

## ECONOMIC NEWS

# Quebec: Real GDP Declines 0.1% in April

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### HIGHLIGHTS

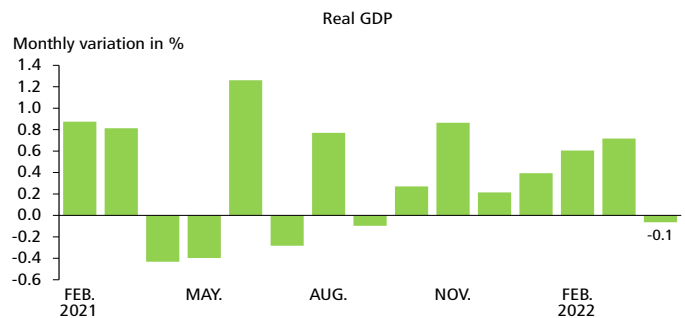
- ▶ Real GDP declined for the first time since September 2021, edging down 0.1% in April after surging in previous months.
- ▶ Goods output fell by 0.6% in April after a solid 0.9% gain in March. April's decline was mainly due to the construction (-1.4%) and utilities (-1.8%) sectors.
- ▶ After rebounding sharply, partly thanks to the gradual lifting of public health restrictions, the services-producing sector slowed, rising just 0.1% in April.
- ▶ The accommodation and food services sector continued to expand—albeit much more slowly—rising 0.6% in April after gaining 9.0% in March. The arts, entertainment and recreation sector increased 6.3% in April after surging 21.0% in March.
- ▶ In the first four months of 2022, real GDP was up 4.2% in Quebec compared to 4.0% in Canada overall.

### COMMENTS

We expected economic activity in Quebec to decline slightly in the wake of the previous months' exceptional gains. The sectors hardest hit by lockdowns continued to recover, though at a slower pace. Meanwhile, it was difficult for the goods-producing sector to maintain its recent pace of growth.

### GRAPH

Quebec's economy has stalled after a period of stellar growth



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

### IMPLICATIONS

April's decline in real GDP doesn't necessarily mean that the Quebec economy is changing course. Statistics published so far for May are much more positive than the previous month. As such, we're expecting a moderate rebound. After posting annualized growth of 6.9% in the first quarter, real GDP won't be able to maintain the same pace. Canada's rapidly rising interest rates and high inflation are expected to curb household spending.