

ECONOMIC NEWS

Quebec: Real GDP Rebounds in May

HIGHLIGHTS

- ▶ Real GDP increased 10.9% in May, after dropping 14.8% in April and 9.5% in March.
- ▶ May's real GDP was 85% of February's pre-pandemic level.
- ▶ The cumulative variation in real GDP from January to May stands at -7.8%, compared with the same period in 2019.
- ▶ Goods production, which had plunged 25.1% in April, climbed 25.2% in May. The construction industry picked up when job sites reopened after the lockdown. The manufacturing sector also bounced back, like other goods-producing industries.
- ▶ Services production increased 6.3% in May after dropping 10.8% in April.

COMMENTS

May's 10.9% increase in real GDP is by far higher than the 4.5% observed for Canada as a whole. April's drop in Quebec (-14.8%) was nonetheless larger than Canada's (-11.7%). Despite this faster comeback, the damage to the Quebec economy in April will impact the second quarter results negatively.

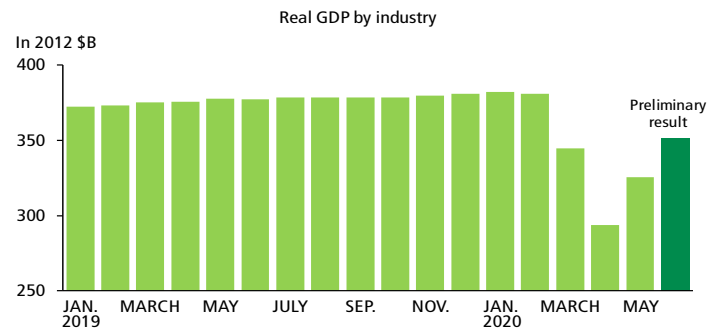
According to the preliminary estimate of the Institut de la statistique du Québec, real GDP continued to rise in June, gaining around 5%. Even so, there will be a drop of about 10% (or 40% annualized) in Q2 from the previous quarter.

IMPLICATIONS

This recovery of Quebec's economy can be explained by the easing of lockdown measures. June's preliminary estimate shows that the rally will be more gradual thereafter. The economy is on the right track, but the risks of a second wave of COVID-19 cases are still fuelling uncertainty.

GRAPH 1

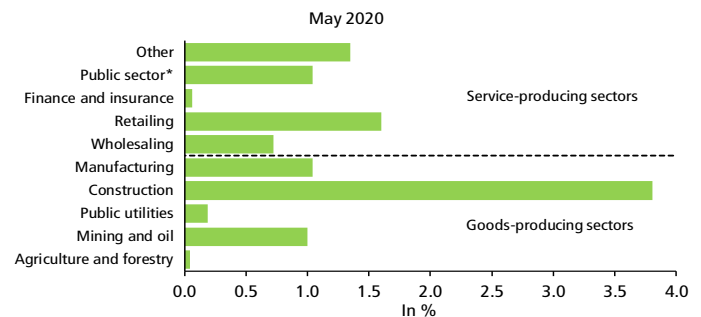
The recovery of Quebec's economy has begun



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

GRAPH 2

Contribution by sector to real GDP growth



* Includes education, healthcare and public administrations.

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

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