

## CANADA

### Real GDP growth was sustained in October

#### HIGHLIGHTS

- Real GDP by industry rose by 0.3% in October after a 0.4% gain in September.
- The goods industries posted growth of 0.4%. Expansion in manufacturing (0.7%), construction (0.3%) and mining and oil and gas extraction (1.2%) amply offset the contractions in agriculture, forestry, fishing and hunting (-1.4%) as well as in utilities (-1.8%).
- The service industries recorded a gain of 0.3%. In particular, educational services rallied by 2.6% due to the return to normal activities in British Columbia, after a labour dispute in September.

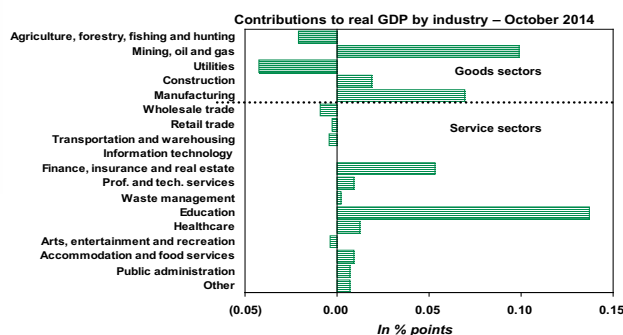
#### COMMENTS

Despite some obstacles, economic growth in Canada stayed relatively high in October. The settlement of the teachers' labour dispute in British Columbia was certainly providential, given that real GDP growth by industry would have been only 0.2% were it not for the education sector. The significant contribution from mining and oil and gas extraction is also good news, given that the price of Canadian oil (Western Canada Select) tumbled by 15% during the month. However, the oil price slump has intensified in recent weeks, and it would be surprising if the sector were to keep withstanding the effects thereof between now and the end of 2014.

The October data once again shine a spotlight on the beneficial impact of the improvement in demand from south of the border. In fact, the revised data that were also released this morning show 5.0% U.S. real GDP growth in the third quarter. Canada's manufacturing sector in particular is making the most of it, and is posting a cumulative gain of nearly 5% since the beginning of 2014.

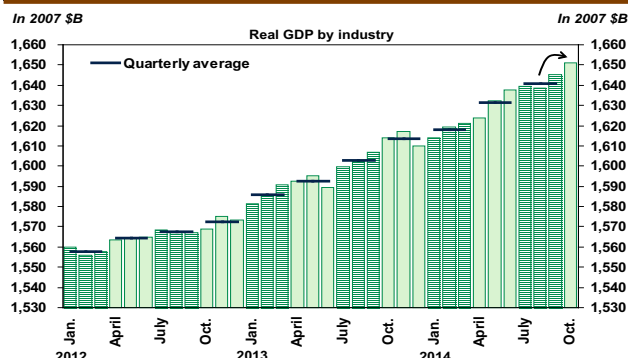
**Implications:** Real GDP growth recorded in October, combined with the beneficial base effect stemming from the fairly strong increase observed at the end of the third quarter,

#### Education, manufacturing, mining and the energy sectors boosted growth last October



Sources: Statistics Canada and Desjardins, Economic Studies

#### The fourth quarter is starting off on a very positive note



Sources: Statistics Canada and Desjardins, Economic Studies

provides an annualized quarterly carryover of around 2.7% for fourth-quarter real GDP in 2014. It now remains to be seen to what extent the tribulations of the energy sector will affect Canadian economic growth between now and the end of this year.

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