



QUEBEC'S ECONOMIC GROWTH RATE SET TO HIT FOUR-YEAR HIGH IN 2015: RBC ECONOMICS

TORONTO, March 12, 2015 — As a large oil importer and a major exporter of an array of products, Quebec's economy stands to benefit from the plunge in oil prices and the associated weakening in the Canadian dollar, according to the latest [Provincial Outlook](#) issued today by RBC Economics. RBC is projecting real GDP growth of 2.0 per cent in 2015 – an improvement from the estimated rate of 1.5 per cent in 2014 and an average of 1.2 per cent in 2013 and 2012.

“Quebec's economy is even more ready than we previously thought for achieving a four-year high growth rate in 2015,” said Craig Wright, senior vice-president and chief economist, RBC. “Still, there will continue to be factors holding back the pace of growth – 2.0 per cent is far from a boom.”

A shrinking pool of working age people and relatively restrictive fiscal policy amid efforts to return the provincial budget to balance are among the factors restraining growth in 2015, RBC says. The outlook for 2016 is reasonably positive, with growth expected to be 1.9 per cent.

RBC expects significant advances in foreign trade to continue as a distinguishing feature of Quebec's economic landscape in 2015. This sector is expected to be a primary driver of growth, with positive implications for Quebec's manufacturers, who will be able to build on their impressive 6.5 per cent sales increase in 2014 – the biggest gain in 14 years for the province.

The Provincial Outlook report indicates that the vigour in external trade is expected to spread to other sectors and help re-invigorate Quebec's job market, following a disappointing year in 2014. Tentative signs of a recovery in hiring late last year will set the stage for more convincing gains throughout 2015. Still, RBC projects employment to grow by only 0.9 per cent this year, standing slightly below the average of 1.0 per cent since the end of the recession.

“Rapid growth in the number of people of retirement age poses challenges for the labour market and the general economy in Quebec,” said Wright. “It causes the pool of working-age people to shrink and acts as an impediment to the overall growth of the provincial economy.”

Improving job prospects, exceptionally low interest rates and the drop in gasoline prices will lay the foundation for an increase in consumer spending in Quebec, RBC says. The rise will materialize in retail stores and other sectors, such as housing. The report notes that home resales are likely to heat up a little and renovation activity is expected to remain brisk. A high inventory of unsold condo units will likely weigh on new home construction however – RBC expects housing starts to ease to 36,900 units in 2015.

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.

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