Scotiabank Nowcast: Canadian Retail Sales Expand in March, Q1-2019 at 1.27%

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](#).

- **Real Canadian retail sales expanded in March (+0.3% m/m), in line with other evidence of a rebound in activity. Strong expansion of real sales of furniture (+3.7% m/m), electronics (+2.8% m/m), building materials (+4.3% m/m) and clothing (+3.8% m/m) drove most of the growth in March. However, sales of motor vehicles disappointed (-1.2% m/m).**
- **Expanding retail sales which point to improving consumer spending do not change our expectation of 0.4% m/m growth in real industry-level GDP. Consistent with this monthly GDP growth profile, the Q1-2019 nowcast remains relatively unchanged at 1.27% Q/Q SAAR.**

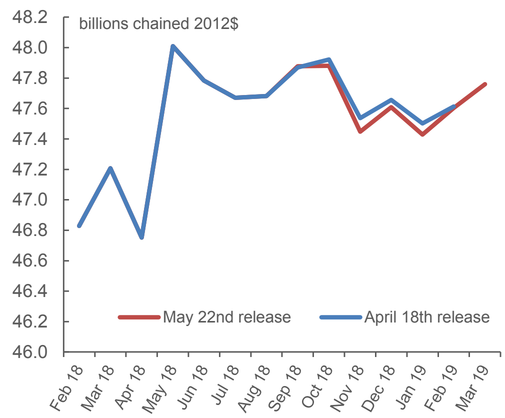
Table 1: Canadian GDP Nowcast, Q1-2019

	Nowcast Date	Q1-2019 GDP Growth, %	GDP by industry, %m/m Jan actual	Feb actual	Mar
Previous nowcast	*16-May-19*	1.28	0.35	-0.15	0.40
Revisions		0.00			
Retail sales, Canada		-0.01			
Current Nowcast	*22-May-19*	1.27	0.35	-0.15	0.40

CONTACTS

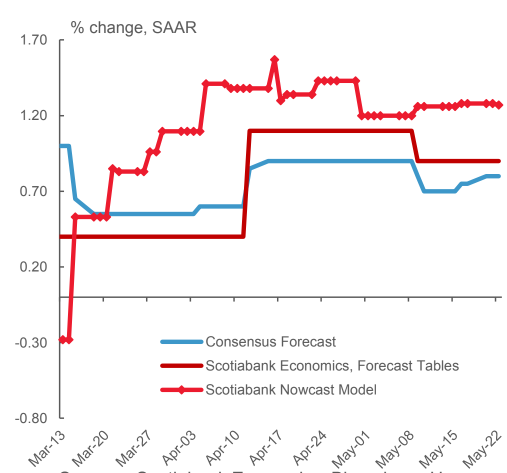
Nikita Perevalov, Senior Economist
416.866.4205
Scotiabank Economics
nikita.perevalov@scotiabank.com

Chart 1: Retail 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.