

April 23, 2015

QUEBEC

Increase in real GDP in January

HIGHLIGHTS

- Real GDP by industry rose 0.2% from December to January after holding steady during the previous month. The annual change is 1.2%.
- In January, activity increased in 11 of the 20 major industries.
- All goods-producing sectors posted a monthly increase. The utilities industry, which includes electricity production, contributed most to real GDP growth in January.
- The services industry suffered a decline. Several sectors of activity performed well, but the pullback in retailing weighed heavily.

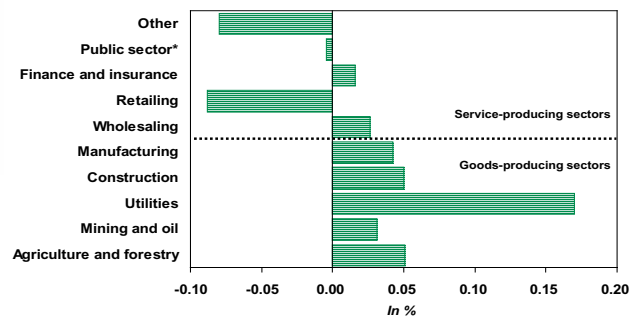
COMMENTS

This morning's numbers were received with some relief. Data released earlier, such as retail sales, housing starts and international exports, suggested a negative start to the year for real GDP. Unusual weather conditions at the beginning of the year muddied the waters for many industries, making it more difficult to interpret January's data.

A particularly cold January in North America boosted electricity production in Quebec and resulted in utilities contributing significantly to economic growth. Excluding this industry, real GDP remained practically unchanged in January.

The fact that the five major goods-producing sectors grew in January is an impressive feat, particularly for construction. Extremely cold temperatures put housing starts in a deep freeze, and activity remained sluggish in the non-residential sector. Residential renovation expenses and civil engineering work contributed to a 0.8% increase in construction GDP in January.

Contribution to real GDP growth in January



* Includes education, healthcare and public administrations.
Sources: Institut de la statistique du Québec and Desjardins, Economic Studies

Implications: January's gain in real GDP means the year is starting on a positive note. However, since the final quarter of 2014 ended with anaemic growth, data for the next month will be critical in assessing the strength of the Quebec economy's foundations. Exceptionally cold weather that persisted throughout the first quarter may affect statistics for this period. We will likely have to wait a few months to have a clearer picture of the health of the economy.

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