

ECONOMIC NEWS

Quebec: Exportations Are Starting to Climb

HIGHLIGHTS

- ▶ In real terms, exports of goods abroad climbed 4.8% in May, after an unprecedented drop of 18.0% in April.
- ▶ The volume of international exports dropped a total of 6.9% in the first five months of 2020 compared with the same period last year.
- ▶ In real terms, imports of goods from abroad dropped 4.0% in May after plunging 30.4% in April. Compared with 2019, the pullback between January and May 2020 stands at 21.7%.
- ▶ In value, exports abroad for May 2020 are down 23.6% from May 2019. Shipments to most destination countries are down, particularly shipments to the United States, which have decreased 22.4% in one year.

COMMENTS

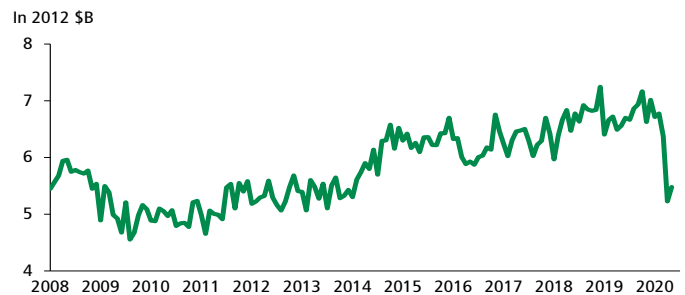
As for many of Quebec's other economic statistics, May marked the beginning of the recovery of international exports. The end of lockdown measures, which continued in May with the reopening of non-essential manufacturing businesses, explains this improvement. The latter is far from being generalized to all sectors of activity, and accordingly is standing on shaky ground.

For now, the recovery is more convincing than Canada's, whose exports abroad barely increased in May. The Quebec rebound is based largely on the aerospace sector, despite the period of serious difficulties that will continue. This upswing should therefore be fleeting and rein in the recovery of shipments abroad in the coming months. Despite the large weight of this sector, Quebec is fortunate in having a very diversified industrial structure.

International goods imports fell for the fourth month in a row in May. Quebec acquires road vehicles and petroleum products in particular from abroad, and demand for these products was still low in May.

GRAPH

The comeback in international exports is slight



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

IMPLICATIONS

Despite the pick-up in exports, the road ahead for international exports in the coming months will be tough. While the recovery seems to be underway, we can expect seesaw statistics. Furthermore, a return to pre-COVID-19 levels is not expected in the coming quarters. The global economy should continue to recover, but the aerospace sector's difficulties and the potential disappearance of certain companies will prevent a return to normal. A good sign is the implementation of Canada–United States–Mexico Agreement (CUSMA) on July 1, which has turned down uncertainty for exporters a notch. However, U.S. tariffs on aluminum remain a possibility.

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