

May 22, 2015

 **QUEBEC**

## Real GDP pulls back in February

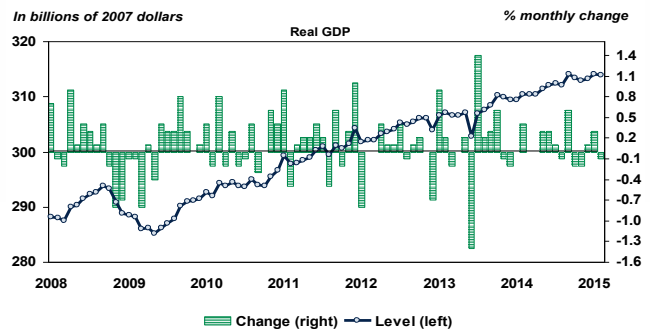
### HIGHLIGHTS

- Real GDP by industry ticked down 0.1% in February after rising the previous month. January's figure was also revised from 0.2% to 0.3%. For the first two months of the year, the total annual increase is 1.3%.
- Electricity production drove growth by utilities, which made a big contribution to real GDP growth. Without this sector, economic activity posted a -0.4% decline for February.
- Goods production fell 0.6% in February. Several sectors contracted sharply, including construction and manufacturing.
- The service industry edged up, gaining a monthly 0.1%. Retailing, finance and insurance, and business services posted the strongest growth.

### COMMENTS

We had expected the economy to tick down in February. Although the retail sales figures Statistics Canada published for the month had turned around, other data was down in February, including manufacturing sales, exports and housing starts. The winter's extraordinarily cold weather seems to have slowed many industries, including construction. On the other hand, it stimulated electricity production in

### The real GDP is struggling to post several gains in a row



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

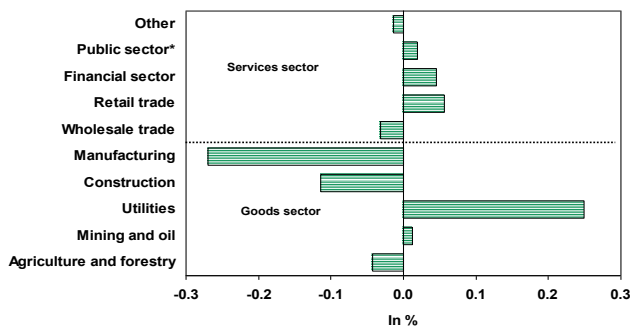
Quebec. Overall, the carryover for real GDP is fairly slight for the first quarter, at an annualized increase of 0.4%.

The harsh weather also sapped the U.S. economy in the first quarter. There, real GDP posted a weak annualized 0.2% increase. In Canada, the adverse impact of low oil prices on the economies of oil-producing provinces worsened the unfavourable context, which should limit real GDP growth to an annualized 0.3%.

March looks fairly solid for Quebec's economic growth, however. Retail sales jumped 1.0%, while manufacturing sales and exports went up of more than 6.0%.

**Implications:** Despite February's downtick, Quebec's annualized real GDP growth should be above 1% for the first quarter. The rebound expected in North America for the second quarter should make itself felt in Quebec, where the pace should pick up to hit the 1.7% target for growth in 2015.

### Contribution to real GDP growth in February



\* Education, healthcare and public administrations.  
Sources: Institut de la statistique du Québec and Desjardins, Economic Studies

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