

## ECONOMIC NEWS

# Quebec: Economic Growth Nears 3% in the Second Quarter

### HIGHLIGHTS

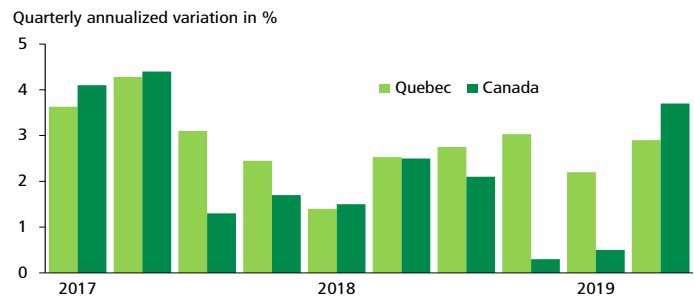
- ▶ Real GDP rose an annualized 2.9% in the second quarter of 2019. Growth in the previous quarter reached 2.2% instead of 2.4% as initially disclosed.
- ▶ This pace is lower than the 3.7% rate for Canada in the second quarter. This rebound follows a period of weakness in Canada, which saw two consecutive quarters with economic growth below 1%.
- ▶ Domestic demand in Quebec accelerated in the second quarter, growing an annualized 3.7%.
- ▶ This faster pace can be explained by the increase in business investment following several difficult quarters and by a strong increase in residential investment.
- ▶ Spending on new construction and renovations, as well as property transfer-related fees, all increased in the second quarter.
- ▶ Consumer spending rose at a slower pace, from 3.7% (annualized) in the first quarter to 1.7% in the second quarter.
- ▶ Exports from Quebec to the other provinces accelerated in the second quarter, but remained stable internationally.
- ▶ Total exports were up, but the increase in imports was even higher and the trade deficit bottomed out at \$19.2B in 2012 in the second quarter.

### COMMENTS

Quebec's economy is maintaining a good cruising speed thanks to strong domestic demand. Consumer spending and the residential housing sector reflect the vitality of households. This is buoyed by the improvement in the labour market. Business investment did well in the quarter, but has been trending downward for the past year.

### GRAPH

#### Real GDP maintains a solid pace in Quebec



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

### IMPLICATIONS

Quebec's economy is strong, but the outlook for businesses is less than rosy. Amplified by the trade war and the slowing global economy, the climate of uncertainty will slow Quebec's international exports and business investment in the coming quarters. The province's economic growth should slow to around 1.5% in the second half of 2019 and 2020.

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