

Scotiabank Nowcast: Real Merchandise Exports Rise Slightly, Q3-2019 at 1.40%

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 is described in a related note [here](#).

- Canada's merchandise trade report for July opens the string of data releases for Q3-2019. Having grown above 14% Q/Q SAAR in Q2-2019 in real terms, real merchandise exports remained relatively stable in July (+0.1% m/m). Six out of eleven sectors rose, with notable increases in metals and non-metallic products (+8.0% m/m), electronics (+3.7% m/m) and motor vehicles (+1.9% m/m).
- Imports advanced by 2.1% m/m once price impacts are stripped out, reversing their prior weakness and providing hopeful signs for the dynamics of domestic demand. In particular, real imports of machinery and equipment increased by 3.0% m/m, which bodes well for business investment.
- The trade release for July points to a slightly negative contribution to GDP growth from trade in Q3-2019 GDP, a good performance following an outsized gain in Q2-2019. Canadian GDP nowcast is at 1.4% Q/Q SAAR, with the industry-level GDP growth close to 0.1% m/m through September.

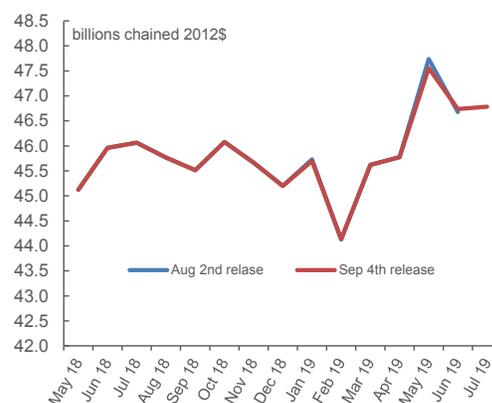
Table 1: Canadian GDP Nowcast, Q3-2019

	Nowcast Date	Q3-2019 GDP Growth, %	GDP by industry, %m/m		
			Jul	Aug	Sep
Initial nowcast		0.80			
<i>Revisions and other data</i>		+0.10			
<i>Merchandise exports, Canada</i>		+0.20			
<i>Merchandise imports, Canada</i>		+0.30			
Current Nowcast	04-Sep-19	1.40	0.07	0.05	0.10

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Chart 1: Merchandise exports, Canada



Sources: Scotiabank Economics, Haver Analytics, Statistics Canada

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