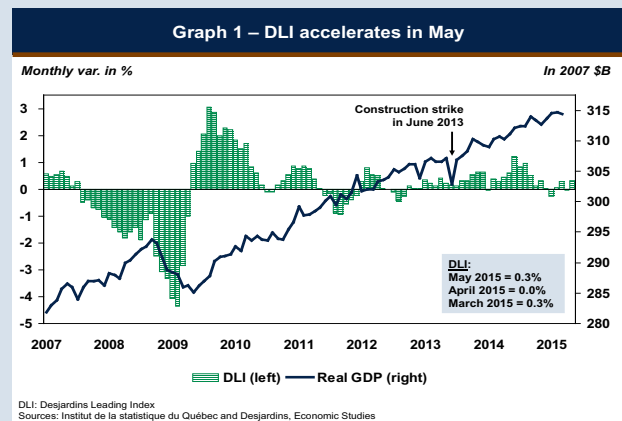


The DLI picks up steam in May

The Desjardins Leading Index (DLI) advanced 0.3% in May, following stability in April and an increase in March (graph 1). This increase is reassuring in a context where real GDP by industry slipped again in April. Even though business investment intentions are positive for 2015, investment is slow to recover. The contribution from households and the residential market will remain limited. International trade will keep the economy afloat.



CONSUMERS

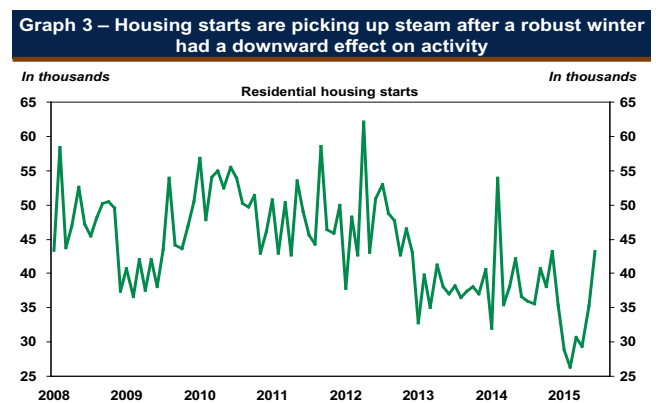
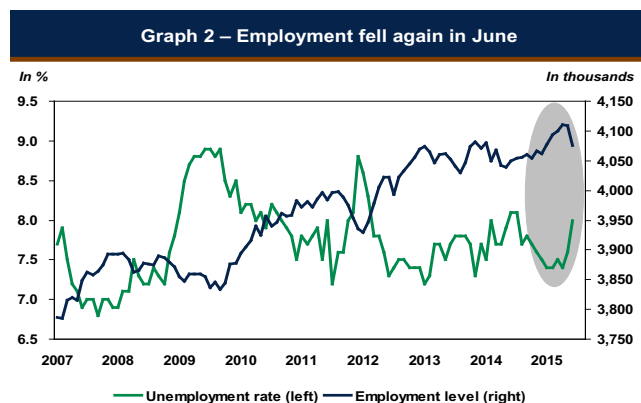
The consumers component recovered in May, mainly due to the sharp increase in consumer confidence. However, after adding 12 points, the index fell 4.3 points to 104.7 in June, a level that is still below its historical average.

The labour market contracted considerably in June, when 33,300 jobs were lost and the unemployment rate reached 8.0%, its highest level since July 2014 (graph 2). However, the losses recorded are in part-time employment, as full-time

employment advanced slightly. Despite the labour market losing steam in May and June, the performance for the first quarter was positive with the addition of 14 400 jobs since the end of 2014.

HOUSING

The housing component returned to positive territory in May after several months of decreases. Total housing starts increased sharply over the last two months, rising 20.1% in May and 22.6% in June (graph 3). The second quarter



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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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therefore ended on a positive note, as new construction reached 35,900 units, representing growth of 25.3% over the previous quarter.

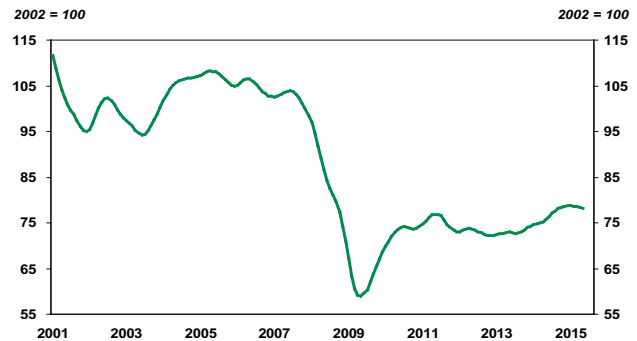
After four months of consecutive increases, existing property sales recorded a decrease in June 2015, while the average property sales price advanced very modestly to close to \$275,000. During the second quarter, transactions grew 5.7%, ending the decrease recorded during the two previous quarters. In addition, the slightly surplus situation characterizing the resale market in the province argues for a sustained rise in the average sales price in the coming months.

BUSINESSES

The businesses component decelerated again in May. International exports fell in April after advancing in March and slipping in February. The second quarter therefore starts on a negative note, but the loonie below parity and the expected improvement in the U.S. economy in the coming months should allow exports to start growing again.

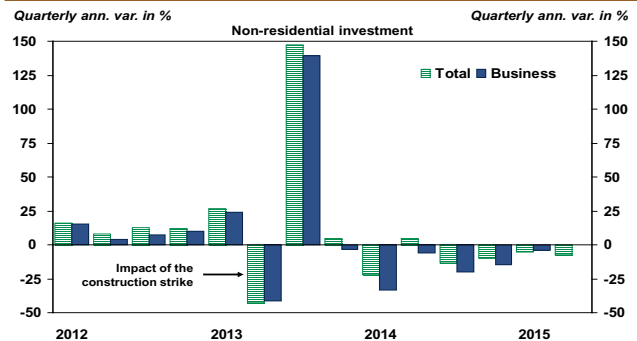
However, according to the Canadian Federation of Independent Business, SME confidence improved slightly in June. In addition, based on Statistics Canada's annual survey, investment intentions for the private and public sectors are positive for the province for 2015. After three years of decreases, growth of 2.7% is expected this year (graph 4). What's more, business investment in non-residential building construction remained stable in the second quarter of 2015 (graph 5) compared with the previous quarter, representing the best results in close to two years. We have to hope that entrepreneur confidence returns to convincing levels before seeing a true recovery on that front.

Graph 4 – The businesses component is lacklustre



Source: Desjardins, Economic Studies

Graph 5 – Business investment in non-residential buildings stabilized in the second quarter of 2015



Sources: Statistics Canada and Desjardins, Economic Studies

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