



Chambre de commerce
du Montréal métropolitain
Board of Trade of Metropolitan Montreal

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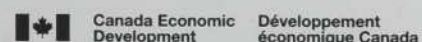
GREATER MONTRÉAL

2011 PERSPECTIVES

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TREND CHART

GREATER MONTRÉAL

2011 PERSPECTIVES

PUBLICATION DIRECTOR

Eric Prud'Homme
Vice-President, Strategy and public affairs

EDITOR-IN-CHIEF

Martin Bergeron
Director, Strategy and policy

WRITER

Maha Berechid
Economist, Strategy and policy

COMMUNICATIONS

Amadou Dieng
Director, Communications

Julie Desjardins

Advisor, Communications

EDITING AND COORDINATION

Christine Lalancette
Coordinator, Publications,
and reviser

DESIGN

Sophie Lafleur
Graphic Designer

PRINTER

Datamark Systems

Cover:



Inside:



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TO CONTACT US

380 St. Antoine Street West, Suite 6000
Montréal, Quebec H2Y 3X7
Telephone: 514 871-4000
Fax: 514 871-1255
www.btmq.ca

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EDITORIAL

WE MUST REMAIN VIGILANT AND STRATEGIC



The metropolitan economy showed its mettle during the recent global economic crisis. Not only did the city's output shrink less than most of its North-American counterparts, its labour market remained fairly robust. In fact, despite the recent job losses, Montréal has managed to regain all the jobs shed during the recession, and it has lower unemployment rate than both Toronto and the U.S.

While our economy's performance is encouraging, the global economic situation is very difficult and the outlook has taken a turn for the worse in the past few months. GDP growth has slowed in a number of countries, and the risks to the recovery have increased. This will certainly have an impact on our businesses. However, there is no need to panic. Many economists agree that the risk of a double-dip recession is quite low. And thanks to a solid foundation, we can remain optimistic about our local economy.

Montréal businesses will have to keep a close eye on the economy, and respond to developments by making smart choices and developing appropriate strategic plans. The recovery is clearly taking longer than everyone anticipated in the first quarter of this year. Businesses that can successfully manage the recovery-related risks and make wise investments and decisions will be best placed to capitalize on opportunities once growth firmly resumes.

The main challenges remain to boost productivity, better integrate a highly qualified workforce into the economy, and better position ourselves in promising markets.

To this end, our businesses must:

- Take advantage of the strong Canadian dollar to invest in equipment and machinery in order to raise productivity;
- Continue and even increase R&D investments;
- Beef up strategic intelligence in order to remain on the cutting edge of technology and accurately read market trends;

- Find, integrate and train new talent to ensure they have access to a competent workforce in the future;
- Develop penetration strategies for new markets in order to capitalize on the strong growth of emerging Asian countries and carve a place in those markets.

We therefore advise our businesses to remain attentive to developments around the world while at the same time taking the necessary steps to make sure they are well positioned once the recovery is firmly entrenched. The time to act is now.

A handwritten signature in black ink, appearing to read 'Michel Leblanc', with a long horizontal line extending from the end of the signature.

Michel Leblanc
President and CEO
Board of Trade of Metropolitan Montreal

OUR ECONOMIC INDICATORS

CANADA, QUEBEC, MONTRÉAL

OUR ECONOMIC INDICATOR				
INDICATORS	AS OF	CANADA	QUEBEC	MONTRÉAL
ECONOMIC ACTIVITY				
Real GDP [†]	Q2 2010	+ 3.9 %	+ 3.4%	+ 3.4%
LABOR MARKET				
Jobs created [†]	September 2010	+ 2.1%	+ 3.2%	+ 3.2%
Activity rate	September 2010	67.3%	65.6%	66.8%
Unemployment rate	September 2010	8.0%	7.7%	8.3%
CONSTRUCTION AND REAL ESTATE				
Building permits [†]	August 2010	+ 11.4%	+ 15.1%	+ 19.8%
Housing starts [†]	Q2 2010	+ 48.8%	+ 31.7%	+ 29.4%
PURSHASING POWER AND CONSUMPTION				
Inflation rate [†]	September 2010	1.9%	1.0%	0.9%
Retail sales [†]	Q2 2010	+ 7.3%	+ 7.0%	+ 4.2%
INTERNATIONAL TRADE				
Exports [†]	July 2010	+ 3.1%	-7.1%	-

[†]These variations are relative to the same period of 2009

Sources: Statistics Canada, Conference Board of Canada and *Institut de la statistique du Québec*

OUR ECONOMIC INDICATOR				
FINANCIAL MARKETS	AS OF		VARIATION FROM	
			previous month	previous year
Bank of Canada: key interest rate	October 19, 2010	1%	0 basis point	+ 75 basis points
Canadian dollar (vs. US\$)	September 2010	\$0.96	+ \$0.007	+ \$0.043
Oil barrel price (WTI, in US\$)	September 2010	\$75.24	- 1.77%	+ 8.39%

Sources: Bank of Canada and Energy Information Administration

MONTRÉAL: A METROPOLITAN COMPARISON

MONTRÉAL, CALGARY, OTTAWA, TORONTO AND VANCOUVER

2009 RESULTS					
	MONTRÉAL	CALGARY	OTTAWA	TORONTO	VANCOUVER
Gross domestic product (million \$2002)	122,309	60,949	45,607	217,539	80,110
Personal income per capita (dollars)	34,499	53,899	40,990	38,549	36,159
Personal disposable income per capita (dollars)	26,729	42,293	32,042	30,134	28,792
CPI (2002=1)	1.135	1.217	1.137	1.136	1.129
Employment (thousands)	1,879	698	659	2,890	1,234
Unemployment rate	9.2%	6.7%	5.7%	9.5%	7.1%
Retail sales (million \$)	41,874	20,589	14,811	59,118	25,518
Housing starts (thousands)	19.3	6.3	8.9	25.9	8.3

Source: Conference Board of Canada

2010 AND 2011 FORECASTS										
(Except the unemployment rate, all variations are from the previous year's results.)										
	MONTRÉAL		CALGARY		OTTAWA		TORONTO		VANCOUVER	
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
Gross domestic product	3.2%	2.3%	3.5%	3.8%	3.7%	2.5%	4.7%	3.6%	4.3%	3.3%
Personal income per capita	3.9%	3.0%	0.8%	3.6%	4.5%	3.1%	3.1%	4.0%	2.0%	3.9%
Personal disposable income per capita	3.3%	2.4%	0.3%	3.0%	4.2%	2.6%	2.8%	3.5%	1.8%	3.6%
CPI (2002=1)	1.5%	3.2%	1.2%	2.1%	3.1%	2.9%	3.1%	2.8%	2.3%	2.9%
Employment	3.3%	1.1%	-0.6%	3.7%	2.8%	0.4%	2.0%	3.2%	1.1%	2.7%
Unemployment rate	8.4%	8.0%	7.3%	6.7%	6.0%	5.8%	9.0%	8.2%	7.3%	6.5%
Retail sales	4.2%	4.1%	5.1%	5.4%	5.6%	5.1%	5.3%	5.8%	6.8%	5.0%
Housing starts	18.2%	-14.1%	45.7%	-4.0%	-1.0%	-18.7%	18.6%	17.2%	80.9%	3.1%

Source: Conference Board of Canada

To view the most recent data, please consult our online version at: www.montrealtrendchart.com

WORLD GDP GROWTH AND INFLATION RATES FORECASTS FOR 2011



Source: Based on data from IMF's "World Economic Outlook," October 2010

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ON THE RADAR SCREEN

2011 OUTLOOK: UNEVEN RECOVERY FOR THE WORLD ECONOMY

The second quarter of 2009 marked the beginning of the global economic recovery. After picking up surprising momentum in the first half of 2010, the latest economic indicators are pointing to a slowdown almost everywhere in the world. A number of factors are threatening the recovery that is proceeding at very different speeds around the world. With their soaring output, emerging and developing economies seem to be driving the rebound, while growth in advanced countries is weakening.

Despite the risks to the recovery, the economic outlook for 2010 and 2011 remains positive, with the International Monetary Fund (IMF)¹ forecasting **global gross domestic product (GDP) growth** of 4.8% in 2010 and 4.2% in 2011.

AFTER A STRONG START, THE RECOVERY IS STARTING TO STUMBLE

The exceptional growth of emerging Asian economies, the increase in global trade and industrial output, the surge in inventory and the revival of private demand are some of the reasons the world economy grew faster than expected. According to the IMF, annualized global output rose 5.25% in the first half of 2010, but began to slow in the third quarter. The composite leading indicator² of the Organization for Economic Co-operation and Development (OECD), which shed 0.1 point in August 2010 (for the fourth consecutive month),

seems indicative of a "peak in expansion." In other words, several OECD countries can expect their growth momentum to diminish by the next six to nine months.

WEAK RECOVERY IN ADVANCED ECONOMIES

According to the IMF, the world's advanced economies will post modest growth of 2.7% this year, fuelled in part by increased demand from emerging Asian countries. Output will be slightly lower in 2011, about 2.2%, mainly due to the potential impact of debt levels, high unemployment and the phasing out of stimulus measures.

In **Canada**, according to Statistics Canada, public infrastructure spending, together with a revival of the domestic economy, fuelled strong GDP growth in the fourth quarter of 2009 (4.9%) and the first quarter of 2010 (5.8%). However, as a result of the recent slowdown of the global economy and sluggish demand from Canada's principal trading partner, the Bank of Canada is forecasting real GDP growth of 3% in 2010 and only 2.3% in 2011.

In the **U.S.**, monetary and budget measures combined with inventory building gave impetus to the recovery in the fourth quarter of 2009 (5%). However, the momentum could not be sustained with the result that GDP expanded 3.7% and 1.7% in the first and second quarters of 2010. The withdrawal of stimulus measures, together with weak

private demand and high unemployment, will continue to dampen growth. The IMF is therefore forecasting GDP growth of 2.6% in 2010 and 2.3% in 2011.

Moreover, this spring, the **euro zone** faced the biggest crisis since its creation. The high debt levels of some of its peripheral nations (Greece, Ireland, Portugal and Spain) called their solvency into question, fuelling speculation about the viability of the monetary union. However, swift and massive government intervention seems to have appeased the situation. There now seems to be consensus about a modest recovery in the euro zone despite lingering questions about the austerity measures required to achieve a balanced budget. The main forces driving this recovery have been a pick-up in exports and a rebound in European domestic demand. According to the IMF's projections for this part of the world, real GDP will expand by 1.7% in 2010 and 1.5% in 2011.

However, the recovery is uneven in the euro zone, with emerging European countries faring better than the advanced economies. Export-reliant **Germany** has benefitted from the revival of global trade. According to the same forecasts, GDP growth should reach 3.3% in 2010 and slow to 2% in 2011. **France** should see its economy expand 1.6% both this year and next. However, the sharpest slowdown will be in the peripheral nations led by

¹ According to the IMF's "World Economic Outlook," October 2010.

² The OECD's composite leading indicator "gives early signals of turning points in economic activity - fluctuations of economic activity around its long term potential level. The approach, focusing on turning points (peaks and troughs), results in CLIs that provide qualitative rather than quantitative information on short-term economic movements. Four cyclical phases form the basis of this qualitative approach: expansion - CLI increasing and above 100; downturn - CLI decreasing and above 100; slowdown - CLI decreasing and below 100; recovery - CLI increasing and below 100."

Greece, where GDP is expected to contract by 4% in 2010 and 2.6% in 2011.

In the **United Kingdom**, according to the European Commission, inventory rebuilding and resilient household spending allowed the economy to post strong 1.2% growth in the second quarter (compared to the first). However, the pace will slow in the second half of the year, partly because of slower inventory rebuilding and weak global demand. Consequently, the IMF is forecasting growth of 1.7% in 2010 and 2% in 2011.

Lastly, **Japan** turned in a strong performance in the first three months of the year (4.4% according to the OECD), fuelled almost entirely by a surge in exports. However, this growth fell to 0.4% in the second quarter. The removal of stimulus measures could keep domestic demand weak, while the yen's appreciation (despite the government's currency devaluation) and cooling global demand will put a damper on Japanese export growth. According to the IMF, Japanese GDP will expand by 2.8% in 2010 and 1.5% in 2011.

DEVELOPING ASIAN COUNTRIES³ STILL DRIVING THE RECOVERY

According to the Asian Development Bank (ADB), economic recovery plans, robust domestic demand, export recovery and the effects of stimulus policies have fuelled better than expected growth in the region, projected at 8.2% for 2010. However, due to the uncertainty surrounding global growth and the stability of domestic demand, as well as exchange rate pressures, the ADB is forecasting growth of 7.3% in 2011. **China** will continue to stand out with growth of 9.6% in 2010 and 9.1% in 2011. According to the same

forecast, **India** should see its economy expand by 8.5% in 2010 and 8.7% in 2011.

Predicting a more moderate recovery in **Russia**, the IMF is projecting output growth of 4% in 2010 and 4.3% in 2011. The recovery in this country is being fuelled by, among other things, inventory restocking, stimulus measures and higher commodity prices.

According to the IMF, **Latin America and the Caribbean** will enjoy solid growth of 5.7% this year. This region has been lifted by China's growing demand for commodities. Slowing growth in the U.S. and China will temper activity in the region next year, limiting growth to 4%. **Mexico**, whose economy is more integrated with the U.S., will see output fall in the second half of 2010. As such, the IMF is predicting GDP growth of 5% in 2010 and 3.9% in 2011. In **Brazil**, robust consumption and private investments will drive GDP growth to 7.5% this year. However, next year will see more moderate growth of 4.1% as, among other things, monetary and budget measures come to an end.

IS THE RECOVERY AT RISK?

While most economists doubt the possibility of a double-dip global recession, they nonetheless see a number of downside risks to the recovery.

The level of sovereign debt is one of the main concerns. The sizeable deficits of some countries, especially in the euro zone, could spark fears of insolvency among investors, driving up the cost of financing and eroding confidence in and the credit ratings of these countries. All these elements could exacerbate uncertainties about the recovery.

Deflation is a threat to a number of advanced economies with very underutilized capacities. Severe household indebtedness and persistently high unemployment could plunge these countries into a deflationary spiral, which is a threat to the recovery in that it could lead to a further drop in output.

Moreover, following the financial crisis, many countries racked up debt, with the result that the budget deficit of advanced economies accounted for roughly 9% of GDP in 2009. These countries need to start consolidating their budget in order to maintain the confidence of financial markets and avoid the risk of default. These countries must therefore come up with a credible plan and schedule to balance their budgets but not, however, at the expense of the recovery.

Other downside risks to the recovery include a more pronounced slowdown of the Chinese economy as a result of an overheated real estate market or higher than expected inflation.

INFLATION OUTLOOK VARIES BY COUNTRY

Low inflation is expected in **advanced economies** mainly because of sluggish growth projections. The IMF is calling for 1.4% in 2010 and 1.3% in 2011. However, robust growth in **emerging countries** will fuel inflation, which should hit about 6.2% in 2010 and 5.2% in 2011.

COMMODITY PRICES WILL REMAIN HIGH

Although recent uncertainty about the euro zone drove commodity prices down in the second quarter of this year, the strong growth in emerging countries, which are big commodity consumers, should keep prices high this year. But expect a

³ This designation refers to the 44 developing member countries, including Brunei Darussalam (which is not a listed member), of the Asian Development Bank.

slowdown in 2011 as growth in these countries starts to taper off.

The vitality of emerging economies should sustain demand for oil until year end. According to the Energy Information Administration (EIA), the price of **West Texas Intermediate** (WTI) oil should rise by about US\$16.31 to US\$77.97 a barrel this year and to US\$83 the year after.

GLOBAL TRADE IS ON THE REBOUND

Thanks to a remarkably integrated global economy, international trade is a key driver of the recovery's spread. According to the World Trade Organization (WTO), the value of international merchandise trade was up by roughly 25% in the first half of the year over the same period in 2009. The IMF is forecasting an 11.4% increase in **international trade** in 2010 and 7% in 2011. Not surprisingly, the emerging economies will do best, with exports projected to increase by 11.9% in 2010, against only 11% for the world's advanced economies.

The increase in **unemployment** is cause for concern, especially for advanced countries whose output growth will remain low for a few years yet. The IMF forecasts that the unemployment rate for advanced economies will be 8.3% in 2010 and 8.2% in 2011. This poses a threat to the recovery in that it could drive disposable income down, leaving households with less money to spend.

As we have seen, economic performance varies widely around the world. **Emerging Asian economies** are doing best and are least prone to slip back into a recession. Montréal businesses would therefore do well to try and position themselves in these markets and seize business opportunities to gain a leg up on the competition.



UNITED STATES: A VULNERABLE ECONOMY

The U.S. economy emerged from the recession in the third quarter of 2009. As a result of massive economic and monetary stimulus, combined with inventory building, it beat growth expectations in the fourth quarter of last year (5%). However, according to the Bureau of Economic Analysis (BEA), the pace slowed in the first and second quarters of this year (3.7% and 1.7% respectively). Second-quarter growth was dampened by a sharp increase in imports and less restocking than in the previous quarters. Moreover, a drop in the OECD's composite leading indicator in August¹ (-0.1 point), which indicates that the U.S. economy may have reached a peak, points to softer economic activity going forward.

At the time of writing, the IMF was projecting **real GDP** growth of 2.6% for the U.S. in 2010 and just 2.3% in 2011.

A DOUBLE-DIP RECESSION?

Although most economists are ruling out a double-dip recession, they do agree that the U.S. economy remains vulnerable for many reasons, including:

- **A problematic labour market**

At 9.6% in September, unemployment rate is still high. What's more, according to the Bureau of Labor Statistics, in September, 41.7% of unemployed persons (14.6 million) had been jobless for 27 weeks or more. This weak performance on the employment front threatens to undermine

the recovery in that less household income means less spending. According to the IMF, the unemployment rate will rise to 9.7% this year before dipping slightly to 9.6% in 2011.

- **Persistently weak consumer spending**

Despite an increase in real disposable income in the second quarter over the first (4.4% against 1.3%), consumer spending rose only marginally during the period according to the BEA, i.e. 2.2%, compared to 1.9% in Q1. This may be because households are deleveraging and are taking a wait and see attitude due to the shaky recovery and labour situation. The savings rate (as a percentage of disposable personal income) seems to bear out this explanation, rising 0.4% in the second quarter over the first, to 5.9% of disposable income.

- **A still fragile housing market**

The 1.8% increase in building permits in August is still not enough to warrant optimism since this figure is still 6.7% lower than it was at the same time last year. Therefore, even though housing starts were up 10.5% in August, the residential market will remain weak this year and next. TD Bank Financial Group is predicting a 0.58% increase in housing starts in 2010 and 0.62% in 2011.

A FEW ENCOURAGING SIGNS

However, the news is not all bad: despite weaknesses in many areas, there are some improvements.

For instance, **retail sales** edged up 0.4% from July to August. If this trend continues, spending should grow more in the third quarter. Also, according to the BEA, **hardware and software investments** jumped 24.8% in the second quarter, potentially signalling a pick-up in business activity.

Moreover, higher commodity prices have fuelled **inflation**, which stood at 2.4% in the first three-month period of the year and 1.8% in the second. Excess capacity, combined with a strong green-back and a lacklustre employment outlook, has led the IMF to project fairly low inflation for the next few years, i.e. 1.4% in 2010 and 1% in 2011.

The U.S. recovery is clearly still fragile, and the private sector is still showing signs of weakness. As a result, the Fed has decided to continue its accommodative monetary policy until growth firms up. A slowdown in real GDP growth is therefore the most likely scenario next year, particularly since the stimulus measures are slated to end. For Quebec this could mean another year of flat demand for goods and services since over 70% of our exports head south of the border. This situation could be made worse by the Canadian dollar, which is expected to remain strong. Montréal businesses will therefore have to boost productivity and diversify their markets in order to stay competitive and grow sales.

¹ According to an OECD press release released on October 11, 2010.

CANADA:

BETTER POSITIONED FOR A SUCCESSFUL RECOVERY?

Canada, whose real GDP contracted 2.5% in 2009, not only saw its output shrink less than its G7 counterparts, it has also enjoyed a more robust recovery. A sound financial and banking system is one of the main reasons the country was able to return to its pre-recession output and employment levels. In fact, after resuming its growth in the third quarter of 2009, the Canadian economy ended the year with strong growth that continued into the first quarter of the new year, with annualized quarterly rates of 4.9% and 5.8% respectively. These gains were fuelled by increased consumer spending, residential investments and government spending related to stimulus measures. In fact, it was the country's stellar performance at the beginning of the year that prompted the Bank of Canada to raise its key rate in June (0.25%), July (0.25%) and September (0.25%) to the current 1%.

Still, the risks associated with the sovereign debt of some euro zone countries and the faltering recovery in the U.S. played a role in moderating Canada's second quarter growth, which according to Statistics Canada, was 2% (on an annualized basis). As a result of the uncertain outlook, the Conference Board of Canada (CBOC) is forecasting **real GDP growth** of 3.6% in 2010 and only 2.9% in 2011, while the Bank of Canada is calling for **3% growth in 2010 and 2.3% in 2011**.

A VIBRANT JOB MARKET

The Canadian labour market is surprisingly robust. The Canadian economy has created so many jobs since January that the country has returned to its pre-crisis level. Therefore, based on the CBOC's forecasts, although the **unemployment rate** is higher than its pre-recession level, it will fall to about 8% in 2010 and 7.4% in 2011.

Still, the number of hours worked is still well below what they were before the recession, which tempers our enthusiasm about the Canadian labour market.

CONSUMER SPENDING WILL SLACKEN

The first quarter jump in consumer spending – spurred by low interest rates and a rebound in local employment and the U.S. economy – fuelled much of real GDP growth at the beginning of the year. In fact, according to Statistics Canada, consumer spending rose more than household disposable income during that period. However, rising interest rates and a sputtering global recovery will slow domestic consumption (as evidenced by the decrease in the second quarter) to the same pace as income growth. The CBOC is therefore calling for **consumer spending** to rise by 3.5% in 2010 and 2.6% in 2011.

THE HOUSING MARKET WILL ALSO SLOW DOWN

Stimulus measures, bolstered by the recovery of the global economy and Canadian job market, revived residential investments in the second quarter of 2009. The pace was especially strong at the end of 2009 and early 2010 as expectations of a rate hike and the expiry of the home renovation tax credit at the end of January prompted households to move up their home purchases. It therefore makes sense that residential investments will taper off in the second half of the year. Nevertheless, the Canada Mortgage and Housing Corporation (CMHC)¹ is still calling for a 24% increase in **housing starts** for the year, bringing the number to 184,900, before falling back slightly to 176,900 in 2011.

WHAT ABOUT INTERNATIONAL TRADE?

Higher commodity prices² and interest rates in Canada should keep the loonie strong against the greenback. At the time of writing, National Bank Financial was predicting that the **dollar** would end the year at about US\$0.96 and achieve near parity in 2011. This will of course affect the country's international trade. According to the same forecast, Canadian **exports** will grow by 7.1% in 2010 and 5.6% in 2011 while **imports** will rise 13.6% in 2010 and 6.7% in 2011.

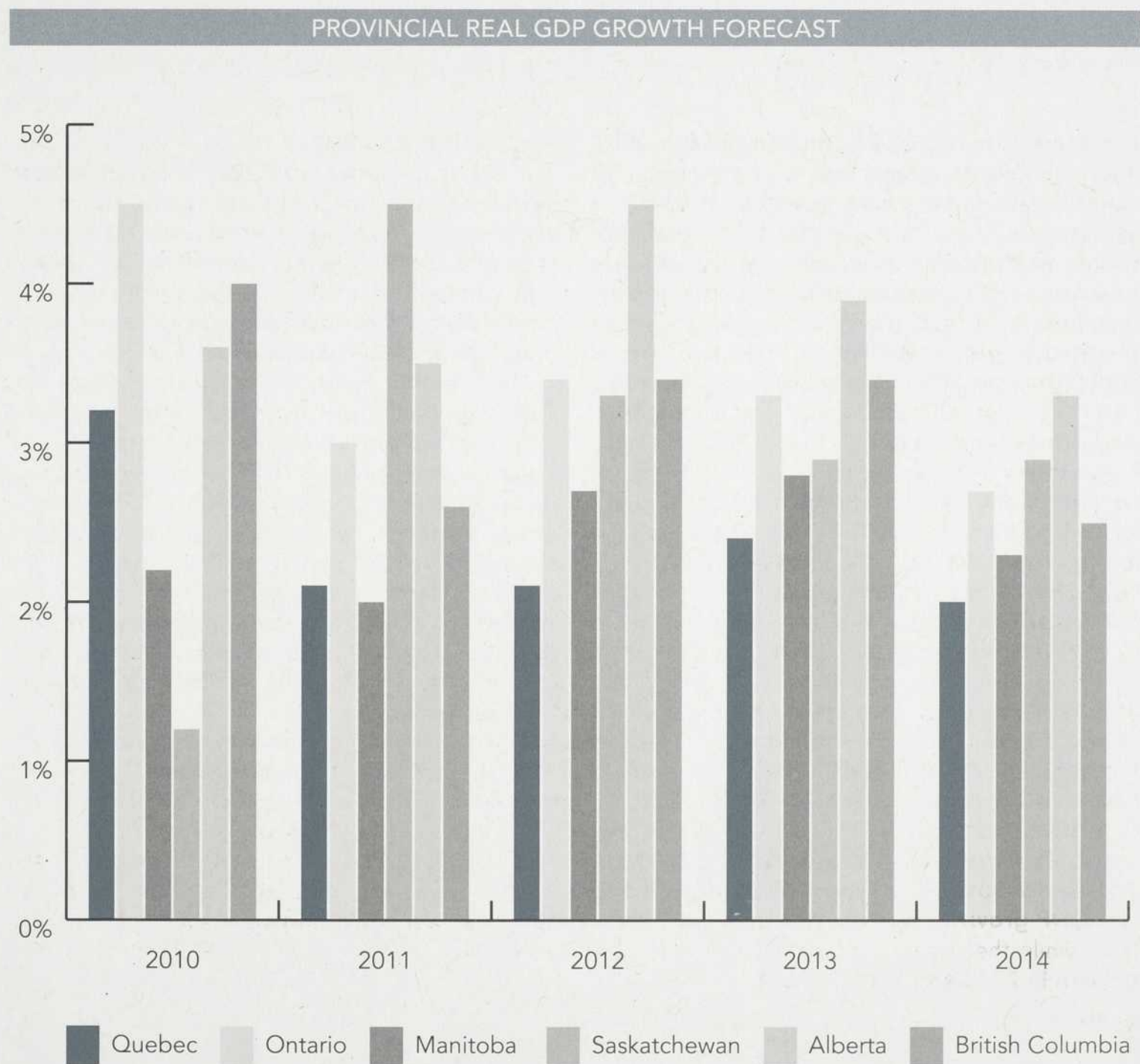
¹ According to the "Housing Market Outlook – Canada," third quarter 2010.

² According to the Bank of Canada's commodity price index, commodity prices have been on the rise since February 2009. Therefore, despite recent decreases (June, July and August 2010), the index remains higher than during the recession.

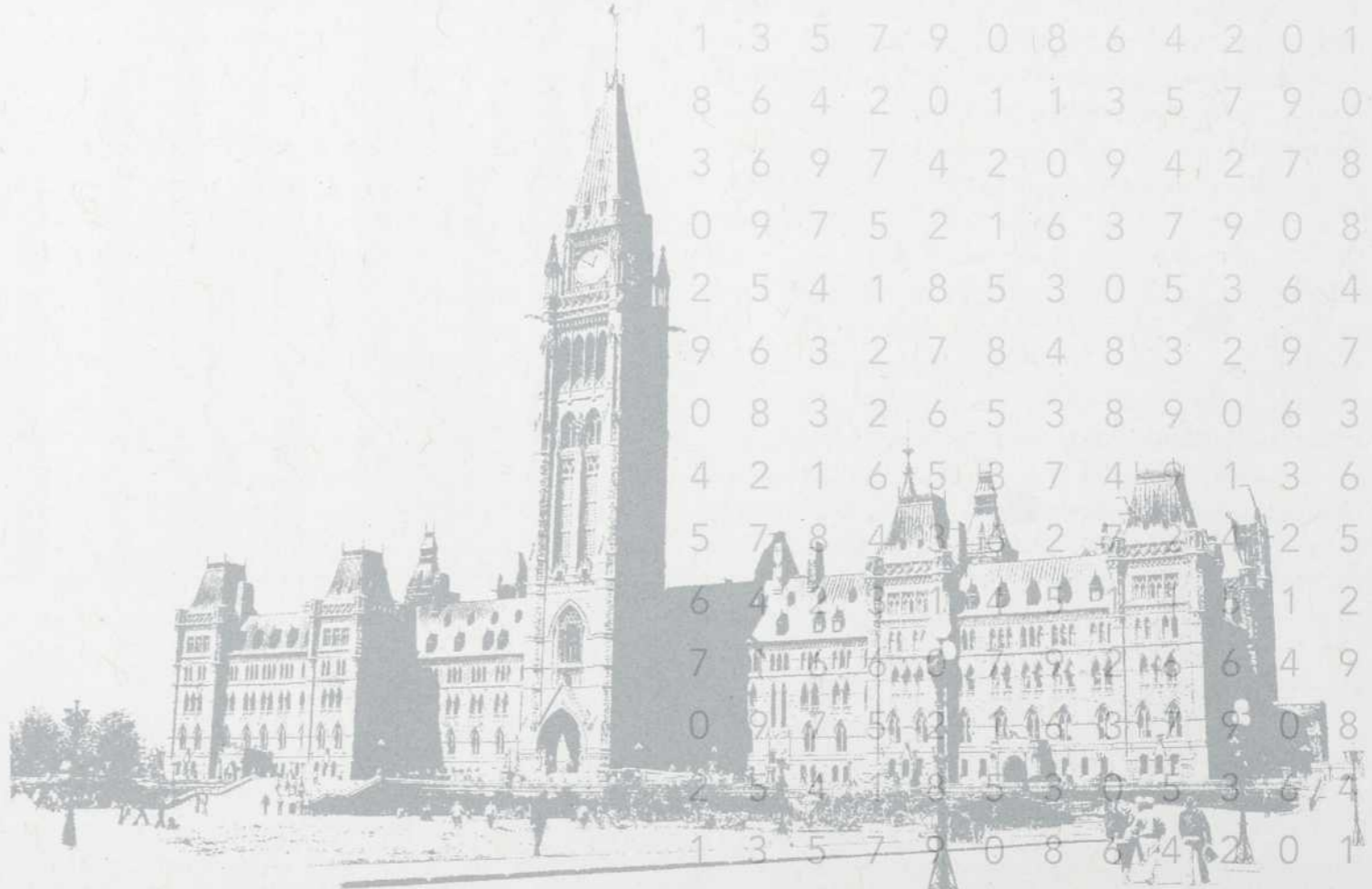
As for the Consumer Price Index, the Bank of Canada forecasts an average **inflation rate** of 1.7%³ in 2010 and roughly 2% in 2011.

Overall, although Canada's GDP growth will slow, the nation seems poised for a successful recovery. Its robust job market is a telling example. Businesses will have to leverage this advantage as well as our strong currency to continue investing in equipment and machinery and boost productivity across the country.

³ Average of the Bank of Canada's quarterly projections of the annual change in the total CPI published in its "Monetary Policy Report," October 2010.



Source: Based on data from the Conference Board of Canada



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QUEBEC:

A MODERATE CRISIS AND BETTER THAN EXPECTED RECOVERY

The Quebec economy seems to have emerged from the economic crisis relatively unscathed. In fact, according to the *Institut de la statistique du Québec* (ISQ), Quebec's real GDP slipped 1%, well below the 3.1% contraction in Ontario and 2.5% in Canada overall. Bolstered by a sharp increase in consumption, the recovery has been stronger than expected, with annualized growth of 5.5% in the fourth quarter of 2009 and 3.2% in the first three months of this year.

Still, like other economies around the world, growth is starting to slow, as we can see from the 2% annualized rate recorded in the second quarter. As such, according to Desjardins forecasts,¹ the province's **real GDP** will expand by 2.7% in 2010 and 2.3% in 2011. Moderating global activity and higher taxes will be the main reasons for Quebec's weaker performance in 2011.

IS THE GOODS SECTOR DRIVING THE RECOVERY?

Quebec's economic performance is not the same in every sector. After declining for several quarters, the goods-producing industries drove GDP growth in the fourth quarter of 2009 and first quarter of 2010. According to the Conference Board of Canada (CBOC), its output was up 3.3% in the first three months of the year compared to the previous quarter, versus only 1.6% for the services industries. However, the 0.5% decline in manufacturing in Q2 will pull down the goods sector's growth, which stood at 0.4% for the period.

¹ "Economic and financial forecasts", autumn 2010.

² According to the "Housing Market Outlook - Canada", third quarter 2010.

LIKE EVERYWHERE ELSE, THE HOUSING MARKET IS STARTING TO COOL

Better economic conditions around the world, government stimulus programs and low mortgage rates fuelled real estate activity in the first quarter of the year. In contrast, anticipated interest rate hikes, softening global growth and the end of stimulus programs weakened this sector in the second quarter. According to the Canada Mortgage and Housing Corporation (CMHC),² housing starts should have fallen by 4.6% in the second quarter to 54,900 units after jumping 12.2% in the first quarter over the previous period. According to the same forecast, **housing starts** will rise sharply compared to 2009, to 49,425 units this year, before contracting to 42,600 in 2011. Lastly, non-residential construction, sustained by major infrastructure projects, will stay strong in both 2010 and 2011.

While the recovery has been less robust in the services sector, it has nonetheless been more stable and has weathered the recession better than its goods counterpart. The global economic recovery and the province's strong labour market fuelled the surge in retail sales. Although **retail sales** showed signs of slowing in the second quarter, the CBOC is forecasting that after falling 1.1% in 2009, they will pick up 6.8% in 2010 and 3.4% in 2011.



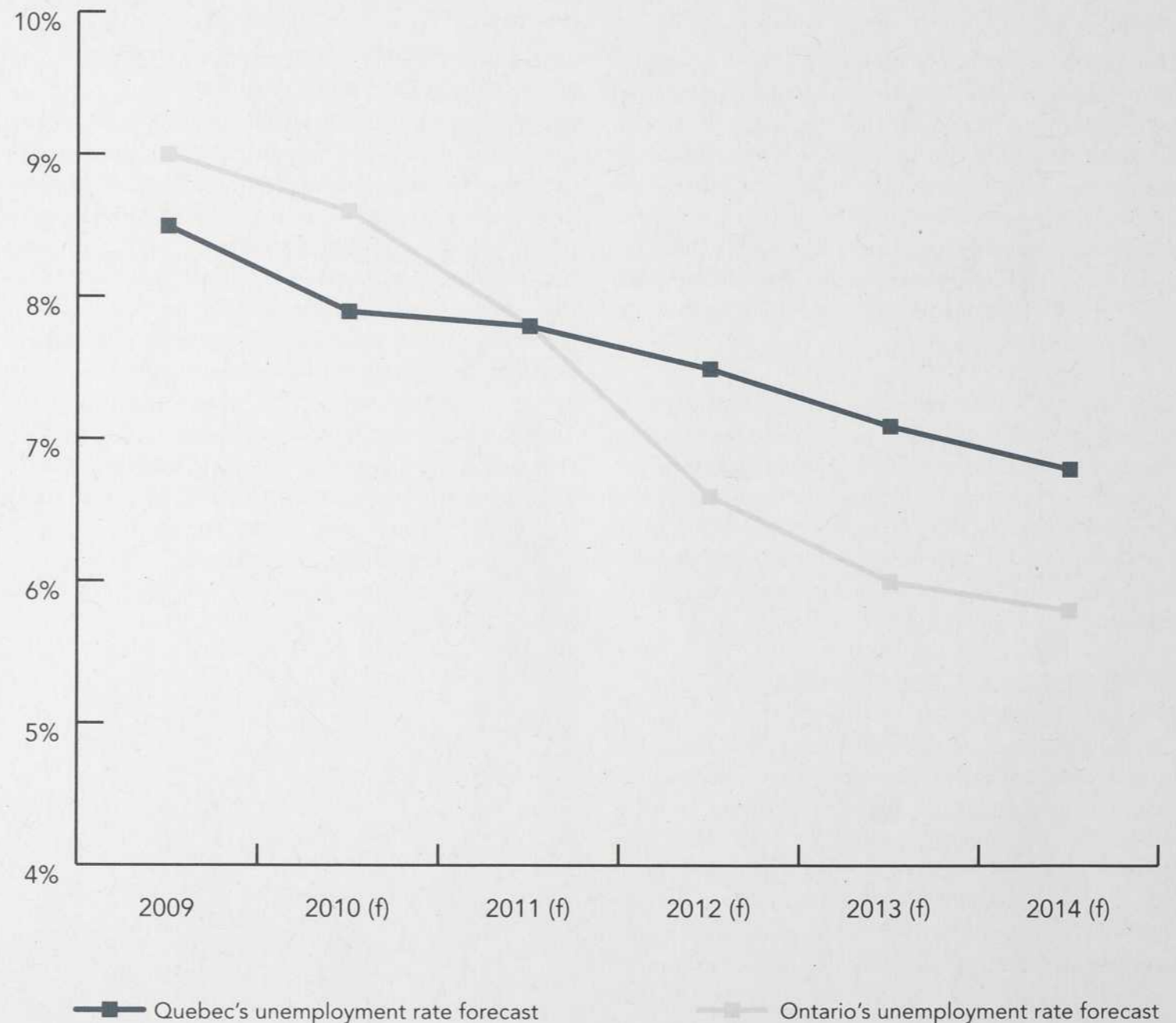
STELLAR PERFORMANCE ON THE EMPLOYMENT FRONT

Quebec has really stood out in terms of job creation. Not only is it back to pre-recession levels, it has even created new jobs. In the same vein, unemployment rate has continued to fall and according to the ISQ was down to 7.9% in the second quarter. It bears mentioning that Quebec, in a trend reversal, has been posting lower quarterly unemployment rates than Ontario since early 2009. At the time of writing, RBC Economics Research was forecasting that the province's **unemployment rate** will fall to 7.9% in 2010 and 7.6% in 2011, while the number of jobs will grow by 2% in 2010 and 2011.

A MORE MODERATE OUTLOOK FOR EXPORTS

On a less positive note, Quebec exports have been erratic lately. A strong loonie, combined with a weakening global recovery – especially in the U.S. – has inevitably put a damper on Quebec's international exports. According to the ISQ, the accumulated value of international exports for the first two quarters of this year fell 1.4% from the corresponding year-ago period. In light of the muted growth forecasts in the U.S. and the strong Canadian dollar, the province's **exports** will only increase slightly in 2010 and 2011. According to Desjardins Economic Studies, they will edge up 0.3% this year whereas imports will grow 5.2%. In 2011, however, exports will increase 2.9%, against 3.1% for imports.

QUEBEC'S AND ONTARIO'S UNEMPLOYMENT RATES FORECASTS



Source: Based on data from the Conference Board of Canada

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MONTRÉAL:

A RESILIENT ECONOMY

The Montréal census metropolitan area (CMA) held up better during the recent recession than other North-American cities. In fact, according to the Conference Board of Canada (CBOC), the region's real GDP contracted just 0.9% in 2009, compared to 2.3% in Toronto, 1% in Quebec and 2.5% for the country overall. Hardest hit by the downturn were the goods-producing industries, particularly manufacturing, which felt the pinch of the rising dollar and shrinking global demand.

After resuming its growth in the fourth quarter of 2009, the metropolitan economy turned in an excellent performance in the first quarter of 2010, compared to the previous one, achieving GDP growth of 2.1% thanks to economic recovery plans and a strong rebound by the world economy – the U.S. in particular – at the beginning of the year. But like many other advanced economies, output growth is projected to slow as of the second quarter as global demand cools and stimulus measures are phased out. As such, according to the CBOC, real GDP advanced just 0.6% in Q2. However, notwithstanding the slowdown, the CBOC is calling for real GDP growth of 3.2% in 2010 and 2.3% in 2011 for the Montréal CMA.

RESURGENCE OF GOODS-PRODUCING INDUSTRIES DRIVES RECOVERY

The strongest turnaround has been observed in the **goods-producing industries**, which, after

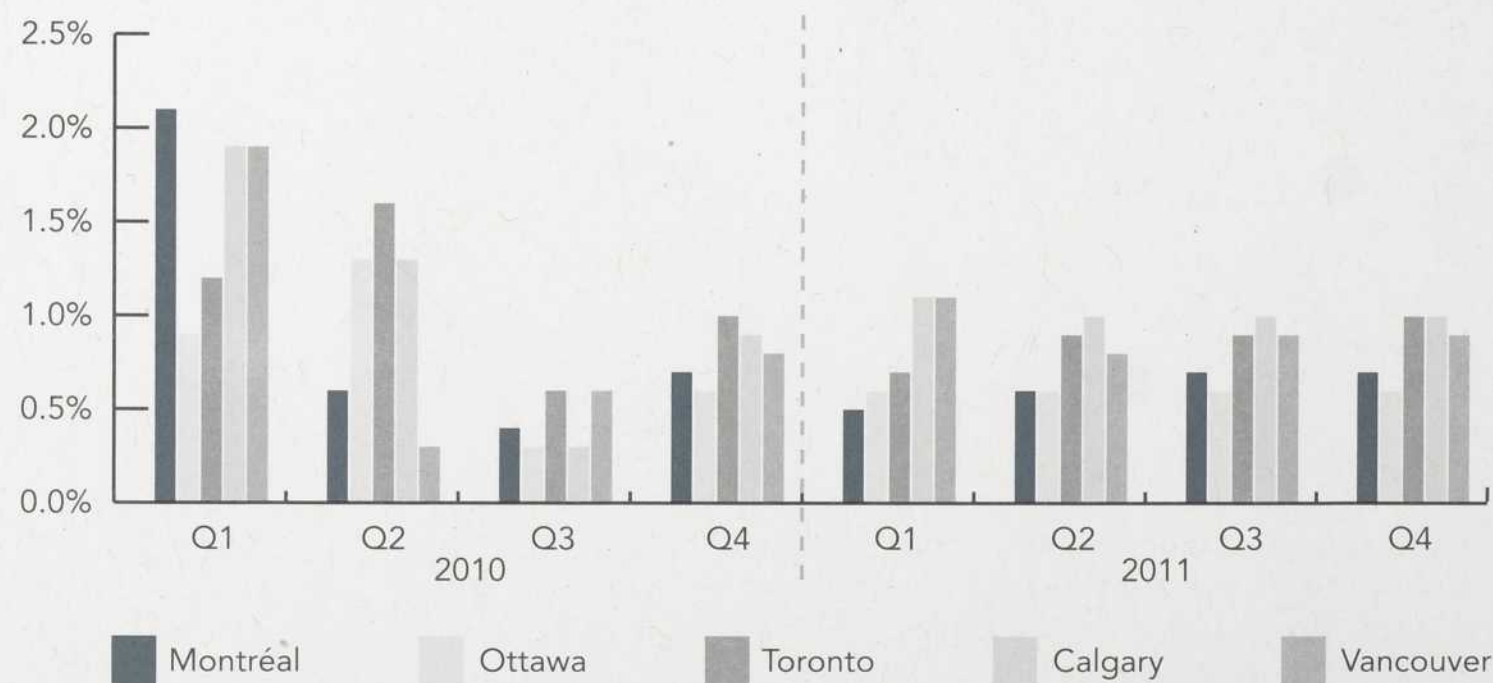
declining sharply during the recession, bounced back with quarter-over-quarter growth of 2.3% in Q4 2009 and 3.3% in Q1 2010. This performance was largely fuelled by the **construction and manufacturing sectors**, the latter capitalizing on the rebound in U.S. demand to boost output by 3% in the last three months of 2009 and 3.6% the first quarter of 2010. The expected rebound in the **aerospace** industry – which lags the economic cycle by about 12 months – will also contribute to

the growth of the **manufacturing sector**, which according to the CBOC will be 5.2% this year and 3.8% in 2011.

CONSTRUCTION WILL COOL NEXT YEAR

At 4.5%, the **construction sector** – sustained by, among others, the economic recovery, low mortgage rates and public infrastructure projects – grew vigorously in Q1 over the previous quarter. Conversely, moderating global growth, along

REAL GDP GROWTH FORECAST FOR CANADA'S MAIN METROPOLITAN AREAS



Source: Based on data from the Conference Board of Canada

¹ According to a Conference Board of Canada document titled "Metropolitan Outlook 1: Economic Insights into 27 Canadian Metropolitan Economies: Autumn 2010."

with higher interest rates, will dampen residential construction as of the second quarter. That said, the Canada Mortgage and Housing Corporation is calling for housing starts to increase by about 13% over last year, to 21,800 in 2010, and then taper off to 19,700 in 2011. Non-residential construction, bolstered by large infrastructure projects, will continue to do well until 2012. The CBOC is projecting a 6% increase in output for the construction sector this year. However, the withdrawal of stimulus measures, among other things, will cut growth to 1.9% in 2011.

HOW RESILIENT IS THE SERVICES INDUSTRY?

The **services industry**, which held up quite well during the economic crisis, expanded 1.7% in the first three months of 2010. Renewed business and consumer confidence, combined with a strong labour market, propelled **retail and wholesale sales** up 3.9% in Q1. Although they are expected to moderate as the global economy loses steam (confirmed by the weak 0.3% growth in Q2), the CBOC is still predicting a 5.9% increase for the year, followed by 1.7% in 2011.

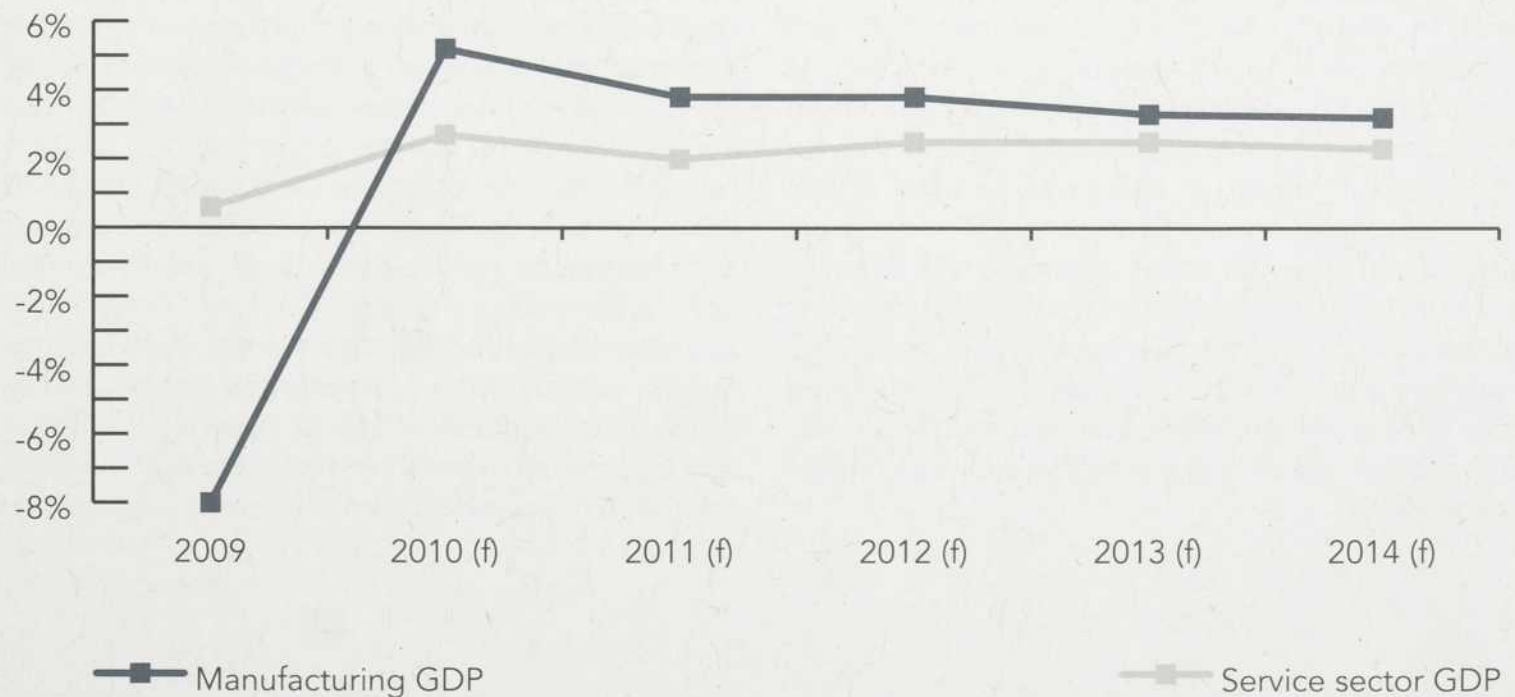
Given that the recovery will be modest this year and that the economy will not operate at full capacity, **inflation** rate is projected to be 1.5% in 2010 and rise to 3.2% in 2011.

MONTRÉAL SHINES ON THE EMPLOYMENT FRONT

Lastly, **Montréal's labour market** is surprisingly vigorous. During the recession, the unemployment rate did not rise as much in Montréal as in its North-American counterparts. For instance, in 2009 it increased by 1.7 percentage point here at home (to 9.2%), compared to 2.6 in Toronto (to 9.5%). What's more, at 8.5% in the second quarter

of this year, we have fewer people out of work than Toronto (9.4% during the same period) – for the first time in at least 22 years – and the U.S. (9.6%). The CBOC reckons that employment grew 1.6% in Q2. While job creation is posing a formidable challenge for many advanced economies, Montréal has managed to recoup all the jobs lost during the recession. According to the CBOC, **Montréal's unemployment rate** will decrease to 8.4% this year and 8% in 2011.

MONTRÉAL'S MANUFACTURING AND SERVICES INDUSTRIES REAL GROWTH FORECASTS



Source: Based on data from the Conference Board of Canada

ACCORDING TO FINANCIAL INSTITUTIONS

IN 2011, THE MONTRÉAL ECONOMY WILL...



CRAIG ALEXANDER
Senior Vice President & Chief Economist
TD Bank Financial Group

In 2011, Montréal's economy should experience moderate growth. Employment gains should draw the unemployment rate back down to its pre-recessionary level of 7.5 per cent by year's end. Montréal's densely concentrated high-tech industries, such as the aerospace, pharmaceutical, biotechnology, environmental, and information and communication technology, are poised for a period of revival or sustained growth in line with the global economic recovery. The recovery should also provide some steam to the financial services industry and spur international trade flows in this port city. While still faced with a protracted recovery of its major trading partners, the Montréal economy is well positioned for reasonable growth, the pace of which is expected to pick as we head toward 2012.



FRANÇOIS DUPUIS
Vice-President and Chief Economist
Desjardins Group

Right now, Montréal is still working on building itself a better future. It is facing no shortage of economic and social challenges and it has to do more to better position the city on the world stage. The infrastructure rehabilitation projects, the implementation of a genuine public transit plan, and the construction of the super hospitals are opportunities for the city's decision makers to demonstrate effective leadership. Beyond the economic outlook, Montréal's future will be decided by its ability to rally all the economic agents around promising projects. To remain a dynamic and attractive city, Montréal will have to rely on education, innovation and entrepreneurship to fuel its growth. Just like Quebec, Montréal is at a crossroads and must make the right choices so that 2011 paves the way to lasting prosperity.



ROBERT HOGUE
Senior Economist
Royal Bank of Canada

The greatest challenge facing Canada, Quebec and Montréal in 2011 will be to keep on growing once the stimulus measures are withdrawn. The recovery that began in the middle of 2009 was greatly aided by exceptionally low interest rates and recovery measures introduced by the various levels of government. These are now coming to an end. The Bank of Canada has already begun normalizing rates, and borrowing costs will continue to rise in 2011. What's more, the ultimate stimulus measure – the federal government's Action Plan – will expire in March.

Next year will therefore be a transition period for the Montréal economy when sectors propped by the stimulus measures, notably home construction and public infrastructure investments, will cool off and make room for the private sector.



CARLOS LEITAO
Chief Economist
Laurentian Bank Securities

Montréal's economy is entering a transition phase under still difficult external conditions. As regards domestic demand, it looks like households responded favourably to the expansionist policies implemented in 2009 and 2010, thus quickly reviving the economy. Very low interest rates prompted Montrealers to use credit as opposed to cash for their purchases, leading to a sharp increase in debt as a proportion of disposable income. Not surprisingly, consumer credit grew in relation to consumer spending during the recession, an unusual occurrence.

Going forward, we believe that the recovery will not be able to rely as heavily on consumer spending given the high level of household debt, rising interest rates and the fact that household wealth will not grow as rapidly as in the past. More specifically, we expect the housing market to slow and consumer spending to fall off sharply in 2011.



DOUG PORTER
Deputy Chief Economist
BMO Capital Markets

Montréal's economy will continue to recover in 2011 after surviving the recession relatively intact thanks to a diversified industrial base and stimulus measures. Quebec's infrastructure program (\$42 billion over 5 years) helped create 21,000 construction jobs last year while historically low interest rates allowed the housing market to rebound quickly.

However, growth will slow next year as the economic stimulus is replaced with deficit reduction measures, beginning with the first of two 1% hikes to the QST in January. Meanwhile, the housing market will slow and the loony's strength will hamper manufacturing. Although this sector lost 70,000 jobs in Montréal in the last 10 years, over 300,000 were created in services. Health and professional services were behind much of this job growth, a trend expected to continue fuelling modest growth.

BOARD OF TRADE MEMBERS' CONFIDENCE

DIPS SLIGHTLY IN Q3

Not surprisingly, the Board of Trade of Metropolitan Montreal's member confidence index edged down 0.02 point in the third quarter to 5.93.

This small decrease is surely due to the worsening global outlook and uncertainty about the recovery's sustainability. However, a closer look at the survey's findings shows that this decrease is mainly the result of a slight deterioration in members' confidence about the direction of the Montréal economy in the foreseeable future and the recruitment outlook for their companies. The

latest economic data, which show weakening real GDP growth in Quebec and Montréal, combined with Montréal's cooling job market, explain these results.

However, local businesspeople were more positive about the immediate future of their companies as well as their expectations for revenue growth. In fact, Board of Trade members remained confident about their companies since Q2 2009, when the index was at its lowest, showing that Montréal entrepreneurs never lost faith in their companies,

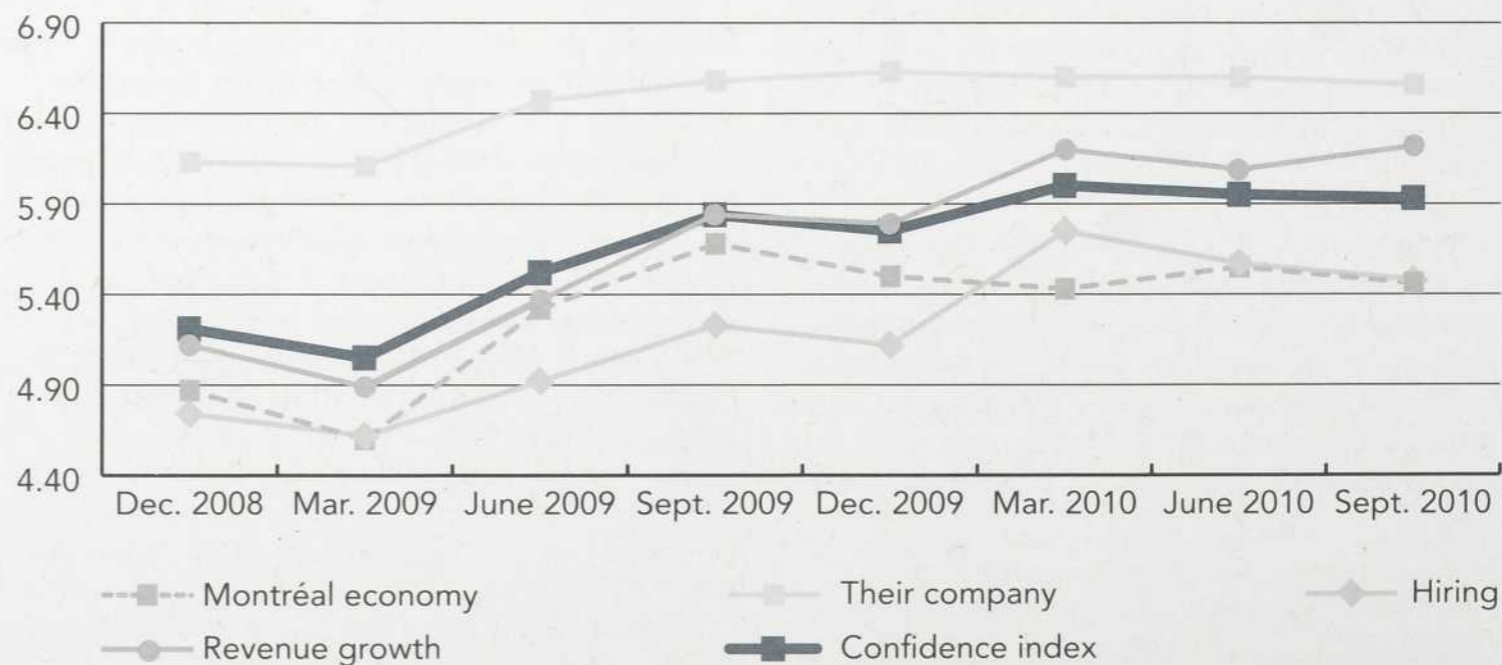
even at the height of the recession and despite the fragile recovery. Could this explain the resilience of the Montréal economy and labour market? Perhaps, given that entrepreneurs who are more confident about their companies are less likely to lay off employees.

That said, we have to keep a close eye on the global economy, especially the U.S., which greatly affects business confidence and economic performance here at home.

NOTE ON METHODOLOGY:

The Board of Trade members' confidence index measures the level of confidence of its business members using a scale of 1 to 10. The index is compiled from responses to a four-question survey that we distribute quarterly, during the first week of March, June, September and December, to members of the Board of Trade. Participants were asked to fill out our online questionnaire between September 1 and 13, 2010. Answers are weighted to take into account the makeup of the Board of Trade's membership. The maximum margin of error for 343 participants is 5.27%, 19 times out of 20.

BOARD OF TRADE MEMBERS' CONFIDENCE INDEX



FROM STRATEGIC SECTORS TO INDUSTRIAL CLUSTERS

MONTRÉAL'S FINANCIAL INDUSTRY: A KEY ECONOMIC ENGINE



Montréal has a sizeable financial industry. Providing over 100,000 jobs, it is a major contributor to the city's economic growth. It offers well-paying jobs, participates actively in international trade, and has ties with other industries, particularly information technology, a highly developed sector in Montréal and considered a strong asset.

A variety of reasons explain why Canada and Quebec were less affected than almost any other place in the world by the financial crisis. Top on the list is the strong regulatory framework governing our financial sector. As a result, our reputation has grown, giving us a competitive edge when it comes to attracting foreign firms to our territory.

However, the competition is stiff and there are now more players than ever. The G8 has ballooned into the G20, and with each passing day the BRICs (Brazil, Russia, India and China) are playing an increasingly important role in the global economy. Cities and regions everywhere are creating organizations to step up the development of their financial sectors. If it wants to stay in the game, Montréal is going to have to get organized and leverage its strengths, make them known, develop the niches in which it already excels and carve out new ones. While the idea of building a financial cluster has

been tossed around for some time, it was only recently that the strategic players expressed serious interest. In response to this favourable climate, Finance Minister Raymond Bachand announced in his March 30 Budget Speech that the government would invest \$1 million over five years (\$200,000 per year) to support a financial cluster. The *Communauté métropolitaine de Montréal*, as part of its economic development policy, will possibly contribute \$200,000 a year over three years to newly created clusters, provided they meet certain conditions.

The following financial institutions and organizations have each committed \$50,000 for 2010 and 2011: AMF, National Bank of Canada, Laurentian Bank, BMO Financial Group, the Montréal Exchange, Caisse de dépôt et placement du Québec, CGI, Desjardins Group, Fonds de solidarité FTQ, Standard Life and TD Securities. Others are expected to follow suit.

The strategic orientations and priorities will be defined in the coming weeks by the governing committee, made up of the industry's key stakeholders.

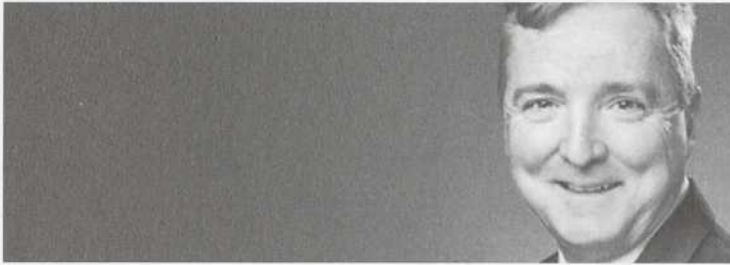
The cluster will be set up as a non-profit organization. It will have a light structure and its objectives will be clear, concise and measurable. Apart from the governing committee, there will be a board of directors whose members will be elected at an annual meeting to ensure the cluster's strategic orientations are followed and its objectives achieved. The International Financial

Centre, whose mandate is to attract financial firms to Montréal, will work closely with this new entity.

Jacques Girard
Chairman of the Board
and Chief Executive Officer (Acting)
International Financial Centre

FROM STRATEGIC SECTORS TO INDUSTRIAL CLUSTERS

CLEAN TECHNOLOGY: A BOOMING INDUSTRY



The global economy is in a state of flux, and Quebec's is no exception. The issues of climate change and sustainable development are forcing us to rethink the way we do things. Some are even talking about another industrial revolution, spearheaded by clean technologies.

Also known as cleantech, greentech, ecotech, eco-activities and eco-innovations, clean technologies are already in use in many spheres: energy, water, air and the environment, agriculture, transportation, manufacturing, materials, recycling and waste management. They encompass technological innovations, products and services that are:

- Ecologically efficient (by reducing the negative effects on the environment);
- Economically advantageous (by offering better performance at a lower cost); and
- Socially responsible (by contributing to a better quality of life thanks to optimal use of resources).

"This industry is already thriving," says Denis Leclerc, President and CEO of Écotech Québec, the province's cleantech cluster. "Last year, this industry received the most investments in North America, Europe, China and India, beating out

biotechnology and IT for the first time. And they were up 65% year-over-year for the first six months of 2010." The trend is so strong that according to a study conducted by Deloitte this year of 500 venture capitalists worldwide, cleantech is a hot investment category, be it in Canada, the U.S., China or India.

Some observers view the recent global economic crisis as an opportunity to strengthen the world's economies by backing clean technologies, and in so doing, encourage a shift to a green economy.

"Quebec is poised to do well in this context," adds Leclerc. "Geographically, it is in a highly strategic location in North America. It also benefits from favourable trade conditions, free-trade agreements and world-class infrastructures. And last but not least, with its pool of businesses, research centres, university chairs and technology transfer centres, it has built a critical mass in several industries."

In order to optimize its growth and visibility, the industry itself has mobilized to set up a cleantech cluster. That's how Écotech Québec came to be. An independent, not-for-profit organization, Écotech is a veritable ecosystem that rallies industry stakeholders – cleantech business owners, users and organizations that facilitate innovation, commercialization and exporting – around common goals and actions.

"Écotech Québec's goal is to increase the synergies among the stakeholders in order for this industry to develop to its full potential. Together, we can do more than if each one goes it alone. We want to help position Quebec as a cleantech hub in North America and make it more competitive, greener and healthier," summed up Mr. Leclerc.

Denis Leclerc
President and CEO
Écotech Québec

PUBLIC INFRASTRUCTURE PROJECTS, AN IMPORTANT TOOL FOR RAISING OUR COMPANIES' PRODUCTIVITY

The recent recession evoked a sense of urgency in the world's governments, leading to an unprecedented coordination of recovery measures aimed at preventing the biggest fallout in history. Accommodative monetary policies and stimulus programs were adopted to support growth and employment. Launching public infrastructure projects was one of many strategies employed to get the economy back on track.

Such projects are relevant because they stimulate economic activity in the near term while improving the economy's competitiveness and performance over the long run.

In fact, a growing number of economists are now studying the potential impact of public capital investments on productivity and economic growth. Public capital consists primarily of transportation systems such as public transit and highways, water supply and wastewater treatment facilities.

PUBLIC CAPITAL INVESTMENT PROJECTS BOOST PRODUCTIVITY

According to a study conducted by Statistics Canada titled "Public Capital and Its Contribution to the Productivity Performance of the Canadian Business Sector," an increase in the services of public capital reduces the total cost of private sector production, which in turn translates into greater productivity of businesses. Although the total cost of production decreases across all industries, it varies in magnitude. The industries

most sensitive to changes in public capital are transportation, wholesale and retail trade, and utilities.

This study also found that the marginal benefits of public capital are significant in all industries. For instance, for every \$1.00 increase in the net value of the public capital stock, businesses save an average of 17 cents each year in production costs. Another StatsCan study, titled "The Impact of Public Infrastructure on Canadian Multifactor Productivity Estimates," found that from 1962 to 2006, public capital contributed 0.2 percentage point per year to labour productivity (i.e. 9% of labour productivity growth).

INVESTING IN QUEBEC PUBLIC CAPITAL IS A GOOD WAY TO RAISE ITS PRODUCTIVITY

Considering that Quebec and its metropolis are beset by a serious demographic challenge and low structural productivity, investing in public capital seems the right way to go to ensure their economic vitality down the road.

In the coming years, **a number of infrastructure projects – mostly transportation – should help raise the metropolitan region's productivity.** For instance, the modernization of the Turcot Interchange will improve traffic flow and include reserved bus lanes. In a few years, investments will also be needed to rebuild other major roadways such as the Champlain Bridge and the Metropolitan Autoroute.

Strategic investments in **public transit** will also make commuting easier for workers, which in turn would save businesses money and potentially translate into productivity gains. The planned airport shuttle to Central Station will make it much easier for businesspeople to get downtown from the airport, while the new cars ordered for the metro will increase its capacity. Further down the line are also plans to extend the metro to East Montréal, Laval and the South Shore.

1 Source: Statistics Canada, 2003, "Public Capital and Its Contribution to the Productivity Performance of the Canadian Business Sector," Catalogue No. 11F0027M, No. 017.

2 Source: Statistics Canada, 2009, "The Impact of Public Infrastructure on Canadian Multifactor Productivity Estimates," Catalogue No. 15-206-X, No. 021.

CANADA ECONOMIC DEVELOPMENT REPORT

DEMOGRAPHIC CHANGES AND IMPLICATIONS FOR THE QUEBEC AND GREATER MONTRÉAL LABOUR MARKETS

Over the next 25 years, the labour market will have to contend with major changes, due in large part to population aging and a massive influx of immigrants. This article explores the factors that will affect labour availability and the potential implications of these changes.

The Statistics Canada reference scenario for 2010 was used for this analysis. According to the agency's projections, the Quebec population will grow by 1.4 million between 2009 and 2036, to over 9.25 million.

The main assumptions are as follows:

- A gradual increase in life expectancy;
- A fertility rate of 1.72 children per woman;
- Positive natural increase in the population (births – deaths) that will gradually decrease;
- 50,000 new immigrants per year;
- Interprovincial migration deficit: 8,000 people per year.

According to the projections, Quebec's largest working-age group (20-64 years) will not grow uninterrupted over the next 25 years. However, the total active population (workers + unemployed) is not expected to decrease since the participation rate will most likely increase in almost all age groups.

Playing in favour of this increase is:

- an increase in the level of education;
- demand for workers is growing faster than supply (hence, lower unemployment);
- better health in the 50+ group and their desire to keep on working to maintain a high standard of living;
- a growing presence of immigrants, whose participation rate is greater than that of non-immigrants age 55 and over.

Moreover, the massive wave of baby-boomer retirement will create employment opportunities for the younger generation, pushing down the jobless rate and stimulating the participation rate of several cohorts.

Statistics Canada's scenario presents an overall portrait of the province. In some remote communities already beset by a low birth rate and a shrinking population, the situation could turn out quite differently than in large urban centres, especially if they are unable to attract and retain new immigrants. In business, the competition will be fierce for companies in search of new talent, driving up wages as they duke it out for the best workers.

THE MONTRÉAL METROPOLITAN AREA

The Montréal census metropolitan area (CMA) will continue to attract most of Quebec's new arrivals, increasing labour supply in the city but creating a shortage in other areas. While this might push up the unemployment rate in the metropolitan area, it might also prompt businesses to move to the city or to increase their number of employees there.

Since the active population will be more educated, it makes sense that companies that hire mostly people with post-secondary education will tend to set up in Montréal with a view to filling their future labour needs.

In 2031, nearly a third of the Montréal CMA will consist of visible minorities, double (16%) the number in 2006. Arabs (367,000) and Blacks (381,000) will each account for 7.5% of the population (see: http://www42.statcan.gc.ca/smr09/smr09_016-eng.htm).

Article written by François Gauvin,
Canada Economic Development

 Canada Economic Development  Développement économique Canada

Canada

Montréal Island Business Office
 ☎ 514 283-2500 | 1 800 322-4636
 ☎ 514 496-8310
 www.dec-ced.gc.ca
 montreal@dec-ced.gc.ca

VILLE DE MONTRÉAL REPORT

MONTRÉAL LABOUR MARKET: AN ENCOURAGING BUT STILL FRAGILE RECOVERY

After 12 years of steady job growth in the Montréal area, the labour market was dealt a sharp blow by the 2009 recession, shedding 37,900 jobs that year. Fortunately, Montréal quickly got back on its feet, recovering all of its losses in the first two quarters of 2010. Thus, between September 2009, when employment was at its lowest, and September 2010, 38,600 new jobs were created on the island of Montréal, for a net gain of 700 jobs, most of which were part-time. This recovery was fuelled by the finance, insurance and real estate sectors, as well as wholesale and retail trade. With such gains, the city turned out to be the biggest job creator in the metropolitan region, accounting for 99.5% of the 38,800 new jobs in the CMA since September 2009.

However, the fact that 99% of the jobs created in Montréal were part-time means that the recovery is not on solid footing. As such, after peaking in August 2010, with 964,900 people employed, the city saw employment contract the following month for the first time since September 2009. As well, the working population set a record in August; never had so many people participated in the labour market. But by September the party was over as their numbers fell by 1.3%.

In short, although employment made a spectacular recovery in 2010, we can't say that all traces of the recession have disappeared. That said, the conditions are in place for the economy to resume its pre-recession growth pace. Besides the vitality of the private sector, the government's stimulus measures are helping move things forward, as is an impressive array of construction projects that are fuelling job creation. Nearly 180 projects of \$5 million or more are currently underway on the island of Montréal, representing roughly \$12 billion in investments.

But as the statistics show, the future is uncertain. Based on its uneven performance, the U.S. economy seems to be struggling to get back on track, which may spell trouble for jobs here at home given our heavy reliance on the U.S. market.

That said, the Conference Board of Canada is bullish on employment, projecting 3.3% growth for the metropolitan region in 2010, more than for Toronto.

Everything therefore seems to be in place for Montréal to turn in an enviable performance, thereby living up to its role as the engine of the Quebec economy. It's now up to us to capitalize on emerging opportunities and leverage the city's many assets.

Article written by the Direction
du développement économique et urbain
Ville de Montréal

Montréal 



www.montrealtrendchart.com

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- Comparative data
- Interactive graphs
- Regular updates



6 4 2 3 1 4 5 1 1 5 1 2
7 1 6 6 0 7 9 2 6 6 4 9
Montréal
TREND CHART
8 6 4 2 0 1 1 3 5 7 9 0
0 8 3 2 6 5 3 8 9 0 6 3
4 2 1 6 5 3 7 4 9 1 3 6
5 7 8 4 3 6 2 7 2 4 2 5
6 4 2 3 1 4 5 1 1 5 1 2
7 1 6 6 0 7 9 2 6 6 4 9
1 3 5 7 9 0 8 6 4 2 0 1
8 6 4 2 0 1 1 3 5 7 9 0
3 6 9 7 4 2 0 9 4 2 7 8
0 9 7 5 2 1 6 3 7 9 0 8
2 5 4 1 8 5 3 0 5 3 6 4
9 6 3 2 7 8 4 8 3 2 9 7
0 8 3 2 5 3 8 9 0 6 3
4 2 1 6 5 3 7 4 9 1 3 6
7 8 2 7 2 4 2 5
5 1 2
8 6 4 2 0 1 1 3 5 7 9 0
3 6 9 7 4 2 0 9 4 2 7 8
4 2 1 6 5 3 7 4 9 1 3 6