

ECONOMIC NEWS

Quebec: Real GDP Catches Its Breath

HIGHLIGHTS

- ▶ Real GDP held steady in August after several straight months of growth.
- ▶ The annual variation, however, remained close to 3%, with 2.8% posted in August.
- ▶ Cumulative annual real GDP growth was 2.9% for the period from January to August. In Canada, the pace was 1.4%.
- ▶ Goods production increased 0.1% in August after jumping 0.9% in July. The goods sector has posted an annual cumulative increase of 2.8% since the start of the year. All goods industries played a role in this growth.
- ▶ The services industry remained stable in August, after rising 0.3% in July, bringing the advance for the first eight months of the year to 2.9%, compared with the same period in 2018.

COMMENTS

Despite the August break in economic growth, Quebec's economy has continued to post good results for the past few quarters. While real GDP has not moved for a month, the third quarter should see annualized growth of around 3%. Significant gains from previous months are more than enough to keep the quarterly pace steady.

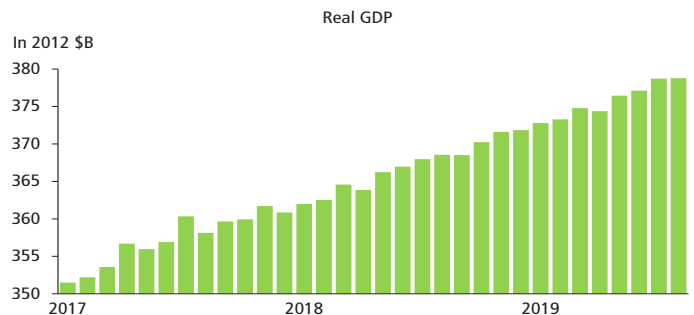
Quebec is therefore on track to post the fastest growth of all Canadian provinces in 2019, far ahead of Ontario, which is picking itself up from the residential real estate market correction. It even has more sustained real GDP growth than most major industrialized countries. Quebec's real GDP will gain between 2.5% and 3.0% in 2019.

IMPLICATIONS

Even though it took a break in August, Quebec's economy is having an excellent run. Like in the United States, this expansion cycle has been going for a decade. Unlike the U.S. economy,

GRAPH

Despite stability in August, the uptrend is firmly anchored



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

which has slowed since 2018 due to the weakening of the manufacturing sector, which has been hit by numerous tariffs, the Quebec economy is keeping the pace. While international exports have slipped since the beginning of the year, a number of positive factors have acted as a counterweight thus far.

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