

## QUEBEC

October 23, 2014

### Economic growth paused in July

#### HIGHLIGHTS

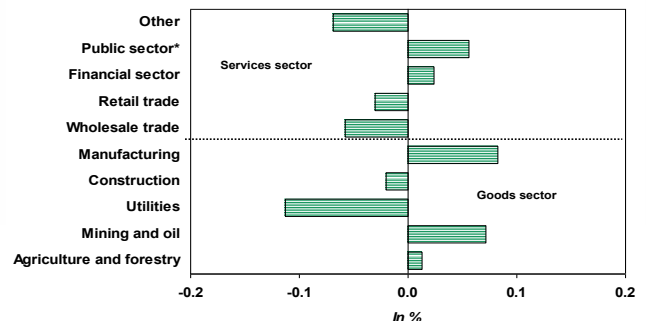
- Real GDP by industry held steady in July following rises of 0.4% in June and 0.2% in May.
- The cumulative increase for the first seven months of the year was 1.5%, compared with the same period last year.
- Half of the main activity sectors posted growth in July. Growth in goods production was recorded in the agriculture and forestry, mining and oil, and manufacturing industries. In services, growth was seen in finance and insurance, as well as in the public sector.

#### COMMENTS

Following the 0.4% gain in real GDP in June, there was little hope of seeing growth in July. In fact, many negative statistics released earlier for that month, including for retail sales, housing starts and exports, suggested that economic activity would pull back slightly. Under these circumstances, July's stability is not bad news.

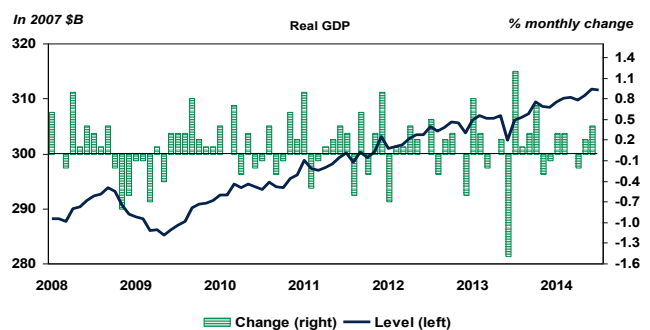
Apart from the economy's weakness, the upward trend in manufacturing is encouraging. Production increased 0.5% in July, taking the cumulative annual gain to 3.1%. This pace is twice as fast as that for all industries, reflecting stronger foreign demand for our products. The U.S. economy's solid performance and the Canadian dollar's recent depreciation should allow Quebec's manufacturing sector to stay the course.

#### Contribution to real GDP growth in July



\* Education, healthcare and public administrations.  
Sources: Institut de la statistique du Québec and Desjardins, Economic Studies

#### Real GDP remains stable in July



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

**Implications:** The third quarter is looking fairly weak despite the carryover of 1.3%. Third-quarter real GDP will have a hard time advancing more than 2%. Given that the first and second quarters rose by 1.3% and 0.7% respectively, 2014 will be fairly modest overall. In this context, Quebec's economy should grow 1.5% this year; this is in line with our most recent forecast.

**Hélène Bégin**  
Senior Economist

**François Dupuis**  
Vice-President and Chief Economist

**Hélène Bégin**  
Senior Economist

**Benoit P. Durocher**  
Senior Economist

**Francis Généreux**  
Senior Economist

418-835-2450 or 1 866 835-8444, ext. 2450  
E-mail: [desjardins.economics@desjardins.com](mailto:desjardins.economics@desjardins.com)