



## QUEBEC'S ECONOMY TO BENEFIT FROM EXPORT GROWTH IN 2015: RBC ECONOMICS

**TORONTO, December 12, 2014** — Despite mixed economic performance in 2014, Quebec's economy is poised for modest acceleration in 2015 driven by strong advances by Quebec exporters, according to the latest [Provincial Outlook](#) issued today by RBC Economics. RBC projects Quebec real GDP growth to pick up from 1.6 per cent in 2014 to 2.0 per cent in 2015, and 1.7 per cent in 2016.

“Quebec's economic growth in 2014 was slow to build and largely driven by a surge in exports, particularly in the U.S. market,” said Craig Wright, senior vice-president and chief economist, RBC. “We expect this source of growth will spread to other key economic sectors in 2015, particularly business investment and the job market.”

The latest data from the Institut de la statistique du Québec (ISQ) shows a strong increase in Quebec's real merchandise exports, up 7.7 per cent year to date. It is also encouraging to see that these export gains have been broadly based among Quebec's top export commodities – including aluminum, aircrafts and parts, iron ore, primary metals, pharmaceutical products, newsprint and softwood lumber – indicating that Quebec's exporters are taking advantage of strengthening U.S. demand and a lower Canadian dollar. RBC anticipates that growing exports will continue to be a key driver of economic growth in the province in 2015.

Despite this strength in exports, Quebec's labour market is going through a soft patch, as net job creation remained flat in the first 11 months of the year. What's even more disappointing is that the jobs that were created were predominantly part-time positions, while private sector employment and full-time positions decreased. Such weak labour market conditions impacted consumer confidence and weighed on demand for major items such as housing during the first half of 2014. The provincial government's tax incentive program has contributed to a surge in activity since the spring of 2014 and should be sustained in the near term. However, RBC expects a slowdown in new home building activity in 2015 due to a number of factors including the need to clear excess condo inventories.

“Resuming job creation in the province should boost the household sector and lead to growth in consumer spending, with some help also coming from lower gasoline prices,” explained Wright. “We anticipate an increase of 3.6 per cent in retail sales in 2015, compared to 2.9 per cent in 2014.”

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Quebec's manufacturing sector is also showing increased momentum – manufacturing sales were up nearly seven per cent in the first nine months of 2014 – which should bring improvements to both the job market and business investment in 2015. The benefits of rising exports are expected to spread to other sectors and broaden economic expansion 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/economic-reports/provincial-economic-forecasts.html](http://rbc.com/economics/economic-reports/provincial-economic-forecasts.html).

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**For more information, please contact:**

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

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

[Christine Stewart](#), Communications, RBC Capital Markets, 416-974-3678