

Scotiabank Nowcast: Strong Rebound in Canadian Trade Pushes Q1-2019 Nowcast to 0.96%

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](#).

- **Merchandise trade for January is the most recent report from Statistics Canada to provide evidence of a rebound in January GDP in Canada.**
- **With real merchandise exports measured in chained 2012 dollars expanding by a very robust 1.0% m/m in January, the trade figures are consistent with a rebound in manufacturing sales reported last week. Real exports of 7 out of 10 industries expanded, offsetting the weakness in real exports of energy and aircraft.**
- **Merchandise imports painted a picture of rebounding demand in January, driven by stronger aircraft imports, motor vehicles and other products.**
- **With this report the nowcast for the Q1-2019 SAAR Q/Q GDP growth in Canada is at 0.96%, with industry-level GDP expected to expand by 0.3% m/m in January, but followed by weakness expected in February.**

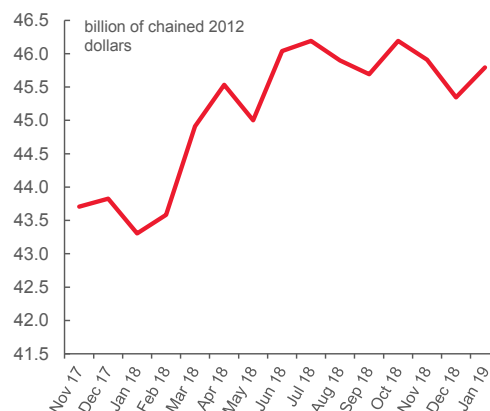
Table 1: Canadian GDP Nowcast, Q1-2019

	Nowcast Date	Q1-2019 GDP Growth, %
Previous nowcast	22-Mar-19	0.83
<i>Revisions</i>		-0.01
<i>Housing starts, Canada</i>		-0.01
<i>Merchandise exports, Canada</i>		+0.05
<i>Merchandise imports, Canada</i>		+0.10
Current Nowcast	27-Mar-19	0.96

CONTACTS

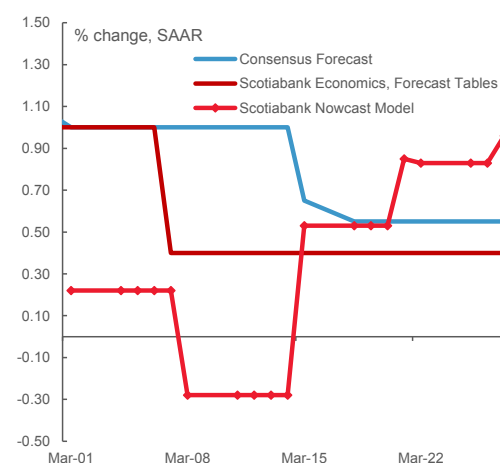
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Chart 1: Merchandise Exports, Canada



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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