



NEWS

Quebec's economy lags but still poised for highest growth in 10 years: RBC Economics

TORONTO, September 10, 2010— Quebec's economy is projected to grow by 3.0 per cent in 2010 and 3.1 per cent in 2011 – growth rates that have not been reached in 10 years, according to the latest RBC Economics Provincial Outlook report.

“We expect Quebec's economy to remain resilient in the period ahead with strong contributions in non-residential construction and mining,” said Craig Wright, senior vice-president and chief economist, RBC. “Despite some of its sub-sectors continuing to face challenges, the province's manufacturing sector, overall, could well add to growth for the first time since 2005.”

After avoiding the worst of the recession, Quebec's economy, fuelled by highly stimulative monetary and fiscal policy, participated fully in the North American economic activity rally late last year.

“While growth in the latter part of 2009 was largely attributed to government stimulus and strong rebounds in the housing and mining sectors, the first quarter of 2010 saw growth spreading to other sectors, including consumer spending, services, manufacturing and business investment,” added Wright.

In more recent months, the overall pace of growth has slowed even further as key driving forces such as the housing market have calmed considerably since the spring. Declines in automotive sales have weighed down the provincial retail trade industry. Despite being pumped up by massive public infrastructure work programs, the non-residential construction industry is showing signs of slowing mid-year.

Nonetheless, at 3.0 per cent, the projected growth for this year will be quite respectable.

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The RBC Economics Provincial Outlook assesses the provinces according to economic growth, employment growth, unemployment rates, retail sales and housing starts.

The full report and provincial details are available online as of 8 a.m. EDT today www.rbc.com/economics/market/pdf/provfcst.pdf.

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