

## ECONOMIC NEWS

# Quebec: Real GDP Takes a Breather

### HIGHLIGHTS

- ▶ Real GDP was stable in January after recording two strong advances at the end of 2016, with increases of 0.5% in December and 0.7% in November.
- ▶ Three of the main sectors had solid showings in January, with manufacturing, mining, oil and gas and the retail sectors all performing well.
- ▶ Construction, the public sector, wholesale trade and public utilities all posted declines in January.
- ▶ The annual change in January for all industries was 1.9%.

### COMMENTS

After ending 2016 like a lion, a lull in economic activity was expected in January. The stable real GDP is at least making it possible to build on the progress made in recent months and start 2017 on solid footing.

Among the standout sectors, manufacturing has been humming for the past few months. The jump in January stemmed equally from durable goods such as fabricated metal product manufacturing, and non-durable goods such as food.

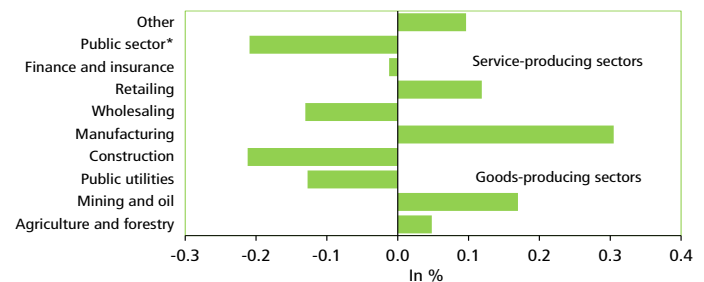
Future movements in the forestry sector will have to be watched closely given the countervailing duties of about 20% announced by the United States that will be slapped on Canadian softwood lumber exports.

### IMPLICATIONS

Although the real GDP stayed put in January, Quebec's economy is still on a positive trajectory. The annualized carryover for the first quarter reached 2.1%, which bodes well for the first three months of 2017. This is in line with our recent real GDP growth forecast of 2.0% for 2017 overall.

### GRAPH 1

**Contribution of sectors to real GDP change in January**

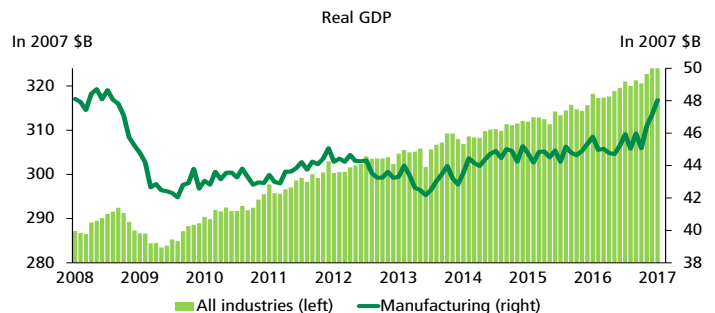


\* Includes education, healthcare and public administrations.

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

### GRAPH 2

**Manufacturing contributed to growth**



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

While manufacturing has contributed to real GDP for the past few months, the rest of the economy is also trending upward. Caution is still in order, however, given the other changes that could be made to the Trump administration's trade policies.

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