

## ECONOMIC NEWS

# Quebec: Real GDP Rebounded in October, but Recession Still Looms

By Hélène Bégin, Principal Economist

### HIGHLIGHTS

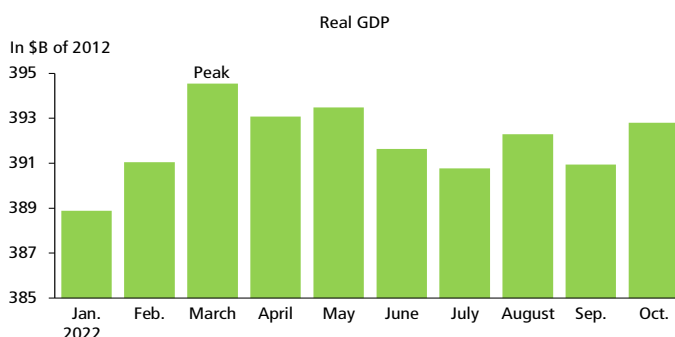
- ▶ Real GDP rose 0.5% in October following a 0.3% decline in September. Despite this bounceback, industrial output remains below its March 2022 cyclical peak.
- ▶ October's solid result was driven by both the goods-producing (+0.5%) and service (+0.5%) industries. Mining, forestry and agriculture posted strong growth after some difficult months. Manufacturing continued to slide in October, while construction was essentially flat. On the service side, wholesale and retail trade were the biggest contributors to growth.
- ▶ Over the first eleven months of 2022, Quebec's real GDP was 3.1% higher than it was at the same time in 2021. Canada's real GDP was up 4.0% over the same period. Quebec's monthly numbers have been up and down since last spring, while Canada's have been more stable.

### COMMENTS

Real GDP bounced back stronger than expected in October. This comes as a relief, as economic activity had posted several monthly declines after peaking in March 2022. But many industries are trending lower, including construction and manufacturing. Quebec's economy has been on a worse trajectory than Canada's in recent months. As discussed in a recent [Economic Viewpoint](#), provinces that are more reliant on commodities like oil are starting the year with stronger momentum. This is creating a growing real GDP gap between Canada and Quebec.

### GRAPH

Despite expanding in October, real GDP is lower than it was in March 2022



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

### IMPLICATIONS

Despite a resurgence in economic activity in October, Quebec could already be in a recession. According to today's revised data, real GDP fell 1.4% in the third quarter, and it's unclear how the fourth quarter played out. If real GDP returned to negative territory in November and December, we could see a quarterly decline. We won't know for a few months, but one thing's for sure: it'll be a difficult few quarters, and a recession is likely.