

Scotiabank Nowcast: Rising Wholesale Sales Nudge Q1-2019 Nowcast Up to 1.43%

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](#).

- Canadian wholesale sales barely grew in February (0.3% m/m), with most major industries registering declines which were more than offset by a strong rebound in motor vehicle sales (+9.5% m/m).
- While the breadth of the release is disappointing, sales growth was still positive and on balance nudges up Scotiabank's Q1-2019 nowcast to 1.43% Q/Q SAAR, by boosting slightly the industry-level GDP growth in February.
- Together with the merchandise trade report from April 17, the weakness in sales in sectors other than autos suggests downside risks to Q1-2019 growth.

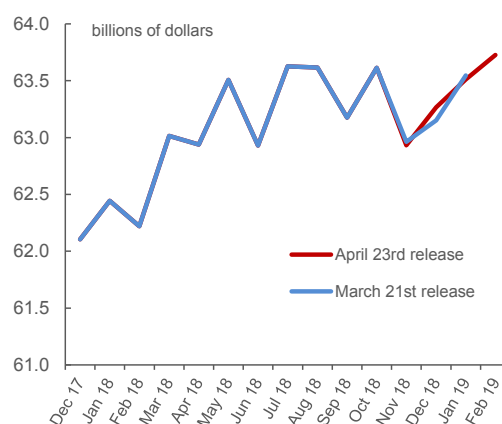
Table 1: Canadian GDP Nowcast, Q1-2019

	Nowcast Date	Q1-2019 GDP Growth, %	GDP by industry, %m/m		
			Jan ^{actual}	Feb	Mar
Previous nowcast	18-Apr-19	1.34	0.35	-0.12	0.34
Revisions		0.00			
Wholesale sales, Canada		+0.06			
Wholesale inventories, Canada		+0.03			
Current Nowcast	23-Apr-19	1.43	0.35	-0.09	0.34

CONTACTS

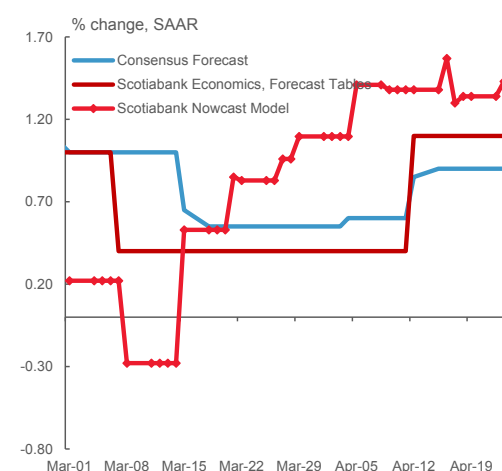
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Chart 1: Wholesale Sales, Canada



Sources: Scotiabank Economics, Haver Analytics, Statistics Canada

Chart 2: The Evolution of the Scotiabank Economics Q1-2019 Nowcast



Sources: Scotiabank Economics, Bloomberg, Haver Analytics.

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