

# LOWER DEFICIT AND LOWER DEBT

## BUDGET 2026-2027

USA  
May 2026

# BUDGET 2026-2027

- The Budget 2026-2027 is sober, focused and responsible
- Guiding principles behind the budget:
  - The geopolitical context
  - The government's key missions, well-being of vulnerable people, and business support in the uncertain economic context
  - Infrastructure investments to stimulate the economy (a 2% increase in the 10-year plan)
  - Government efficiency
- Maintaining the path toward a balanced budget by 2029-2030 and a reduction of the debt burden

# QUÉBEC'S COMPETITIVE ADVANTAGES

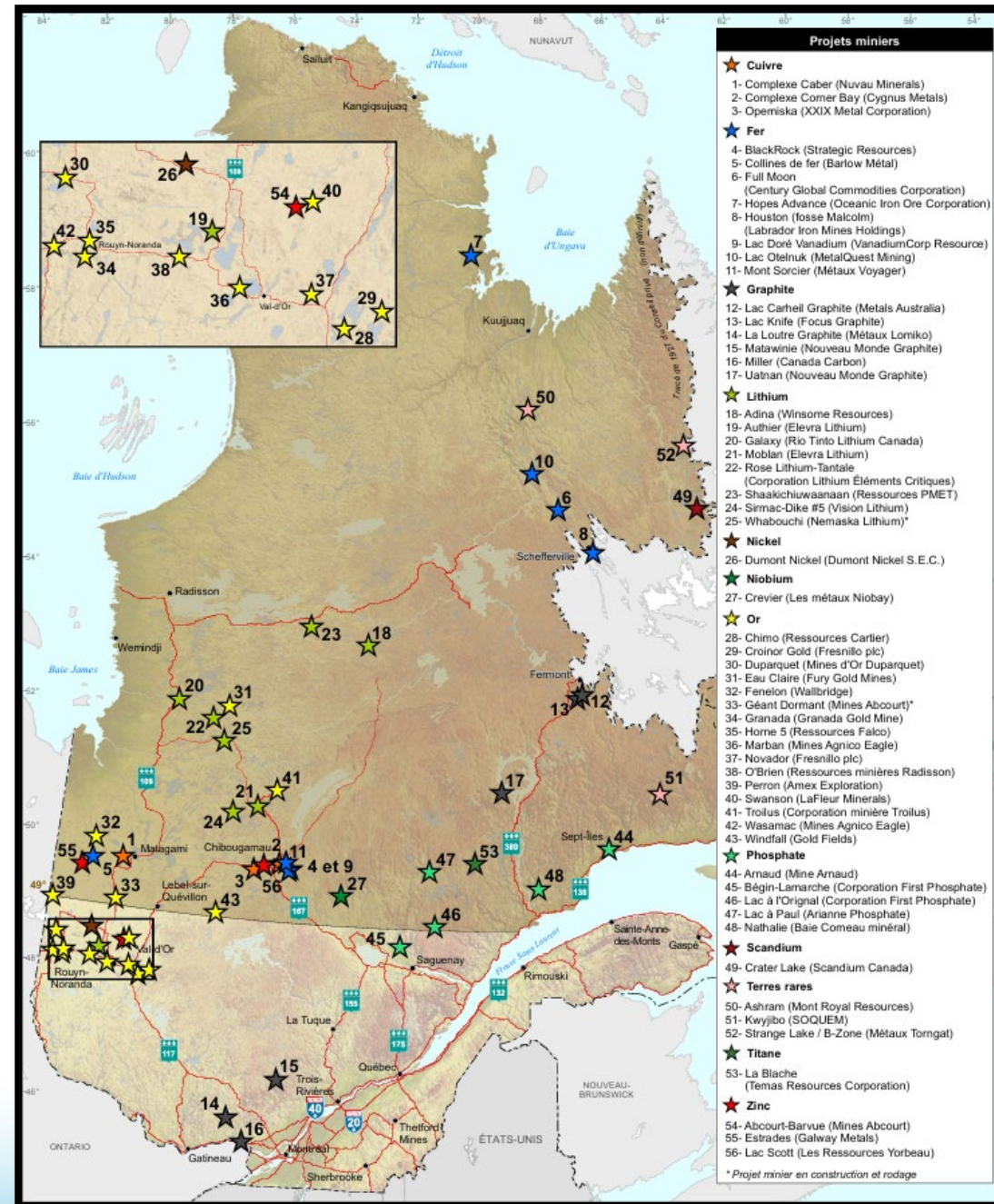
- Highest employment rate among 15- to 64-year-olds in 2024
- Strong, diversified and resilient economy, population of 9.1 million and GDP per capita of 68 600 CAD (2024)
- Low-cost hydroelectricity
- Competitive tax rates for businesses (up to 2.2% for SMEs)
- Caisse de dépôt et placement du Québec and Investissement Québec
- Skilled labour pool

# QUÉBEC'S STRATEGIC SECTORS

- Aluminum production
- Artificial intelligence
- Life sciences
- Aerospace
- Global engineering
- Critical minerals

# Mining projects

- More than 50 mining projects have reached the development stage.
- More than 1,100 mining exploration projects.
- More than 50% of lithium projects in Canada.



Including:

- 16 gold projects
- 8 lithium projects
- 8 iron projects
- 3 copper projects

# HYDRO-QUÉBEC

- Hydro-Québec operates one of the major systems in Canada for the generation, transmission and distribution of clean electric power (capacity of 38,026 MW as of December 31, 2024).
- In the next decade, with its Action Plan 2035, Hydro-Québec will generate an additional 8,500 MW of clean energy with investments of more than \$150 billion.

## Expansion to New York and Maine

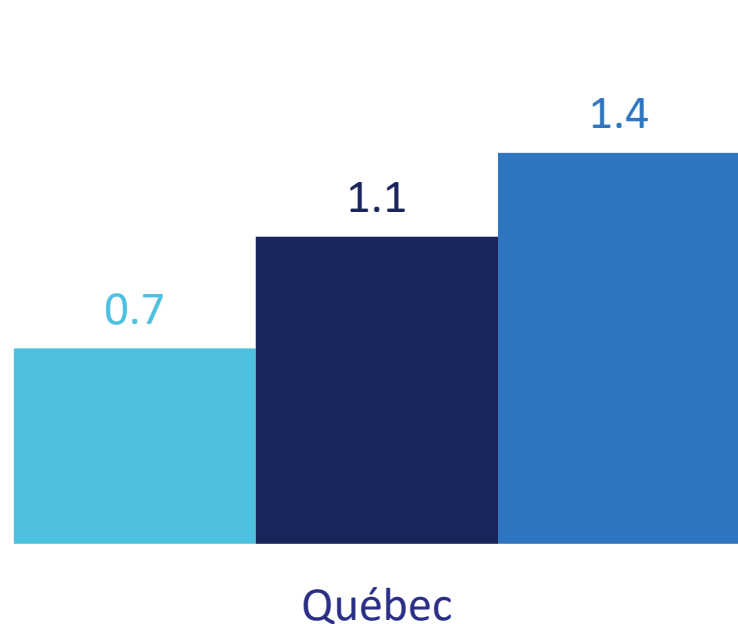
- In September 2021, the 1,250 MW Champlain Hudson Power Express (“CHPE”) transmission line was selected to bring 10.4 TWh of energy to New York for 25 years, starting in 2026.
- In February 2018, the 1,200 MW New England Clean Energy Connect (“NECEC”) transmission line was selected to bring 9.45 TWh of energy to Maine for 20 years, starting in the fourth quarter of 2025.

# THE ECONOMY IS ADAPTING TO THE NEW BUSINESS REALITY

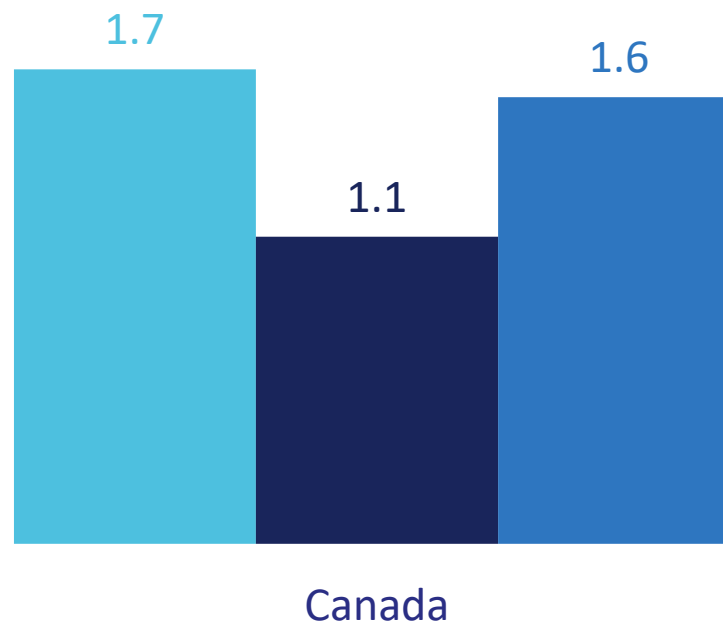
## Economic growth

(Real GDP, percentage change)

■ 2025 ■ 2026 ■ 2027



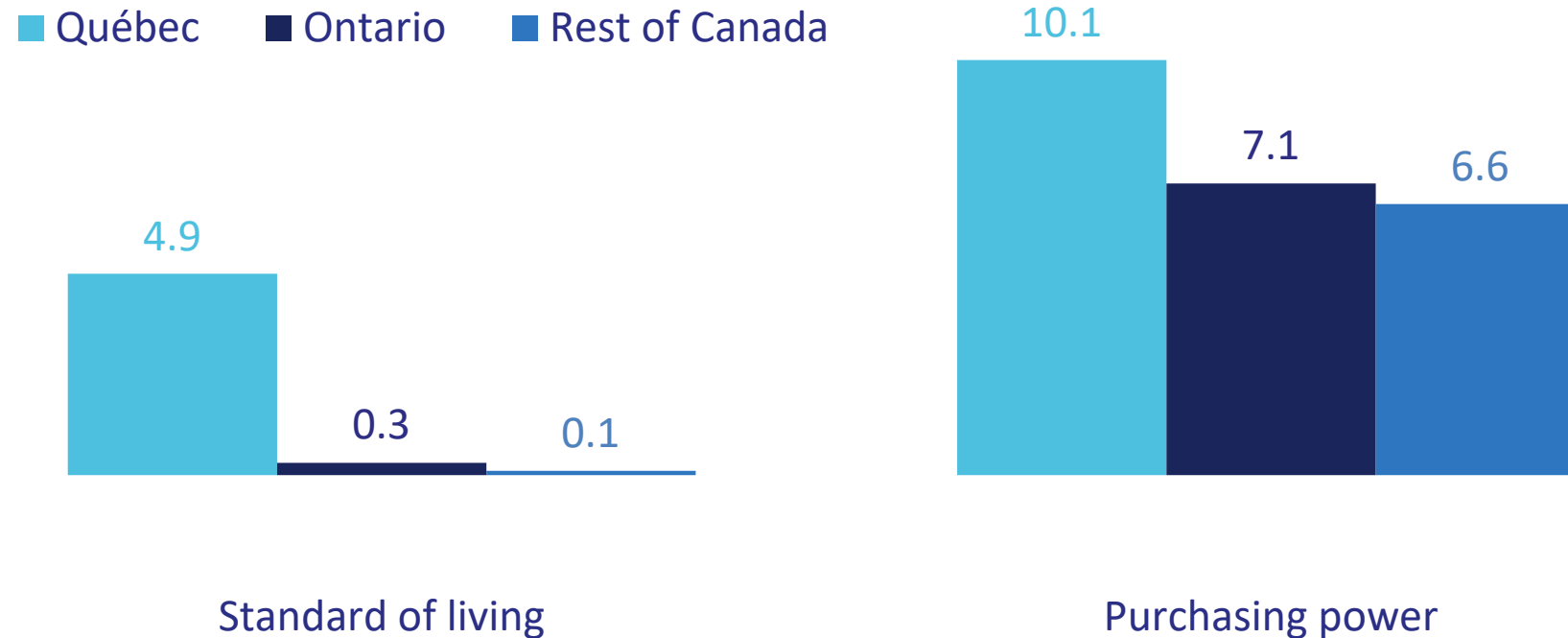
In 2025, the strong contribution of domestic demand (+1.9 p.p.) was mitigated by the negative contribution of the external sector (-0.8 p.p.)



# SINCE 2018, QUÉBEC HAS OUTPERFORMED THE REST OF CANADA

## Standard of living and household purchasing power, 2018–2025

(percentage change over the entire period)



# QUÉBEC'S CREDIT RATINGS

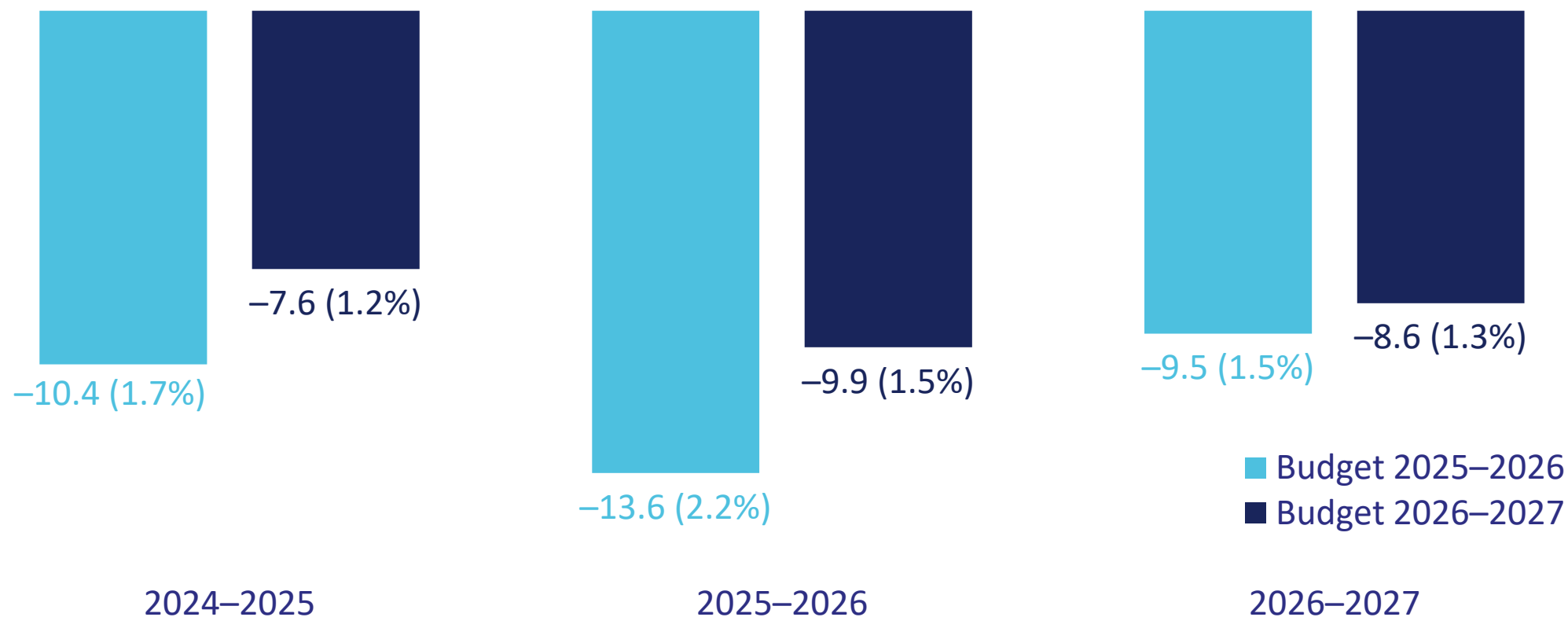
Agency	Credit rating	Outlook
Moody's	Aa2	Stable
Fitch Ratings	AA-	Stable
S&P Global	A+	Stable
Morningstar DBRS	AA (low)	Stable
Japan Credit Rating Agency (JCR)	AAA	Stable

Note: As at May 14, 2026.

# BUDGETARY IMPROVEMENTS

## Changes in the budgetary balance (after deposits in the Generations Fund)

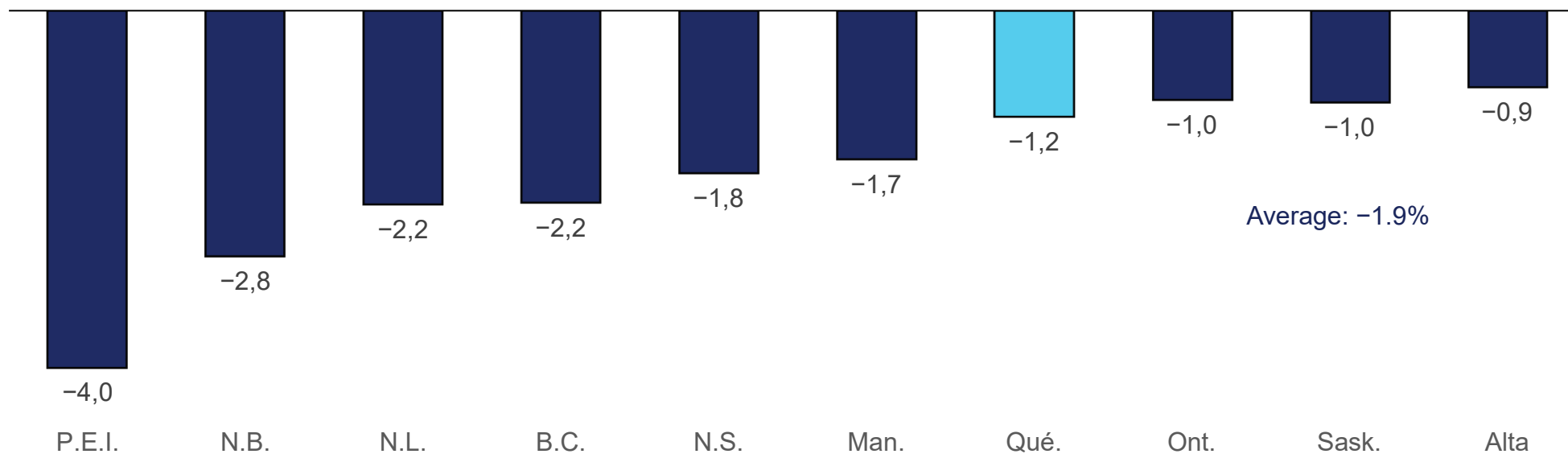
(in billions of dollars and % of GDP)



# ONE OF CANADA'S LOWEST BUDGETARY DEFICITS

## Provincial budgetary balance in 2025–2026

(as a percentage of GDP)

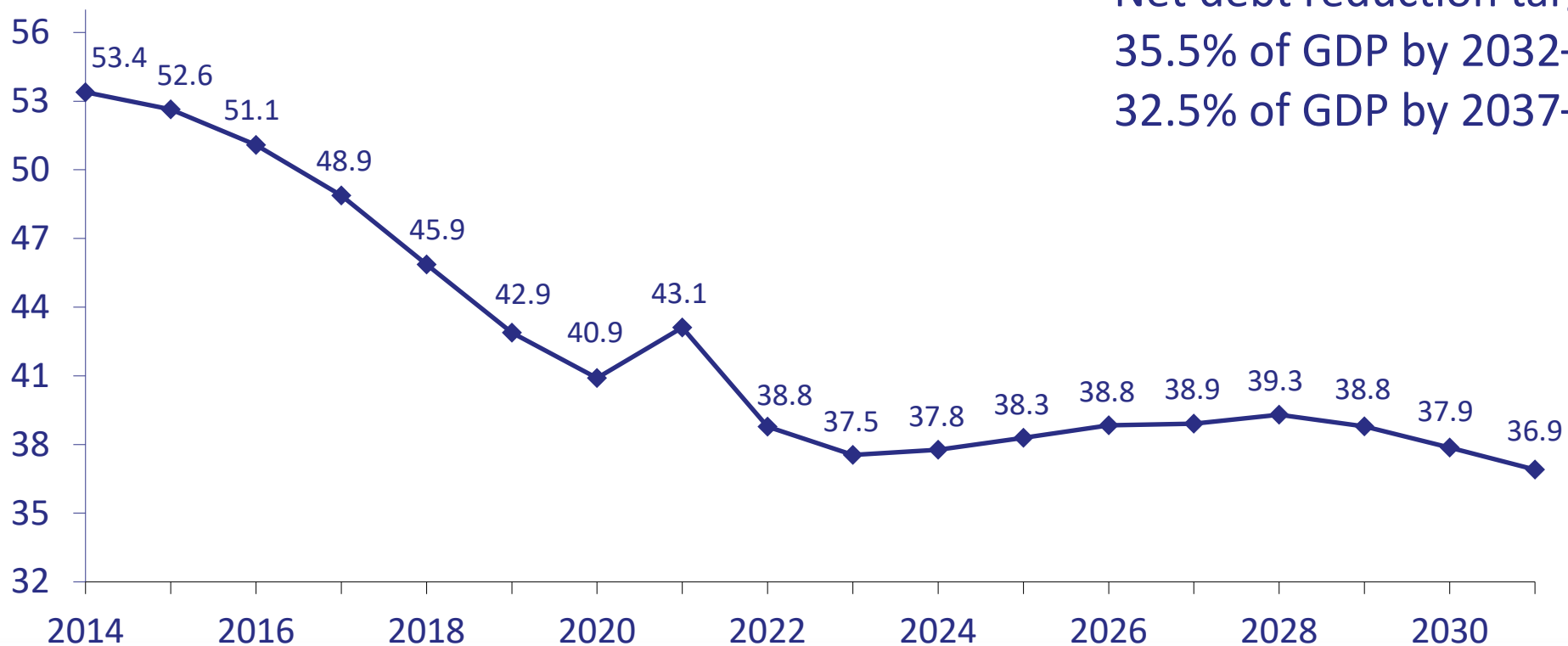


Notes: For Québec, this is the accounting deficit, that is, before deposits of dedicated revenues in the Generations Fund. This deficit is comparable to that of other provinces. Chart information reflects data available as at April 15, 2026.

# NET DEBT BURDEN WILL RETURN TO A DOWNWARD TRAJECTORY

## Net debt as at March 31

(percentage of GDP)



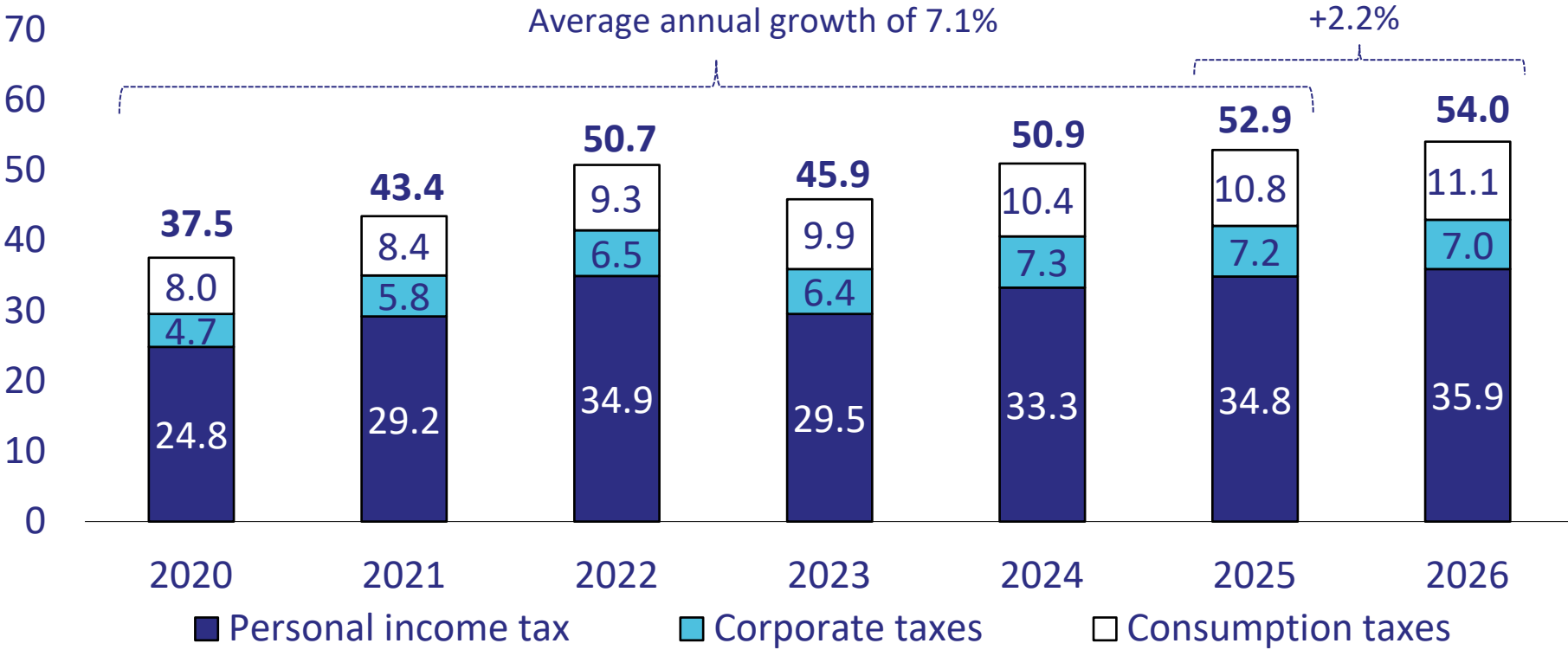
# RETURNING TO A BALANCED BUDGET

- Two basic laws for managing Québec's finances: the Balanced Budget Act and the Act to reduce the debt
- A credible plan, based on revenue and expenditure measures, is being followed
- Review of tax expenditures completed; ongoing review of program expenditures
- Improving the efficiency of the government (e.g. Santé Québec) and reducing its size
- A significant contingency reserve

# LIMITED GROWTH IN TAX EXPENDITURES

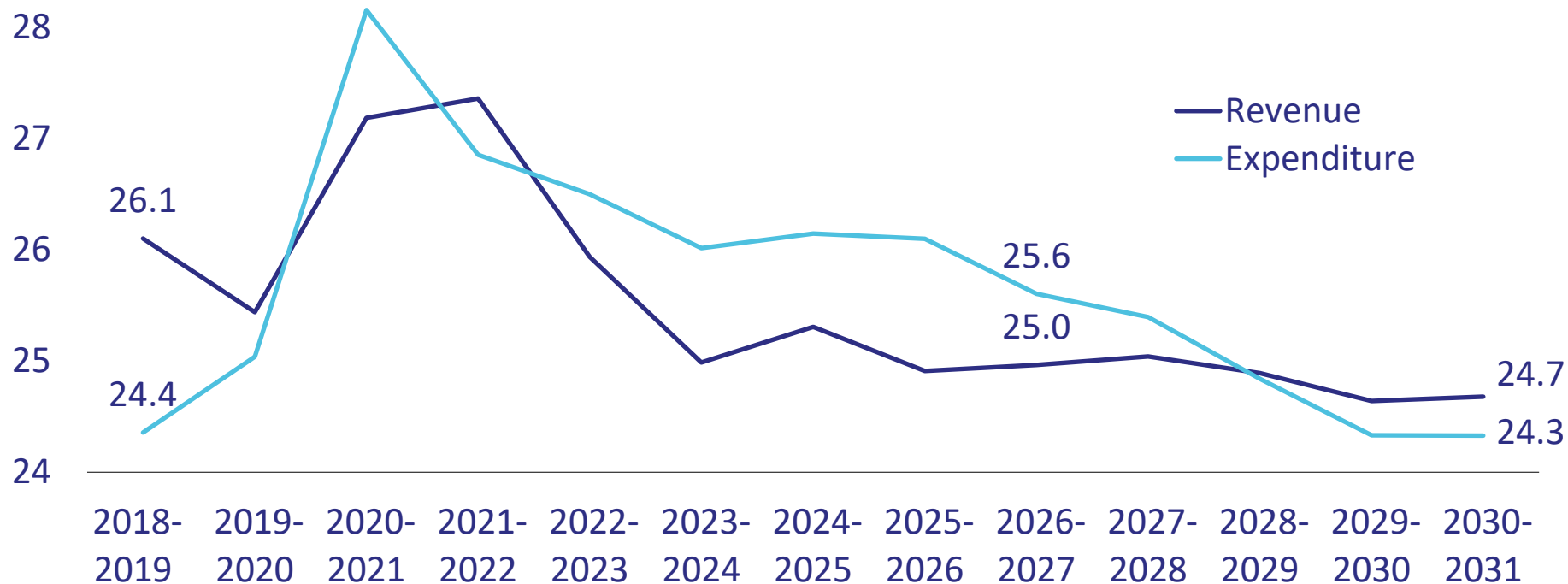
## Change in tax expenditures

(billions of dollars, unless otherwise indicated)



# THE SHARE OF EXPENDITURE IN THE ECONOMY WILL GRADUALLY DECLINE

Shares of revenue and expenditure in the economy  
(percentage of GDP)

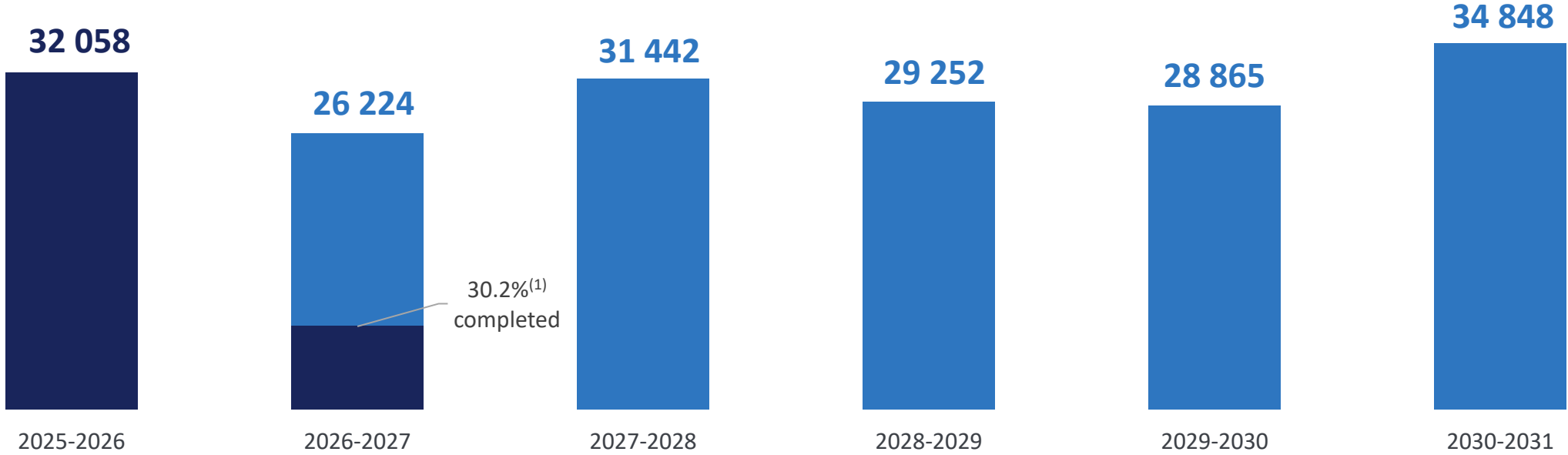


# FINANCING PROGRAMS

## FINANCING

**Government's financing program**  
(millions of dollars)

*In 2025-2026, 47% of the financing has been carried out on the international markets.*



Note: Fiscal year starts on April 1<sup>st</sup>.  
(1) As at May 14, 2026.

# QUÉBEC IS A FREQUENT ISSUER ON THE INTERNATIONAL MARKETS

## FINANCING

51 benchmarks in US dollars and euros since 2001

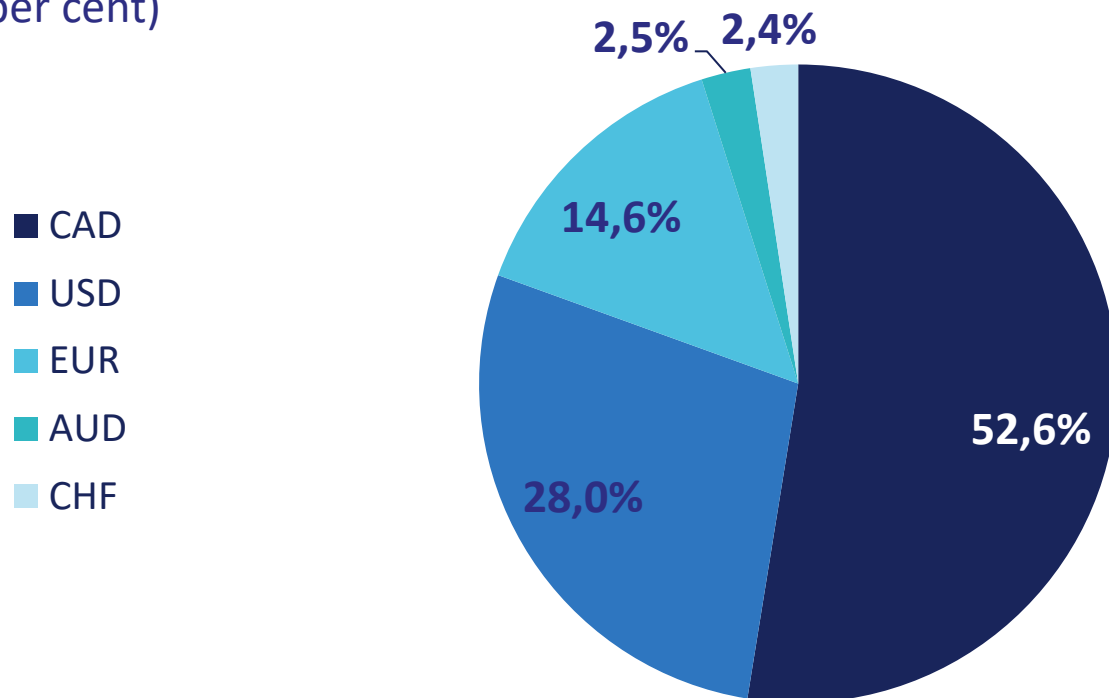
	US\$	EUROS
<b>2026-2027</b>		1.75B – April 2026 (15Y)
<b>2025-2026</b>	4.50B – January 2026 (5Y)	3.00B – May 2025 (10Y)
	2.00B – August 2025 (10Y)	
<b>2024-2025</b>	2.00B – September 2024 (10Y)	1.25B – July 2024 (15Y)
	3.75B – April 2024 (5Y)	
<b>2023-2024</b>	1.50B – September 2023 (10Y)	2.25B – March 2024 (10Y)
	3.50B – April 2023 (5Y)	
<b>2022-2023</b>		2.25B – January 2023 (10Y)

*The USD and the euro together represent 23% of Québec's outstanding debt.*

# BORROWINGS BY CURRENCY

## Long-term borrowings by currency in 2025-2026

(per cent)



*In January 2026, Québec issued a USD 4.5B benchmark with a 5-year maturity, its largest borrowing ever.*

# CONCLUSION

- Despite uncertainty surrounding the review of the CUSMA and ongoing geopolitical tensions, Québec's economy has undeniable assets and is resilient
- A credible plan to return to fiscal balance, based on revenue and expenditure measures, is being followed
- Lower deficits and lower debt
- Diversified access to financial markets, significant liquidity and strong institutions (La Caisse, Hydro-Québec, etc.)
- Public accounts in July and pre-election report in August
- Food for thought for future politicians and our democracy.