

ECONOMIC NEWS

Quebec: International Trade Continues to Recover

HIGHLIGHTS

- ▶ In real terms, goods shipped internationally were up 6.1% in June for a second consecutive monthly gain (4.2% in May). April saw an unprecedented 17.5% plunge.
- ▶ The volume of international exports dropped a total of 8.8% in the first quarter of 2020 compared with the same period last year.
- ▶ In real terms, imports of international goods jumped 29.9% after declining for four months in a row. The biggest drop—30.5%—occurred in April. The pullback for the first half of the year was 22.1% compared with the same period in 2019.
- ▶ The value of exports abroad rose 12.5% in June. During the same month, shipments to the United States and China increased 12.0% and 4.6%, respectively, while some to other destinations fell.

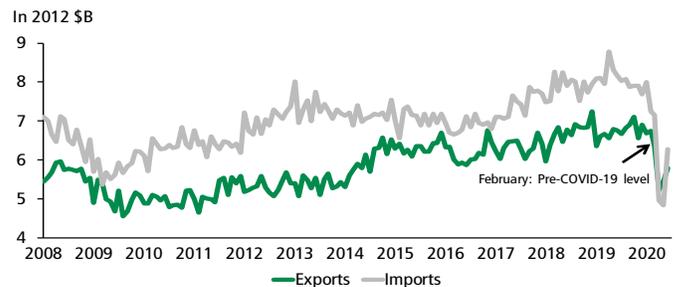
COMMENTS

Like many of the other economic statistics for Quebec, international trade continues to recover. The damage caused by the pandemic is significant, but, in real terms, exports abroad have already regained 85.9% of the ground lost since February according to the Institut de la statistique du Québec (ISQ). Still, the recovery is far from widespread among all economic sectors.

Imports are also doing extremely well, having reached 86.6% of the pre-COVID-19 peak according to the ISQ. Motor vehicles and petroleum products posted the biggest gains, as the gradual lifting of the lockdown has allowed people to move around more again and reignited auto and SUV sales.

GRAPH

Exports and imports continue to rise



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

IMPLICATIONS

The major rebound in the shipments of goods abroad and in international imports is surprising for its strength. The gradual reopening of Quebec's economy has allowed trade to restart after suddenly plunging in April. This quick improvement should slow a little in the coming months, which could also see a few temporary setbacks. The implementation of Canada–United States–Mexico Agreement (CUSMA) on July 1 this year alleviated exporter uncertainty somewhat, but the return of U.S. tariffs on aluminum has put trade tensions back on the agenda.

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