



QUEBEC'S ECONOMY SLOWLY ADVANCES: RBC ECONOMICS

Significant job losses this fall a source of concern

TORONTO, December 12, 2011 — Quebec's economy continues to face challenges in the latter half of 2011, according to the latest [RBC Economics Provincial Outlook](#) report. RBC is concerned that recent slowing in the provincial job market reflects sluggish underlying economic momentum and has revised its real GDP growth forecast lower for both 2011 and 2012 in the province – to 1.4 per cent this year and 1.8 per cent next year.

Recent deterioration in Quebec's labour market has erased the job gains experienced in the early months of this year. Back-to-back losses totaling 44,000 jobs in October and November resulted in the worst two-month job loss since 1982. RBC fears that the recent weakening provincial job market will dampen consumer confidence in 2012.

“In retrospect, we may have been overly optimistic about growth in the province,” said Craig Wright, senior vice-president and chief economist, RBC. “While we remain confident that Quebec's economy will improve, the fact remains that it is carrying very little momentum going into 2012.”

RBC has revised its Quebec economic forecast downwards partly to reflect data already in the books; the *Institut de la statistique du Québec* (ISQ) figures indicate that the drop in real GDP in the second quarter (-0.8 per cent on an annualized basis) was deeper than RBC originally assumed. Monthly real GDP estimates are hinting at an annualized growth rate of just 0.8 per cent in the third quarter.

The RBC report notes that both federal and provincial governments are now focusing on eliminating their deficits and, among other things, this will translate into a pullback in infrastructure spending going forward. Quebec's latest infrastructure plan calls for reductions of 5.2 per cent and 5.5 per cent in capital spending over the next two years.

- 2 -

“The recent announcement of two major investment projects in the aluminum industry is a good news story for Quebec’s economy,” added Wright. “We assume that work on these projects will ramp up in the coming years, brightening the outlook for private-sector capital spending in the province.”

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/provfcst.pdf.

- 30 -

For more information, please contact:

[Craig Wright](#), RBC Economics, 416 974-7457

[Robert Hogue](#), RBC Economics, 416 974-6192

[Elyse Lalonde](#), Media Relations, RBC, 416 974-8810