

## Scotiabank Nowcast: Strong Employment Growth in August Drives Q3-2020 Nowcast to 49.26%

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](#).

- The jobs continued to return on both sides of the border in the wake of post-pandemic re-opening. Statistics Canada reported that Canadian employment expanded by +246K in August, mostly in full-time work. Coming on the heels of a +419K expansion in July, the Canadian employment was 5.7% below the February level, underscoring the speed of the economic rebound through the summer.
- As a result, the outlook for GDP growth in the month of August has improved, pushing the nowcast to 49.26% Q/Q SAAR. Despite the improvement, the underlying GDP growth is expected to slow significantly from the 3% m/m pace set in July, mirroring the slowing pace of job creation (chart 1).
- The majority of the jobs generated in Canada in the month of August were in the hard-hit services sector (+218K m/m). Hotels and restaurants, seeing improving demand, brought back the workers (+48.9K m/m), while education services added +50.5K jobs.
- Among the goods-producing industries, manufacturing added +29.4K jobs in August as the auto sector ramped up production. In contrast, the resource sector shed -9.1K jobs in August.
- The Canadian unemployment rate fell to 10.2%, as the expanding labour force (+109.1K m/m) partly offset the rise in employment. Stronger employment translated into higher hours worked, which expanded by 2.9% m/m.
- In the US, nonfarm payrolls expanded by close to 1.4 million jobs, while the unemployment rate declined to 8.4%.

Table 1: Canadian GDP Nowcast, Q3-2020

	Nowcast Date	Q3-2020 GDP Growth, %
Previous Nowcast	03-Sep-20	48.27
Revisions, other data		0.00
Nonfarm payrolls, US		+0.02
Employment, Canada		+0.51
Hours worked, Canada		+0.46
Current Nowcast	04-Sep-20	49.26

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Chart 1: Employment, Canada

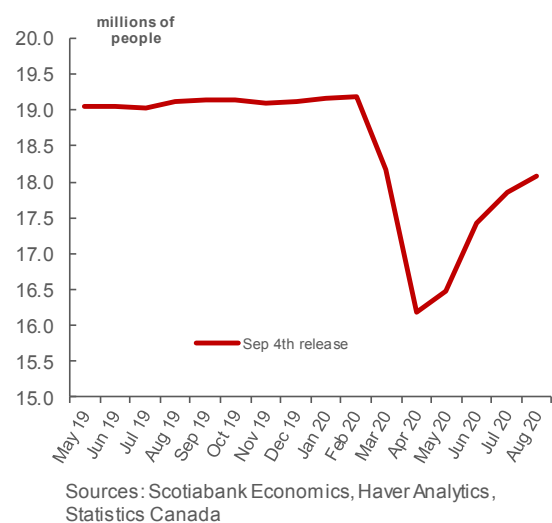
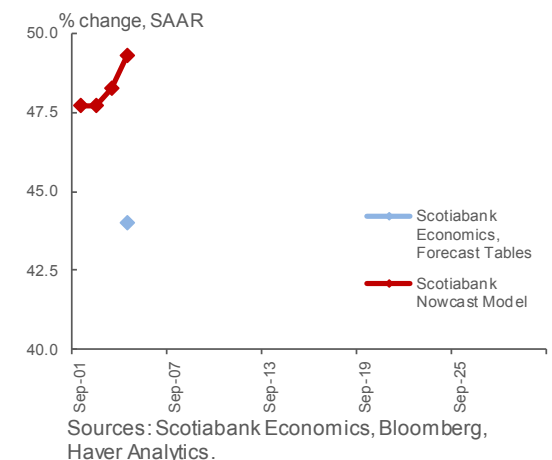


Chart 2: The Evolution of the Scotiabank Economics Q3-2020 Nowcast



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