

ECONOMIC NEWS

Quebec: Economic Growth Accelerates

HIGHLIGHTS

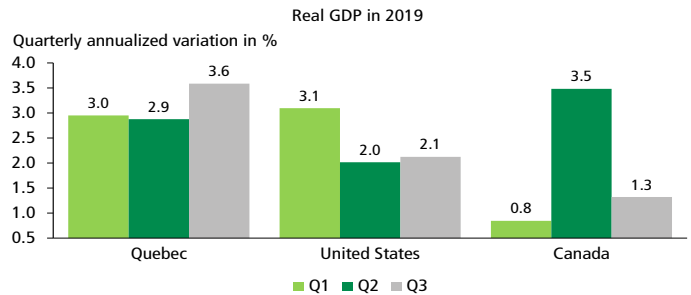
- ▶ Real GDP advanced by an annualized 3.6% in the third quarter of 2019, beating Q1's 3.0% and Q2's 2.9%.
- ▶ Growth is much faster than it is nationwide, with Canada posting economic growth of 1.3% in Q3 2019.
- ▶ Quebec's domestic demand lost a little momentum in the third quarter, rising an annualized 2.7%. All of the economy's internal components contributed to growth.
- ▶ Consumer spending continued to slow, dropping from 2.2% (annualized) in the second quarter to 1.5% in the third.
- ▶ Households' after-tax income growth accelerated, posting an annualized variation of about 6% in the third quarter. The savings rate climbed to 9.1%, a peak not seen since 1995.
- ▶ Public spending shot up 5.2% (annualized) in Q3.
- ▶ Business investment posted an annualized increase of 4.5%, the third quarterly gain in a row.
- ▶ Residential investment remains sustained at an annualized 5.3% in Q3. New construction, renovation spending and expenses related to home sales had a hand in the increase.
- ▶ The annualized increase in exports (+4.1%) combined with the drop in imports (-2.0%) trimmed the trade deficit, which went from \$15.1B in 2012 to \$12.2B in 2012 dollars in the third quarter.

COMMENTS

Clearly, Quebec's economy continues to stand out in a context in which most industrialized countries are showing slowed growth. Quebec's faster tempo, which is based on a solid performance by all GDP components, posted a flawless record in the third quarter. The acceleration by households' after-tax income and the surge by the savings rate to 9.1% merit a special mention.

GRAPH

In contrast with the United States and Canada, economic growth has not slowed in Quebec this year



Sources: U.S. Bureau of Economic Analysis, Statistics Canada, Institut de la statistique du Québec and Desjardins, Economic Studies

IMPLICATIONS

Once again, real GDP growth has beaten expectations. The Quebec economy's momentum is built on many factors which are prolonging this period of resilience.¹ The pace is expected to slow as of next year, but signs of slowing have not yet materialized.

Hélène Bégin, Senior Economist

François Dupuis, Vice-President and Chief Economist • Mathieu D'Anjou, Deputy Chief Economist
 Hélène Bégin, Senior Economist • Benoit P. Durocher, Senior Economist • Francis Généreux, Senior Economist • Joëlle Noreau, Senior Economist
 Desjardins, Economic Studies: 418-835-2450 or 1 866-835-8444, ext. 5562450 • desjardins.economics@desjardins.com • desjardins.com/economics

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

IMPORTANT: This document is based on public information and may under no circumstances be used or construed as a commitment by Desjardins Group. While the information provided has been determined on the basis of data obtained from sources that are deemed to be reliable, Desjardins Group in no way warrants that the information is accurate or complete. The document is provided solely for information purposes and does not constitute an offer or solicitation for purchase or sale. Desjardins Group takes no responsibility for the consequences of any decision whatsoever made on the basis of the data contained herein and does not hereby undertake to provide any advice, notably in the area of investment services. The data on prices or margins are provided for information purposes and may be modified at any time, based on such factors as market conditions. The past performances and projections expressed herein are no guarantee of future performance. The opinions and forecasts contained herein are, unless otherwise indicated, those of the document's authors and do not represent the opinions of any other person or the official position of Desjardins Group. Copyright © 2019, Desjardins Group. All rights reserved.

¹ [Quebec's Economy Soars: Several Factors Explain the Current Resilience](#), Desjardins, Economic Studies, *Economic Viewpoint*, December 9, 2019, 6 p.