

## QUEBEC

December 17, 2014

### International exports rise in October

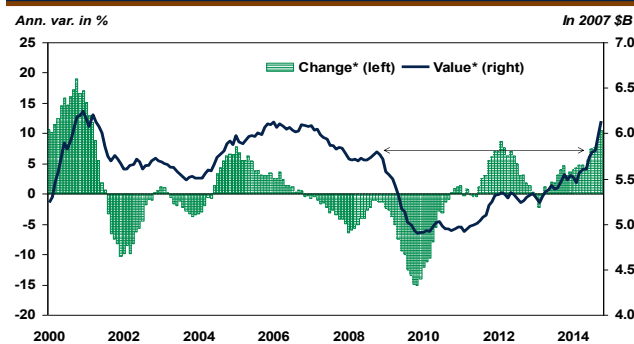
#### HIGHLIGHTS

- In real terms, exports of goods abroad were up 1.9% in October following 9.1% growth the previous month.
- For the first 10 months of 2014, the cumulative volume of international shipments from Quebec was 9.6% higher than it was in the same period in 2013.
- Several of the main products exported by Quebec have posted an increase since the start of the year. The export volume of aluminum, aircraft and their parts, iron ore, copper, wood pulp and softwood lumber saw strong advances.
- Imports of goods from abroad (in real terms) were down 1.2% in October, and the volume for the first 10 months of the year fell 1.6% compared with the same period in 2013.

#### COMMENTS

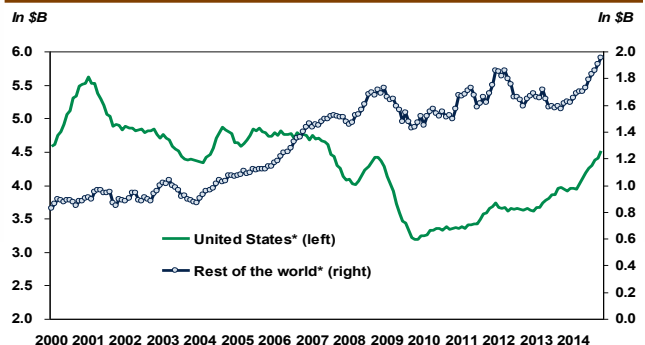
The positive trend that has prevailed for some time now has been solidified by October's increase in international exports. The recent acceleration in shipments abroad has pushed their volume past the levels seen prior to the 2008-2009 recession. Exports are buoyed by several growth poles from a geographic and industry perspective.

#### International exports recovered the ground lost in the 2008-2009 recession



\*8-month moving average  
Sources: Institut de la statistique du Québec and Desjardins, Economic Studies

#### Many regions of the world are responsible for the upward trend in Quebec's international exports



\*8-month moving average  
Sources: Institut de la statistique du Québec and Desjardins, Economic Studies

Two main factors favour demand for products from Quebec: the good performance by the U.S. economy, which is growing at around 3%, and the weak Canadian dollar, which recently fell to around \$US0.85. Given that around 70% of international exports are destined for the United States, Quebec is taking full advantage of these tailwinds. It should be noted that exports to the rest of the world are also looking up.

But weaker imports reflect a lacklustre domestic economy. There has been anemic growth in consumer spending and business investment is slow to recover. Given the strength of exports and the retreat in imports, the province's trade deficit is slowly narrowing, but it remains significant. The international trade balance is in negative territory (by about 20 billion in 2007 dollars).

**Implications:** The boom in shipments abroad is good news for Quebec. In line with our forecast scenario, economic growth is mainly driven by international trade. However, real GDP growth remains modest; it should reach 1.5% in 2014.

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