

May 10, 2016

## QUEBEC

### Good investment outlook for 2016

#### HIGHLIGHTS

- According to Statistics Canada's annual survey, private and public sector investment intentions are good in Quebec this year. They are expected to rise 7.1%, the first increase after three years of decline.
- Conversely, investment is expected to erode for Canada as a whole (-4.4%), as well as in several provinces. Some stability can be expected for Ontario (-0.1%).
- In Quebec, annual growth is forecast for both non-residential construction (+5.7%), and for investment in machinery and equipment (+9.8%).
- Several industries should have a hand in the increase, such as transportation and warehousing (+25.7%) and manufacturing (+17.3%).

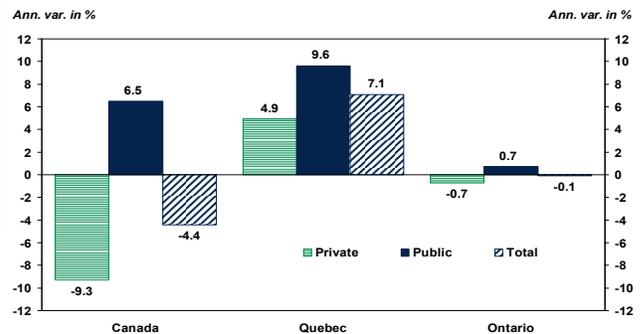
#### COMMENTS

The results of the survey on 2016 investment intentions contain good news for Quebec. Firstly, the long-awaited recovery by private sector investment should finally materialize. Private businesses expect to see their investments increase 4.9% after falling for three straight years. Quebec will therefore get 11.9% of the country's private investment. Ontario is expected to stabilize somewhat after last year's nearly 15% increase.

Public sector investment should also firm up in 2016 in Quebec (+9.6%), an increase that beats Ontario's (+0.7%) as well as the rise for Canada as a whole (+6.5%). The federal government's infrastructure program will stimulate investment in Canada. Quebec will stand out, with extensive construction on the road network, especially in the Montreal area.

More than 4 billion dollars should be invested in manufacturing in 2016, up 17.3% from last year. Strong growth is anticipated in a variety of industries, such as chemical

#### 2016 investment intentions: Quebec compares well with its neighbours



Sources: Statistics Canada and Desjardins, Economic Studies

products (+14.1%), rubber and plastic (+51.9%), machinery manufacturing (+6.9%), electronic products (+21.7%) and the printing industry (+7.6%).

**Implications:** The fact that Quebec stands out positively on 2016 investment intentions is encouraging. Given the generalized increase in the public and private sectors, as well as in many activity sectors, Quebec seems well positioned to do some catching up vis-a-vis its neighbours.

The last three years were tough and a course change is very much needed. However, the investment plans will have to be put into action. The survey is a good gauge of intentions, but business optimism must translate into actual investment. The economic forecasts for Quebec call for private and public investment to rise gradually in 2016, which is consistent with the results released this morning.

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