

## Scotiabank Nowcast: Weak Canadian Exports in February Pull Q1-2019 Nowcast Down to 1.30%

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](#).

- **Statistics Canada released its estimate of Canadian international merchandise trade for February, which showed widespread weakness in exports with all 11 components declining unexpectedly in real terms.**
- **The report points to significant weakness in February on the trade front. While the Canadian merchandise trade data is very volatile and heavily revised, and so even swings of this magnitude (-3.8% m/m decline in total real exports in February) are partly discounted for the purpose of the forecast, the downside risks to Q1-2019 nowcast are starting to accumulate.**
- **The merchandise trade data release pulls the Q1-2019 nowcast down to 1.30%, with February industry-level GDP more firmly in the contraction territory. March is still expected to show a significant expansion, but there is little hard data beyond housing and labour market indicators currently available.**

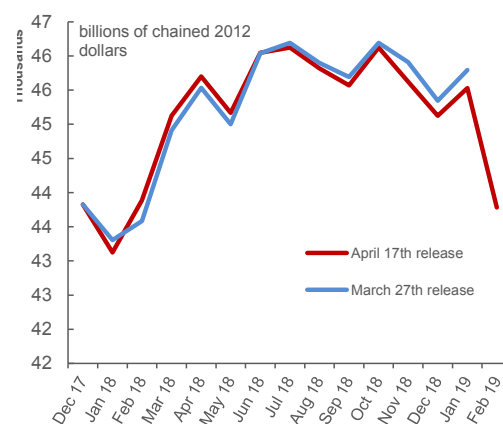
**Table 1: Canadian GDP Nowcast, Q1-2019**

	Nowcast Date	Q1-2019 GDP Growth, %	GDP by industry, %m/m		
			Jan <sup>actual</sup>	Feb	Mar
Previous nowcast	16-Apr-19	1.57	0.35	-0.04	0.36
<i>Revisions</i>		0.00			
<i>Industrial production, US</i>		-0.03			
<i>Motor vehicle assemblies, US</i>		-0.02			
<i>Merchandise exports, Canada</i>		-0.25			
<i>Merchandise imports, Canada</i>		0.03			
Current Nowcast	17-Apr-19	1.30	0.35	-0.13	0.33

### CONTACTS

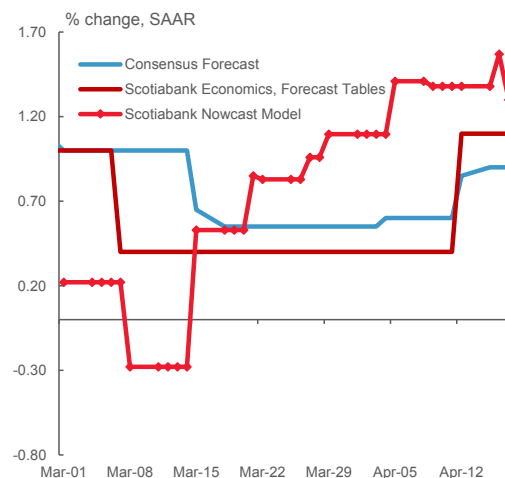
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**Chart 1: Merchandise exports, Canada**



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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