

## Quebec: Real GDP up for a sixth straight month

April +0.2% March +0.3% Feb. +0.2% Jan.+0.2%

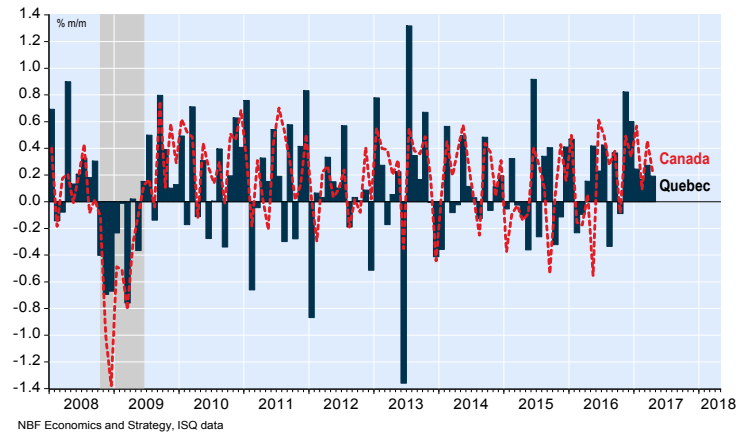
**NUMBERS:** The Institut de la statistique du Québec reports that Quebec real GDP at basic prices grew 0.2% in April (Canada +0.2%). It was the sixth consecutive monthly gain, the longest run of monthly expansion since the recession (top chart). Goods output fell 0.5%, with declines in all component sectors except mining. Manufacturing output contracted 0.6% (Canada -0.9%), with declines in 13 of 19 industry groups. Services output, on the other hand, was up 0.5% (Canada +0.3%) – an eighth straight monthly advance and the strongest of the year to date (middle chart). Rises were reported in 11 of the 15 service industry groups, with strong gains in arts, entertainment and leisure (+3.5%), transportation and warehousing (+2.4%) and retail trade (+1.2%).

**OPINION:** Thanks to the service industries, the Quebec economy maintained its momentum in April. In the first four months of the year, real GDP at basic prices was up 3.0% from a year earlier (Canada +2.8%). For May the signals are mixed. Factory shipments, retail sales, wholesale trade and housing starts all contracted, while employment advanced nicely and exports, whose numbers are to be released tomorrow, are likely to show a rebound. But even if GDP for May and June comes in flat, the quarter would show real GDP growth of 1.7% annualized, exceeding the growth of potential GDP. The retreat of goods output in April is not cause for concern – it does not reverse the strong growth of the previous five months (bottom chart). We accordingly maintain our forecast of 2.3% economic growth for Quebec in 2017 with an unemployment rate remaining in the neighbourhood of 6.0%, close to an all-time low.

Marc Pinsonneault

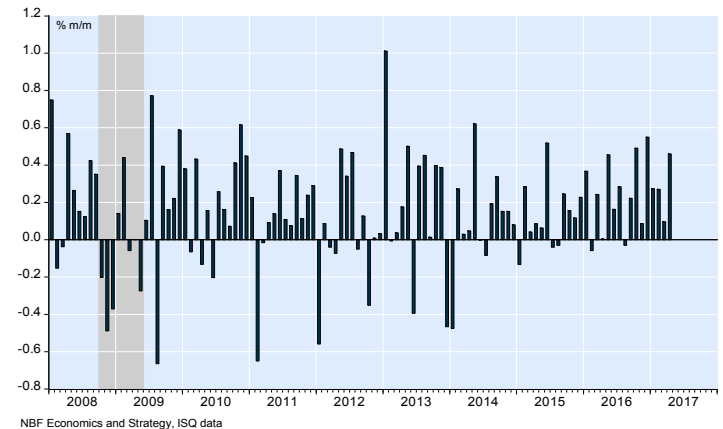
**Quebec: A sixth consecutive monthly rise in real GDP**

Monthly change in real GDP at basic prices

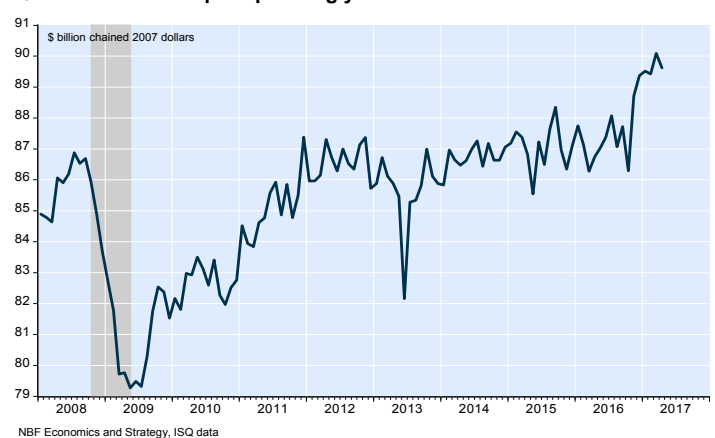


**Quebec: An eighth consecutive monthly rise in services output**

Monthly change in real services GDP at basic prices



**Quebec: Goods output up strongly since November**



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