

## QUEBEC

July 6, 2015

### Investment outlook: Increase in Quebec in 2015

#### HIGHLIGHTS

- According to Statistics Canada's annual survey, both private and public investment intentions are favourable for Quebec this year, with an expected increase of 2.7%. This is the first increase in three years.
- The increase stems from several sectors, including manufacturing (+4.1%), wholesaling (+3.7%) and transportation and warehousing.
- A decrease is expected in several other provinces, namely Alberta, British Columbia and Ontario.
- Canada has experienced a 4.9% pullback after five years of growth. In comparison, a pullback of 13.9% occurred during the recession in 2009.
- The 18.7% plummet in the oil and natural gas extraction sector is at the heart of the country's slide.

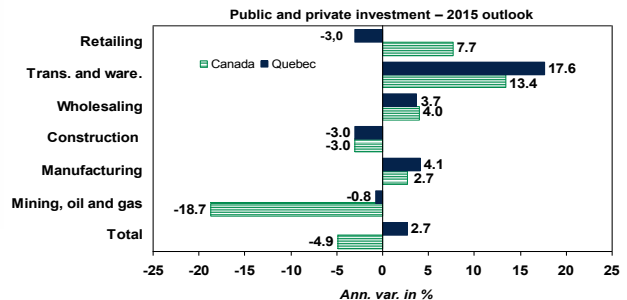
#### COMMENTS

Unsurprisingly, weakness in oil prices negatively affects investment intentions in Canada. However, the dip is not generalized, as an improvement is expected in manufacturing (+2.7%) and in most service sectors, including wholesaling, retailing and transportation and warehousing. The picture is therefore not as somber for the overall country.

The fact that Quebec is not an oil-producing province will help it do better than Canada this year in terms of investment. Quebec has quite a good standing among Canadian provinces, but the 2.7% is not exactly convincing. Several sectors are posting decreases, and expected improvement rests mainly with manufacturing and transportation and warehousing. Exporting companies are therefore contributing to raising the survey's results.

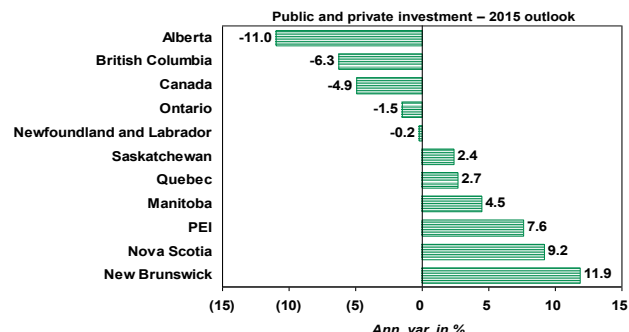
**Implications:** The fact that investment intentions are slightly positive for Quebec in 2015 is encouraging, but the situation will need to turn around in the second half of the year to record a gain. For now, business leader confidence

Other than the plummet in the oil industry, investment intentions are fairly similar in Quebec and Canada



Sources: Statistics Canada and Desjardins, Economic Studies

Contrary to several provinces, the investment outlook is positive in Quebec



Sources: Statistics Canada and Desjardins, Economic Studies

remains fairly low in the province, and investment projects are slow to start. This morning's numbers bring a ray of hope. The expected growth in the manufacturing sector shows that the upward trend in exports is finally starting to be reflected in investment intentions in Quebec.

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