

## Scotiabank Nowcast: Wholesale Sector Decline Pushes Q4-2019 to -0.29%

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](#).

- Wholesale sales for November is just the latest in the string of negative data releases that underscored the slowdown of the Canadian economy at the end of 2019. With this report, Q4-2019 is reduced to -0.29% Q/Q SAAR, far below the BoC's somewhat stale forecast of 1.3%.
- Wholesale sales were down 1.2% m/m, mostly driven by lower motor vehicle sales (-3.3% m/m) but, with five out of seven subsectors declining, there was considerable breadth to the weakness. Geographically, Ontario and Alberta contributed the most to the decline, being among the six provinces that registered lower wholesale sales.
- On the positive side, a small increase in the machinery and equipment category (+0.8% m/m) was a glimmer of hope that investment spending might hold up in the quarter.
- Mirroring the manufacturing sales report from yesterday, wholesale inventories rose in November, interrupting progress on lowering high inventory ratios and a sign of lukewarm demand elsewhere in the economy.

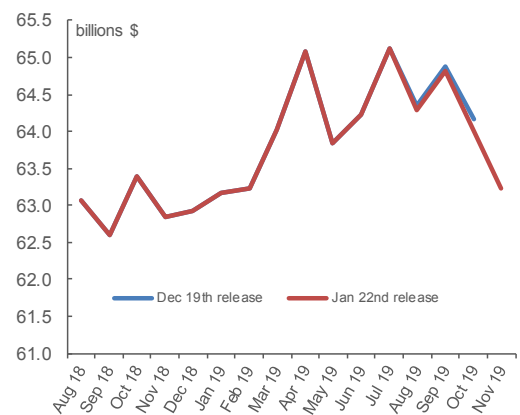
Table 1: Canadian GDP Nowcast, Q4-2019

	Nowcast Date	Q4-2019 GDP Growth, %	GDP by industry, %m/m		
			Oct <sup>actual</sup>	Nov	Dec
Previous nowcast	21-Jan-20	-0.12	-0.13	-0.01	0.07
Revisions and other data		0.00			
Wholesale sales, Canada		-0.11			
Wholesale inventories, Canada		-0.06			
Current Nowcast	22-Jan-20	-0.29	-0.13	-0.07	0.08

### CONTACTS

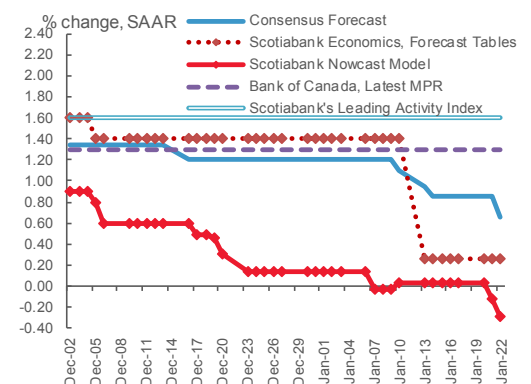
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Chart 1: Wholesale sales, Canada



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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