

October 3, 2016



## Cooperation Week – October 16 to 22, 2016

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## QUEBEC

### Consumers are faring quite well

#### HIGHLIGHTS

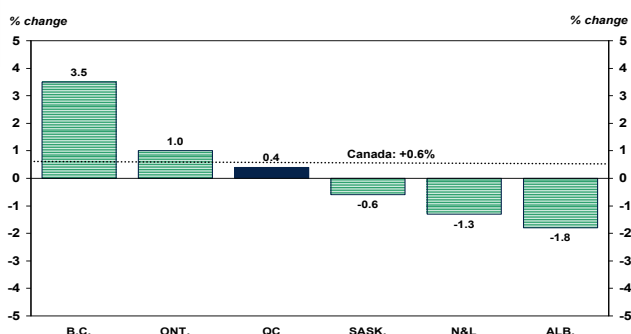
- Various statistics are showing significant economic disparities across the country.
- Quebec households are managing reasonably well. Job growth is modest, retail and new car sales are showing healthy growth, and there is no significant increase in insolvency cases.
- On the other hand, the tough times in the oil-producing provinces are affecting not just real GDP growth, but also employment and consumption. Cases of consumer insolvency are up sharply in Alberta, Saskatchewan and Newfoundland and Labrador.
- Ontario and British Columbia are recording the best data. The strong growth in jobs and retail sales bear witness to the vitality of the economy, and the number of consumer insolvencies is holding quite steady.

#### COMMENTS

Even though the Quebec economy is struggling to accelerate this year, the statistics relating to households are quite favourable. Job growth is relatively slow but is still in positive territory. Only three provinces are on the road to recording an increase in the number of workers this year, and Quebec is one of them. British Columbia now boasts the lowest unemployment rate in the country: 5.5% in August. In Ontario it is 6.7%, in Quebec, 7.1%.

The improvement in the labour market is being reflected in consumer spending in British Columbia, Ontario and Quebec. Retail sales have advanced at a steady pace, which cannot be said for the oil-producing provinces. Households in Alberta, Saskatchewan and Newfoundland and Labrador are exercising restraint.

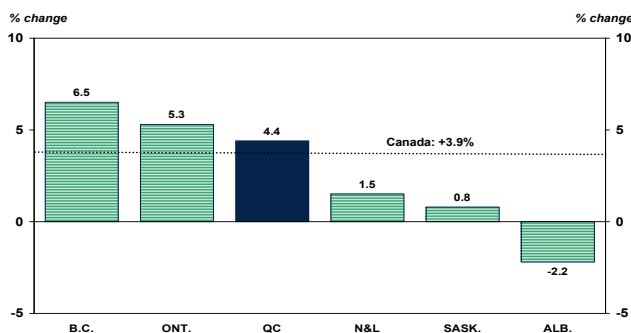
#### Rising employment\* in three provinces, including Quebec



\* Total from January to August 2016 compared with the same period in 2015.

Sources: Statistics Canada and Desjardins, Economic Studies

#### Retail sales\* show healthy growth in Quebec



\* Total from January to July 2016 compared with the same period in 2015.

Sources: Statistics Canada and Desjardins, Economic Studies

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NOTE TO READERS: The letters k, M and B are used in texts and tables to refer to thousands, millions and billions respectively.

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The same trends hold true for purchases of new vehicles. A new record for auto purchases will be set in Quebec this year. Household confidence, which is clearly above the historical average in this province, is partly responsible for those results. According to the Conference Board of Canada, the proportion of Quebecers who feel this is a good time to make a major purchase is at its highest point in the last 10 years.

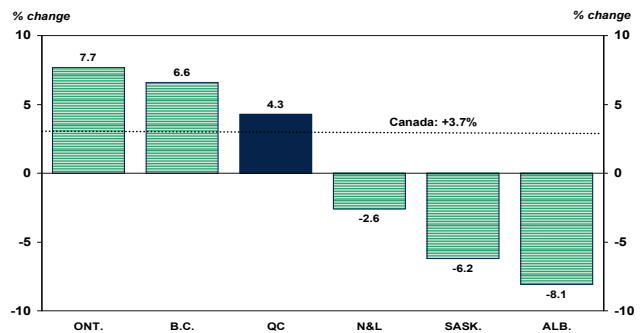
In some provinces, the economic turmoil that is the root cause of the fast deterioration of the job market has undermined the financial position of many households. The number of insolvent consumers, i.e. those who have declared bankruptcy or who have made an offer of settlement to their creditors, has shot up in the three oil-producing provinces.

Few changes have been observed in British Columbia, Ontario and Quebec. Given the relatively high household debt levels and the low savings rate, insolvency numbers are struggling to come down by any significant margin in these three provinces. In such conditions, improvement in the job market is not succeeding in reducing the number of personal bankruptcies and proposals to creditors.

In conclusion, statistics relating to consumers reveal significant regional disparities within Canada. Low energy prices are affecting the dynamics in the country. This means fair weather for Quebec consumers, compared with their counterparts in the oil-producing provinces. Thus, Quebec is enjoying a relatively high standing. However, the more moderate real GDP growth compared with Ontario and British Columbia, and the less favourable demographic factors, are preventing Quebec from achieving better results.

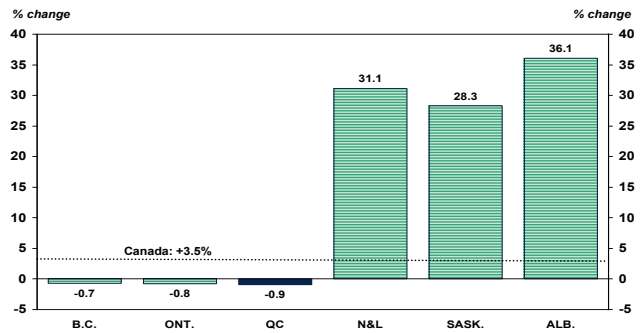
**Hélène Bégin**  
Senior Economist

**Healthy growth in Quebec auto sales**



\* Total from January to August 2016 compared with the same period in 2015.  
Sources: Desrosiers Automotive Consultants Inc. and Desjardins, Economic Studies

**Consumer insolvency cases are climbing in the oil-producing provinces**



\* July 2016 compared with July 2015.  
Sources: Office of the Superintendent of Bankruptcy Canada and Desjardins, Economic Studies