

Scotiabank Nowcast: Canadian Manufacturing Rebounds, Pushes Q3-2020 to 47.92%

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](#).

- According to Statistics Canada, September saw a rebound in Canadian manufacturing sales, following a decline in the previous month. Sales rose by +2.1% m/m in volume terms, more than offsetting the decline in August and surpassing the level reached in July. As a result, September real manufacturing sales were less than 3% below the pre-pandemic levels in September.
- Slightly faster-than-expected manufacturing sales growth pushed Q3-2020 GDP growth nowcast to +47.92% Q/Q SAAR.
- The rebound in sales was not evenly distributed, however, as nondurable industries drove all of the growth for the month (+4.1% m/m in volumes), with the volume of petroleum and coal products (+7.4% m/m) and chemicals (+10.5% m/m) supplying most of the boost on a weighted basis.
- The volume of durable goods was flat in September on strong contributions from wood products (+4.0% m/m) and furniture shipments (+6.3% m/m) being fully offset by the declines in the shipped volume of primary metals (-2.3% m/m) and transportation equipment (-0.9% m/m).
- While the renewed growth of manufacturing sales and new orders in September is encouraging, the slowdown in durable shipments in the face of rising COVID-19 infections is a concern.

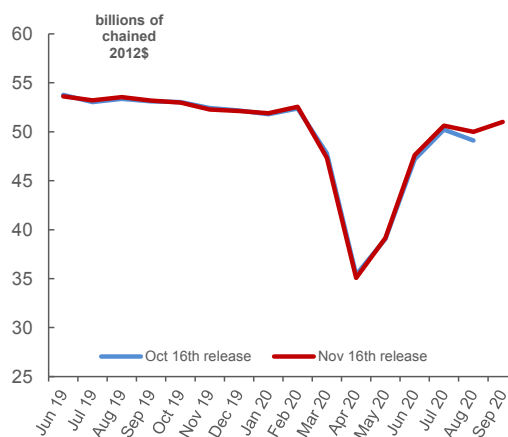
Table 1: Canadian GDP Nowcast, Q3-2020

	Nowcast Date	Q3-2020 GDP Growth, %
Previous Nowcast	04-Nov-20	47.79
Revisions, other data		+0.00
Manufacturing sales, Canada		+0.06
Manufacturing inventories, Canada		+0.07
Current Nowcast	16-Nov-20	47.92

CONTACTS

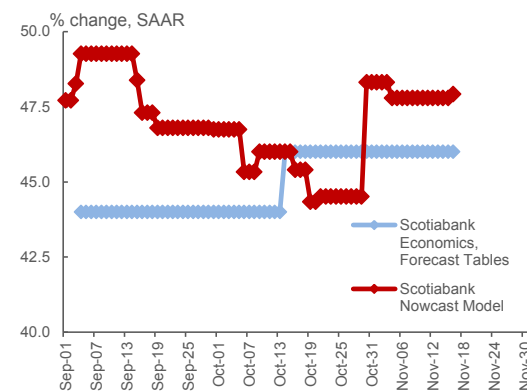
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Chart 1: Manufacturing sales, Canada



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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