

WEEKLY COMMENTARY

Quebec's Government Has a Sound Economic Vision but Needs to Articulate a Theory of Change

By Jimmy Jean, Vice-President, Chief Economist and Strategist

This week, the Quebec government presented [Le pouvoir québécois \[in French only\]](#), a new economic plan that provides a broadly accurate assessment of the province's economic situation. In doing so, it looks beyond the current political cycle and identifies several structural challenges: persistent dependence on the US market, regulatory red tape that slows projects and the need for massive infrastructure investment. It also highlights the potential of strategic sectors like energy, critical minerals and defence.

Although the overall vision is highly ambitious, it is also coherent. Quebec does have significant advantages. Hydro-Québec, which plans to invest \$200 billion by 2035, is an energy powerhouse that can drive the economy. The province also has abundant mineral resources, proven expertise in cutting-edge industries and a well-established international presence. These assets can offer real support for an innovation-driven supply-side strategy of economic development.

But the question remains: How do we transform that ambition into action? The document talks about cutting red tape, creating a fast track for major projects and streamlining approval processes. These are legitimate goals, though hardly original, and they face well-known structural constraints: lengthy planning

and consultation timelines, regulatory complexity, a shortage of skilled labour (especially in construction), and the need to maintain continuity in major public projects despite political cycles.

The document suggests that a strong political will might be enough to overcome these obstacles. That's likely an oversimplification. Public-sector decision-making involves many mechanisms, and for good reasons: to promote transparency, ensure fairness and maintain public trust. Reforming these mechanisms while ensuring they remain rigorous calls for a gradual approach and ongoing dialogue between all parties involved.

What's missing is a theory of change: an approach that manages the tensions inherent in any large-scale economic transformation. These tensions include balancing economic development with environmental stewardship, speed with process quality and ambition with institutional capacity. Without clear mechanisms to navigate these trade-offs, every decision could turn into a political battle, and every major project could be held up by an endless series of challenges and reviews.

This week's Musings is particularly resonant in light of the passing of Alban D'Amours, PhD, economist, former President of Desjardins Group and a prominent figure in the economic landscape of Quebec and Canada. He exemplified the ability to work cooperatively while delivering long-term results. On behalf of Desjardins Economic Studies, we extend our sincere condolences to his loved ones and hope his example will continue to inspire those working to build the economy of tomorrow.

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The document nevertheless offers two sound ideas to explore further. First, asking public financial institutions like Investissement Québec and provincial pension fund manager La Caisse to increase their investments in the province could accelerate key projects while leveraging existing tools. Second, using government procurement strategically could spur innovation and strengthen local supply chains. Both of these possibilities can have significant ripple effects, but once again, tough questions need to be answered. For instance, acting through La Caisse raises valid concerns about whether the institution's management is independent, and whether it might face pressure to prioritize the province's economic goals over its fiduciary duty to generate returns. This tension precisely demonstrates the complexity of the trade-offs involved in any development strategy.

In short, turning an ambitious economic vision into reality in an open and democratic system is a complex endeavour. Quebec is trying to balance the need to act quickly while following legitimate but often restrictive processes. An additional challenge is that the economic gains accruing from most of the projects discussed in the document (energy infrastructure, critical minerals, etc.) will only be realized over a span of decades, while their costs are immediate and visible. Budget deficits are an issue now. Households are seeing their purchasing power dwindle now. Voters naturally want to see concrete benefits accruing to them now. The temporal asymmetry between short-term sacrifices and promised long-term benefits is perhaps the greatest obstacle to any ambitious development strategy in a democracy today.

In this sense, the new plan may open up a crucial discussion for all Canadian governments: How can we improve our collective ability to take action without abandoning the principles underlying our economic model? In the past, Quebec's major transformative projects (such as the nationalization of the power grid in the 1960s or the construction of the James Bay dams) were based on a broad social consensus and the long-term commitment of public and private institutions. If the document can restart this conversation and set the stage for a similarly broad consensus, it will have served a useful purpose. Because beyond good intentions, the real challenge is to turn today's spirit of ambition into a lasting movement. Without consensus, that will be hard to achieve.

What to Watch For

THURSDAY November 20 - 10:00

October	ann. rate
Consensus	4,080,000
Desjardins	4,040,000
September	4,060,000

MONDAY November 17 - 5:00

October	m/m
Consensus	n/a
Desjardins	0.0%
September	-1.7%

MONDAY November 17 - 8:15

October	ann. rate
Consensus	275,000
Desjardins	258,000
September	279,200

MONDAY November 17 - 8:30

October	m/m
Consensus	0.2%
Desjardins	0.1%
September	0.1%

FRIDAY November 21 - 8:30

September	m/m
Consensus	-0.7%
Desjardins	-0.6%
August	1.0%

UNITED STATES

*** Due to the federal government shutdown in the United States, some indicators may not be released as scheduled.**

Existing home sales (October) – Home resales remain volatile. After falling 0.2% in August, they jumped 1.5% in September. However, existing home sales haven't posted two consecutive months of increases since the end of 2024. And with pending sales stagnating in September, another increase in October seems unlikely. Preliminary regional data and the recent pullback in mortgage applications for home purchases are telling the same story—or possibly pointing to a slight month-over-month decline. Our expectation is that existing home sales fell slightly below 4,050,000 units.

CANADA

Existing home sales (October) – Seasonally adjusted national home sales likely held steady in October. Early year-over-year data from local real estate boards were mixed—unadjusted sales declined more than 10% compared to last October in both Alberta and BC, while Quebec posted an 8% year-over-year increase. Meanwhile, the Toronto Regional Real Estate Board reported that seasonally adjusted sales slipped 2.3% month over month.

Housing starts (October) – We expect housing starts eased to roughly 258,000 (saar) in October, marking a modest retreat following September's spike. Robust growth in the purpose-built rental segment, supported by government initiatives, likely kept overall starts elevated relative to what broader economic conditions would typically imply.

Consumer price index (October) – Headline consumer prices are expected to edge up 0.1% in October, leaving the annual rate at 2.1%. The removal of retaliatory tariffs last month continues to filter through to consumer prices, which should help temper headline inflation in the coming months. With goods inflation excluding food and energy already trending lower, the elimination of countertariffs is expected to further support this normalization. Services inflation, which remained sticky due to strong readings in late 2024, is likely to continue its downward trajectory, with additional progress anticipated through Q4. A similar trend is evident in the Bank of Canada's core measures, which likely moderated slightly in October but remain near 3%. Consequently, three-month annualized inflation measures are expected to stay elevated but remain within the 1–3% range.

Retail sales (September) – Retail sales probably decreased by 0.6% in September, one tick better than Statistics Canada's flash estimate of -0.7%. After a notable increase in August, we expect receipts at auto and parts dealers to have come in flat in September. Higher seasonally adjusted prices at the pump likely drove up nominal sales at gas stations compared to August. Core sales—which exclude gasoline and autos—may have fallen in September, as consumer sentiment remained subdued and spending intentions weak (especially for discretionary items). For October's flash estimate, we expect a slightly negative print. We anticipate improvement in core sales to have partially offset softness at auto and gas retailers. Looking ahead to the fourth quarter, retail sales will probably remain rangebound, with counteracting forces at play. Accumulated wealth among higher-quintile earners and those with greater job security could help offset the negative effects of slowing population growth, weak labour market prospects and tariff-induced uncertainty, which despite improving slightly are all weighing on spending intentions.

SUNDAY November 16 - 18:50

Q3 2025	q/q
Consensus	-0.6%
Q2 2025	0.5%

WEDNESDAY November 19 - 2:00

October	y/y
Consensus	3.5%
September	3.8%

FRIDAY November 21 - 4:00

November	
Consensus	52.5
October	52.5

OVERSEAS

Japan: Real GDP (Q3) – Japanese real GDP posted solid non-annualized growth of 0.5% in the second quarter of 2025. This was an improvement over the 0.1% gain recorded in the first quarter. However, there are signs that growth may have slowed or even contracted during the third quarter. Retail sales, industrial production and exports declined over the summer. The consensus is that the country recorded a quarterly decline in real GDP, which would be the first since the first quarter of 2024.


United Kingdom: Consumer price index (October) – UK inflation has remained relatively stable over the past few months. The year-over-year change in the consumer price index held steady at 3.8% between July and September. This is still quite high considering that inflation was closer to 2% a year ago. But core inflation has recently started to come down, easing from 3.8% in July to 3.6% in August and 3.5% in September. It will be interesting to see if headline inflation also begins to lose momentum from October onward. This is what the Bank of England is expecting. In a report released last week, it suggested that inflation has already peaked and will likely ease to 3.2% by March 2026.


Eurozone: Composite PMI (November – preliminary) – The recent rise in the composite PMI is a good sign for the eurozone economy, with October's reading of 52.5 being the highest since May 2023. Although eurozone real GDP growth remained subdued in the third quarter, another strong PMI reading would point to an acceleration in economic activity in the fourth quarter.

Economic Indicators

Week of November 17 to 21, 2025

* Due to the federal government shutdown in the United States, some indicators may not be released as scheduled.

Day	Time	Indicator	Period	Consensus		Previous reading
UNITED STATES						
DURING THE WEEK	---	Federal budget (US\$B)	Oct.	-238.6	n/a	-257.5
MONDAY 17	8:30	Empire State Manufacturing Index	Nov.	6.7	4.5	10.7
	9:30	Speech by Federal Reserve Vice Chair P. Jefferson				
TUESDAY 18	8:30	Export prices (m/m)	Oct.	n/a	n/a	n/a
	8:30	Import prices (m/m)	Oct.	-0.1%	n/a	n/a
	9:15	Industrial production (m/m)	Oct.	0.0%	n/a	n/a
	9:15	Production capacity utilization rate	Oct.	77.3%	n/a	n/a
	10:00	NAHB Housing Market Index	Nov.	37	n/a	37
	11:00	Speech by Federal Reserve Bank of Richmond President T. Barkin				
WEDNESDAY 19	8:30	Housing starts (ann. rate)	Oct.	1,328,000	n/a	n/a
	8:30	Building permits (ann. rate)	Oct.	n/a	n/a	n/a
	14:00	Release of the Federal Reserve's meeting minutes				
THURSDAY 20	8:30	Initial unemployment claims	Nov. 10–14	225,000	n/a	n/a
	8:30	Philadelphia Fed index	Nov.	2.0	4.5	-12.8
	10:00	Leading indicator (m/m)	Oct.	-0.3%	n/a	n/a
	10:00	Existing home sales (ann. rate)	Oct.	4,080,000	4,040,000	4,060,000
	18:45	Speech by Federal Reserve Bank of Philadelphia President A. Paulson				
FRIDAY 21	7:30	Speech by Federal Reserve Bank of New York President J. Williams				
	9:00	Speech by Federal Reserve Bank of Dallas President L. Logan				
	10:00	University of Michigan consumer sentiment index – final	Nov.	50.5	50.3	50.3
CANADA						
MONDAY 17	5:00	Existing home sales (m/m)	Oct.	n/a	0.0%	-1.7%
	8:15	Housing starts (ann. rate)	Oct.	275,000	258,000	279,200
	8:30	Consumer price index				
		Total (m/m)	Oct.	0.2%	0.1%	0.1%
		Total (y/y)	Oct.	2.2%	2.1%	2.4%
TUESDAY 18	---	---				
WEDNESDAY 19	12:30	Speech by Bank of Canada External Deputy Governor N. Vincent				
THURSDAY 20	8:30	Industrial product price index (m/m)	Oct.	n/a	0.4%	0.8%
	8:30	Raw materials price index (m/m)	Oct.	n/a	0.6%	1.7%
FRIDAY 21	8:30	Retail sales				
		Total (m/m)	Sep.	-0.7%	-0.6%	1.0%
		Excluding automobiles (m/m)	Sep.	-0.5%	-0.8%	0.7%
	10:30	Release of the Bank of Canada's Senior Loan Officer Survey				

Note: Each week, Desjardins Economic Studies takes part in the Bloomberg survey for Canada and the United States. Approximately 15 economists are consulted for the Canadian survey and a hundred or so for the United States. The abbreviations m/m, q/q and y/y correspond to month-over-month, quarter-over-quarter and year-over-year change respectively. Following the quarter, the abbreviations f, s and t correspond to first estimate, second estimate and third estimate respectively. Times shown are Eastern Standard Time (GMT -5 hours).  Desjardins Economic Studies forecast.

Economic Indicators

Week of November 17 to 21, 2025

Country	Time	Indicator	Period	Consensus		Previous reading	
				m/m (q/q)	y/y	m/m (q/q)	y/y
OVERSEAS							
SUNDAY I6							
Japan	18:50	Real GDP – preliminary	Q3	-0.6%		0.5%	
Japan	23:30	Industrial production – final	Sep.	n/a	n/a	2.2%	3.4%
MONDAY I7							
Italy	4:00	Consumer price index – final	Oct.	-0.3%	1.2%	-0.3%	1.2%
TUESDAY I8							
Japan	18:50	Trade balance (¥B)	Oct.	-128.9		-314.3	
WEDNESDAY I9							
United Kingdom	2:00	Consumer price index	Oct.	0.4%	3.5%	0.0%	3.8%
United Kingdom	2:00	Producer price index	Oct.	0.1%	3.4%	0.0%	3.4%
Eurozone	4:00	Current account (€B)	Sep.	n/a		11.9	
Italy	4:30	Current account (€M)	Sep.	n/a		4,697	
Eurozone	5:00	Consumer price index – final	Oct.	0.2%	2.1%	0.2%	2.1%
THURSDAY 20							
Germany	2:00	Producer price index	Oct.	0.1%	-1.7%	-0.1%	-1.7%
Eurozone	5:00	Construction	Sep.	n/a	n/a	-0.1%	0.1%
Eurozone	10:00	Consumer confidence – preliminary	Nov.	-14.0		-14.2	
Japan	18:30	Consumer price index	Oct.		3.0%		2.9%
United Kingdom	19:01	Consumer confidence	Nov.	-18		-17	
Japan	19:30	Composite PMI – preliminary	Nov.	n/a		51.5	
Japan	19:30	Manufacturing PMI – preliminary	Nov.	n/a		48.2	
Japan	19:30	Services PMI – preliminary	Nov.	n/a		53.1	
FRIDAY 21							
United Kingdom	2:00	Retail sales	Oct.	0.0%	1.4%	0.5%	1.5%
France	2:45	Business confidence	Nov.	97		97	
France	2:45	Production outlook	Nov.	n/a		-11	
France	3:15	Composite PMI – preliminary	Nov.	48.2		47.7	
France	3:15	Manufacturing PMI – preliminary	Nov.	49.0		48.8	
France	3:15	Services PMI – preliminary	Nov.	48.5		48.0	
Germany	3:30	Composite PMI – preliminary	Nov.	53.5		53.9	
Germany	3:30	Manufacturing PMI – preliminary	Nov.	49.8		49.6	
Germany	3:30	Services PMI – preliminary	Nov.	54.0		54.6	
Eurozone	4:00	Composite PMI – preliminary	Nov.	52.5		52.5	
Eurozone	4:00	Manufacturing PMI – preliminary	Nov.	50.2		50.0	
Eurozone	4:00	Services PMI – preliminary	Nov.	52.8		53.0	
United Kingdom	4:30	Composite PMI – preliminary	Nov.	51.8		52.2	
United Kingdom	4:30	Manufacturing PMI – preliminary	Nov.	49.2		49.7	
United Kingdom	4:30	Services PMI – preliminary	Nov.	52.0		52.3	

Note: Unlike release times for US and Canadian economic data, release times for overseas economic data are approximate. Publication dates are provided for information only. The abbreviations m/m, q/q and y/y correspond to month-over-month, quarter-over-quarter and year-over-year change respectively. Following the quarter, the abbreviations f, s and t correspond to first estimate, second estimate and third estimate respectively. Times shown are Eastern Standard Time (GMT -5 hours).