

Weak Merchandise Trade for November Pushes Q4-2018 Nowcast to 1.68%

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 a related note [here](#).

- Merchandise exports in chained 2012 dollars declined 1.5% in November on the back of a contraction in energy products and motor vehicles and parts. Imports were relatively flat in the same month.
- As mentioned in the nowcasting note from December 21, we expected the energy industry turmoil to show up in the data starting in November, implying growth in the 1.7–1.8% range. Weak exports, to the extent they were driven by crude oil production cuts announced by the industry, confirm that view and leave the nowcast at 1.68%.

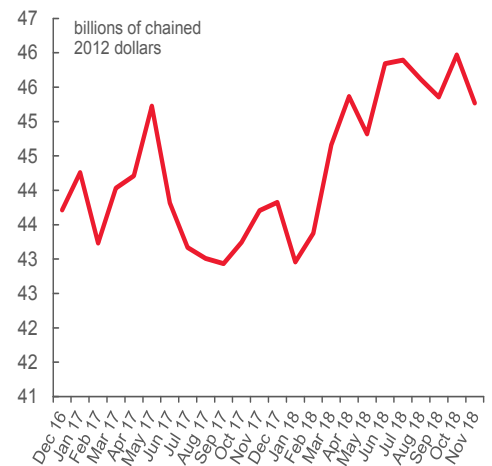
Table 1: Canadian GDP Nowcast, Q4-2018

	Nowcast Date	Q4-2018 GDP Growth, %
Previous Nowcast	4-Jan-19	2.08
<i>Revisions</i>		0.00
<i>Merchandise exports, Canada</i>		-0.37
<i>Merchandise imports, Canada</i>		-0.03
Current Nowcast	8-Jan-19	1.68

CONTACTS

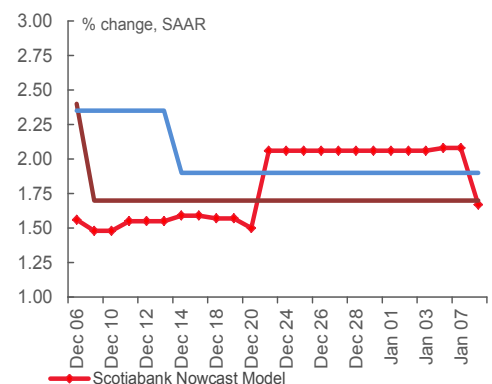
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Chart 1: Merchandise exports, Canada



Sources: Scotiabank Economics, Haver Analytics.

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



Sources: Scotiabank Economics, Bloomberg, Haver Analytics.

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