

QUÉBEC

Real GDP rises by 0.2% in November The economic recovery continues

HIGHLIGHTS

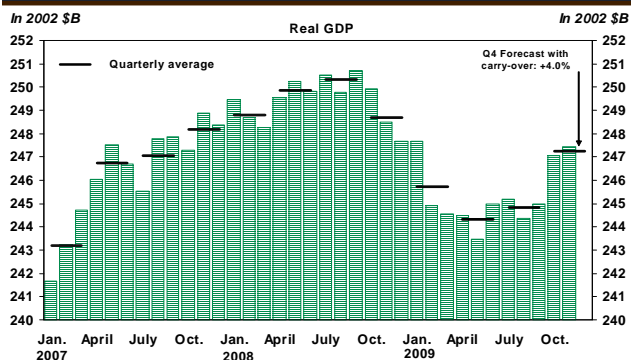
- Real GDP by industry grew by 0.2% in November after a 0.8% gain in October.
- Production in the goods industries remained stable in November after posting two consecutive monthly gains in September (+0.3%) and October (+2.2%). In November, upturns in the primary sector (+1.0%), manufacturing (+0.6%) and construction (+0.1%) offset the large downturn that was observed in other sectors.
- Activity in the service sector rose by 0.2%, its third monthly gain in a row. Wholesale trade (+1.4%) and financial services (+0.6%) performed well, while retail trade dipped by 0.8%.

COMMENTS

November's 0.2% increase in real GDP is slightly higher than was expected (+0.1%). Though you wouldn't think so from the look of things, this morning's numbers are swelling those expected for the quarter as a whole. Whereas our most recent forecast scenario, published on February 22, called for economic growth around 3.5% (at an annualized pace) for the fourth quarter of 2009, we are forced to conclude that growth will be more sustained than that. The carry-over already achieved in the last quarter of 2009, that is, assuming that December's GDP remains stable, comes to 4.0% (on an annualized basis). This is a strong acceleration compared to the 0.6% gain that was recorded in the third quarter of 2009, when Québec managed to extract itself from the recession.

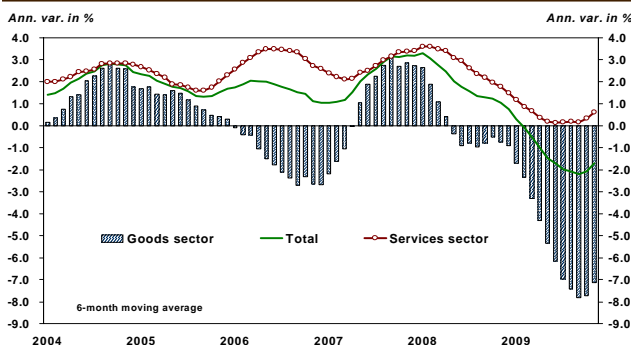
However, the economic recovery is more evident in the service industry than in the goods sector. The trend of the past six months shows a slight boost in services. In the goods sector, the annual variation is still negative, although things are gradually improving.

Real GDP expanded for a third straight month in November; the last quarter of 2009 will be robust



Sources: Institut de la statistique du Québec and Desjardins, Economic Studies

The service industry is getting back on its feet faster than the goods sector



Sources: Institut de la statistique du Québec and Desjardins, Economic Studies

Implications: The increase in real GDP in November helps to solidify the foundations of Québec's economic recovery. Consequently, the recovery period is continuing and should be completed by the end of 2010.

Hélène Bégin
Senior Economist

François Dupuis
Vice-President and Chief Economist

Yves St-Maurice
Director and Deputy Chief Economist

418-835-2450 or 1 866 835-8444, ext. 2450
E-mail: desjardins.economics@desjardins.com

Hélène Bégin
Senior Economist

Benoit P. Durocher
Senior Economist

Francis Généreux
Senior Economist

Jean-Michel Goulet
Economist

NOTE TO READERS: The letters **k**, **M** and **B** are used in texts and tables to refer to thousands, millions and billions respectively.

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