

## Scotiabank Nowcast: Wholesale Rebound Nudges Q2-2020 GDP Nowcast to -38.74%

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 rebounded in June (+18.5% m/m) to a level that was less than 4% below that of February, pointing to a continued recovery in the Canadian economy from the pandemic-induced shutdowns in April and early May. As a result, the Q2-2020 GDP nowcast strengthens slightly, to -38.74% Q/Q SAAR, a touch stronger than the flash estimate from Statistics Canada of GDP declining about -40% Q/Q SAAR.
- While all sectors contributed to the increase, the main driver was a significant rebound in wholesale sales of motor vehicles and parts which more than doubled in June (+114.8% m/m), on the back of a strengthening production of autos and a recovering demand. Despite the growth, sales of motor vehicles were still 23.7% below February levels.
- Among other sectors, wholesale sales of personal and household goods saw widespread improvement in June (+17.3% m/m), with merchandise like clothing and personal goods being pulled up by recovering consumer demand.
- Finally investment-sensitive goods, such as machinery and equipment, posted an increase in June (+7.4% m/m), driven in part by a strong pickup in sales of farm, lawn and garden machinery (+12.2% m/m).

Table 1: Canadian GDP Nowcast, Q2-2020

	Nowcast Date	Q2-2020 GDP Growth, %
Previous Nowcast	14-Aug-20	-39.07
Revisions, other data		0.00
Wholesale sales, Canada		+0.35
Wholesale inventories, Canada		-0.02
Current Nowcast	19-Aug-20	-38.74

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Chart 1: Wholesale sales Canada

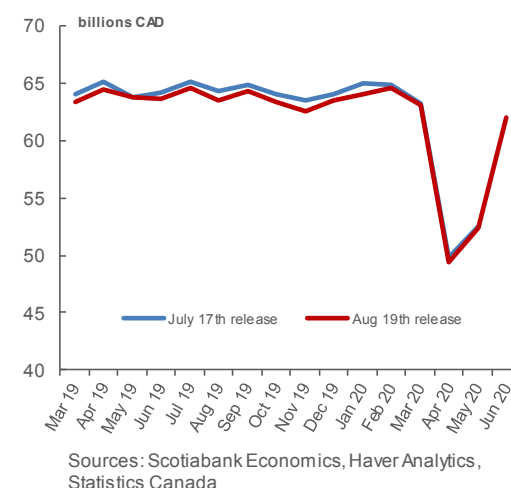
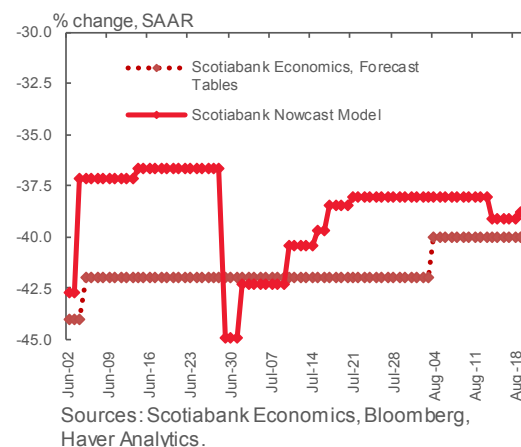


Chart 2: The Evolution of the Scotiabank Economics Q2-2020 Nowcast



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