

## Scotiabank Nowcast: Canadian GDP Shows Brisk Expansion in March, Pushes Q1-2021 to 6.58%

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](#).

- Canadian GDP growth in Q1-2021 is likely to reach +6.58% Q/Q SAAR, somewhat stronger than the latest nowcast but roughly in line with our latest economic forecast ([here](#)), as the preliminary estimate of industry-level GDP showed a sharp rise in March (+0.9% m/m).
- Released alongside the preliminary March print, the detailed estimate for growth in February at +0.4% m/m was slightly lower than initially reported (+0.5% m/m), with declines in manufacturing (-0.9% m/m), wholesale (-1.0% m/m) and mining and oil and gas (-2.8% m/m) weighing on economic activity, the latter despite a rapid increase in commodity prices.
- The decline in manufacturing was in part explained by the auto sector struggling with semiconductor shortages, with the value added in the auto industry down -8.5% m/m in February.
- In contrast, it is not a surprise that as public health restrictions were relaxed throughout the month of February the activity in the most-affected industries sprang up, with retail (+4.5% m/m) and accommodation and food services (+3.5% m/m) leading the way.
- Going forward, Statistics Canada's preliminary estimate for March, based on a reported expansion in manufacturing, retail trade and finance, leaves the snapshot for Q2-2021 at 2.9% Q/Q SAAR (assuming no growth in April–June), with a significant upside despite the restrictions imposed in April due to the escalating third wave of the virus.

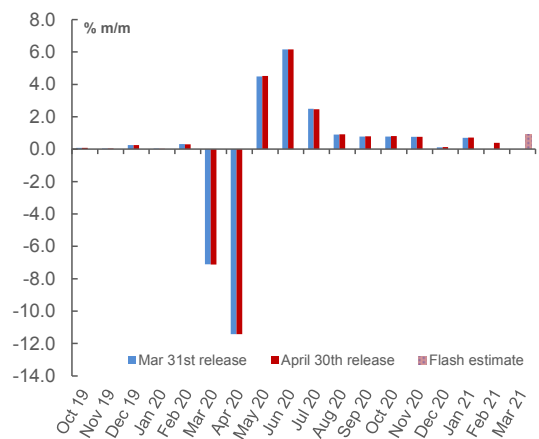
Table 1: Canadian GDP Nowcast, Q1-2021

	Nowcast Date	Q1-2021 GDP Growth, %
Previous nowcast	28-Apr-21	5.89
Revisions, other data		+0.00
GDP by industry, Canada		+0.69
Current Nowcast	30-Apr-21	6.58

### CONTACTS

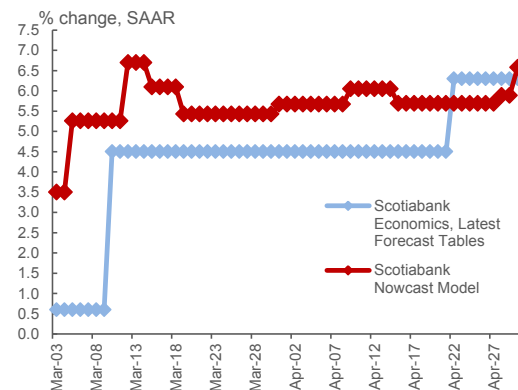
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Chart 1: GDP by industry, Canada



Sources: Scotiabank Economics, Haver Analytics, Statistics Canada

Chart 2: The Evolution of the Scotiabank Economics Q1-2021 Nowcast



Sources: Scotiabank Economics, Bloomberg, Haver Analytics.

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