

## Scotiabank Nowcast: July GDP Grew as Expected, Q3-2020 Nowcast at 46.74%

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](#).

- Statistics Canada reported that Canadian GDP by industry rose +3.0% m/m in July, matching the initial flash estimate and leaving GDP 5.8% below the pre-pandemic levels. Growth likely continued in August according to the flash estimate (+1.0% m/m), but at a slightly weaker pace than expected. The data release left the Q3-2020 GDP growth nowcast relatively unchanged at 46.74% Q/Q SAAR.
- The rebound was widespread in July, with all major industrial sectors expanding as they continued to recover from the pandemic-induced lockdowns in the spring. Value added in goods (+3.2% m/m) and service (+3.0%) industries rose at the same pace in July.
- Value added in manufacturing increased +5.9% m/m in July, leaving it 6% below the pre-pandemic levels. On the services side, half of the gains were explained by wholesale trade (+4.6% m/m), health care (+3.7% m/m), accommodation and food services (+20.1% m/m), and real estate (+1.9% m/m). The latter is in line with a continued boom in housing markets with sales and prices rising strongly after a brief pause during the depth of the lockdown.
- Statistics Canada's estimate for August explained that—outside retail and public administration—most sectors continued to grow, even as its earlier-released flash estimates for August showed retail sales rising 1.1% m/m, and manufacturing sales pulling back at -2.0%.
- While the rebound in Q3 appears intact, the evidence is accumulating that growth is slowing in August–September, setting up an unfavourable hand-off for Q4 growth, in addition to rising risks of some form of restrictions returning amidst increasing COVID-19 cases.

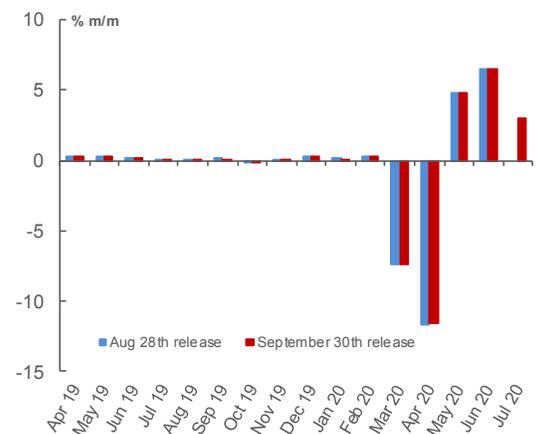
Table 1: Canadian GDP Nowcast, Q3-2020

	Nowcast Date	Q3-2020 GDP Growth, %
Previous Nowcast	18-Sep-20	46.80
Revisions, other data		0.00
GDP by industry, Canada		-0.06
Current Nowcast	30-Sep-20	46.74

### CONTACTS

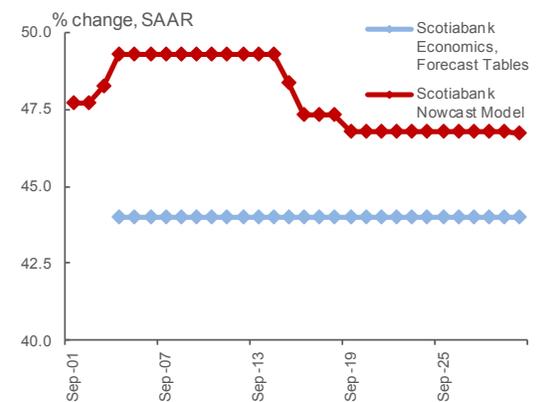
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Chart 1: GDP by industry, Canada



Sources: Scotiabank Economics, Haver Analytics, Statistics Canada

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



Sources: Scotiabank Economics, Bloomberg, Haver Analytics.

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