

Scotiabank Nowcast: November GDP Better Than Expected, Q4-2019 Flat at +0.06%

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](#).

- November GDP surprised on the upside, growing +0.1% m/m compared to an expected decline of -0.06%, pushing the quarterly growth estimate to +0.06% Q/Q SAAR in Q4-2019. The new estimate remains a touch below the Bank of Canada's revised forecast of +0.3%.
- Notable growth occurred in two sectors in November, utilities (+2.1% m/m), where colder-than-normal weather boosted output, and construction (+0.5% m/m). The latter expanded as both residential and non-residential sectors saw stronger activity. The surprise increase in utilities and construction contributed about +0.1ppts to overall growth in November.
- Performance in most other industries was consistent with data released previously (table 2), with wholesale sector declining (-0.4% m/m), retail sector expanding (+0.5% m/m) and manufacturing sector flat. Mining, oil and gas showed a notable decline (-1.4% m/m), partly due to idiosyncratic factors.
- Revisions to prior months were minimal, with value added in manufacturing revised slightly higher in October consistent with revisions to manufacturing shipments in a report from Jan 21st.
- While growth in November implies a slightly better outlook for Q4-2019 than expected previously, it does not boost our confidence in the short term evolution of the Canadian economy, as the drivers of growth are few and far between.

Table 1: Canadian GDP Nowcast, Q4-2019

	Nowcast Date	Q4-2019 GDP Growth, %	GDP by industry, %m/m		
			Oct ^{rev}	Nov	Dec
Previous nowcast	24-Jan-20	-0.24	-0.13	-0.06	0.08
Revisions and other data		+0.04			
GDP by industry, Canada		+0.26			
Current Nowcast	31-Jan-20	+0.06	-0.11	0.07	0.05

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Chart 1: GDP by industry, Canada

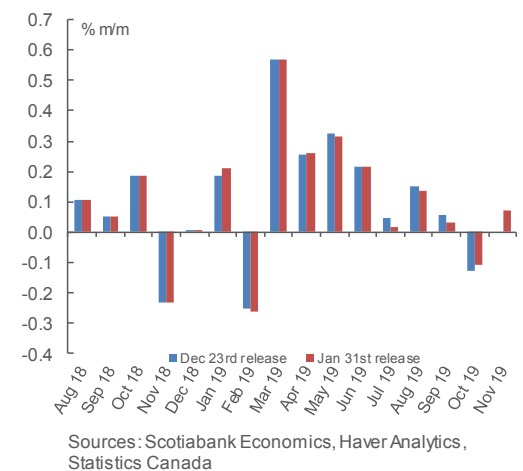


Chart 2: The Evolution of the Scotiabank Economics

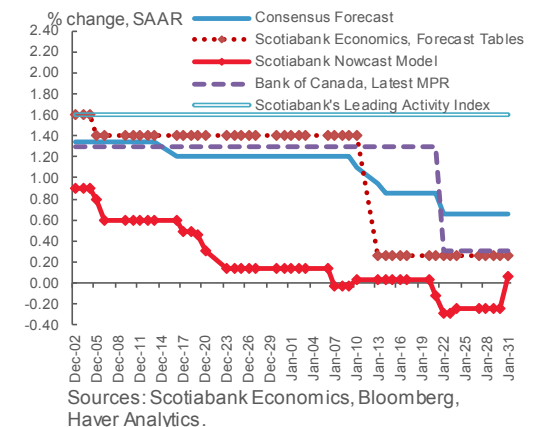


Table 2: GDP by industry, Canada, % m/m

	Sep		Oct		Nov
	Prev	Rev	Prev	Rev	
All industries	0.05	0.03	-0.13	-0.11	0.07
Goods	-0.238	-0.28	-0.52	-0.42	0.09
Agriculture, forestry and others	-0.60	-0.69	-0.18	-0.22	-0.32
Mining, oil and gas	0.20	-0.23	0.08	0.17	-1.38
Utilities	-0.53	-0.56	0.44	0.31	2.13
Construction	-0.12	-0.09	0.01	0.01	0.46
Manufacturing	-0.37	-0.30	-1.39	-1.16	0.01
Services	0.16	0.14	0.01	0.00	0.06
Wholesale trade	0.84	0.73	-1.00	-1.25	-0.39
Retail trade	0.00	0.07	-1.13	-1.13	0.49
Transportation	-0.72	-0.77	0.62	0.54	-0.86
Information	0.04	0.01	0.37	0.35	0.02
Finance	-0.12	-0.15	-0.15	-0.27	0.00
Real estate	0.25	0.24	0.26	0.26	0.24
Professional	0.46	0.42	0.32	0.29	0.05
Management	0.16	0.07	0.54	0.84	0.22
Administration	0.37	0.39	0.36	0.24	0.32
Education	0.16	0.16	0.17	0.28	0.27
Health care	0.23	0.24	0.13	0.11	0.15
Arts and entertainment	1.31	1.26	0.10	0.17	-0.75
Accommodation	0.16	0.18	-0.19	0.07	0.38
Other services	0.18	0.25	-0.03	-0.06	0.01
Public Administration	-0.08	-0.09	0.14	0.30	0.10

Sources: Statistics Canada, Scotiabank Economics

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