

## ECONOMIC NEWS

# Quebec: Real GDP Edged up in February

### HIGHLIGHTS

- ▶ Real GDP grew 0.1% in February after holding steady in January. Respective monthly gains of 0.6% and 0.5% were recorded in November and December 2016.
- ▶ The backslide in manufacturing, mining and wholesaling as well as agriculture and forestry prevented real GDP from growing faster in February.
- ▶ Real GDP for the first two months of 2017 still turned out to be 2.0% higher than the same period last year. In Canada, the advance was 2.4%.

### COMMENTS

Even though the start of 2017 appeared fairly slow in terms of economic growth, the results are satisfactory. No pullback was observed after the strong conclusion to 2016. Annualized real GDP growth should even hover around 2.5% in the first quarter, a rate similar to that of the previous two quarters. Quebec's economy is therefore holding a good cruising speed for the time being.

A particularly rainy spring could dampen the pace for April and May, especially for retailers, wholesalers and seasonal industries related to outdoor work.

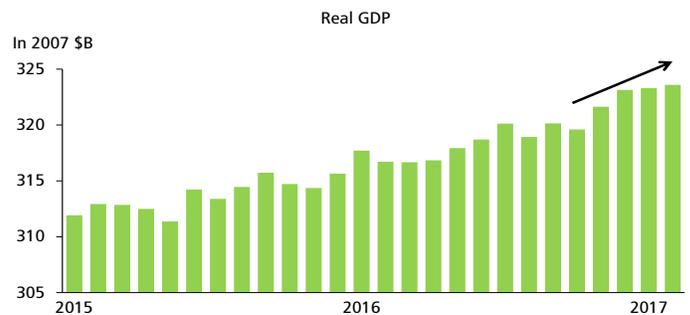
While floods paralyzed a portion of the land in several Quebec municipalities, few industries seem to have been affected. The work to rebuild homes and infrastructure will require large sums.

The coming change in the forestry sector is to be watched, given the 20% countervailing duties that the United States now imposes on Canadian lumber exports.

In addition, monthly data from the Institut de la statistique du Québec have been revised since the beginning of 2016. Based on real GDP by industry, real GDP rose to 1.7% last year, compared with 2.0% from previous estimates. Every quarter in 2016 was revised downward, but the quarters of the second half remained above 2%.

### GRAPH

#### Economic activity posted a positive trend



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

### IMPLICATIONS

Even though real GDP edged up only slightly in February, Quebec's economy is still trending up. Several specific elements will affect the coming results for spring, but the fundamental factors should remain favourable. Caution is still in order, however, given the uncertainties related to the Trump administration's trade policies.

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