

Quebec: GDP rebounds in January as strikes end

By Daren King

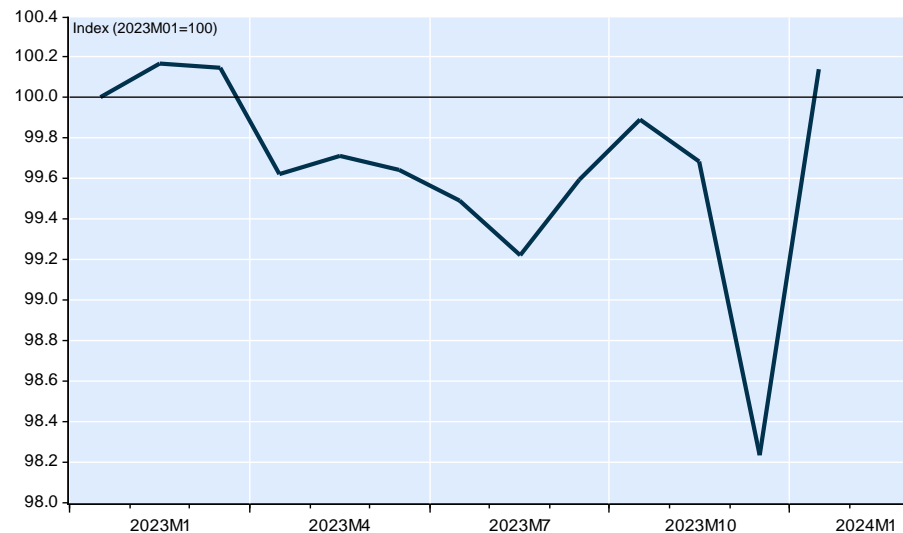
Unsurprisingly, the Quebec economy rebounded strongly in January after declining in the previous two months due to major strikes in the public sector. Indeed, GDP grew by 1.9% in the first month of 2024, completely erasing the weakness recorded in November and December (left chart). This rebound was obviously due to an upturn in activity in the education (+22.9%) and healthcare & social services (+4.0%) sectors, but also to a rebound in the utilities sector (+3.8%) following a particularly warm December. However, January's economic recovery is not just the story of a rebound in a few sectors. In fact, 85% of the industries covered (17 out of 20) saw growth in January, the highest proportion observed since September 2020 (in the context of the reopening of the economy following the first wave of the pandemic, right chart). Excluding sectors affected by strikes and public services, the economy posted a solid 0.3% increase. While the Quebec economy should return to growth in Q1 2024 after three consecutive quarters of contraction, the rest of 2024 promises to be fraught with difficulties as monetary policy remains restrictive. However, we continue to believe that Quebec's GDP could prove resilient compared to the rest of the country, notably due to the lower level of household debt and their high savings rate.

HIGHLIGHTS:

- According to the Institut de la Statistique du Québec, real GDP rose by 1.9% in January (Canada: 0.6%), following a decline of 1.5% in December (Canada: -0.1%).
- Year-on-year, Quebec's real GDP grew by 0.1%, while that of the country as a whole was up by 0.9%.
- Seventeen of the 20 industries recorded increases in January, including 13 of the 15 service sub-sectors and 4 of the 5 goods sub-sectors.
- Production in the service sector jumped by 2.3% in January. The biggest increases were seen in the education (+22.9%), healthcare and social assistance (+4.0%) and arts, entertainment and recreation (+2.0%) sub-sectors. These increases were partially offset by decreases in the retail (-0.5%) and accommodation and food services (-0.7%) sub-sectors.
- The goods sector also grew by 0.4% in January. This was due to increases in the utilities (+3.8%), manufacturing (+1.1%), construction (+0.7%) and non-mining primary (+0.3%) subsectors, while the mining and quarrying subsector (-3.4%) was down.

Quebec: Significant rebound in GDP following strikes

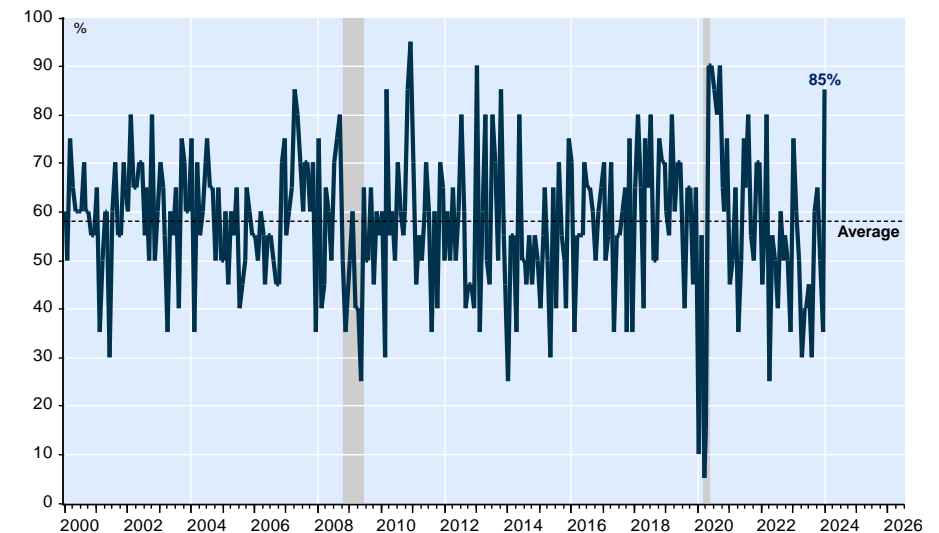
Real GDP. Index: 2023M01=100. Last observation: January 2024



NBF Economics and Strategy (data via ISQ)

Quebec: A widespread business recovery

Proportion of industries growing during the month, out of 20 industries



NBF Economics and Strategy (data via ISQ)

Real	1-Month Change (%)			Monthly Change (%). 10- year mov. avg.	12-Month Change (%) Jan-24
	Jan-24	Dec-23	1-Month Trend		
All industries	1.94	-1.46	▲	0.16	0.14
<u>Goods-producing industries</u>	1.0	-0.6	▲	0.1	-1.84
Non-mining primary sector	0.3	-3.1	▲	0.0	-8.94
Mining and quarrying	-3.4	7.0	▼	0.7	2.40
Utilities	3.8	-7.8	▲	0.0	-7.05
Construction	0.7	-0.4	▲	0.4	-3.07
Manufacturing	1.1	0.4	▲	0.1	0.49
<u>Service-producing industries</u>	2.3	-1.7	▲	0.2	0.83
Wholesale trade	0.6	-0.9	▲	0.2	-0.01
Retail trade	-0.5	-0.4	▼	0.3	0.83
Transportation and warehousing	1.0	-0.7	▲	0.2	2.97
Information and cultural industries	0.8	0.6	▲	0.2	0.34
Finance and insurance	0.1	0.8	▼	0.3	0.93
Real estate and rental and leasing	0.2	0.3	▼	0.2	2.00
Professional, scientific and technical services	0.1	0.4	▼	0.3	-0.14
Management	0.2	-1.4	▲	-1.9	-30.45
Administrative and support, waste management and remediation services	0.4	-0.6	▲	0.0	0.77
Educational services	22.9	-17.3	▲	0.2	0.52
Health care and social assistance	4.0	-2.9	▲	0.2	-0.72
Arts, entertainment and recreation	2.0	-0.8	▲	0.2	-2.20
Accommodation and food services	-0.7	0.0	▼	0.4	-0.60
Other services (except public administration)	0.2	0.0	▲	0.2	1.63
Public administration	0.3	0.3	▼	0.2	2.46

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