

QUEBEC

January 22, 2014

Slight pullback by international exports

HIGHLIGHTS

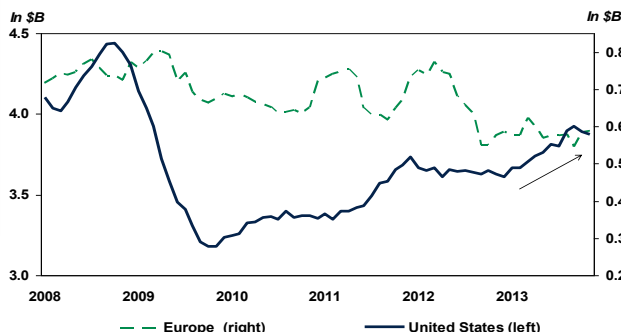
- In real terms, exports of goods abroad fell by 2.3% from October to November, the second monthly decline in a row.
- However, exports in the first 11 months of 2013 posted growth of 2.8% from the same period in 2012.
- Of the 10 main products exported by Quebec, only 2 made gains in November: shipments of completed aircraft (+15.1%) and aircraft parts (+17.0%). The aerospace sector was not strong enough to offset the retreat by other major products.
- Falling exports of aluminium, electricity, several types of paper and electrical circuits were primarily responsible for bringing international exports down in November.
- In terms of the main destinations, the data (not seasonally adjusted, in current dollars) shows monthly gains of 0.5% by exports to the United States and 8.0% to Asia. However, shipments to Europe fell 30.2%.
- In real terms, imports of goods from abroad also dropped 2.7% from October to November.

COMMENTS

The drop by international exports in November 2013 is disappointing. After recording several months of growth over the summer, the results for last fall did not meet expectations. The fact that most of the products shipped by Quebec pulled back in November is also not very reassuring. The only positive note: aerospace exports seem to be rebounding at last. Given that this is the second largest sector after aluminium, the upswing by the aerospace industry is more than welcome. Manufacturers' order backlogs, which had been trending up again Canada-wide for the last few months, are finally hitting shipments abroad by the province's aerospace sector.

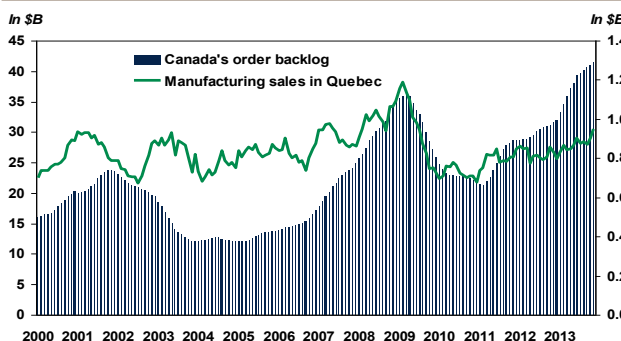
Implications: Despite November's retreat by international exports, the balance for 2013 will be positive. Exports to the United States continue to recover, helping offset the sluggishness in trade with Europe. The accelerating U.S. economy,

The trend for Quebec's exports* to the United States is positive



* Six-month moving average
Sources: Institut de la statistique du Québec and Desjardins, Economic Studies

Signals are good for the aerospace sector



Sources: Statistics Canada and Desjardins, Economic Studies

as well as the Canadian dollar's relative weakness, will continue to favour Quebec's exports. Our economic scenario still calls for improved international trade in 2014, which will allow real GDP growth to reach 1.8% this year.

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