

May 18, 2016

QUEBEC

International exports increase in March

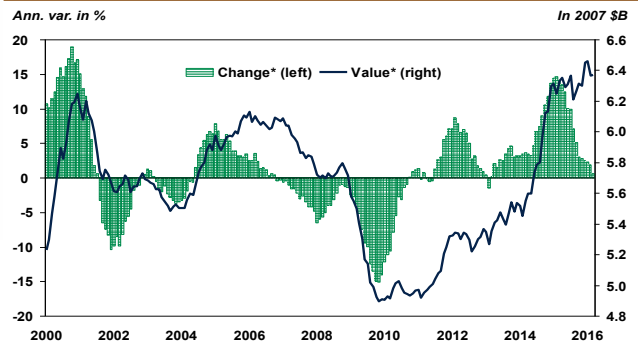
HIGHLIGHTS

- Real exports of goods abroad increased 7.4% in March, after retreating for two consecutive months.
- Of the 25 primary products exported by Quebec, 15 went up in March, including aircraft, electricity and aluminum.
- The cumulative volume of international shipments advanced 1.7% in the first quarter from the same period in 2015.
- Merchandise imports only edged up in March (+0.4%). In the first quarter of 2016, their cumulative volume fell 3.5% compared with the first quarter of 2015.

COMMENTS

After two months of pullbacks, March's upswing by international exports is prompting some relief. However, the first quarter of 2016 proved difficult. The surge in international shipments seems to have paused, in tandem with the U.S. economy's weakness during that period. In the United States, real GDP growth was just 0.5% (annualized) in the first quarter. However, some statistics suggest that the U.S. economy will bounce back as of the second quarter; this should allow Quebec exports to take off again.

Despite March's increase, international exports are tending to sag

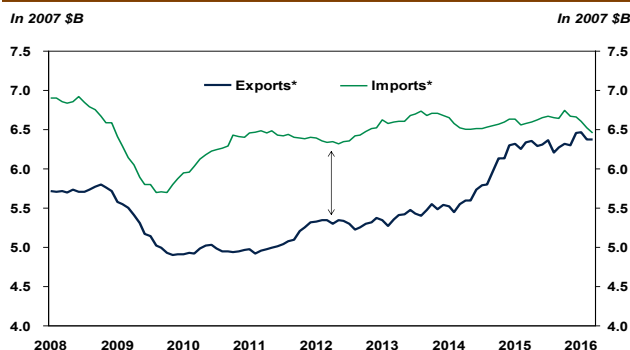


* 8-month moving averages
Sources: Institut de la statistique du Québec and Desjardins, Economic Studies

Also, the weakness in imports in March, and the pullback seen in the first quarter reflect the sluggishness of Quebec's internal economy. The trade deficit should therefore shrink somewhat during this period.

Implications: Despite March's increase in international exports, exports have been tending to crest for the last several quarters. Shipments abroad must find renewed vigour in the coming months to support Quebec's economic growth. While business investment intentions are positive for the province in 2016, particularly in manufacturing, demand from international customers will need to firm up.

The gap between imports and exports has closed sharply



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

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