



## QUEBEC'S ECONOMIC MOMENTUM SLOWS: RBC ECONOMICS

**TORONTO, September 10, 2012** – Lacklustre activity across several sectors in Quebec has translated to slower momentum in the provincial economy so far this year, according to the latest [RBC Economics Provincial Outlook](#). RBC forecasts that the province will grow at a slower-than-average rate of 1.0 per cent in 2012.

“Consecutive monthly declines in real GDP from March to May disappointed and likely signified that Quebec’s economy ran in reverse in the second quarter,” said Craig Wright, senior vice-president and chief economist, RBC. “However, we believe that some of the factors restraining growth were temporary and the pace of expansion will accelerate modestly next year.”

The RBC report notes that key economic indicators, such as employment, have been particularly volatile in the past year. A number of other factors – an unusually warm winter, months of university student protests and heightened uncertainty about the global economy – made the underlying provincial economic picture particularly difficult to decipher.

Quebec’s year-to-date economic performance is just slightly ahead of where it was during the same period last year, with real GDP up by only 0.4 per cent. A slowdown in several sectors, both private and public, including utilities, agriculture and forestry, arts and recreation, education services and public administration, have kept the economy in low gear.

Going forward, RBC anticipates that most of these factors will cease to hold economic activity back, clearing the way for provincial growth to reach its 10-year average of 1.7 per cent by 2013.

“Improving prospects for Quebec exports to the U.S. market and continued strong capital investment in the province, particularly in the resource sector will be key drivers of economic momentum,” added Wright. “Still, growth in Quebec will continue to face headwinds, with government deficit reduction efforts set to be more intense than ever next year.”

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 7 a.m. ET today at [rbc.com/economics/market/pdf/provfcst.pdf](http://rbc.com/economics/market/pdf/provfcst.pdf).

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