

ECONOMIC NEWS

Quebec: Real GDP Rebounds in November

HIGHLIGHTS

- ▶ Real GDP rose 0.4% in November after declining 0.4% in October, regaining all the ground lost.
- ▶ The services sector gained 0.3% in November, following a 0.2% decline the month before.
- ▶ Goods production jumped 0.8% in November following a similar decline in October.
- ▶ According to the Institut de la statistique du Québec, abnormally cold weather in November propelled the utilities sector, especially the electricity sector. This sector posted the strongest monthly contribution to real GDP growth.
- ▶ The annual variation in real GDP stands at 2.4% for a second straight month, whereas it was previously close to 3%.
- ▶ The cumulative increase in real GDP from January to November 2019 stands at 2.9%, compared to the same period a year earlier.

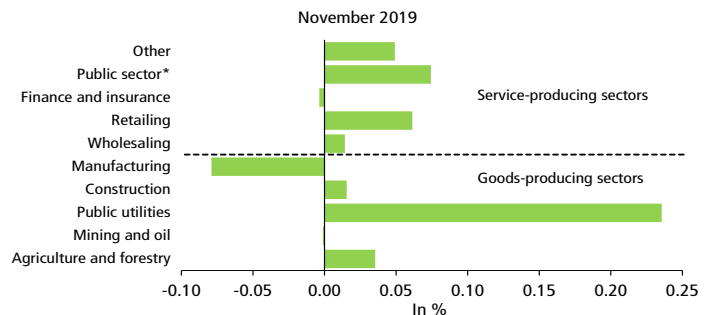
COMMENTS

The rebound in real GDP in November quickly put the economy back on track after the significant decline recorded in October. The fact that much of November's rebound was driven by the hydroelectric sector tempers some of the enthusiasm, however.

Despite the recovery in November, the last quarter of 2019 will be relatively weak. Annualized real GDP growth will certainly be less than 1% in the fourth quarter, bringing an end to the period of strong growth. Previous quarters were in the 3.0% to 3.5% range. While 2019 ends with real GDP growth of 2.9% overall, some slowing appears to be under way.

GRAPH

Contribution by sector to real GDP growth



* Includes education, healthcare and public administrations.

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

IMPLICATIONS

Despite real GDP catching up in November, Quebec's economy seems to be showing some signs of slowing down. The pace will be much slower in the last quarter of 2019, but we will have to wait for the final figures at the end of March in order to take stock. The start of 2020 will be affected by the disruptions in the rail sector that are already affecting many industries. In this context, the economic growth forecast of 1.7% for 2020 seems to be well positioned for the time being. It remains to be seen what the global effects of the coronavirus will be and what kind of repercussions it may have in Quebec.

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