



# QUÉBEC'S ECONOMY AND PUBLIC FINANCES

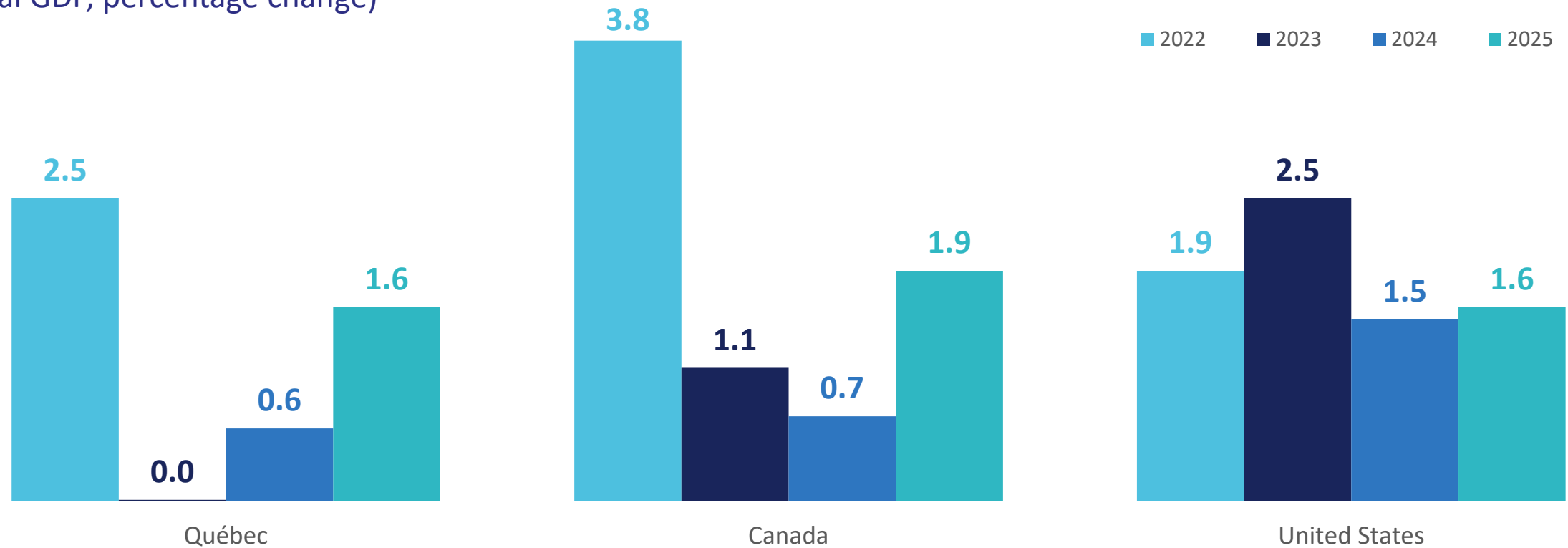
LONDON - JUNE 17, 2024

# GROWTH EXPECTED AS OF 2<sup>ND</sup> QUARTER OF 2024

## ECONOMY

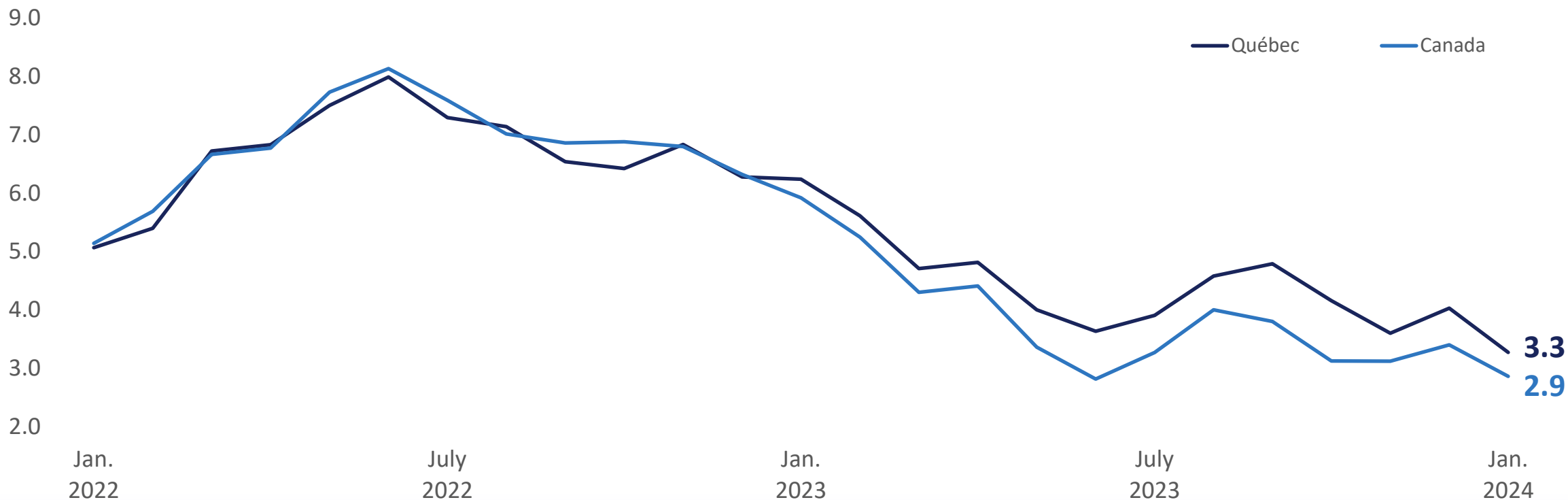
### Economic growth

(real GDP, percentage change)



# CONSUMER PRICE INDEX (CPI) ECONOMY

## Change in CPI (annual percentage change)

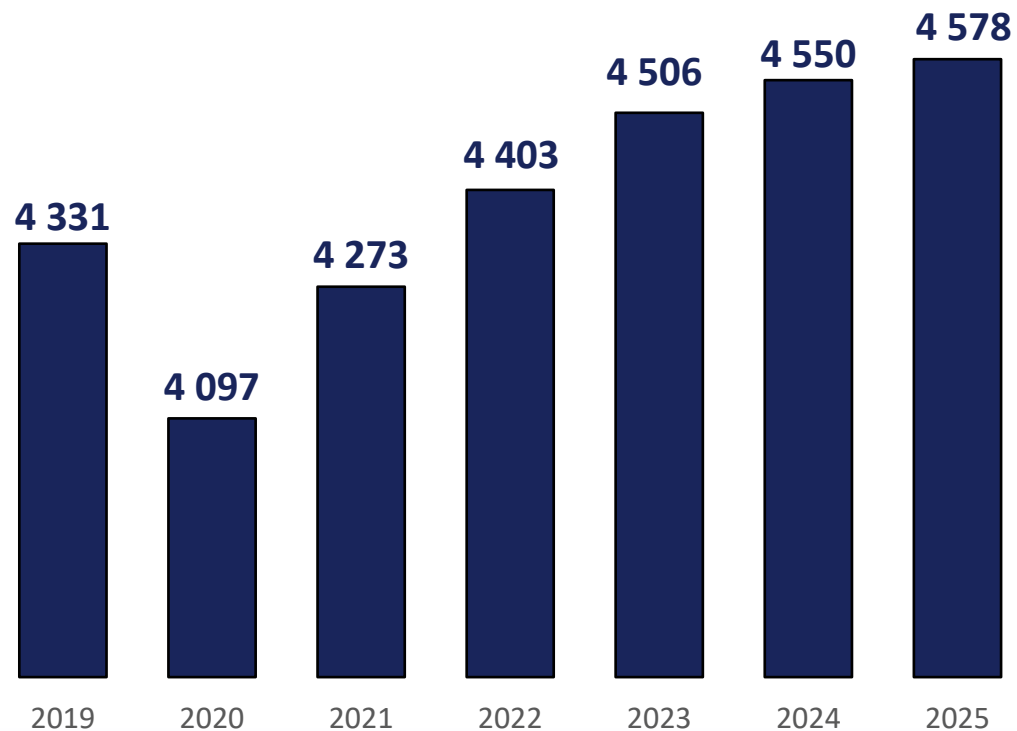


# LABOR MARKET REMAINS RESILIENT

## ECONOMY

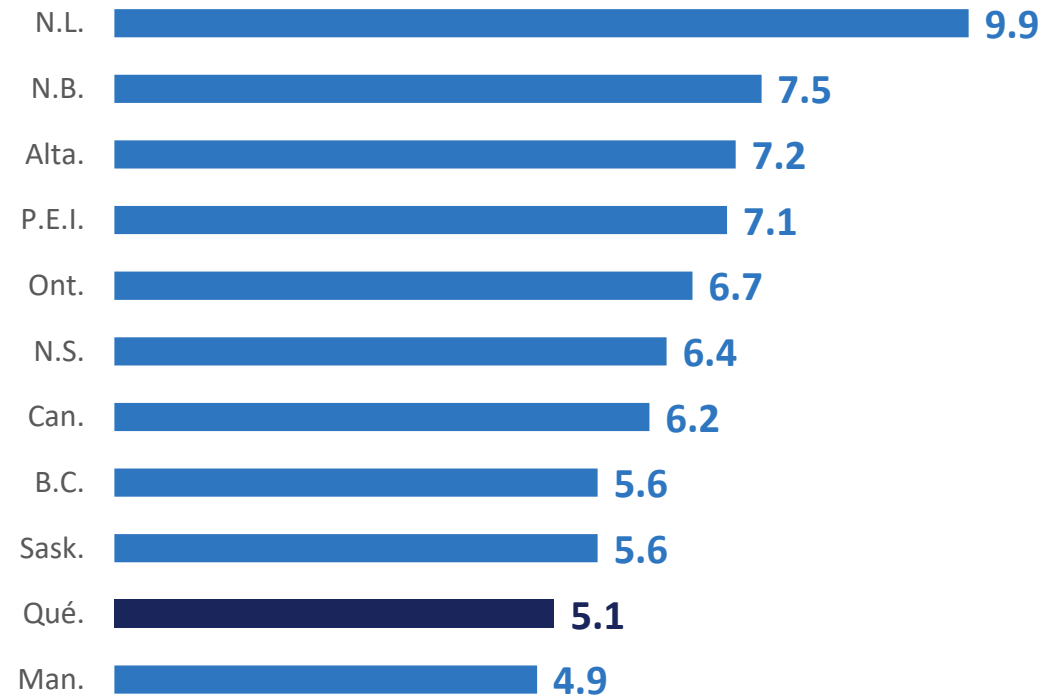
### Jobs in Québec

(average annual data in thousands)



### Unemployment rate in May 2024

(per cent)



# INVESTMENT IN HR AND WORK ORGANIZATION

## PUBLIC FINANCES

	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	Total
Wage parameters	6.0%	2.8%	2.6%	2.5%	3.5%	<b>17.4%</b>

- Recognition of the seniority of the independent labour pool in the health care sector
- Implementation of self-managed schedules in health care
- Adjustment to bonuses in health care
- Support staff status review in schools
- Collective agreements until 2027-2028 ensure stability and predictability

# FINANCIAL FRAMEWORK FOR 2024-2025

## PUBLIC FINANCES

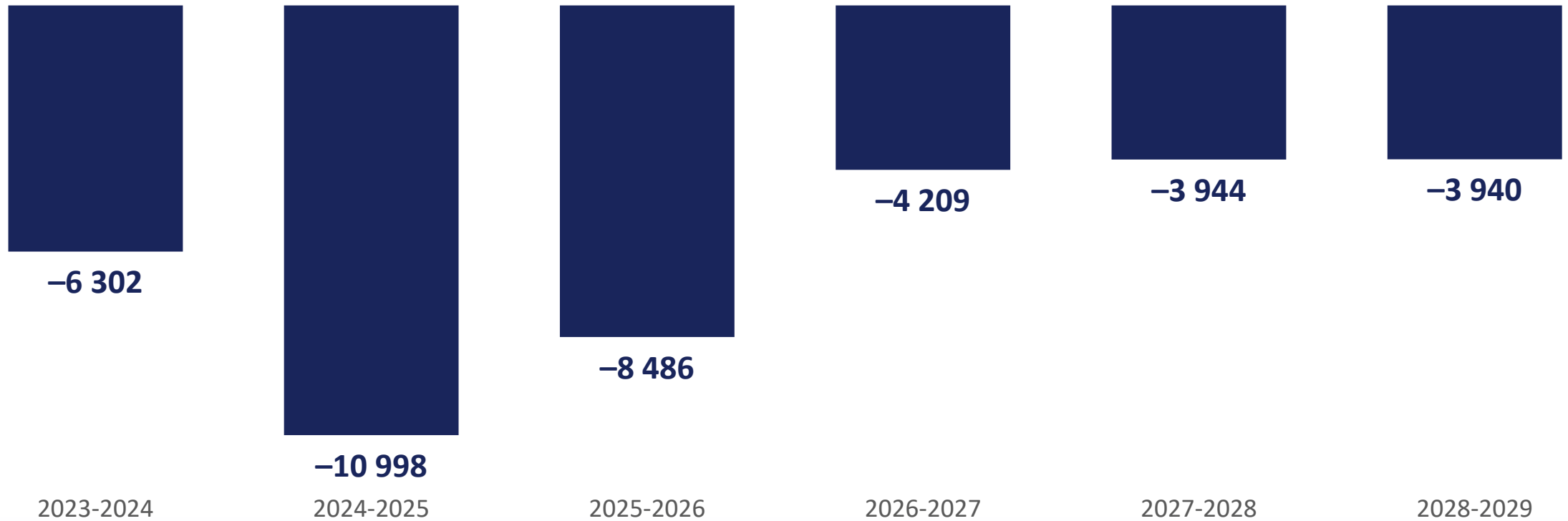
(millions of dollars)

	<b>2024-2025</b>
Revenue	150 301
Expenditure	-157 577
<b>DEFICIT FROM OPERATIONS BEFORE CONTINGENCY RESERVE</b>	<b>-7 276</b>
Contingency reserve	-1 500
<b>DEFICIT FROM OPERATIONS</b>	<b>-8 776</b> <b>(1.5% of GDP)</b>
Deposits in the Generations Fund	-2 222
<b>BUDGETARY BALANCE ACCORDING TO THE BALANCED BUDGET ACT</b>	<b>-10 998</b> <b>(1.9% of GDP)</b>

# RESTORING FISCAL BALANCE

## PUBLIC FINANCES

**Budgetary balance**  
(millions of dollars)



# FOUR LEVERS TO RETURN TO A BALANCED BUDGET

## PUBLIC FINANCES

1. Immediate steps to optimize government action (\$2.9B over 5 years in the 2024-2025 budget)
  - Plus: Capital gains inclusion rate announced in April and other harmonization measures: \$2.5B over 5 years
2. Review of tax and budgetary expenditures with the Ministère du Conseil exécutif under the authority of the Premier
3. Additional federal transfers
4. Wealth creation and increased economic potential

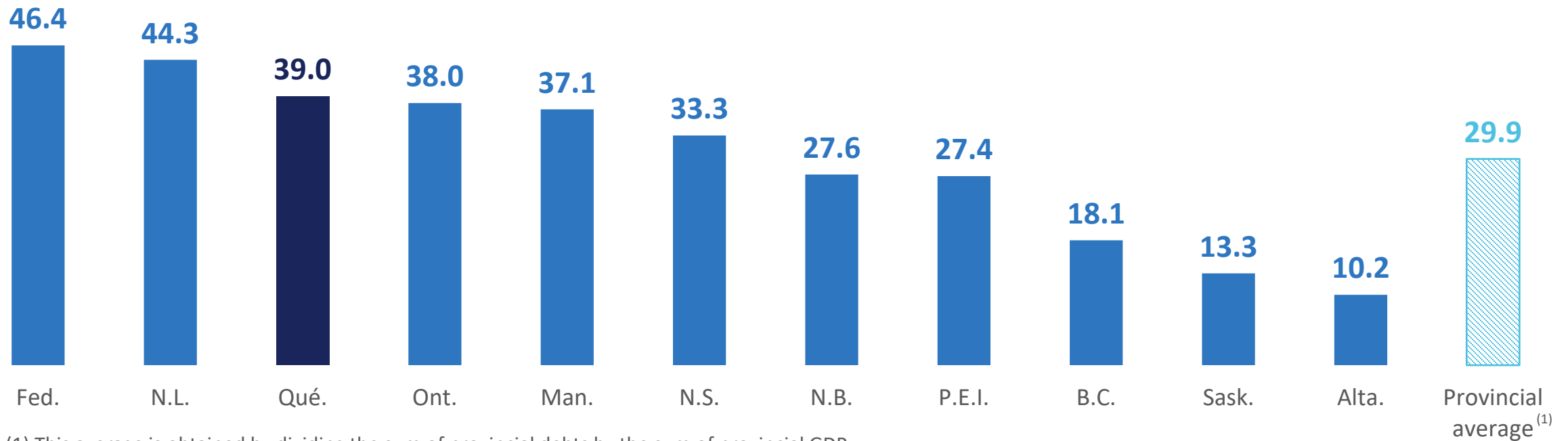
**Plan to return to a balanced budget by 2029-2030 to be presented in Budget 2025-2026.**

# NET DEBT IN CANADA

## DEBT

### Net debt of governments in Canada as at March 31, 2024

(percentage of GDP)



(1) This average is obtained by dividing the sum of provincial debts by the sum of provincial GDP.

# NET DEBT IS LOWER THAN BEFORE THE PANDEMIC

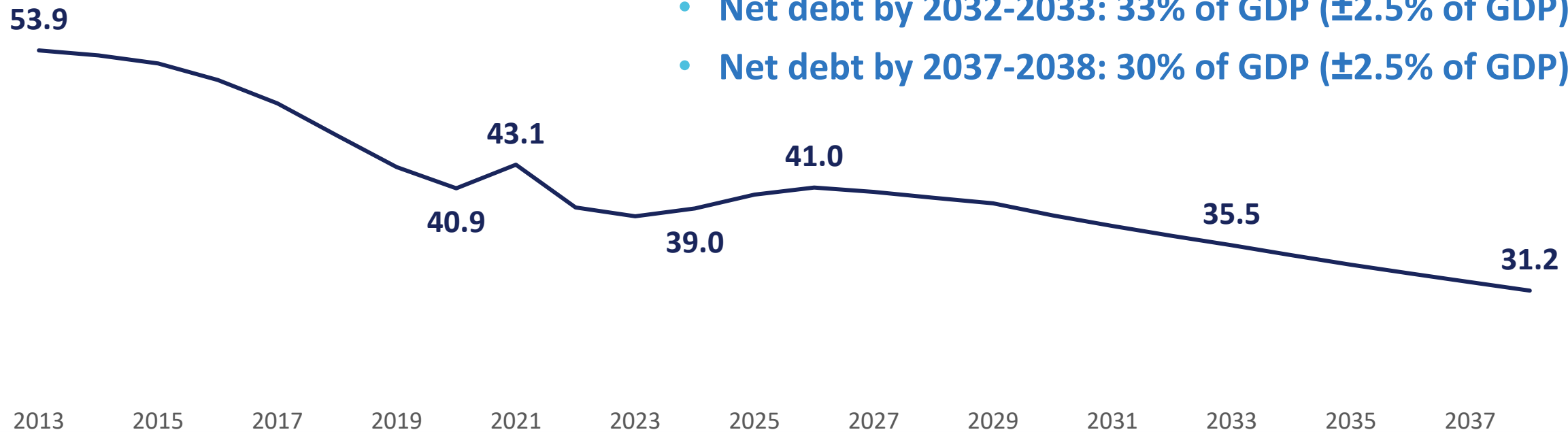
## DEBT

### Net debt as at March 31

(percentage of GDP)

#### Debt reduction targets:

- Net debt by 2032-2033: 33% of GDP ( $\pm 2.5\%$  of GDP)
- Net debt by 2037-2038: 30% of GDP ( $\pm 2.5\%$  of GDP)

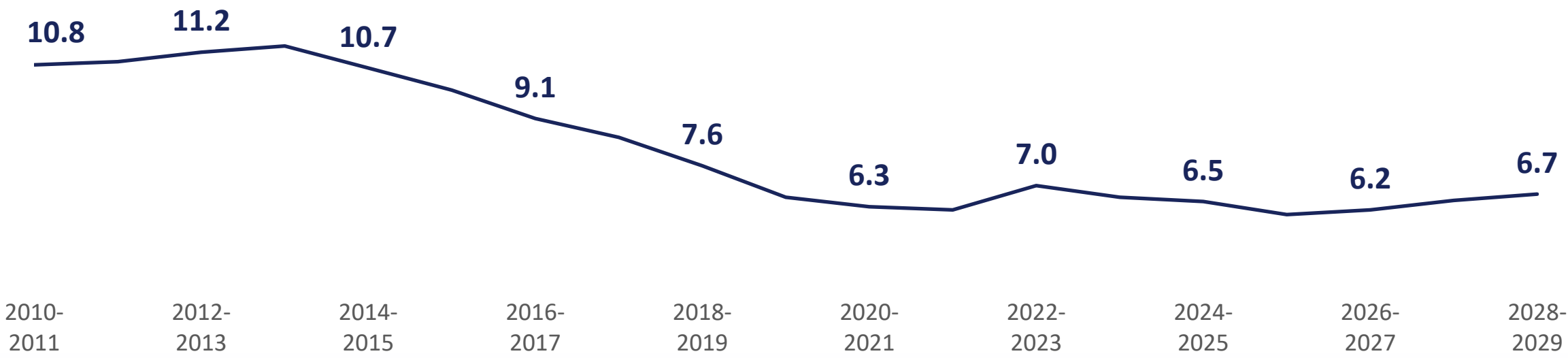


# THE PROPORTION OF REVENUE DEVOTED TO DEBT SERVICE

## DEBT

### Debt service

(percentage of revenue)



# GENERATIONS FUND

## DEBT

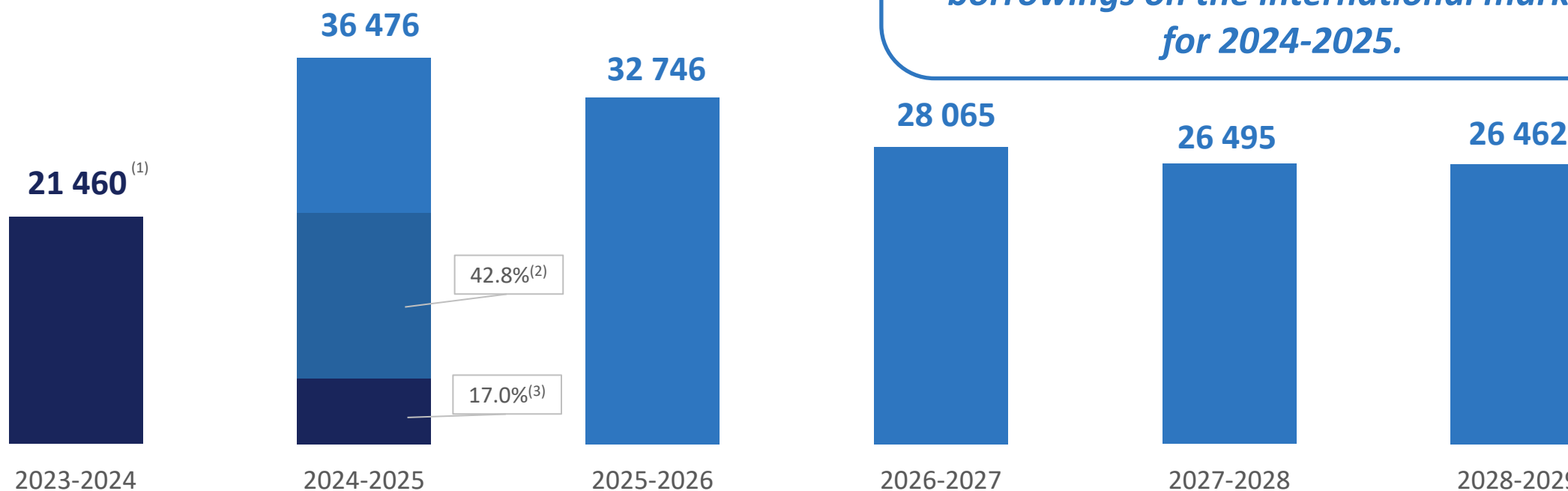
- The Generations Fund was created in 2006 to help repay down Québec's debt
  - Funded with revenues, mainly from Hydro-Québec, the balance the Generations Fund amounted to \$18.5 billion as at March 31, 2024
  - From 2024-2025 to 2028-2029, deposits in the Generations Fund are expected to average \$2.4 billion per year
  - Withdrawals of \$4.4 billion in 2024-2025 and \$2.5 billion in 2025-2026 will be made to reduce the financing program and alleviate debt service

# FINANCING PROGRAMS

## FINANCING

### Government's financing program

(millions of dollars)



*In 2023-2024, 77% of borrowings contracted had a maturity of 10 years or more.*

*To date, Québec has realized 43% of its borrowings on the international markets for 2024-2025.*

Note: Fiscal year starts April 1.

(1) Financing program as at March 12, 2024.

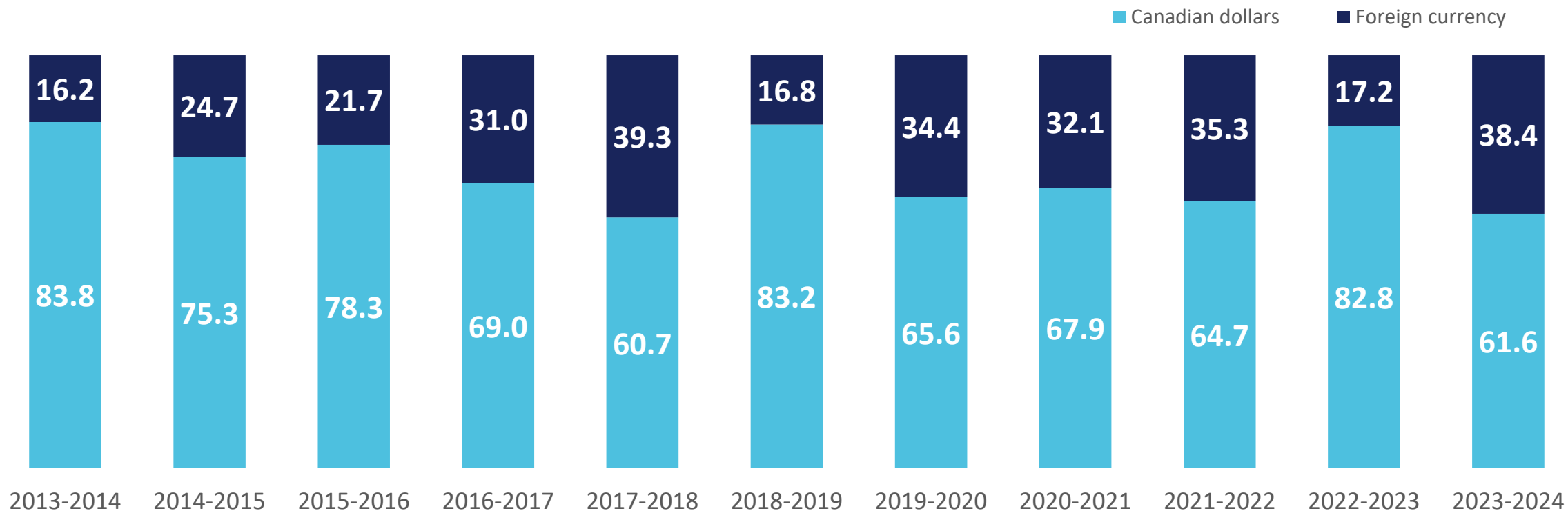
(2) Borrowings carried out between April 1 and June 13, 2024.

(3) Borrowings carried out between March 13 and March 31, 2024.

# BORROWINGS BY CURRENCY

## FINANCING

### Long-term borrowings by currency (per cent)



# VERY LIQUID BENCHMARKS IN CANADA

## FINANCING

*Québec is committed to offering very liquid benchmarks on the domestic market.*

*The total outstanding of Québec's domestic benchmarks is more than CAD 160 billion.*

	Coupon (%)	Date of issue	Date of maturity	Outstanding <sup>(1)</sup> (M\$)
	2.50	2016	2026	6 000
	2.75	2017	2027	6 000
	2.75	2018	2028	6 000
<b>5-YEAR BENCHMARK</b>	<b>2.30</b>	<b>2019</b>	<b>2029</b>	<b>6 500</b>
	1.90	2020	2030	10 800
	1.50	2021	2031	9 000
	6.25	2000	2032	4 200
	3.25	2022	2032	8 400
	3.60	2023	2033	12 300
<b>10-YEAR BENCHMARK</b>	<b>4.45</b>	<b>2024</b>	<b>2034</b>	<b>3 750</b>
	5.75	2003	2036	4 083
	5.00	2006	2038	5 000
	5.00	2009	2041	9 200
	4.25	2011	2043	7 500
	3.50	2013	2045	10 000
	3.50	2015	2048	11 650
	3.10	2019	2051	14 000
	2.85	2021	2053	11 500
<b>30-YEAR BENCHMARK</b>	<b>4.40</b>	<b>2022</b>	<b>2055</b>	<b>14 150</b>

(1) As at June 13, 2024.

# QUÉBEC IS A FREQUENT ISSUER ON INTERNATIONAL MARKETS

45 benchmarks in US dollars and euros since 2001

	EUROS	US\$
<b>2024-2025</b>		3.75 B – April 2024 (5Y)
<b>2023-2024</b>	2.25 B – March 2024 (10Y)	1.50 B – September 2023 (10Y) 3.50 B – April 2023 (5Y)
<b>2022-2023</b>	2.25 B – January 2023 (10Y)	
<b>2021-2022</b>	2.25 B – January 2022 (10Y) 2.50 B – May 2021 (10Y)	1.00 B – April 2021 (10Y)
<b>2020-2021</b>	2.25 B – October 2020 (10Y) 1.60 B – April 2020 (5Y)	3.25 B – July 2020 (5Y) 1.50 B – May 2020 (10Y)

*Québec is committed to offering liquid benchmarks on the international markets.*

*The euro and the USD each represent 10% of Québec's outstanding debt.*

# GREEN BOND PROGRAM

## FINANCING

### Five green bond issues outstanding

(in Canadian dollars)

Maturity date	Amount issued	Pricing date
2025-07-06	500 M	2018-06-28
2027-02-13	500 M	2020-02-06
2031-05-27	500 M	2021-05-19
2032-05-20	1 000 M	2022-05-13
2032-11-22	800 M	2022-11-15
2032-11-22 (tap)	600 M	2023-06-08

*Québec has set up a  
Green Bond Program  
in February 2017.*

*Québec is a regular issuer of  
green bonds and has issued  
nine times under this program  
for a total of CAD 5.7 B.*

# QUÉBEC'S SHORT-TERM BORROWING PROGRAMS

## FINANCING

	CAD*	USD*
	(in billions)	(in billions)
<b>CANADIAN MARKET</b>		
Treasury bills	25.0	-
Canadian short-term notes	6.0	-
<b>US MARKET</b>		
USCP	-	20.0
<b>EURO MARKET</b>		
ECP	-	5.0
<b>TOTAL</b>	<b>31.0</b>	<b>25.0</b>

\* Maximum outstanding.

# QUÉBEC'S CREDIT RATINGS

## CREDIT RATINGS

2024 <sup>(1)</sup>

Credit agency	Credit Rating	Outlook
Moody's	Aa2	Stable
Standard & Poor's (S&P)	AA-	Stable
Fitch Ratings	AA-	Stable
DBRS Morningstar	AA (low)	Stable
Japan Credit Rating Agency (JCR)	AAA	Stable

(1) As at June 13, 2024.

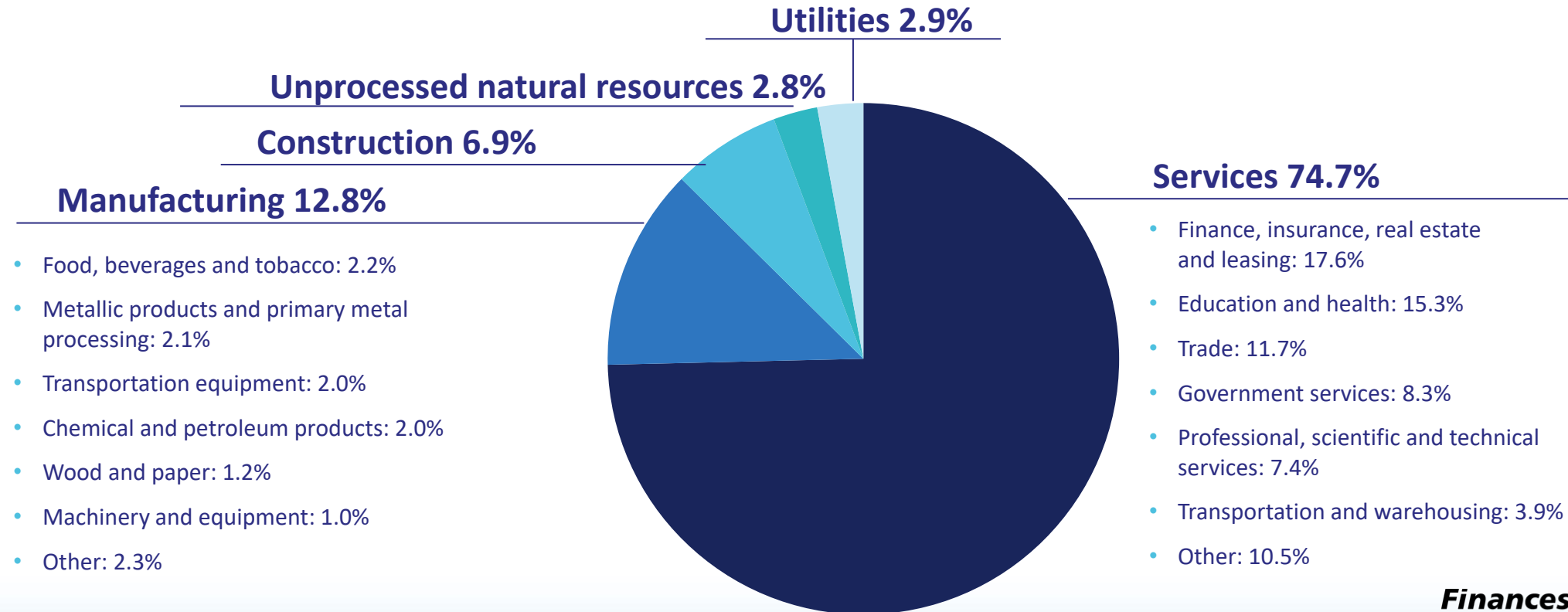


# ADDITIONAL INFORMATION

# A MODERN AND DIVERSIFIED ECONOMY

## ECONOMY

### Québec's real GDP by sector 2023 (per cent)

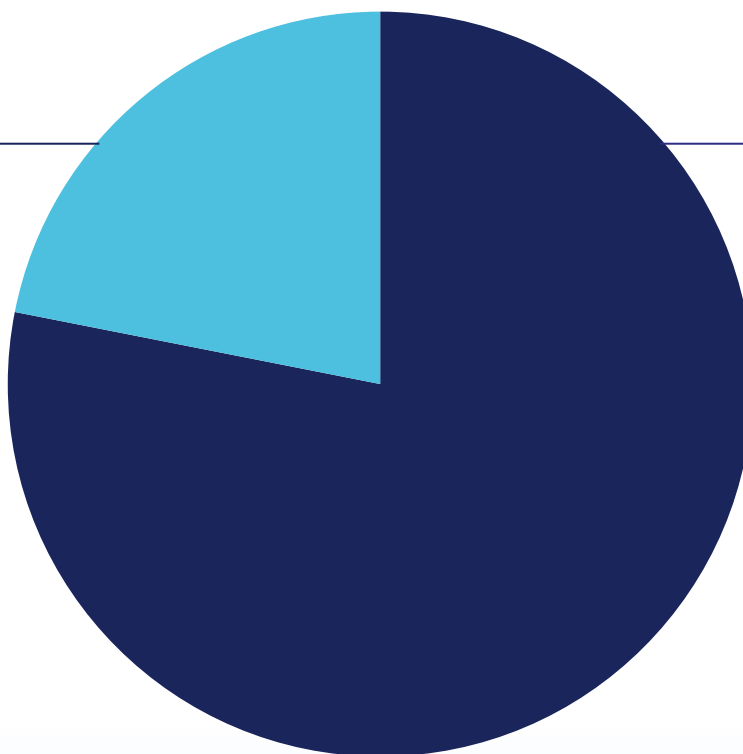


# QUÉBEC'S INTERNATIONAL EXPORTS ECONOMY

## Québec's international exports by sector 2023 (per cent)

### Services 21.9%

- Professional, scientific and technical services: 5.5%
- Transportation and warehousing: 4.5%
- Wholesale and retail sales: 4.2%
- Finance, insurance, real estate and leasing: 2.8%
- Administrative and support services: 2.4%
- Other: 2.5%



### Merchandise 78.1%

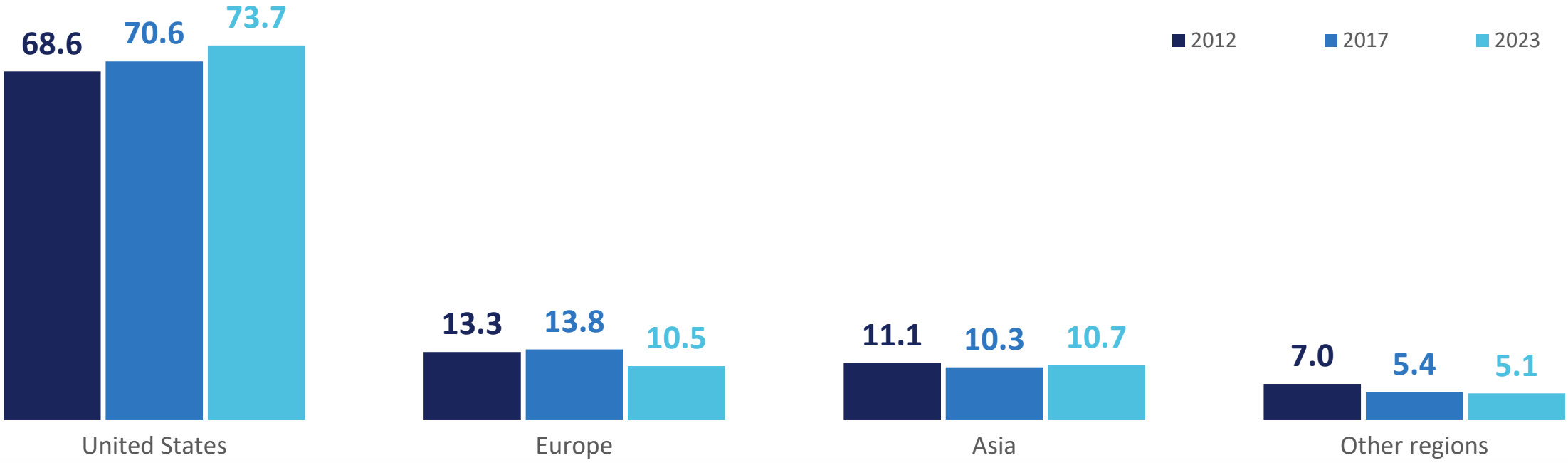
- Primary metals: 15.7%
- Aircraft and parts: 10.5%
- Machinery and equipment: 10.1%
- Forestry products: 8.7%
- Minerals: 4.6%
- Chemical products, plastics and rubbers: 4.4%
- Transportation and equipment: 4.3%
- Energy products: 3.8%
- Other: 16.0%

# QUÉBEC'S INTERNATIONAL EXPORTS BY DESTINATION

## ECONOMY

### International exports of goods by destination

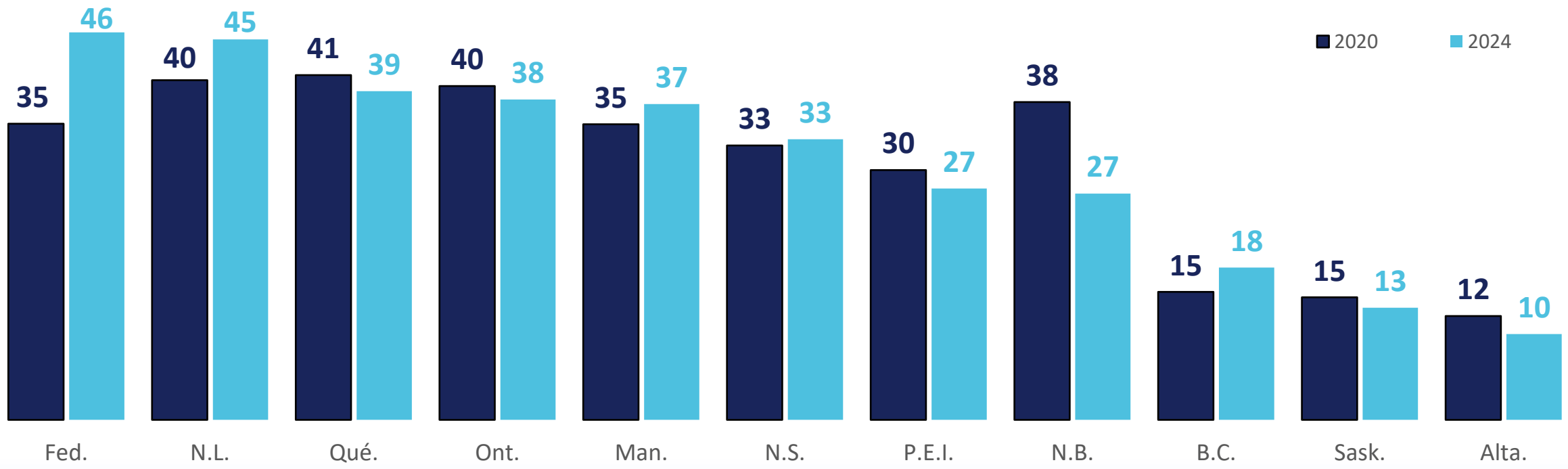
(share in international exports of goods, in nominal terms, per cent)



# QUÉBEC'S AMONG THE PROVINCES THAT HAVE REDUCED THEIR DEBT SINCE 2020

## DEBT

Net debt of governments in Canada as at March 31  
(percentage of GDP)

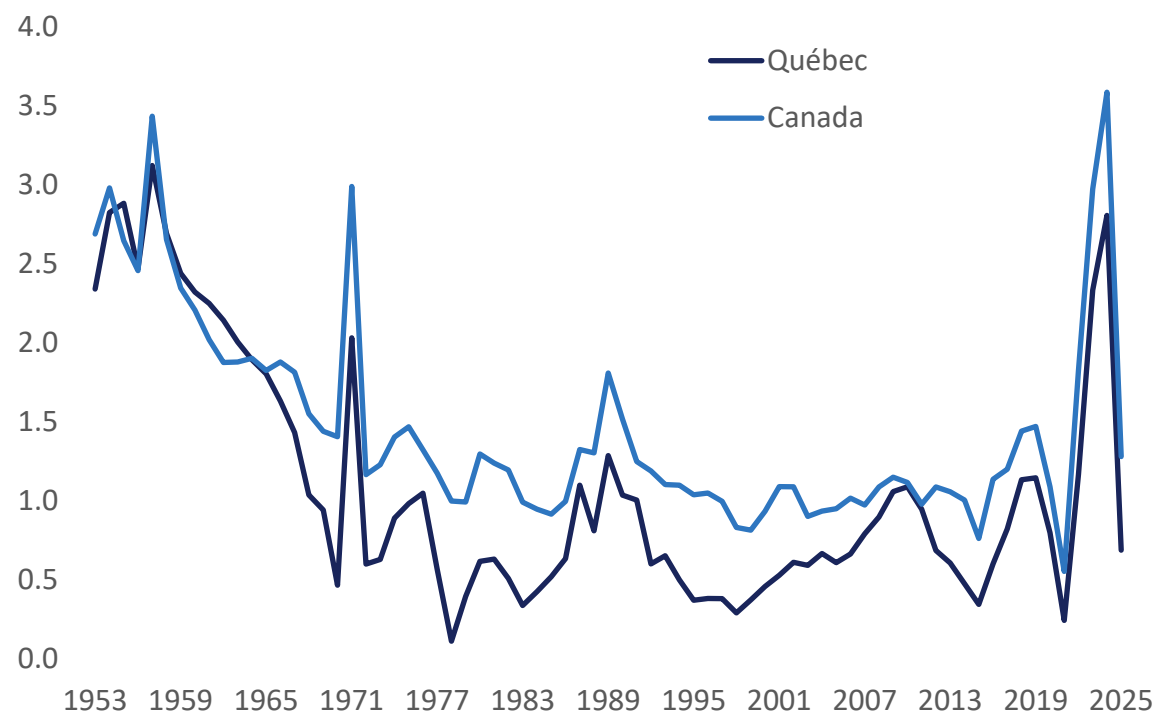


# RECORD POPULATION GROWTH IN QUÉBEC

## ECONOMY

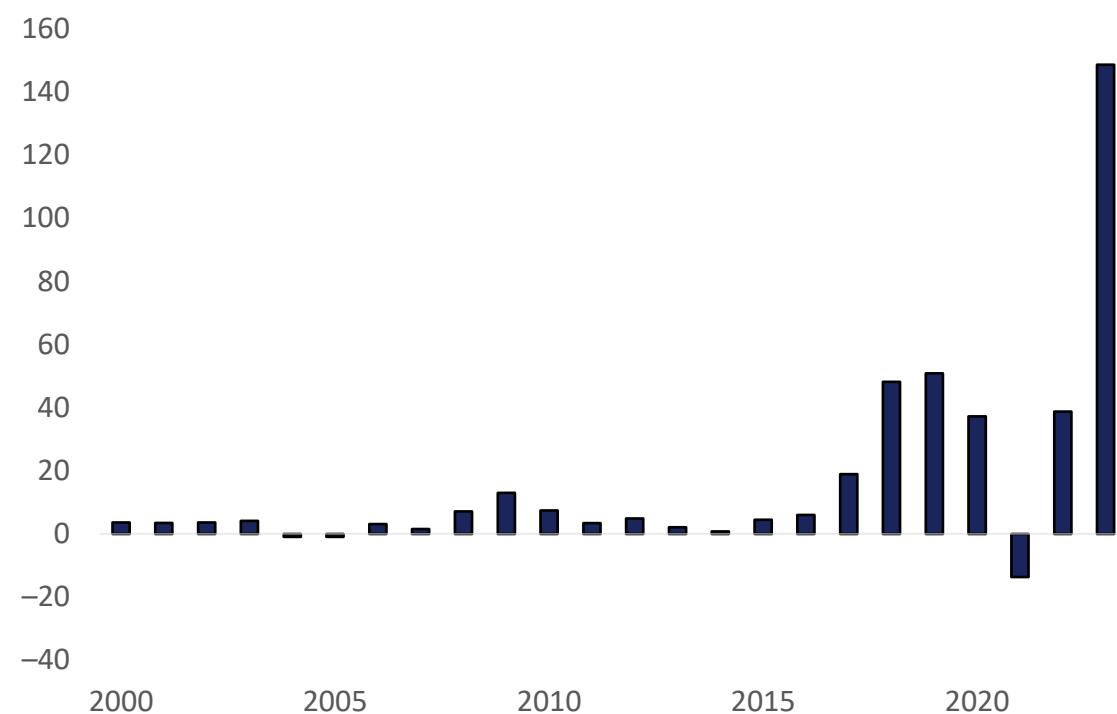
### Population growth rate

(annual population change, per cent)



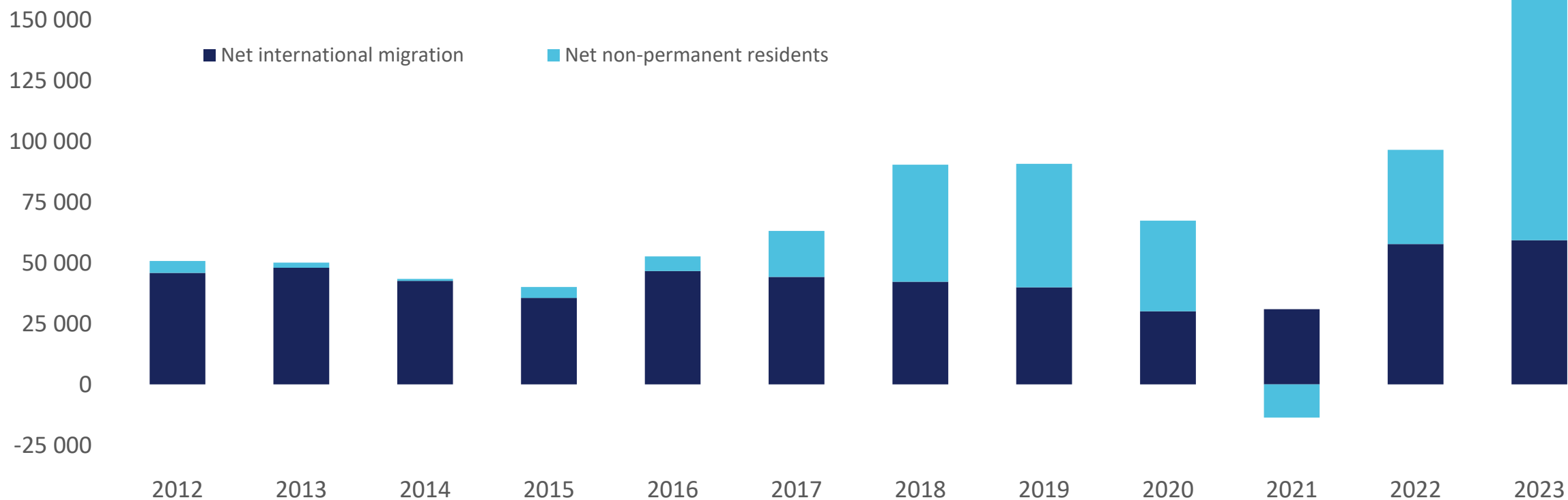
### Non-permanent residents in Québec

(change in thousands)



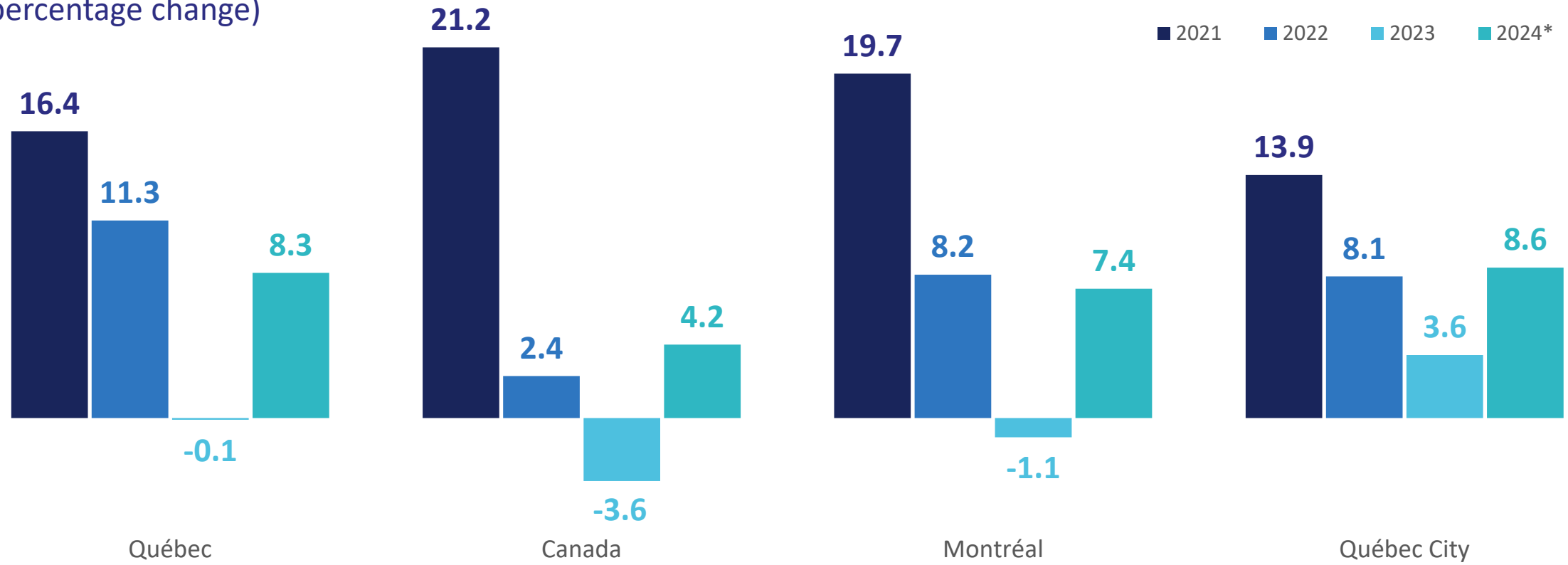
# IMMIGRATION ECONOMY

## Evolution of the number of permanent immigrants and non-permanent residents



# CANADA'S HOUSING MARKET ECONOMY

## Average price of a home on the resale market (percentage change)

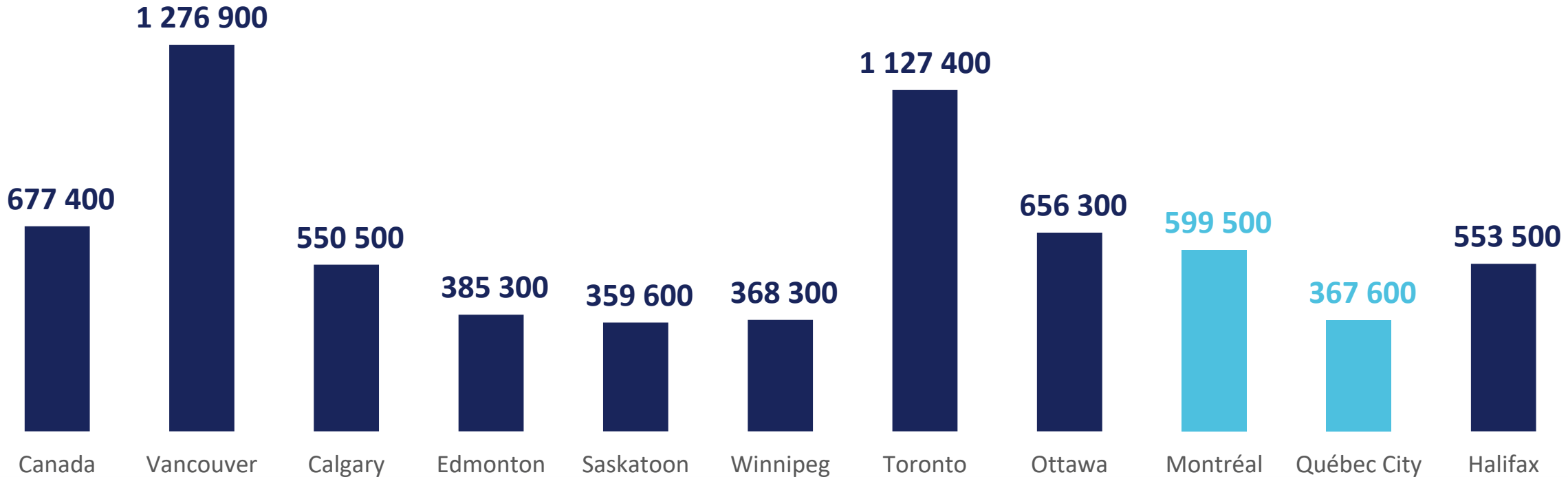


\* For the first three months in 2024 compared to the same period in 2023.

# CANADA'S HOUSING MARKET (cont.)

## ECONOMY

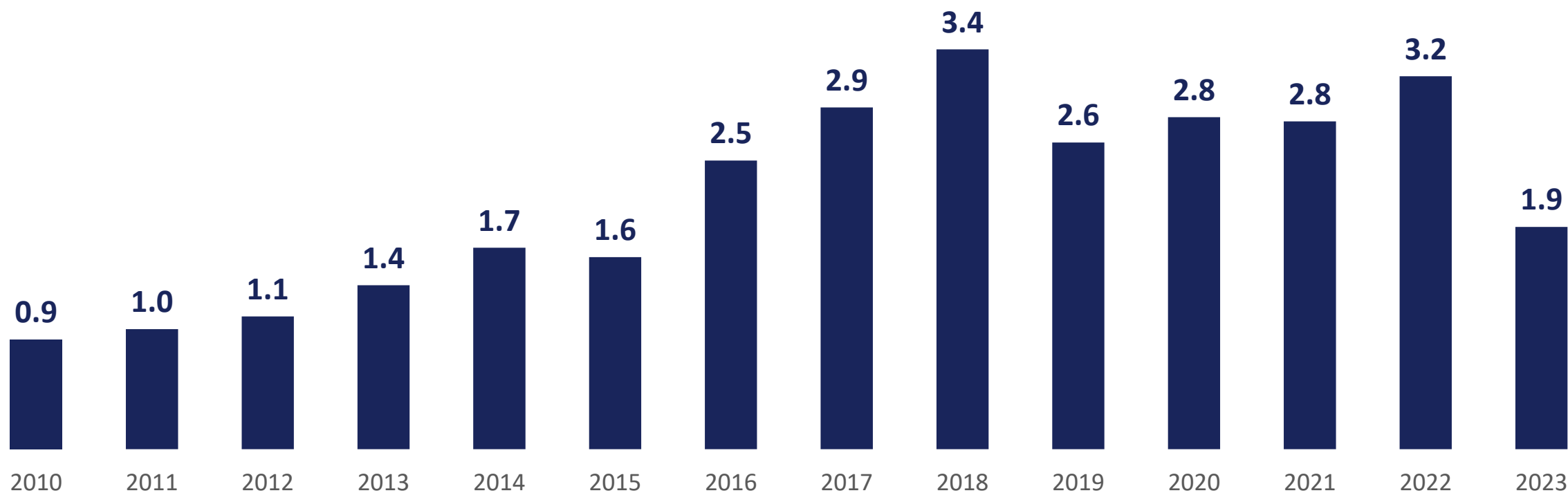
Average home resale prices in 2023  
(in Canadian dollars)



# QUÉBEC'S HOUSING MARKET – FOREIGN BUYERS

## ECONOMY

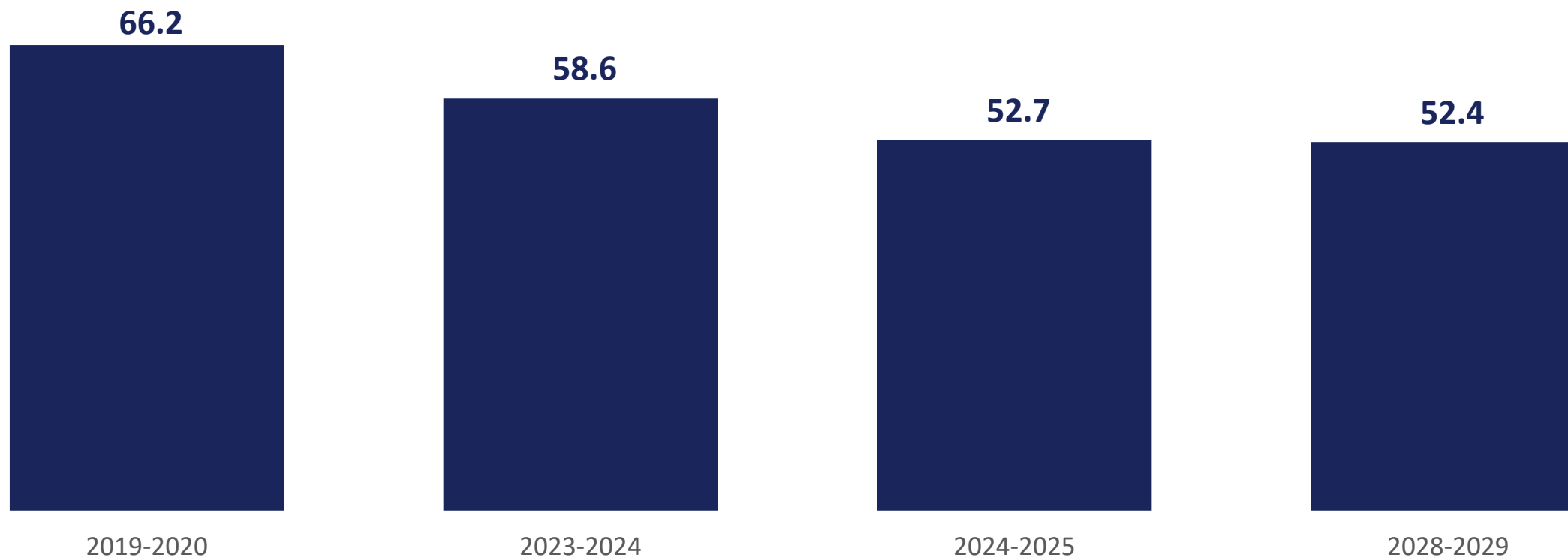
Real estate transactions per year by foreign buyers in Montréal  
(percentage of total transactions)



# EQUALIZATION

## PUBLIC FINANCES

Expected change in Québec's share of the equalization envelope  
(per cent)



# QUÉBEC'S CLEAN ENERGY – WITH HYDRO-QUÉBEC

## ENERGY

- 98.8% of power generated from renewables
- Large reservoirs with a storage capacity of 178.4 TWh
- Installed capacity of 38 055 MW
- Average residential rate of 0.078 CAD\$/kWh in 2023, the lowest in North America
- Return on equity: 12.2%
- Total assets of \$93 billion
- Average term of debt 22 years



**THANK YOU !**