

Weak Canadian Motor Vehicle Sales Lower Q4-2018 Nowcast 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](#).

- Over the past week several Canadian indicators have come in more negative than expected, leading to a slight downgrade of the nowcast for Q4-2018 GDP growth from 1.68% to 1.59% (Q/Q SAAR).
- Most of the revision is explained by weak Canadian motor vehicle sales, with the number of vehicles tumbling 7.8% y/y in November.
- A slight offset for the nowcast came from the US industrial production, which continued to expand in December (0.3%).

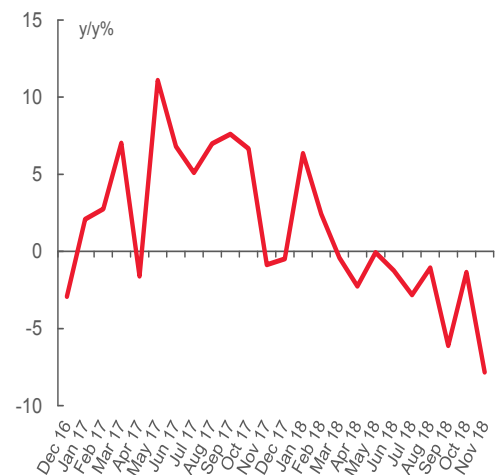
Table 1: Canadian GDP Nowcast, Q4-2018

	Nowcast Date	Q4-2018 GDP Growth, %
Previous Nowcast	8-Jan-19	1.68
<i>Revisions</i>		-0.02
<i>Housing starts, Canada</i>		-0.03
<i>Motor vehicle sales, Canada</i>		-0.08
<i>Industrial production, US</i>		+0.04
Current Nowcast	18-Jan-19	1.59

CONTACTS

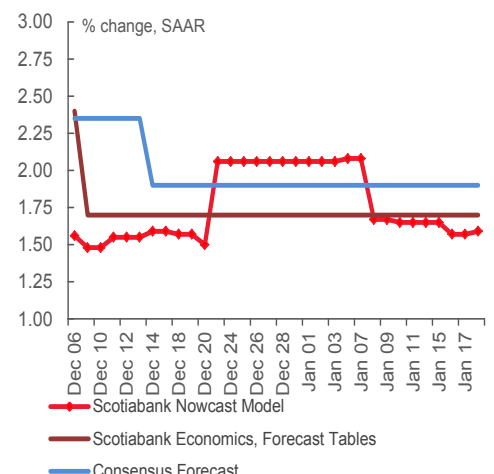
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Chart 1: Motor vehicle sales, Canada, units, % y/y



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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