

## Solid US IP Helps Edge Q4-2018 Nowcast up to 1.59%

This note is part of a series that will be published after important data releases, documenting mechanical updates of the nowcast for Canadian GDP coming from the Scotiabank nowcasting model. The evolution of this nowcast will inform Scotiabank Economics' official macroeconomic outlook.

The model, which uses a mix of Canadian and US variables at monthly and quarterly frequencies to predict Canadian GDP growth in the current/most recent quarter, is described in the related note [here](#).

- US industrial production (IP) increased 0.6% in November, on the back of stronger output in mining and utilities.
- However, revisions to the previous months were negative and other data disappointed: Canadian motor vehicle sales for November shaved 0.04ppt from the Q4 nowcast for Q/Q SAAR growth.
- Overall, solid growth in US IP, albeit tempered by other data, boosts Q4-2018 nowcast to 1.59%. This nowcast for Q4 is consistent with 2.1% average growth in Canadian GDP for 2018 as a whole.

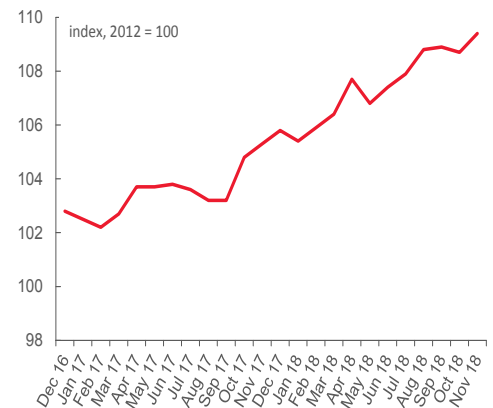
Table 1: Canadian GDP Nowcast, Q4-2018

	Nowcast Date	Q4-2018 GDP Growth, %
Previous Nowcast	06-Dec-18	1.56
<b>Revisions</b>		-0.05
Motor vehicle sales (Canada)		-0.04
Industrial production (US)		+0.14
Retail sales (US)		-0.02
Current Nowcast	14-Dec-18	1.59

### CONTACTS

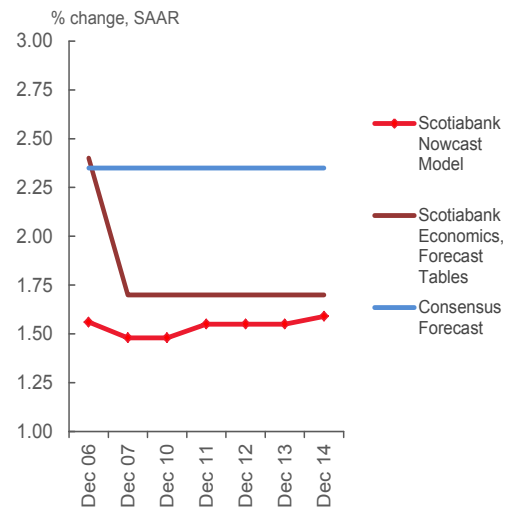
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Chart 1: US Industrial Production



Sources: Scotiabank Economics, Haver Analytics.

Chart 2: The Evolution of the Scotiabank Economics Q4-2018 Nowcast



Sources: Scotiabank Economics, Haver Analytics.

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