

Scotiabank Nowcast: Robust Residential Permits Lift Q3-2019 Slightly to 1.83%

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](#).

- A pair of housing reports for Canada, including residential building permits for August and housing starts for September, lifted the Q3-2019 nowcast slightly to 1.83% Q/Q SAAR, still relatively in line with the latest BoC's forecast.
- Building permits expanded strongly in August to 20.6K units from 18.6K in the previous month, with both multiples and singles rising. Ontario, Quebec and British Columbia provided the bulk of new units created.
- Housing starts eased slightly in September, reaching 221K units (SAAR) compared to 226K in the prior month.
- Taken together the reports provide further evidence of strength returning to the housing market after it went into a deep freeze following the introduction of a mortgage stress test and other measures.

Table 1: Canadian GDP Nowcast, Q3-2019

	Nowcast Date	Q3-2019 GDP Growth, %	GDP by industry, %m/m		
			Jul ^{actual}	Aug	Sep
Previous nowcast	04-Oct-19	1.77	0.02	0.25	0.17
Revisions		+0.01			
Housing starts, Canada		-0.01			
Building permits, Canada		+0.06			
Current Nowcast	08-Oct-19	1.83	0.02	0.28	0.16

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Chart 1: Residential permits, units created, Canada

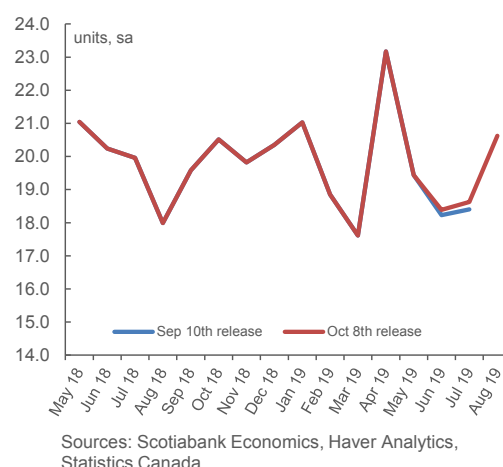
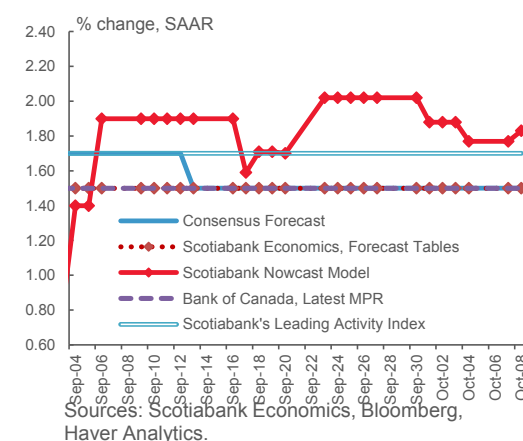


Chart 2: The Evolution of the Scotiabank Economics Q3-2019 Nowcast



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