

Scotiabank Nowcast: Flat Real Retail Sales Nudge Q1-2019 Nowcast Down to 0.83%

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](#).

- Consumers started the year on a weak note, with real retail sales being flat in January. The overall reading masked a significant divergence across sectors, with a 1.2% m/m tumble in real sales at dealers of motor vehicles and parts being offset by a strong expansion at stores selling electronics and building materials, among others.
- The latest release underscores the continuing lack of momentum in consumer spending since mid-2018, which remained relatively flat.
- Flat real retail sales nudge the Q1-2019 Canadian real GDP nowcast down to 0.83% Q/Q SAAR.

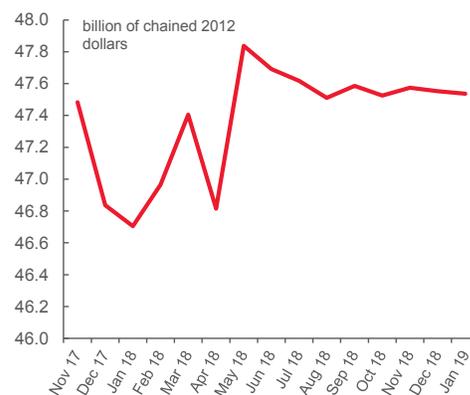
Table 1: Canadian GDP Nowcast, Q1-2019

	Nowcast Date	Q1-2019 GDP Growth, %
Previous nowcast	21-Mar-19	0.85
<i>Revisions</i>		0.00
<i>Retail sales, Canada</i>		-0.02
Current Nowcast	22-Mar-19	0.83

CONTACTS

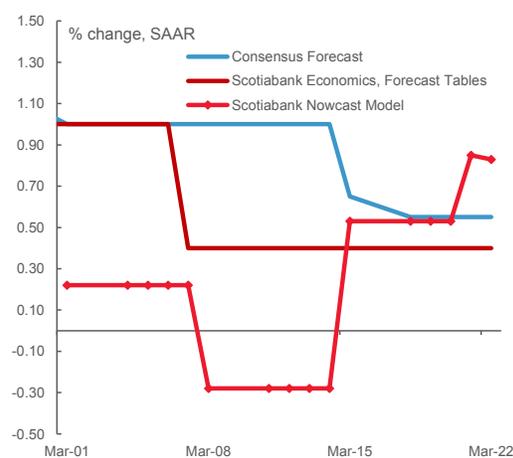
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Chart 1: Retail Sales, Canada



Sources: Scotiabank Economics, Haver Analytics.

Chart 2: The Evolution of the Scotiabank Economics Q1-2019 Nowcast



Sources: Scotiabank Economics, Bloomberg, Haver Analytics.

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