



QUEBEC'S ECONOMIC GROWTH DIMS FOR 2015 BUT SOME IMPROVEMENT ON THE WAY: RBC ECONOMICS

TORONTO, September 22, 2015 — Lacklustre activity across several sectors in Quebec resulted in the province's economy softening this past spring. However, this is expected to be just a short detour on the way to stronger growth in the period ahead, according to the latest [Provincial Outlook](#) issued today by RBC Economics. RBC downgraded its projection for Quebec's annual real GDP growth to 1.3 per cent in 2015 from 1.8 per cent forecasted in June. Still, RBC expects the province's economy to re-accelerate in 2016 to a rate of 1.9 per cent.

“Following a period of encouraging economic growth in the early months of 2015, disappointing signs emerged this spring in Quebec, which are expected to taint the province's growth outlook for the year as a whole,” said Craig Wright, senior vice-president and chief economist, RBC. “Nonetheless, we believe this soft patch will be temporary and that activity in Quebec will find a stronger footing in the latter half of the year.”

This year started reasonably well for Quebec, with the *Institut de la statistique du Québec* suggesting that the province's real GDP accelerated to an annualized growth rate of 1.6 per cent in the first quarter of 2015, up from an average of 1.3 per cent in the second half of 2014. Moreover, the first-quarter growth occurred at a time when Canada's real GDP registered a decline of 0.8 per cent. Still, momentum in Quebec's economy sputtered this spring when activity softened in a number of key industrial sectors.

RBC notes that setbacks in Quebec's manufacturing sector, utilities, and continued weakness in the province's construction sector, particularly on the non-residential side, were among factors restraining growth this past spring. While some offset came from slightly stronger activity in the services sector, gains in this area were slim at best.

“While non-residential construction may remain stagnant for a little while longer, we expect housing construction to strengthen in the period ahead,” added Wright. “This, in tandem with a renewed vigour in the home resale market, is expected to make a positive contribution to Quebec's economy moving forward.”

RBC expects Quebec's economy to accelerate during the remainder of this year and into 2016 thanks in large part to improving external trade prospects. The report indicates that continuing strength in the U.S. economy and a lower value of the Canadian dollar are poised to stimulate demand for Quebec's exports and, therefore, activity in the manufacturing and other export-dependent sectors, such as tourism. In fact, the report notes that despite softening this spring, Quebec's real merchandise exports were up a solid 6.6 per cent year-over-year during the first six months of 2015, which suggested traction in the rotation toward external sources of growth in the province.

On the employment side, RBC anticipates sustained, albeit modest, gains in the Quebec labour market. RBC projects employment to grow by 1 per cent in 2015 and 0.8 per cent in 2016, which would be a welcome improvement from a complete stalling of job growth in 2014.

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.

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