

Scotiabank Nowcast: Canadian Retail Sales Tumbled in October, Q4-2019 Down at 0.31%

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](#).

- Rounding out the data releases for October, real retail sales tumbled 1.4% m/m, as the nowcast for Q4-2019 continues to race to the zero line, currently standing at just 0.31% Q/Q SAAR and significantly below the Bank of Canada's 1.3% forecast.
- While October weakness could be temporary and growth could have rebounded in November and December, improving the Q4 outlook, the string of disappointing data so far in October has been eye-opening.
- The Bank of Canada is now facing a dilemma, with inflation readings perking up higher, but economic activity data disappointing across the board.
- In the details of the retail trade release, real sales in nine out of eleven subsectors fell in October (measured in constant dollars), with a massive 3.0% m/m decline in sales of motor vehicles and parts driving half of the total real retail sales losses.
- Real sales of building materials (-3.4% m/m) and health and personal products (-2.0%) were notably weak as well, helping to drive the total sales lower.

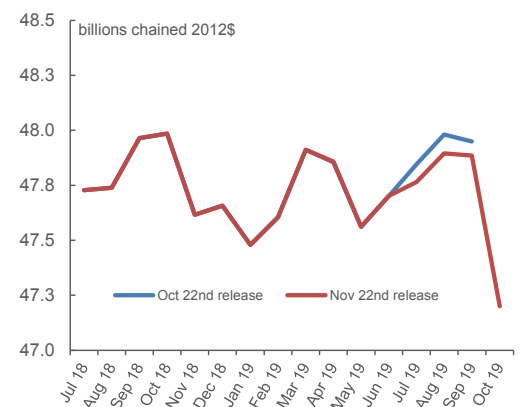
Table 1: Canadian GDP Nowcast, Q4-2019

	Nowcast Date	Q4-2019 GDP Growth, %	GDP by industry, %m/m		
			Oct	Nov	Dec
Previous nowcast	19-Dec-19	0.45	-0.09	0.09	0.08
Revisions, other data		0.00			
Retail trade, Canada		-0.14			
Current Nowcast	20-Dec-19	0.31	-0.12	0.10	0.07

CONTACTS

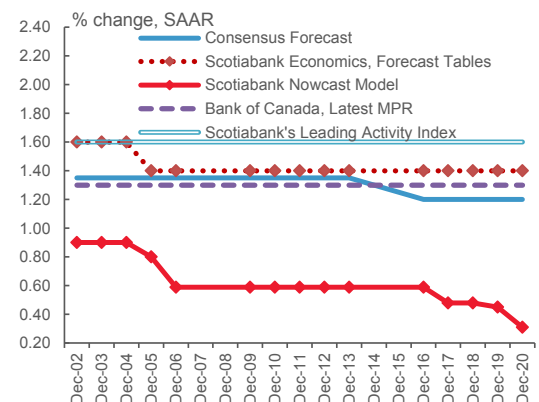
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Chart 1: Retail sales, Canada



Sources: Scotiabank Economics, Haver Analytics, Statistics Canada

Chart 2: The Evolution of the Scotiabank Economics Q4-2019 Nowcast



Sources: Scotiabank Economics, Bloomberg, Haver Analytics.

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