



QUEBEC'S ECONOMY TO GET A BOOST FROM EXPORTS IN 2014: RBC ECONOMICS

Robert Hogue, senior economist, RBC, [discusses](#) Quebec's economic prospects

TORONTO, March 19, 2014 — A further improvement in Quebec exports alongside an abating drag from housing will lay the groundwork for an acceleration in provincial economic growth in 2014, according to the latest [Provincial Outlook](#) issued today by RBC Economics. RBC is forecasting real GDP growth of 1.9 per cent in 2014 and 1.8 per cent in 2015.

The Institut de la statistique du Québec's Q3 2013 expenditure account estimates show that the province's trade deficit shrunk in the first three quarters of last year, as exports grew faster than imports for the first time in at least six years.

"Full-year stats on Quebec's major export categories point to increases in 2013, most noticeably in aluminum and aircrafts and parts," said Craig Wright, senior vice-president and chief economist, RBC. "In many cases we see these gains as just the beginning – strengthening demand from the U.S. and a weaker Canadian dollar will further lower the trade deficit in 2014 and beyond."

The Provincial Outlook notes that non-residential investment in Quebec is likely to slow in 2014 from the meaningful gains logged last year when business spending on building construction rose, as did spending on machinery and equipment.

The recent P&PI survey indicated that businesses in the province are considering cutting 0.3 per cent in non-residential capital outlays in 2014. This overall reduction will largely stem from a significant \$1.2 billion or 16.6 per cent drop in spending by utilities, says RBC.

Notable spending increases are planned, however, in Quebec's manufacturing, transportation services and public administration sectors. RBC indicates that an 8.2 per cent boost in public administration will occur at the provincial level in 2014; the economic stimulus plan announced in October 2013 is scheduled to start deploying some of its \$2 billion worth of measures over four years.

RBC also says that the magnitude of the drag on growth caused by the residential sector will not carry over in 2014. There were significant declines in home resales and housing starts in Quebec last year.

"Although we expect further weakening in housing activity this year, the pace of decline is likely to moderate as job prospects seem to be improving and there is limited downside left," added Wright.

- 2 -

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.

- 30 -

For more information, please contact:

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

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

[Elyse Lalonde](#), Communications, RBC Capital Markets, 416-842-5635