

## Rising Wholesale Inventories in December Add to Concerns of Slowing Growth: Q4-2018 Nowcast at 0.84%

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](#).

- The wholesale report for December added to pessimism for Q4-2018 growth in Canada.
- Sales were up 0.3% m/m, with four out of seven major industry groups rising, including motor vehicles and parts (+3.7% m/m), partially offset by weaker sales of machinery and equipment (-1.1% m/m).
- However, a CAD1.7bn ramp-up in inventories suggests, on balance, slowing demand downstream.
- As a result of all new data, Canadian Q4-2018 GDP growth nowcast currently stands at 0.84%, slightly lower than 0.97% previously.

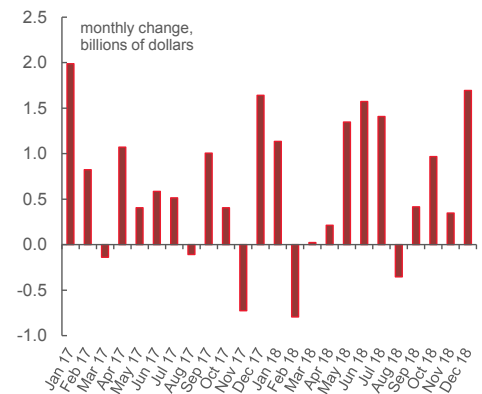
Table 1: Canadian GDP Nowcast, Q4-2018

	Nowcast Date	Q4-2018 GDP Growth, %
Previous Nowcast	14-Feb-19	0.97
Revisions and other data		-0.03
Wholesale sales, Canada		+0.01
Wholesale inventories, Canada		-0.11
Current Nowcast	21-Feb-19	0.84

### CONTACTS

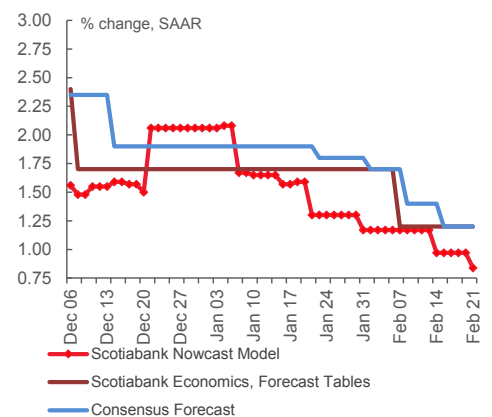
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Chart 1: Wholesale Inventories, Canada



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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