

QUEBEC

September 17, 2014

International exports decline in July

HIGHLIGHTS

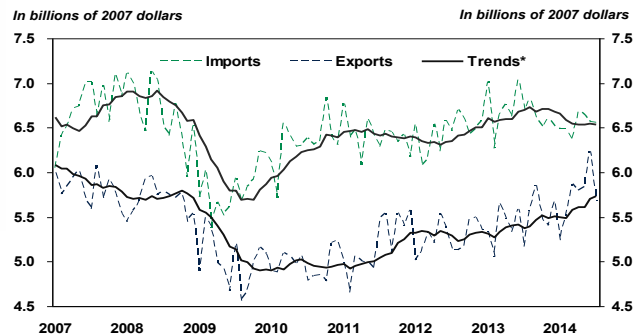
- Exports of goods abroad (in real terms) tumbled by 8.9% in July after a 6.8% gain in the previous month.
- However, the cumulative volume for the first seven months of the year is 7.1% higher than that of the same period in 2013.
- Of the five main products exported by Quebec, three recorded a pullback in July; these were aluminum (-7.6%), aircraft (-44.8%) and newsprint (-8.1%). However, iron ore (+9.8%) and aerospace parts (+7.6%) recorded month-over-month growth.
- When broken down among the main destinations, the data (not seasonally adjusted and in current dollars) show a widespread downturn in July. Declines were seen in shipments to the United States (-12.2%), Europe (-22.0%) and Asia (-6.5%). Still, the balance of exports since the beginning of 2014 is positive for each of these trading blocks.
- Imports of goods from abroad (in real terms) dipped by 0.1% in July, and the volume over the first seven months of the year fell by 2.7% compared with the same period in 2013.

COMMENTS

The July slump in international exports is disappointing. Keep in mind that they had just embarked on a period of acceleration and that the stumbling blocks finally seemed to be behind us. Plenty of hope is pinned on foreign trade to give a boost to the Quebec economy. Fortunately, the future looks promising. Given that manufacturing sales are heading up and order books are quite full, Quebec's exports should follow suit.

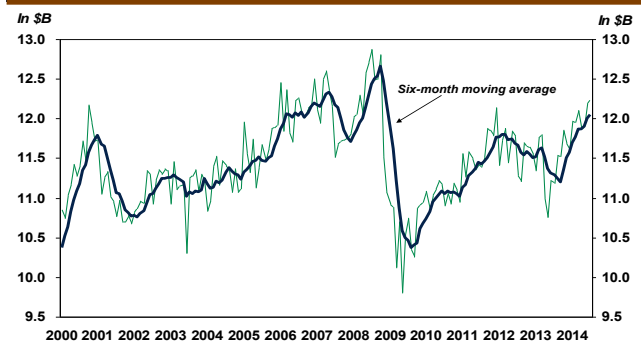
Meanwhile, the weakness in imports reflects the softness in the domestic economy. If shipments abroad start growing again in the next few months and the volume of imported products does not pick up, the trade deficit can only improve.

Despite July's downturn in international exports, the trend is still heading up



* 8-month moving average
Sources: Institut de la statistique du Québec and Desjardins, Economic Studies

Manufacturing sales are up



Sources: Statistics Canada and Desjardins, Economic Studies

Implications: The downturn in exports abroad observed in July does not call into question the upward trend that has prevailed in recent months, but the third quarter is getting off to a rocky start. Let us hope that better data will be posted for August and September, to get things back on track. The convincing growth recorded in the first and second quarters of 2014 shows that recovery by exports is well underway. Given that these monthly statistics are sometimes volatile, we should keep a positive frame of mind for the second half of the year.

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