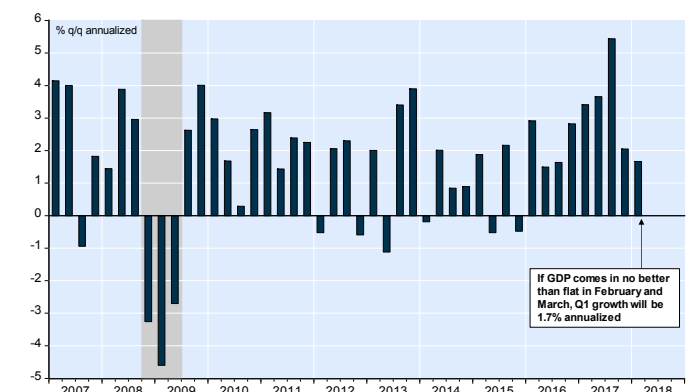
Index of real GDP at basic prices



NBF Economics and Strategy, ISQ and Statistics Canada data

Q1 growth rate of 1.7% even if GDP comes in flat for February and March

Annualized quarterly change in real GDP at basic prices



NBF Economics and Strategy, ISQ data

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