

ECONOMIC NEWS

Quebec: Good investment outlook for 2017

HIGHLIGHTS

- ▶ According to Statistics Canada's survey, business and government investment intentions are up 4.9% for Quebec this year — the largest increase of all Canadian provinces.
- ▶ The anticipated growth is based on the public sector (+13.5%) while the private sector is characterized by a decline of 3.7%.
- ▶ For total investment, forecast growth is 6.1% for non-residential construction and 2.6% for machinery and equipment.
- ▶ A few sectors explain the forecast increase in 2017, including utilities, public administration, wholesaling, and accommodation and food services.
- ▶ Manufacturing investment should drop 6.6% this year, and a pullback is expected in several sectors.

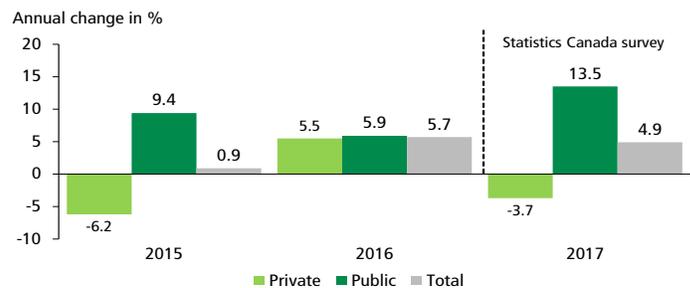
COMMENTS

The 2017 investment outlook for Quebec is good. These results are nevertheless primarily attributable to the expected boom in public investment. The major infrastructure projects and amounts allocated for certain healthcare establishments will account for the difference, especially in the greater Montreal area.

The outlook for the private sector is disappointing, especially given the fact that increasing SME confidence since last fall seemed to mean new momentum for businesses.

GRAPH

2017 investment outlook



Sources: Statistics Canada and Desjardins, Economic Studies

IMPLICATIONS

The increase in 2017 investment intentions is encouraging, but public sector projects will have to continue as expected during the year. Our forecast for economic growth continues to call for a recovery in government investment this year. For businesses, the slight improvement forecast in our scenario could give way to a downward revision.

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