



Quebec's economic growth to pick up modestly in 2013: RBC Economics

TORONTO, March 19, 2013 — With several of the obstacles that restrained Quebec's economic growth in 2012 now cleared, the province's economy is poised for subtle improvement in 2013, according to the latest [RBC Economics Provincial Outlook](#) issued today. RBC projects provincial real GDP to accelerate to a rate of 1.2 per cent in 2013 from an estimated 0.8 per cent in 2012.

“The extended labour disruption in aluminum production, the rise in provincial sales tax and months of student protests had a dampening effect on Quebec's economic performance in 2012,” said Craig Wright, senior vice-president and chief economist, RBC. “These obstacles have, for the most part been cleared, and we see brighter days ahead, particularly as a result of increasing foreign demand for the provinces' products.”

This improved outlook for Quebec's exports is in part predicated on a recovery in U.S. housing construction, which should boost demand for Quebec-manufactured building materials such as wood products, says RBC.

Recent data suggests that Quebec's economy started to accelerate in the final stages of 2012. The services sector showed signs of strength, with gains in both business and household services, including a bounce back in education services. The goods sector, however, remained a mixed bag; output by utilities increased, construction moderated and manufacturing came to a halt.

Strong employment gains of nearly 92,000 between August 2012 and January 2013 in Quebec pushed the unemployment rate to a three-year low of 7.1 per cent in January 2013. In addition, RBC expects slightly stronger labour market income to support increased consumer spending in 2013.

“Despite some pockets of improvement, it's important to note that any upside to provincial expansion this year will be limited,” Wright noted. “After substantial increases in Quebec over the last two years, capital investment intentions are flattening. This will be the key factor holding back the growth rate growth in the province this year.”

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Light construction activity at the tail end of last year will slow further in 2013 and act as a notable drag on growth. The slowdown in home resales since last summer will translate to weaker housing starts and residential investment, and non-residential capital expenditures will be flat at best in 2013.

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.

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