

Scotiabank Nowcast: August GDP Expansion Weaker than Expected, Q3-2019 at 1.37%

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](#).

- The underwhelming GDP expansion in August (+0.1% m/m) and revisions to previous months left the Q3-2019 nowcast at 1.37% Q/Q SAAR, essentially in line with the most recent Bank of Canada estimate (1.3%).
- However, the underlying details were better than the headline number would suggest. The tepid GDP growth in August mainly came down to a decline in the wholesale industry (-1.3% m/m), in line with the sales data received last week.
- In contrast, the manufacturing sector expanded strongly (+0.5% m/m), construction growth resumed (+0.3% m/m) and mining, oil and gas were flat, but following on the heels of a significant contraction in July.
- Going forward, the GDP expansion is expected to slow somewhat. In fact, there could be downside risks to September growth, with manufacturing likely to be impacted by the GM strike in the US as well as the lingering uncertainty on the trade front.

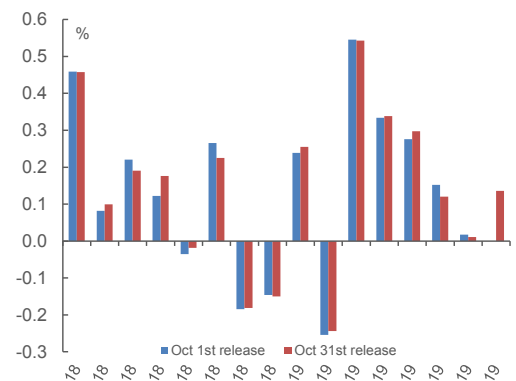
Table 1: Canadian GDP Nowcast, Q3-2019

	Nowcast Date	Q3-2019 GDP Growth, %	GDP by industry, %m/m		
			Jul ^{actual}	Aug ^{actual}	Sep
Previous nowcast	23-Oct-19	1.67	0.02	0.22	0.11
Revisions		-0.10			
GDP by industry, Canada		-0.20			
Current Nowcast	31-Oct-19	1.37	0.01	0.14	0.11

CONTACTS

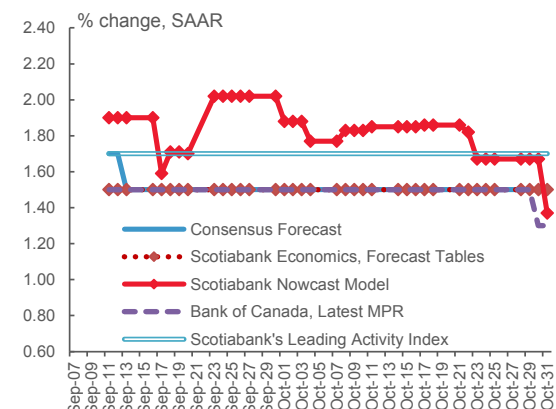
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Chart 1: GDP by industry, Canada



Sources: Scotiabank Economics, Haver Analytics, Statistics Canada

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



Sources: Scotiabank Economics, Bloomberg, Haver Analytics.

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