

QUEBEC

February 25, 2015

International exports: 2014 ends with a roar

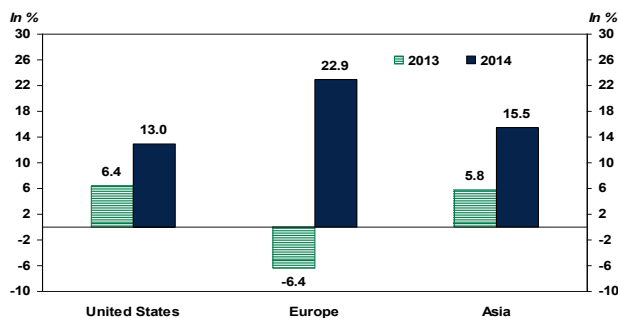
HIGHLIGHTS

- Real exports of goods abroad rose 20.0% in December after dropping the month before.
- For 2014, they are up 10.9%, the biggest annual increase since the end of the 1990s.
- Of the 25 main products exported, most posted volume growth last year. They include aluminum (+12.1%), aerospace industry parts (+22.9%), copper (+23.1%), lumber (+23.2%) and machinery and equipment parts (+18.8%).
- Some products declined last year. Among others, exports of electricity (-4.7%), pork (-12.0%), and chemicals (-16.1%) fell.
- Real goods imports dropped 0.8% in 2014. The volume of oil imported saw the biggest decline (-16.4%). However, motor vehicles rose more than 10% last year.

COMMENTS

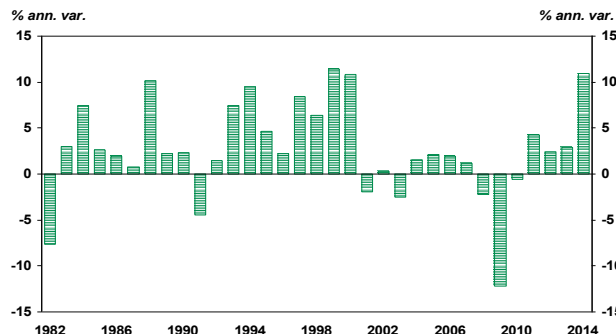
In December and for 2014 as a whole, international exports were lively, which is excellent news for Quebec's economy. Although they have been trending up for some time, the figures released this morning confirm that exports of goods abroad have accelerated substantially.

The three primary trade blocks contributed to 2014's boom in international goods exports



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

International exports post their biggest increase since the end of the 1990s



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

The boom involves a broad array of products. Moreover, the main trade blocks the province's merchandise went to—the United States, Europe and Asia—all contributed to exports' solid 2014 performance. The U.S., which absorbs nearly 70% of Quebec's exports, had a key role. Two main factors are fostering demand for export businesses: the strong U.S. economy, with growth of close to 3%, and the weak Canadian dollar, which is oscillating around US\$0.80.

The weakness in imports largely reflects the lacklustre domestic economy. Consumer spending is sluggish and business investment is taking its time in recovering. The big surge in exports and slight pullback by imports reduce the province's trade deficit. However, the balance was negative, at about \$20 billion (2007 \$) last year.

Implications: In line with our forecast scenario, the acceleration in exports will help real GDP do better in 2015, with a forecast increase of 1.7%.

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