

## Quebec: Economic growth gained momentum in February

By Daren King

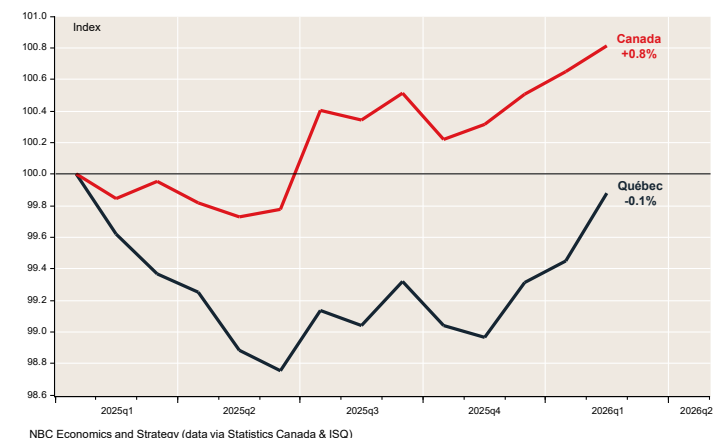
### Highlights:

- According to the Institut de la Statistique du Québec, real GDP rose by 0.4% in February (Canada: 0.2%) after increasing by 0.1% the previous month (Canada: 0.1%).
- Year-over-year, Quebec's real GDP was up 0.3%, a slower pace than the 1.0% growth observed across the country.
- Twelve of the 20 industries recorded increases in activity in February, including 9 of the 15 service subsectors and 3 of the 5 goods subsectors.
- The services sector grew by 0.3% over the month. Declines in the arts, entertainment, and recreation (-1.2%), public administration (-0.7%), and administrative, support, waste management, and sanitation (-0.6%) were more than offset by increases in wholesale trade (+2.2%), retail trade (+1.1%), the information and cultural industries (+0.7%), and transportation and warehousing (+0.5%).
- The goods sector, for its part, grew by 0.9% in February. The utilities (1.9%), manufacturing (1.4%), and agriculture and forestry (1.2%) subsectors saw increases, while mining and quarrying (0.2%) and construction (0.2%) subsectors recorded declines.

After modest growth of 0.1% in January (revised upward from 0.0%), Quebec's economic expansion was more robust in February, with a 0.4% increase. This marked the third consecutive month of growth for the province's GDP and a larger gain than that observed across the country as a whole. As a result, in February 2026, the Quebec economy was only 0.1% below its January 2025 peak prior to the trade conflict with the United States. Despite this recovery, Quebec's GDP remains more heavily impacted than the country as a whole, particularly due to the size of its manufacturing sector, with Canadian GDP having grown by 0.8% over the same period (top chart). The strong performance of the Quebec economy in February was driven by a significant 0.9% gain in the goods sector, as well as a 0.3% increase in services. It is also worth noting that the expansion of the Quebec economy over the past three months has been fueled by consecutive increases in both sectors. Nevertheless, the goods sector remained 2.8% below its January 2025 level in February, while the services sector was up 0.8%. Among the highlights of February was a significant 1.9% rebound in the public services subsector following a 1.6% drop in January. Also noteworthy is the 1.4% increase in the manufacturing sector in February, marking the third consecutive monthly gain and the largest monthly increase since June 2022. Although this development is welcome, manufacturing output remains 3.9% below January 2025 levels and 7.4% below its post-COVID peak in June 2022. While Quebec's economy appeared to be gaining momentum at the onset of the conflict in the Middle East, recent labour market data for March and April indicate a sharp slowdown in the province's job market. In fact, more than three-quarters of the job losses nationwide since the start of the year have occurred in Quebec, and the province's unemployment rate has jumped by 0.8 percentage points since the trade conflict began—the sharpest deterioration among all Canadian provinces (bottom chart). Furthermore, uncertainty surrounding the renewal of the USMCA and the loss of household purchasing power due to the war in Iran represent obstacles to growth in the coming months. That said, the high household savings rate in Quebec, along with the resilience of the real estate market and the province's significant economic diversification, are factors that will help Quebec's economy weather these headwinds.

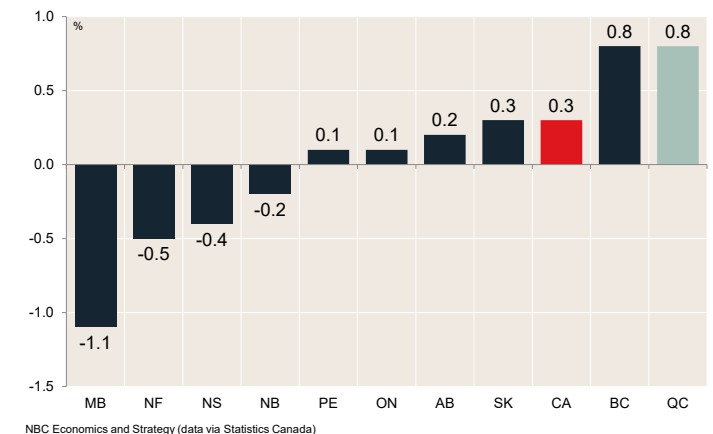
### Quebec: A gap that still needs to be closed

Real GDP. Index: 2025M01=100



### Quebec: Significant deterioration in the labour market

Unemployment rate. Change from February 2025 to April 2026





Real	1-Month Change (%)			Monthly Change (%). 10-year mov. avg.	12-Month Change (%) Feb-26
	Feb-26	Jan-26	1-Month Trend		
<b>All industries</b>	0.43	0.14	▲	0.18	0.27
Goods-producing industries	0.9	0.3	▲	0.1	-1.36
Agriculture and forestry	1.2	-4.0	▲	0.0	-3.16
Mining and quarrying	-0.2	0.5	▼	0.6	4.57
Utilities	1.9	-1.6	▲	0.0	-0.69
Construction	-0.2	1.3	▼	0.5	0.07
Manufacturing	1.4	0.6	▲	0.1	-2.86
Service-producing industries	0.3	0.1	▲	0.2	0.80
Wholesale trade	2.2	-0.7	▲	0.3	3.44
Retail trade	1.1	0.1	▲	0.3	3.44
Transportation and warehousing	0.5	-0.1	▲	0.2	2.46
Information and cultural industries	0.7	1.3	▼	0.3	-1.21
Finance and insurance	0.5	0.5	▲	0.3	2.95
Real estate and rental and leasing	0.2	0.4	▼	0.2	1.79
Professional, scientific and technical services	0.4	-0.4	▲	0.4	-0.64
Management	-2.5	-4.1	▲	-2.3	-20.60
Administrative and support, waste management and remediation services	-0.6	-0.2	▼	0.1	-1.11
Educational services	0.4	0.5	▼	0.2	-0.49
Health care and social assistance	-0.5	-0.4	▼	0.2	-0.77
Arts, entertainment and recreation	-1.2	0.1	▼	0.4	1.89
Accommodation and food services	-0.3	0.8	▼	0.4	-0.80
Other services (except public administration)	0.4	0.1	▲	0.1	0.05
Public administration	-0.7	0.3	▼	0.2	-0.52



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