

April 22, 2015

## QUEBEC

### International exports: A rocky start to the year

#### HIGHLIGHTS

- Exports of goods abroad (in real terms) slipped 0.5% in February after plummeting 15.9% the previous month.
- Over half of the 25 main products exported were down in February. Light fuel oil, aircraft and copper products were the hardest hit.
- Imports of goods (in real terms) fell 10.7% in February. The sharpest decrease was in the volume of crude oil imported, and imports of automobiles also plunged.

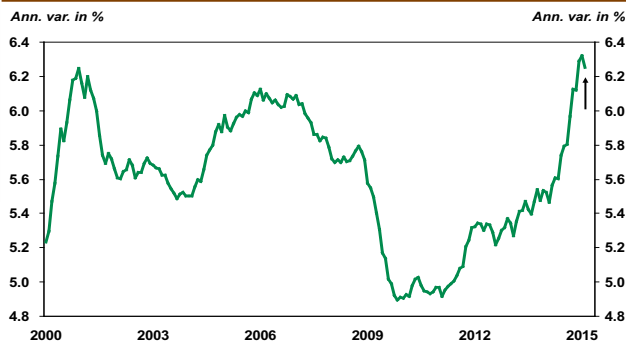
#### COMMENTS

After a strong end to 2014, international exports have recorded decreases for two consecutive months. Performance in the first quarter will no doubt be negative. However, this is not enough to call into question the upward trend prevailing for some time. The temporary difficulties in the U.S. economy in the first quarter, such as difficult weather conditions that disrupted merchandise transportation, probably had an impact on Quebec's shipments south of the border. Data for the coming months will shed light on this.

Quebec's imports continued to fall. Total imports dropped 10.7% in February. Excluding oil, the monthly downturn is -5.6%. Note that nearly half of products shipped to Quebec are from the United States. The poor weather affected the movement of merchandise at the beginning of the year.

Beyond these temporary difficulties, sluggish imports that have persisted for several quarters underlie Quebec's anaemic domestic demand. Consumption is slowing, residential construction is continuing to slow and business investment that is slow to turn around are doing nothing to stimulate imports.

#### The boom in international exports takes a break



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

**Implications:** Soft shipments abroad at the beginning of the year must be interpreted with care in light of bad weather conditions in the United States. The contribution of exports to Quebec's economic growth will no doubt be negative for the first quarter, but it should return to positive territory quickly thereafter. Since real GDP growth in the United States should rebound starting in the next quarter and the Canadian dollar should continue to hover around US\$0.80, exports from the province should quickly start to grow again. Despite a tough start to the year, our forecast scenario still calls for an acceleration in international exports in 2015. This will be critical to real GDP growing at a faster 1.7% in 2015 compared with 1.3% in 2014.

**Hélène Bégin**  
Senior Economist

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

**Hélène Bégin**  
Senior Economist

**Benoît P. Durocher**  
Senior Economist

**Francis Généreux**  
Senior Economist

514-281-2336 or 1 866 866-7000, ext. 2336  
E-mail: [desjardins.economics@desjardins.com](mailto:desjardins.economics@desjardins.com)