

## December Manufacturing Sales End Q4-2018 on a Weak Note: Nowcast at 0.97%

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](#).

- There is not much to love in this Valentine's Day release—manufacturing data for December underscored the weak growth track that the Canadian economy found itself in at the end of 2018.
- Manufacturing sales declined for the third consecutive month in December, down 1.3% mostly as a result of lower sales of petroleum and coal. December was a bleak month outside these sectors as well—industries accounting for almost three-quarters of manufacturing sales saw a fall in revenues.
- Lower manufacturing sales, and lower US retail sales in December, drop the nowcast for Q4-2018 to 0.97% Q/Q SAAR.

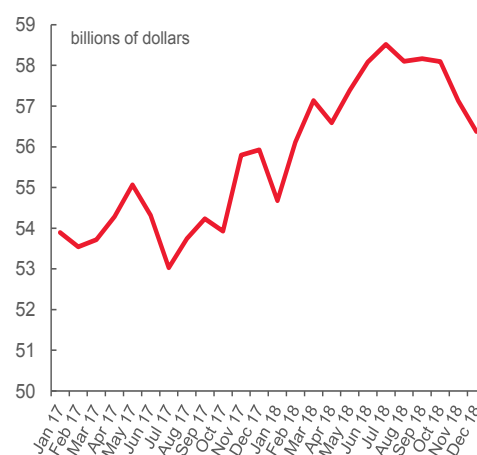
Table 1: Canadian GDP Nowcast, Q4-2018

	Nowcast Date	Q4-2018 GDP Growth, %
Current Nowcast	31-Jan-19	1.17
<i>Revisions</i>		+0.05
<i>New motor vehicle sales, Canada</i>		-0.05
<i>Retail sales, US</i>		-0.03
<i>Manufacturing sales, Canada</i>		-0.17
Current Nowcast	14-Feb-19	0.97

### CONTACTS

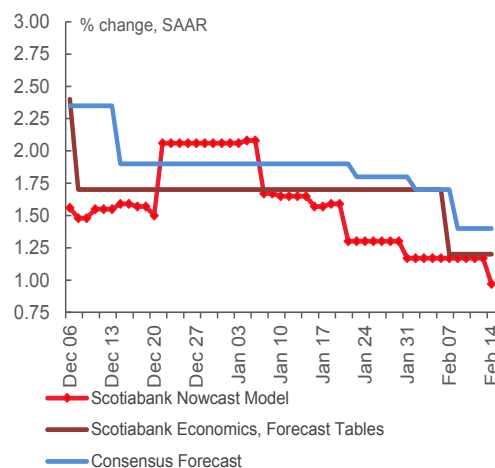
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Chart 1: Manufacturing Sales, Canada



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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