

ECONOMIC NEWS

Recovery of Quebec's Real GDP Almost Complete

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HIGHLIGHTS

- ▶ Real GDP jumped 1.1% in February after 3 smaller monthly increases in the preceding months. January's gain was revised up from 0.1% to 0.3%.
- ▶ The reopening of non-essential retail stores and of restaurants in some areas of Quebec in February boosted real GDP.
- ▶ The economic recovery that started in May 2020 is almost complete despite some shaky moments last fall. Real GDP in February 2021 reached 99.4% of the level recorded in February 2020.
- ▶ Canada saw real GDP hit 0.4% in February 2021. The economy has returned to 97.8% of its pre-pandemic level at a pace just a little slower than Quebec's.

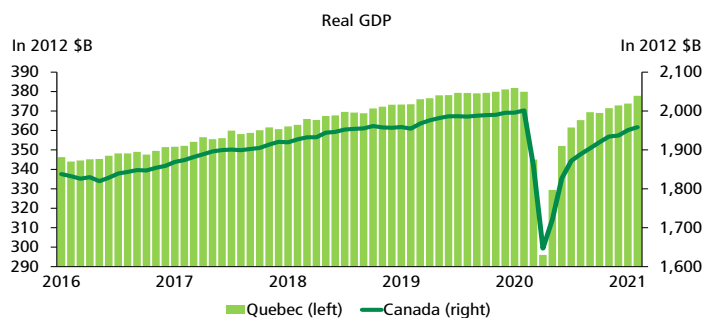
COMMENTS

Quebec's economy was expected to rebound strongly in February as the lockdown began lifting in some sectors. The reopening on February 8 of all retail stores selling non-essential goods throughout Quebec primarily explains this economic boost, with output in this sector up 18.7% in February.

The reopening on February 8 of restaurants and gyms in 6 orange zones also helped drive up real GDP in February. The curfew, which was pushed back to start at 9:30 p.m. instead of 8 p.m., also had a positive effect. The 6 orange zones at the time were: Gasp sie, Bas-Saint-Laurent, Saguenay-Lac-St-Jean, C te-Nord, Nord-du-Qu bec and Abitibi-T miscamingue.

GRAPH

Economic Recovery: Quebec Pulls Ahead of Canada



Sources: Institut de la statistique du Qu bec, Statistics Canada and Desjardins, Economic Studies

IMPLICATIONS

Even if real GDP fell slightly in October 2020 when the second wave of business closures started, the first signs of economic growth reappeared in November, with the pace quickening in February. Real GDP should continue to grow in March and subsequent months, even if some measures were implemented in the spring in response to the third wave. The gradual lifting of the lockdown and the curfew ending on May 28 will give the economy another boost.

Although some industries, especially accommodation, food services and stores selling non-essential goods, face a steeper uphill climb, the economy overall has been surprising. On the one hand, sectors less affected by the pandemic were clearly more resilient than anticipated and, on the other hand, the recovery has been faster than expected.