

Scotiabank Nowcast: February Exports Rebound Pushes Q1-2020 to 1.27%

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](#).

- Despite the rail blockades and the global spread of COVID-19 in February, the merchandise trade report for February showed a widespread rebound in real exports valued in chained dollars (+2.4% m/m), while real imports eased (-0.8% m/m).
- The print suggests that February is likely to have seen strengthening GDP growth, pushing the Q1-2020 nowcast to 1.27% Q/Q SAAR, with the impact of the pandemic expected to show up in March data.
- Strength in exports was widespread, with real exports in 10 of 13 sectors rising. Component-wise, real exports of aircraft helped propel the overall rebound registering a 16.5% monthly gain, with other manufactured goods—motor vehicles (+3.1% m/m), industrial machinery (+3.1% m/m) and consumer goods (+2.4% m/m)—growing briskly.
- Imports eased (-0.8% m/m in real terms), mainly on declining imports of energy products (-13.5%) and metal ores (-22.3% m/m).

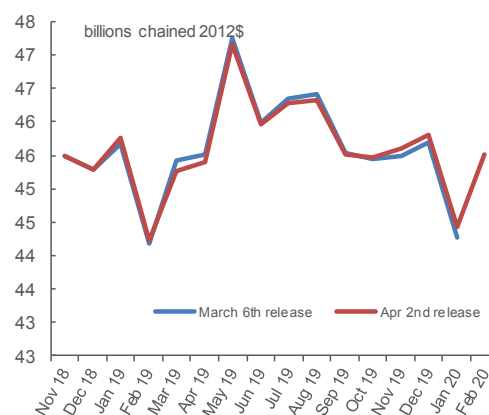
Table 1: Canadian GDP Nowcast, Q1-2020

	Nowcast Date	Q1-2020 GDP Growth, %	GDP by industry, %m/m		
			Jan ^{actual}	Feb	Mar
Previous Nowcast	31-Mar-20	1.10	0.14	0.18	-0.51
Revisions, financial data		0.00			
Merchandise exports, Canada		+0.27			
Merchandise imports, Canada		-0.10			
Current Nowcast	02-Apr-20	1.27	0.14	0.24	-0.51

CONTACTS

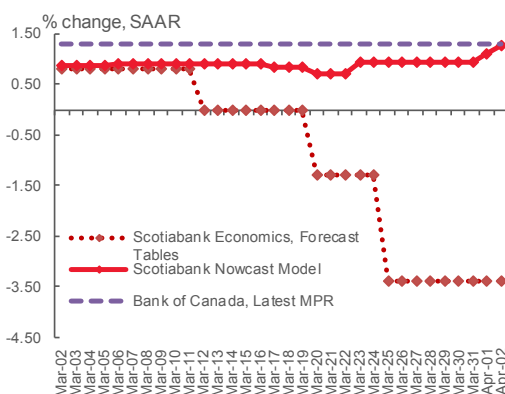
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Chart 1: Merchandise exports, Canada



Sources: Scotiabank Economics, Haver Analytics, Statistics Canada

Chart 2: The Evolution of the Scotiabank Economics Q1-2020 Nowcast



Sources: Scotiabank Economics, Bloomberg, Haver Analytics.

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