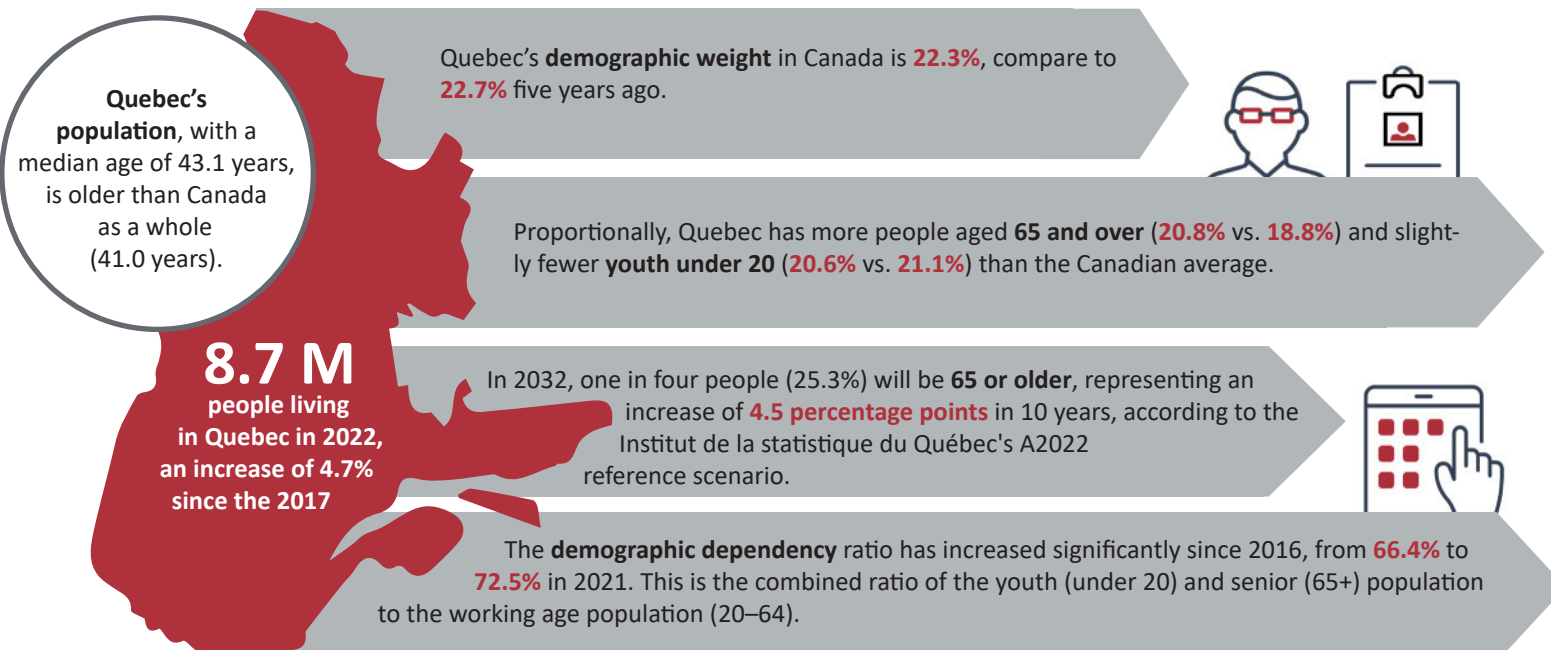


ANALYSIS OF THE QUEBEC ENVIRONMENT 2022

DEMOGRAPHICS



The number of employed **immigrants** in Quebec peaked in 2022 at 857,100, a 4.7% growth. In comparison, employment grew by 1.5% for the Quebec-born population.



Nearly 47% of the Quebec population (2021 census) reports having knowledge of both **official languages**. Just over 61% of these bilinguals are concentrated in the Montréal CMA.

Apart from 2019 and 2020, the number of **permanent immigrants** in Quebec has remained relatively stable since 2015, at around 50,000. That number increased significantly in 2022, exceeding 60,000. However, their share of Canadian immigration decreased from 18.3% in 2017 to 12.4% in 2021 due to a larger increase in the share of permanent immigrants in the rest of Canada. In 2022, Quebec's share increased to 15.3%.



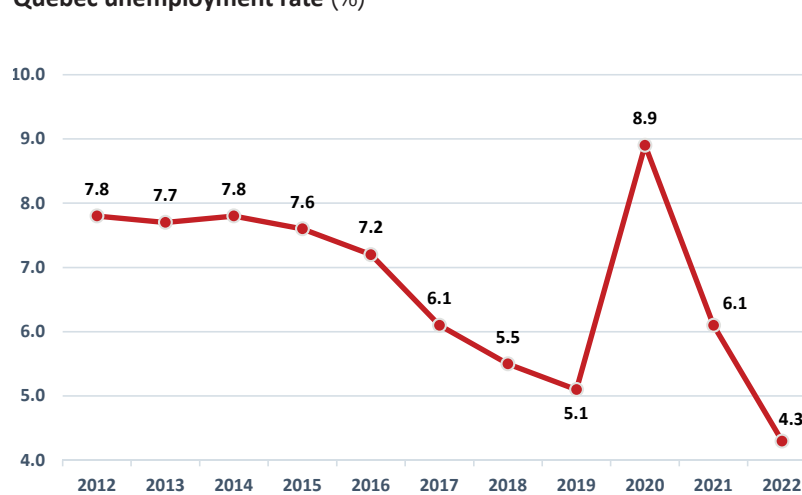
Indigenous People make up 2.5% of the Quebec population (2021 census), which is half the proportion in the rest of Canada (5.0%). The pandemic affected employment among Indigenous and non-Indigenous People in similar proportions, but the recovery among Indigenous People was slower.

LABOUR MARKET CONDITIONS

In 2022...

- ↑ **Employment** increased significantly (+2.6%)
- ↓ **Unemployment** fell sharply (-29.3%)
- ↑ The **employment rate** increased from 60.1% to 61.2%
- ↑ The unemployment rate dropped from 6.1% to 4.3%

Quebec unemployment rate (%)



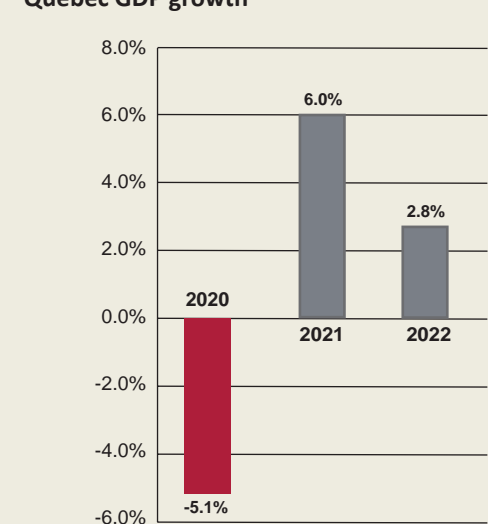
- The labour market continued to grow, despite economic slowdown in the second half of the year after the strong economic recovery. The addition of 111,684 jobs allowed employment to surpass its pre-pandemic level and reach a new high of 4.4 million.
- After reaching 8.9% in 2020, Quebec's unemployment rate fell to 4.3% in 2022, lower than the pre-pandemic rate of 5.1% in 2019, and a new historical low.
- Some groups saw their participation rates decline: experienced workers aged 55 and over because of early retirement, and youth aged 15 to 24 who continue to be less active in the labour market than before the pandemic.

ECONOMIC CONDITIONS IN QUEBEC

Quebec's Economic Drivers in 2022

- Lower economic growth
- Slowing household consumption
- Rising inflation and interest rates

Quebec GDP growth



Reviewing 2022...

- Quebec's economy continued to grow at a rate of 2.8% in 2022, following the 6.0% rate in 2021 in the wake of the post-pandemic recovery. Quebec, like Canada, experienced a slowdown in the second half of the year.
- The 2022 Quebec inflation rate was 6.7%, the highest since the 1980s. These price pressures are the result of supply chain disruptions as well as the impacts of the war in Ukraine. Following the sharp rise in prices and the resulting decrease in net household savings, consumer spending began losing steam at the end of the year.
- Interest rates rose sharply from 0.25% at the start of 2022 to 4.25% in December as the Bank of Canada attempted to slow inflation. These increases affected the housing market and the consumption of durable goods.

Regional issues

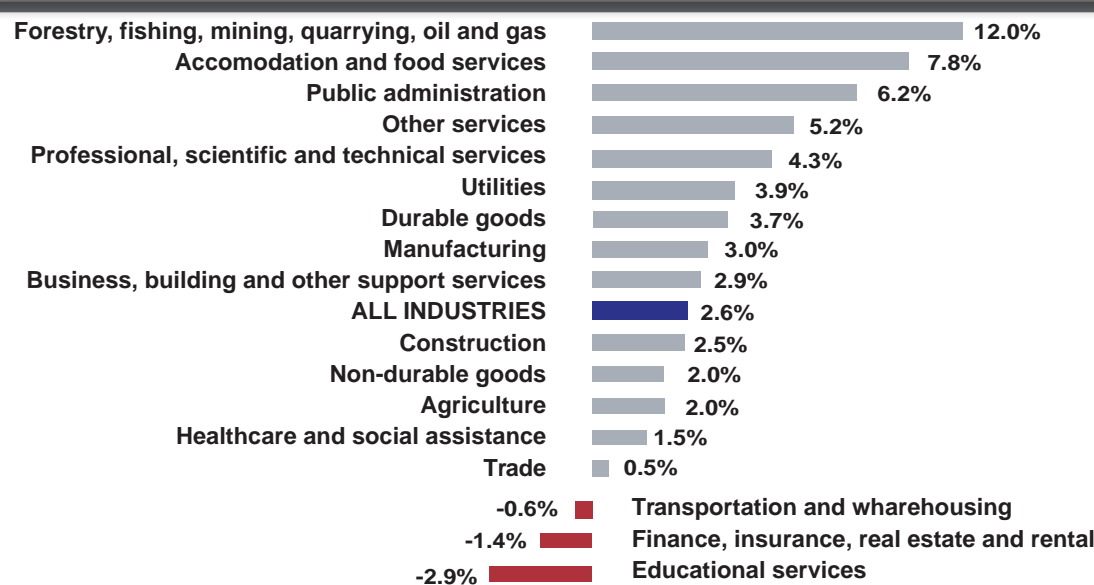
- Aging population impacts on labour market participation rates: young people (15 to 29) are more active than those 60 and older, but their weight is decreasing as the number of those 60 and older increases.
- Mismatch between labour market needs and worker skills: the proportion of job vacancies that require no minimum education has increased since the pandemic, exacerbating the labour shortage in some sectors.
- Human resources management in a labour scarcity context: the large number of vacant positions has an impact on salary increase dynamics, as well as on the attractiveness of the best talent and qualified employee retention.

Risks for Quebec's economy in 2023



- A possible recession with low unemployment.
- Persistent inflationary pressures.
- Geopolitical and economic uncertainties related to the conflict in Ukraine and rising global trade tensions.
- Increasing job vacancies and the challenges in filling them to meet the needs of the economy, in the context of a persistent labour shortage.

INDUSTRY TRENDS



- Employment increased in 2022 in most sectors, but the increase was not as large as in 2021. Overall, goods production grew at a higher rate of 3.2%, compared to 2.5% for the service sector.
- Sectors that suffered the most from the pandemic saw more employment growth in 2022. For example, retail trade saw a gain of 5,100 jobs after a loss of 4,200 in 2021, as did information, culture and recreation (+28,000 in 2022, -4,900 in 2021) and accommodations and food services (+14,300 in 2022, -6,400 in 2021).
- On the other hand, some industries experienced a reversal in 2022 compared to 2021. Specifically, civil engineering (-2,600 in 2022, +7,800 in 2021), wholesale trade (-1,800 in 2022, +11,000 in 2021), finance, insurance, real estate, leasing (-3,800 in 2022, +28,500 in 2021), and education (-10,300 in 2022, +42,200 in 2021) saw employment decline.

REGIONAL ECONOMIC CONDITIONS

2022 was a year of growth for most of Quebec's economic regions, particularly for Greater Montréal and its surrounding areas, where nearly 80% of job creation was observed. The Montréal (+47,800), Montérégie (+21,600), Lanaudière (+18,000) and Laurentides (+4,000) regions combined gained 91,400 jobs.

In contrast, the Côte-Nord and Nord-du-Québec region recorded the largest loss in terms of regional employment (-3,000), while the Mauricie (-4,600), Centre-du-Québec (-2,700) and Laval (-2,500) experienced proportionally smaller losses. Moreover, for the Côte-Nord and Nord-du-Québec, the downward trend began in 2019, while the Mauricie region experienced its second annual decrease in a row.

Over 80% of job creation in the province has been observed in the Greater Montreal and its surrounding regions.

