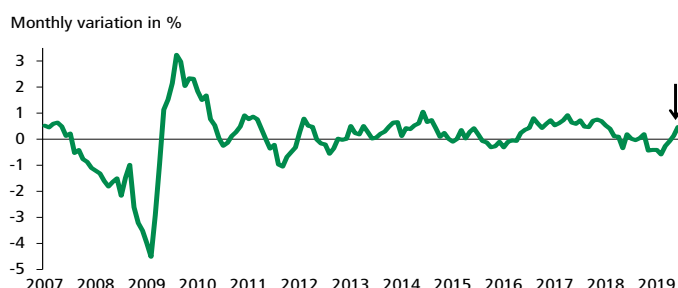


# DESJARDINS LEADING INDEX

## The DLI Firmed Up in June

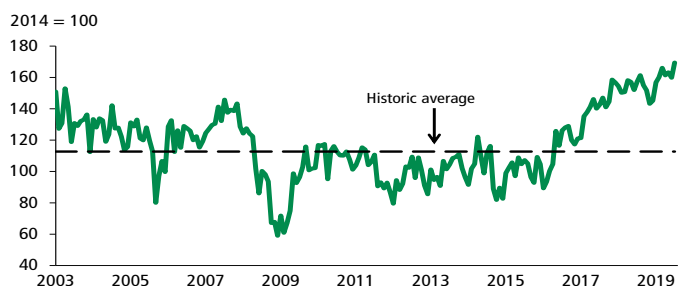
The DLI recovered substantially in June following an upswing the previous month (graph 1). June's 0.5% gain was due to a major improvement in the consumers component and an uptick in the business component. The housing component was relatively stable as residential activity in Quebec has maintained a steady pace for several months. The majority of the statistics that make up the DLI posted increases in June, a sign of fairly widespread improvement. The consumer confidence index is on an upswing,

**GRAPH 1**  
The DLI picks up steam



Source: Desjardins, Economic Studies

**GRAPH 2**  
Confidence among Quebec consumers is high

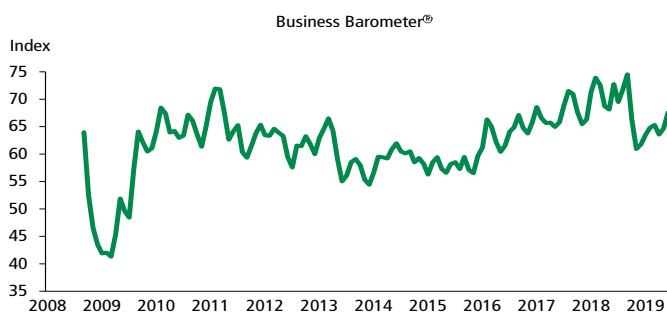


Sources: Conference Board of Canada and Desjardins, Economic Studies

The Desjardins Leading Index (DLI) is a composite index that allows market players to monitor shifts in Quebec's economy that may indicate an imminent recession or recovery in the next three to six months.

reaching its highest level since the 1980s (graph 2). The strong growth seen in Quebec in 2019 and the 4.9% unemployment rate, its lowest level in more than 40 years, have helped reassure consumers. Quebec's small business confidence index is recovering from last year's significant drop (graph 3). Global economic and political uncertainties are still being felt, thus affecting the business climate.

**GRAPH 3**  
Small business confidence is gradually improving



Sources: Canadian Federation of Independent Business and Desjardins, Economic Studies

### IMPLICATIONS

This is the second consecutive monthly gain for the DLI, on the heels of a weak period—an encouraging sign for the Quebec economy. However, even if the upward trend continues in the coming months, a number of risks remain on a global scale, particularly the trade conflict between China and the United States, which has recently intensified. Canada has not been spared, as meat exports to China have been prohibited since the end of June. It remains to be seen what repercussions this will have on international trade for the province and, by extension, on economic activity. Our forecast calls for real GDP growth in Quebec of approximately 2% this year.

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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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