

November Manufacturing Shipments Decline, Q4-2018 Nowcast Drops to 1.3%

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](#).

- A decline in Canadian manufacturing shipments and wholesale trade in November adds more pessimism to the outlook for the Canadian GDP growth in Q4-2018, with the nowcast falling to 1.30% (Q/Q SAAR).
- The 1.4% m/m decline in the value of manufacturing shipments accounts for the bulk of the downgrade to the GDP nowcast (table 1). Falling shipments of petroleum and coal products were the main culprit registering a 13.8% drop (8.4% drop in constant dollars), underscoring the turmoil in the Canadian oil and gas industry.
- Wholesale trade also disappointed, with volumes down 1.2% m/m in November.
- At 1.3%, the latest nowcast is in line with the Bank of Canada's Q4-2018 GDP growth estimate presented in the January 2019 MPR.

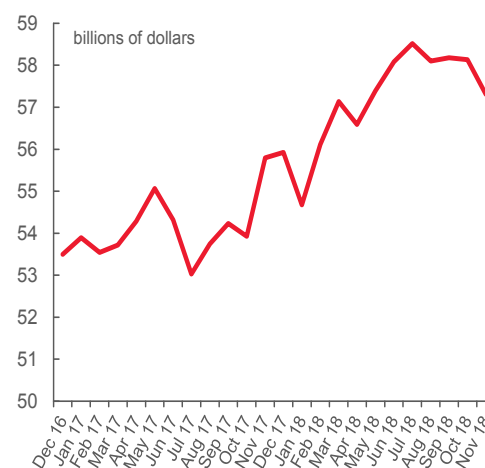
Table 1: Canadian GDP Nowcast, Q4-2018

	Nowcast Date	Q4-2018 GDP Growth, %
Previous Nowcast	18-Jan-19	1.59
<i>Revisions</i>		0.00
<i>Manufacturing shipments, Canada</i>		-0.27
<i>Wholesale trade, Canada</i>		-0.02
Current Nowcast	22-Jan-19	1.30

CONTACTS

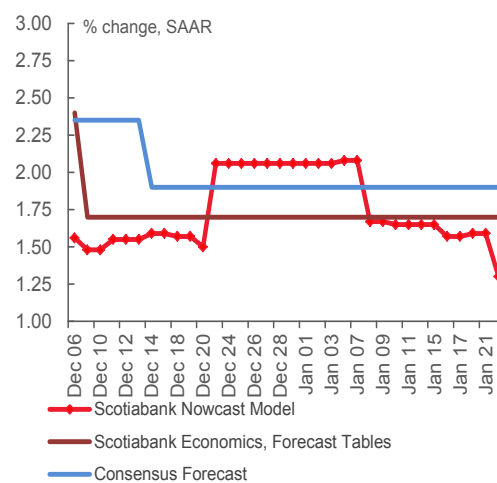
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Chart 1: Manufacturing Sales, Canada



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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