



QUEBEC

November 28, 2013

Real GDP firms up in August

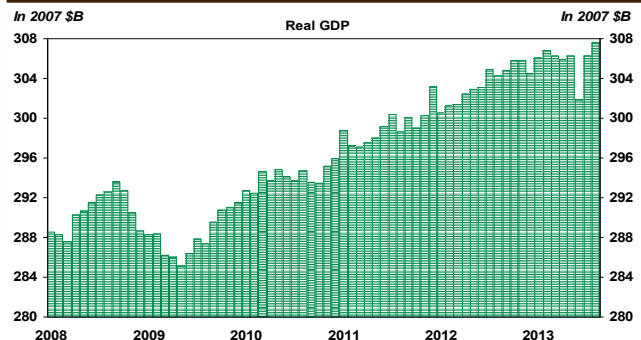
HIGHLIGHTS

- Real GDP by industry grew 0.4% in August. July saw a 1.5% jump due to the return to activity on construction sites.
- In August, production increased in both the goods (+0.3%) and services (+0.5%) industries. Except for construction, finance and insurance, and real estate services, all other activity sectors are up.
- The cumulative increase in real GDP for the first eight months of 2013 was 1.1% over the same period of 2012. In Canada, the variation was 1.5%.
- In Quebec, the goods industry saw a cumulative dip of 0.6% compared to a 1.7% rise for services.

COMMENTS

The 0.4% increase in real GDP in August was greater than expected. Various monthly statistics recently released by Statistics Canada were rather mixed, and did not point to such a positive result. Economic activity in Canada, which grew 0.3% in August thanks to the momentum of the energy sector, raised the bar high for Quebec. The province had to at least recover the ground lost during 2013, and it did.

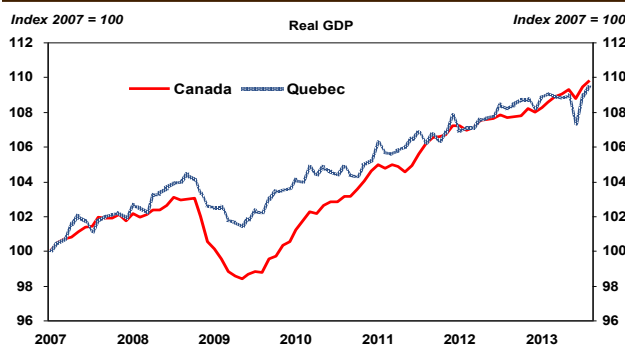
Real GDP reached a new high in August



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

While the construction strike made it difficult to interpret statistics over the summer, the sector has resumed its downward trend. Residential construction is not poised for recovery and activity in the non-residential sector is not high enough to save the day. The construction industry's share of real GDP is therefore slowly returning to normal levels.

Recent real GDP growth compares positively to Canada's growth



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

Implications: In addition to the surprise, the monthly gain in real GDP of 0.4% is significant for the province. It helps to strengthen the economic foundation that has been looking unstable for some time. The carryover for real GDP for the third quarter is 3.3%, which will put Quebec back on the right track. Given that the Desjardins Leading Index has been sending encouraging signs in recent months, we can expect an upward trend until the end of this year and at the beginning of 2014. The forecast economic growth of 1.2% for 2013 still holds.

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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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