

Quebec: Q1 volume exports grew at a snail pace

Nominal trade balance:

Q1: $-\$2.560B$ Q4: $-\$1.623B$ Q3: $-\$2.134B$

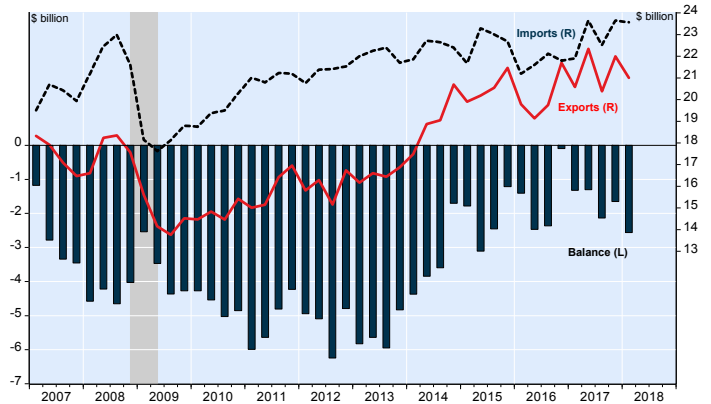
FACTS: The Institut de la statistique du Québec (ISQ) reports that Quebec's merchandise trade deficit widened \$908 million to \$2.560 billion in Q1 (top chart). Exports were down \$986 million (-4.5%; rest of Canada +1.7%) to \$21.0 billion, with declines in 19 of 31 categories of goods accounting for 61% of all exports. Most of the drop was in a single category, aerospace exports (-\$586 million). Imports were down \$79 million (-0.3%) to \$23.6 billion, with declines in 17 of 31 categories accounting for 64% of all imports. A \$335-million increase in imports of autos and parts was offset in part by a \$270-million drop in energy-product imports. In volume terms, the trade deficit widened \$883 million to \$2.0 billion, with volume exports down \$987 million from Q4 (-5.1%) and volume imports down \$104 million (-0.5%) from Q4. Export prices rose 0.6% and import prices rose 0.1%.

OPINION: Quebec's volume international merchandise exports have been sluggish for some quarters now. That being said, quarterly fluctuations need to be taken with a grain of salt: for several years now exports have tended to rise strongly in Q4 and fall back in Q1 (middle chart). This phenomenon is due in part to the behaviour of aerospace exports. The underlying trend can be better discerned in the four-quarter changes. We note that Q1 volume international merchandise exports were up only 1.2% from a year earlier, held down by declines in volume exports of aluminum, electricity and other energy products. We remain confident that Quebec's total volume international exports will grow 2% in 2018, supporting our forecast of 2.1% Quebec GDP growth in 2018. Meanwhile, international merchandise trade weighed on GDP growth in Q1 (bottom chart).

Marc Pinsonneault

Quebec: Nominal trade balance

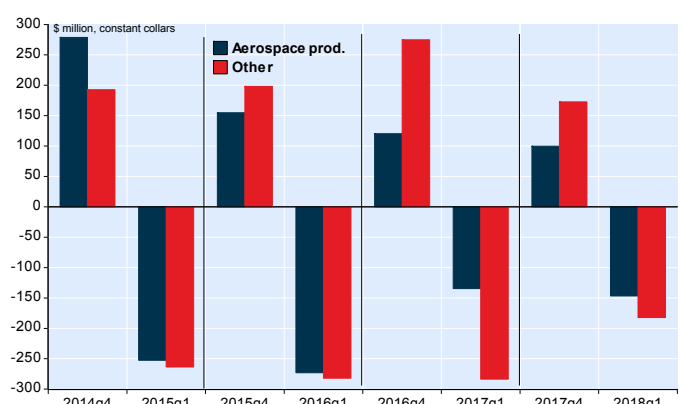
Customs basis



NBF Economics and Strategy, ISQ data

Quebec: Quarterly change in volume merchandise exports

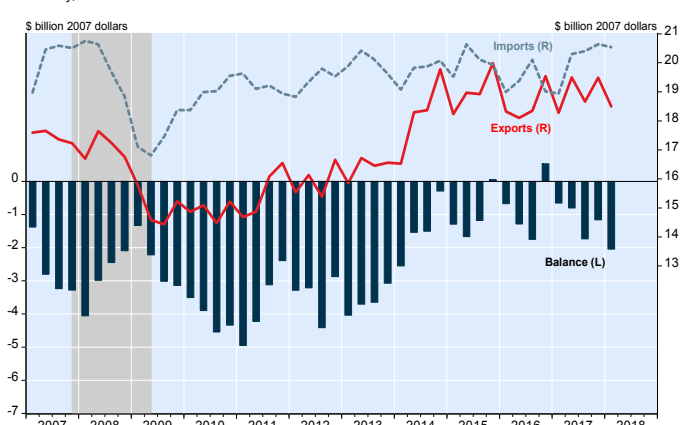
In Q4 and Q1, last four years, customs basis



NBF Economics and Strategy, ISQ data

Quebec: Volume trade balance

Quarterly, customs basis



NBF Economics and Strategy, ISQ data

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