



# NEWS

## QUEBEC'S ECONOMIC PERFORMANCE POISED TO IMPROVE MODESTLY IN 2013: RBC ECONOMICS

**TORONTO, June 19, 2013** — Stronger performance in the provincial external trade sector and an increase in consumer spending will drive Quebec's economic growth modestly higher in 2013, according to the latest [RBC Economics Provincial Outlook](#) issued today. An expected decline in residential investment, among other factors, will limit the extent to which activity will pick up; RBC projects provincial real GDP to grow at a rate of 1.4 per cent in 2013 from 1.0 per cent in 2012.

"While this is not set in stone, the first estimate for Quebec's growth in 2012 came in at 1.0 per cent – the slowest rate for the province in a non-recessionary period since 1989," said Craig Wright, senior vice-president and chief economist, RBC. "The good news, however, is that economic activity has seen a pick-up in recent months – namely, in manufacturing and exports – which should continue to support growth in 2013."

Since the fourth quarter of last year, the RBC Provincial Outlook notes that there have been notable advances in several of the province's manufacturing industries, including: primary metals, transportation equipment, paper chemicals, machinery and equipment, plastic products and furniture. Growth predominantly occurred in export markets, with strong gains among Quebec's top export commodities – including aluminum, aircrafts, iron ore, chemicals, wood pulp, newsprint and softwood lumber.

RBC says that while demand did decline for some products, such as electricity, the recent encouraging developments within Quebec's key external trade sectors generally support the view that the province's net exports will be a contributor to growth in 2013.

In fact, RBC's monitoring of monthly GDP estimates from the Institut de la statistique du Québec (ISQ) suggests that the economy strengthened in the first quarter of 2013 to a quarterly annualized growth rate of 2.5 per cent, the fastest pace in two years.

The ISQ estimates also indicate that the Quebec retail trade industry continued to expand for the third consecutive quarter in the first quarter of 2013 – further evidence that consumer spending is trending higher and will add to provincial growth for the remainder of 2013.

RBC notes, however, that Quebec's economy continues to face challenges. In particular, residential construction is now being impacted by slower housing market activity in the past year, with provincial housing starts falling more than 15 per cent since last fall. RBC expects starts to stabilize at recent low levels and total only 38,800 units in 2013, down from 47,400 units in 2012, and that residential investment will fall this year.

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The RBC Economics Provincial Outlook assesses the provinces according to economic growth, employment growth, unemployment rates, retail sales, housing starts and consumer price indices. The full report and provincial details are available online as of 8 a.m. ET today at [rbc.com/economics/market/pdf/provcst.pdf](http://rbc.com/economics/market/pdf/provcst.pdf).

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