

Real Retail Sales Rise in December, Q4-2018 Nowcast Steady 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](#).

- Reported December retail sales in Canada have little implication for the Q4-2018 Canadian nowcast, which remains steady at 0.84% (2.0% for 2018 as a whole), slightly weaker than the 1.3% Bank of Canada's expectation in January MPR.
- Having declined in October and November, real retail sales in chained 2012 dollars were up 0.2% m/m in December on the back of higher real sales at car dealers (+1.0% m/m), building materials (+3.6% m/m), and others. This strength was partly offset by declines at stores selling electronics (-3.0% m/m) and health products (-1.5% m/m).
- This nowcast report concludes the series for Q4-2018. Statistics Canada will release its GDP estimate for the fourth quarter on March 1.

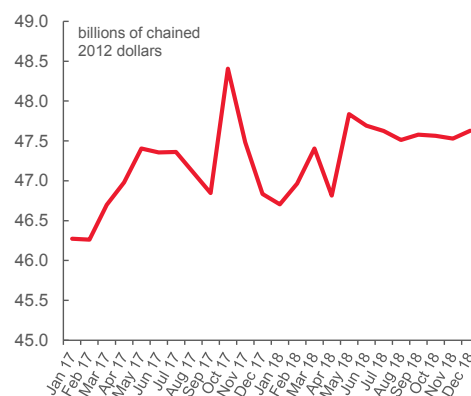
Table 1: Canadian GDP Nowcast, Q4-2018

	Nowcast Date	Q4-2018 GDP Growth, %
Previous Nowcast	21-Feb-19	0.84
Revisions		0.00
Retail sales, Canada		0.00
Current Nowcast	22-Feb-19	0.84

CONTACTS

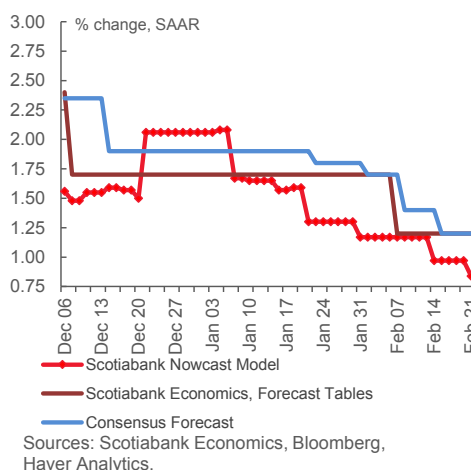
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Chart 1: Retail Sales, Canada



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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