



QUEBEC'S ECONOMY RUNNING IN LOW GEAR: RBC ECONOMICS

TORONTO, June 12, 2012 — Quebec's economy is expected to stay the course, according to the latest [RBC Economics Provincial Outlook](#). RBC is forecasting that the province will continue on a modest growth path through next year, at a rate of 1.6 per cent in 2012 and 1.9 per cent in 2013.

"Quebec's performance in the early months of 2012 has been a bit of mixed bag, but we remain confident that growth will pick up moderately in the months ahead," said Craig Wright, senior vice-president and chief economist, RBC. "A strengthening U.S. economy will reinvigorate demand for Quebec's export products, which will boost the provincial manufacturing sector."

The Outlook notes that higher gold and iron ore output drove mining production up modestly in the early months of this year. Business and personal services were also moderately ahead. At the same time, manufacturing activity was flat, with gains in aerospace and machinery offsetting weakness in food products, paper and transportation equipment (other than aircraft). Wholesale and retail trade sectors showed small increases. Construction activity cooled, while residential construction heated up again in the spring.

Despite earlier concerns that the negative data in the Labour Force Survey indicating that 61,000 jobs disappeared in Quebec late last year would unnerve consumers and homebuyers, improving job numbers in recent months brought a sigh of relief in Quebec. Strong back-to-back employment gains in March and April, totalling almost 60,000 net new jobs, largely put to rest worries that the provincial economy was at risk of serious weakness in consumer-dependent activity.

"Labour statistics other than the Labour Force Survey are showing fairly steady, albeit modest, improvements, suggesting that the drop was more likely a statistical blip rather than a looming economic slump," noted Wright. "Still, while Quebec's job market may not be in dire straits, it is not booming either. The latest employment levels barely gained ground and the unemployment rate is a little higher compared to a year ago."

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.

- 30 -

For more information, please contact:

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

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

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