Scotiabank Nowcast: Pickup in Retail Trade Offset by Weak US IP, Q3-2019 at 1.82%

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.

- **Canadian real retail sales rose slightly in August (+0.2% m/m) with real spending at gas stations (+2.8% m/m) and general merchandise stores (+1.2% m/m) accounting for the bulk of the increase. Sales at food and beverage stores provided the main counterweight, declining by 0.7% m/m in real terms.**
- **A positive revision to July's retail sales, in addition to this relatively healthy expansion in August brightens the outlook for consumption and the retail industry, implying a somewhat stronger GDP growth in July–August.**
- **In contrast, with US industrial production declining in September (-0.4% m/m), signs are pointing to growth in Canada slowing towards the end of Q3-2019. Overall, the nowcast edged down slightly to 1.82% Q/Q SAAR, as weaker external data was partly offset by a stronger take on domestic spending.**

Table 1: Canadian GDP Nowcast, Q3-2019

	Nowcast Date	Q3-2019 GDP Growth, %	GDP by industry, %m/m Jul [actual]	Aug	Sep
Previous nowcast	*17-Oct-19*	1.86	0.02	0.28	0.17
Revisions		+0.02			
Retail trade, Canada		-0.01			
Industrial production, US		-0.05			
Current Nowcast	*22-Oct-19*	1.82	0.02	0.29	0.12

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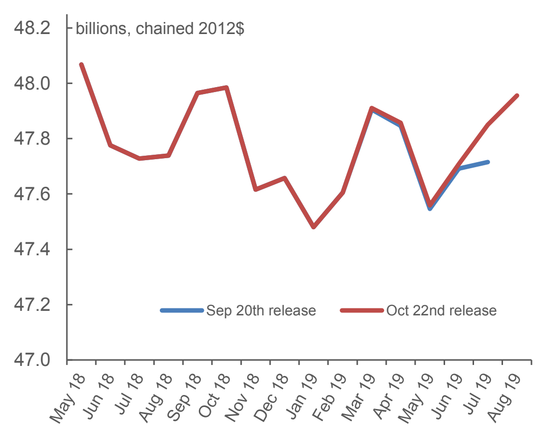
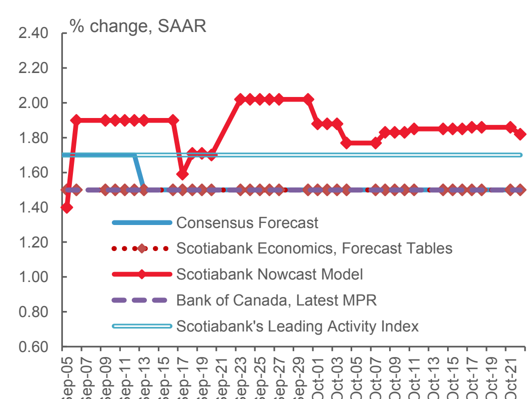
Chart 1: Retail trade, Canada



Sources: Scotiabank Economics, Haver Analytics, Statistics Canada

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



Sources: Scotiabank Economics, Bloomberg, Haver Analytics.