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QUEBEC

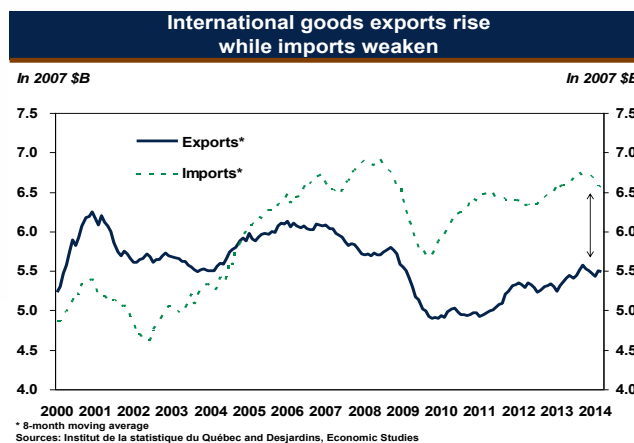
International exports advance in March

HIGHLIGHTS

- In real terms, exports of goods abroad rose 5.6% in March, similar to the gain recorded the previous month. For the first quarter to date, volumes are up 4.9% from the same period in 2013.
- The main products to advance in March were aluminum, aircraft, newsprint and electronic circuits.
- In terms of the main destinations, the data (not seasonally adjusted, in current dollars) shows a monthly gain of 21.9% by exports to the United States. For the quarter, the number is 17.2%.
- In real terms, imports of goods from abroad fell 2.4% in March and 3.6% for the first quarter.

COMMENTS

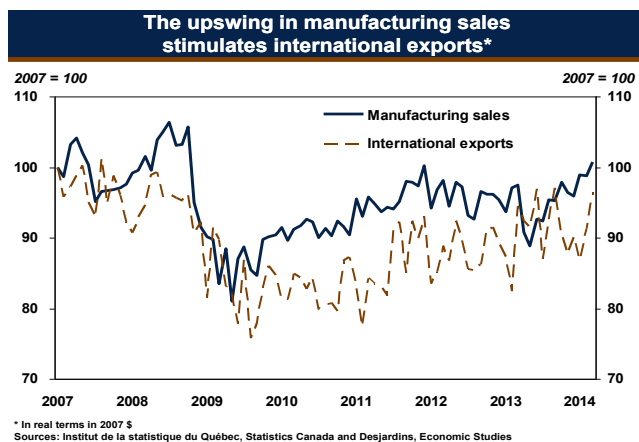
This second consecutive monthly increase in international exports sends a positive signal for Quebec's international trade. Moreover, the first quarter's 4.9% variation is revealing. These statistics are remarkable, as exports to the United States boosted the total at a time when the U.S. economy was on hold due to difficult weather conditions. While exports to Asia and Europe have not been showing a clear trend for the last few months, the opportunities with our major trading partner are setting the tone for trade.



The pullback by international imports, at 2.4% in March and 3.6% for the first quarter, attest to the soft domestic economy. Consumer spending and residential and non-residential investment are lacklustre, impacting imports. The data on the economic accounts, to be released in June, should therefore show a net improvement to the province's trade balance.

Implications: The more convincing upswing by exports and weak imports are consistent with our forecast scenario. International trade will be the main pillar of economic growth this year, with the internal economy remaining sluggish for a second straight year. However, shipments abroad will have to stay on an upward path in the months to come. Given that manufacturing sales are heading up and order books are full, Quebec's exports should do the same.

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