

Quebec: May exports up, with record imports

Nominal trade balance:

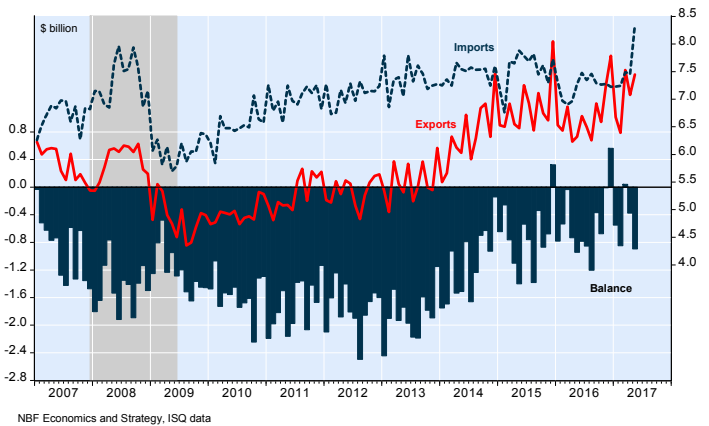
May: -\$895M April: -\$377M March: +40M)

FACTS: The Institut de la statistique du Québec reports that in May Quebec ran an international merchandise trade deficit of \$895 million, \$518 million wider than in April (top chart). Exports were up \$368 million (+5.2%; rest of Canada +3.8%) to \$7.4 billion. Though exports rose in 20 of the 31 categories of goods, the May gain was due mainly to aerospace products (+\$323 million) and to machinery, equipment and industrial parts (+183 million), more than offsetting a \$168-million drop in the value of aluminum exports. Imports rose \$886 million to a record \$8.3 billion. This was almost an across-the-board jump, with rises in 25 of the 31 categories of goods. More than half (\$498 million) of the increase was in crude oil and gasoline. In volume terms the trade deficit widened from minimal in April to \$742 million in May, with exports up \$139 million (+2.2%) and imports jumping \$849 million (+13.5%). Export prices rose 2.9% while import prices fell 1.4%.

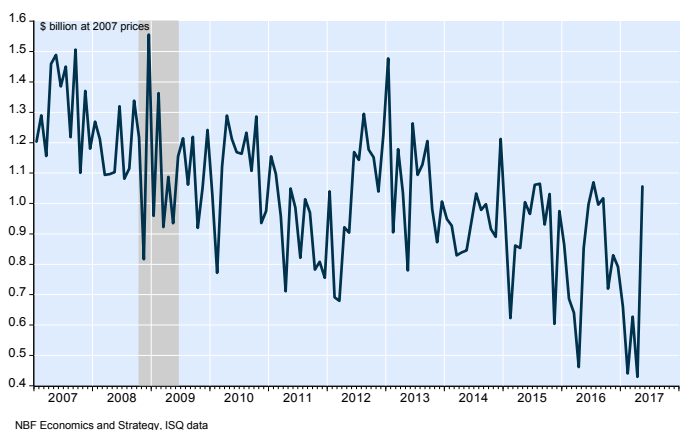
OPINION: May's record volume imports were due mainly to a rebound of crude oil imports from April's exceptional low and to record imports of gasoline (middle chart). The latter was very likely an isolated spike. Though that spike left international trade subtracting from quarterly GDP growth after two months of Q2, there is nothing to suggest the beginning of a trend. On the contrary, the rise of volume exports is encouraging, especially considering that it did not come mainly from aerospace (the largest category of Quebec exports and highly volatile from month to month). On the contrary, exports so far in Q2 are running 3.9% above Q1 with gains in 23 of the 31 categories of goods but a minimal contribution from aerospace products (bottom chart).

Marc Pinsonneault

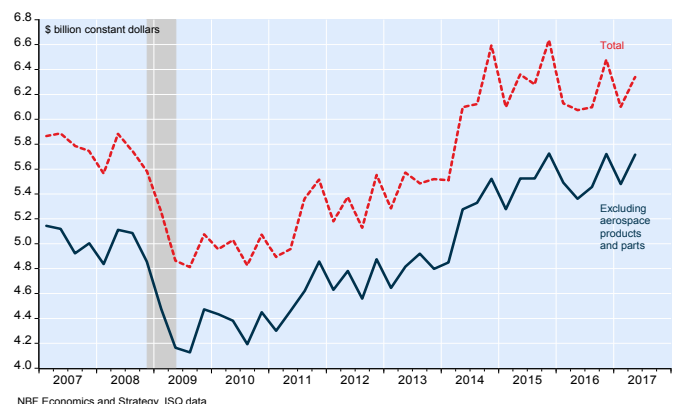
Quebec: Nominal trade balance
Customs basis



Quebec: Volume imports of crude oil and gasoline
Customs basis



Quebec volume exports
Customs basis. Monthly average by quarter (Q2 2017 = April and May)



Economics and Strategy

Montreal Office

514-879-2529

Stéfane Marion

Chief Economist and Strategist

stefane.marion@nbc.ca

Paul-André Pinsonnault

Senior Fixed Income Economist

paulandre.pinsonnault@nbc.ca

Krishen Rangasamy

Senior Economist

krishen.rangasamy@nbc.ca

Marc Pinsonneault

Senior Economist

marc.pinsonneault@nbc.ca

Matthieu Arseneau

Senior Economist

matthieu.arseneau@nbc.ca

Angelo Katsoras

Geopolitical Analyst

angelo.katsoras@nbc.ca

Kyle Dahms

Economist

kyle.dahms@nbc.ca

Toronto Office

416-869-8598

Warren Lovely

MD, Public Sector Research and Strategy

warren.lovely@nbc.ca

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