

Scotiabank Nowcast: 0.35% Cdn GDP Growth in January Matches Expectations, Q1-2019 Nowcast at 1.09%

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](#).

- As expected, industry-level GDP rebounded sharply in January growing 0.3% m/m. Ten out of eleven major industrial sectors expanded, led by a significant rebound in manufacturing (+1.5%), construction (+1.9%) and wholesale (+0.9%).
- Mining and oil and gas extraction contracted sharply (-3.3% m/m), driven lower by the impact of government-mandated production cuts, and being the only sector to decline in January.
- With a strong rebound in January GDP, Q1-2019 nowcast is at 1.09% Q/Q SAAR. The monthly pattern in industry-level GDP underlying this nowcast is -0.1% and +0.1% in February and March.
- Barring negative surprises in February and March, Q1-2019 should support the Bank of Canada in resuming rate hikes some time this year.

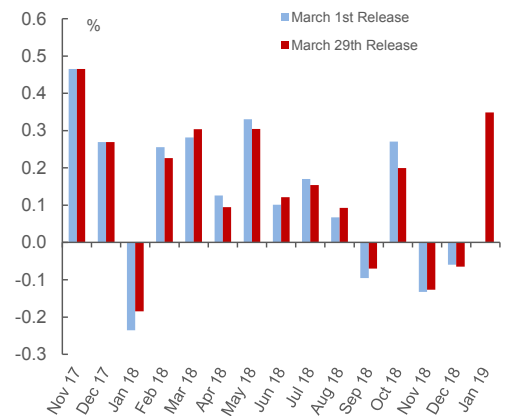
Table 1: Canadian GDP Nowcast, Q1-2019

	Nowcast Date	Q1-2019 GDP Growth, %
Previous nowcast	27-Mar-19	0.96
Revisions		0.00
GDP by industry, Canada		+0.13
Current Nowcast	29-Mar-19	1.09

CONTACTS

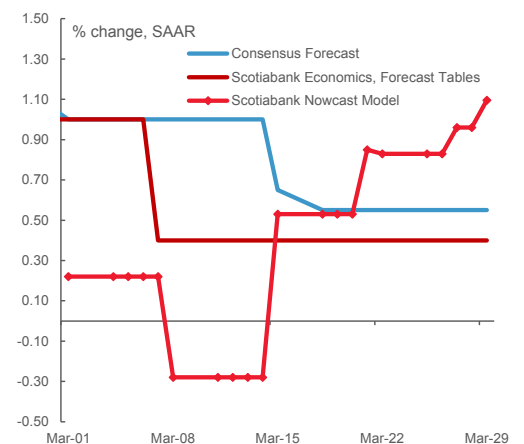
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Chart 1: GDP by Industry, Canada



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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