

Scotiabank Nowcast: Wholesale Sales Decline Less than Expected, Q4-2020 Edges up to 7.84%

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 declined less than expected in December at -1.3% m/m, compared to the preliminary estimate of -1.7% published by Statistics Canada. A smaller decline might signal slightly better growth prospects for overall GDP in December, which Statistics Canada estimated at +0.3% m/m.
- With COVID-related restrictions coming into effect across several provinces in the course of the month, any December growth is surprising and speaks to the much more limited impact of the latest measures on economic activity, as compared to the spring of 2020. With the latest data print, the Q4-2020 nowcast edges up to 7.84% Q/Q SAAR.
- On the wholesale print, the weakness was concentrated in three of the largest sub-sectors: motor vehicles and parts (-4.3% m/m), food and beverage (-1.3% m/m), and machinery and equipment (-3.1% m/m). The latter declined in part on lower sales of computers and communications equipment (-5.3% m/m), not surprising given the boost the industry had received since a large part of the Canadian work force transitioned to working from home.
- The inventory-to-sales ratio increased slightly in December, but at 1.35 it remains relatively low by historic standards.

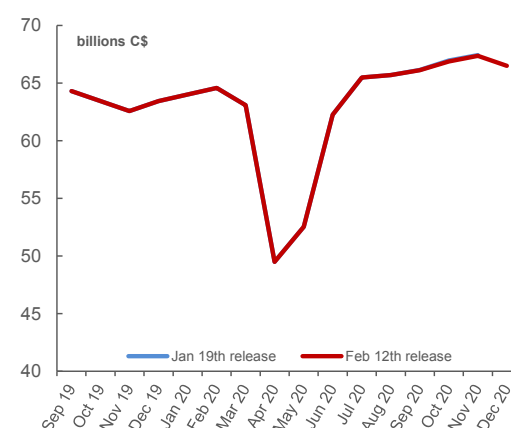
Table 1: Canadian GDP Nowcast, Q4-2020

	Nowcast Date	Q4-2020 GDP Growth, %
Previous nowcast	05-Feb-21	7.82
Revisions, other data		+0.00
Wholesale sales, Canada		+0.04
Wholesale inventories, Canada		-0.02
Current Nowcast	12-Feb-21	7.84

CONTACTS

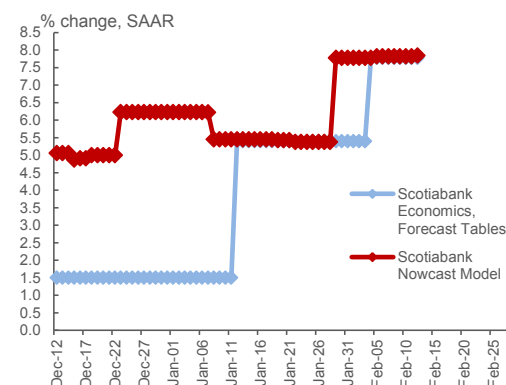
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Chart 1: Wholesale sales, Canada



Sources: Scotiabank Economics, Haver Analytics, Statistics Canada

Chart 2: The Evolution of the Scotiabank Economics Q4-2020 Nowcast



Sources: Scotiabank Economics, Bloomberg, Haver Analytics.

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