

Scotiabank Nowcast: Strong Rise in Hours Worked in March Pushes Q1-2019 Canadian Nowcast to 1.41%

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](#).

- All those full-time jobs created in January and February in Canada were put to work in March, with a strong rebound in hours worked (+1.0% m/m) driven by both goods and services sector expansion, the highest growth rate recorded since December 2017.
- Overall labour market indicators have been consistent with a much improved outlook for growth in Q1-2019. This release pushes the Canadian nowcast to 1.41% Q/Q SAAR, on the back of a strong expansion expected in March for the industry-level GDP (+0.31%).
- Note that apart from hours worked there is very little Canadian data for March 2019. February manufacturing sales (release: April 16th) and international trade (release: April 17th) should provide a better indication of growth in the quarter.

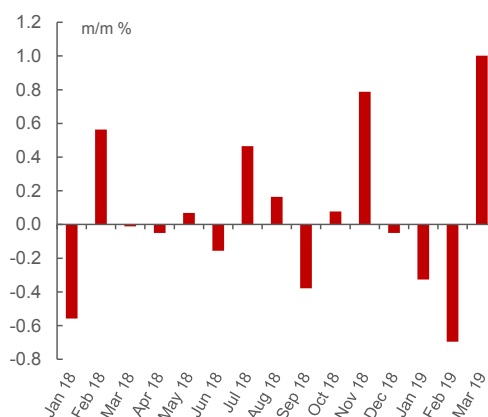
Table 1: Canadian GDP Nowcast, Q1-2019

	Nowcast Date	Q1-2019 GDP Growth, %	GDP by industry, %m/m		
			Jan ^{actual}	Feb	Mar
Previous nowcast	29-Mar-19	1.09	0.35	-0.11	0.12
<i>Revisions</i>		+0.03			
<i>Nonfarm payrolls, US</i>		+0.08			
<i>Hours worked, Canada</i>		+0.21			
Current Nowcast	05-Apr-19	1.41	0.35	-0.08	0.31

CONTACTS

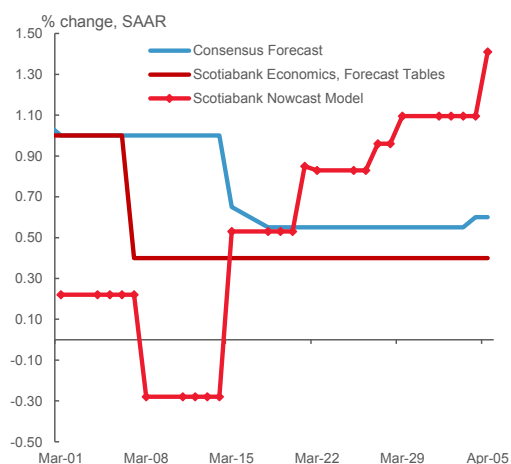
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Chart 1: Actual hours worked, Canada



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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