

Scotiabank Nowcast: Stronger Starts, Weaker Permits Nudge Nowcast Down to 1.38%

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](#).

- A pair of Canadian housing statistics added to the evidence of a weather-related slump in activity in February, with a rebound in March.
- Residential building permits declined to 19K units in February from 21K units in January, mostly as a result of a lower number of permits for multi-unit buildings, while housing starts rebounded to an annualized rate of 192K units in March from 166K units in February.
- The pair of reports nudge the Canadian GDP nowcast slightly down to 1.38% Q/Q SAAR, since a somewhat deeper contraction expected in February industry-level GDP is only partly compensated by a stronger rebound in March.

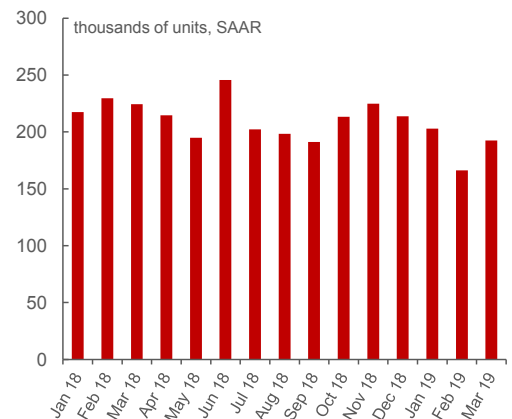
Table 1: Canadian GDP Nowcast, Q1-2019

	Nowcast Date	Q1-2019 GDP Growth, %	GDP by industry, %m/m		
			Jan ^{actual}	Feb	Mar
Previous nowcast	05-Apr-19	1.41	0.35	-0.08	0.31
Revisions		-0.01			
Housing starts, Canada		+0.06			
Residential permits, Canada		-0.08			
Current Nowcast	09-Apr-19	1.38	0.35	-0.11	0.36

CONTACTS

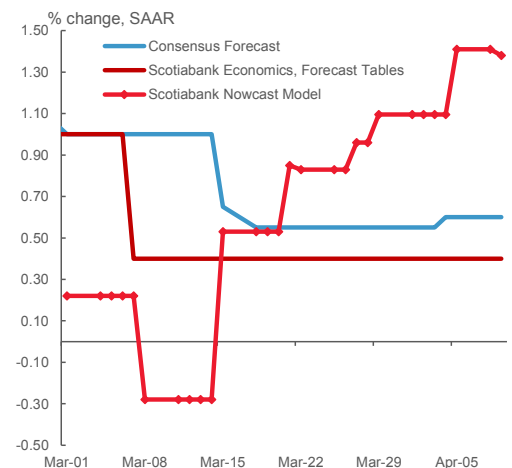
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Chart 1: Housing Starts, Canada



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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