

Scotiabank Nowcast: Wholesale, Manufacturing Shipments Leave Q1-2021 GDP at 6.21%

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](#).

- Two data releases today showed that the Canadian economy likely grew significantly in March, with both manufacturing shipments and wholesale sales rebounding after their respective declines in February. With the latest data release, the overall GDP outlook for Q1-2021 is roughly unchanged, at +6.21% Q/Q SAAR.
- The value of Canadian manufacturing shipments rose +3.5% m/m in March (+2.3% in volumes), with the majority of the industries rising in the month, although overall slightly weaker than expected by the model. Most of the growth was explained by higher sales of petroleum (+6.2%), food (+2.7%) and motor vehicles (+10.5%). The increase in the latter industry was seen as temporary by Statistics Canada, as the sector is still suffering from the supply chain disruptions in the semiconductor industry.
- Looking ahead, manufacturing new orders rebounded by +5.2% m/m in March after a fall in February, a welcome development which should sustain growth in the industry through the coming months.
- Separately, Canadian wholesale sales were +2.8% higher m/m in March, mainly on a strong bounce-back of sales of building materials and supplies (+11.3%), which more than reversed the decline in February. The building supplies sector has been riding a boom in the real estate market since the start of the pandemic, as new construction and renovations skyrocketed.
- Going forward, the additional restrictions on non-essential businesses in various provinces that took effect in April should impact growth in Q2-2021.

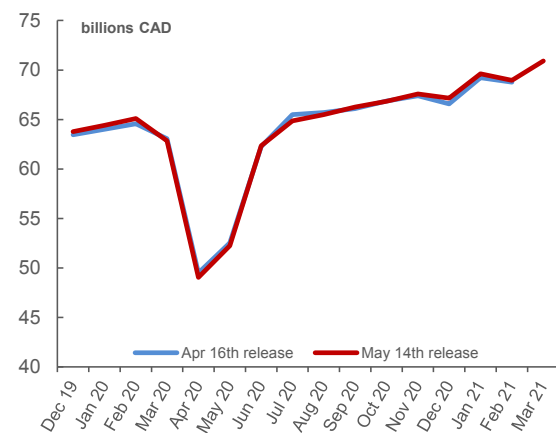
Table 1: Canadian GDP Nowcast, Q1-2021

	Nowcast Date	Q1-2021 GDP Growth, %
Previous nowcast	04-May-21	6.26
Revisions, other data		+0.00
Wholesale sales, inventories, Canada		+0.14
Manufacturing sales, inventories, Canada		-0.19
Current Nowcast	14-May-21	6.21

CONTACTS

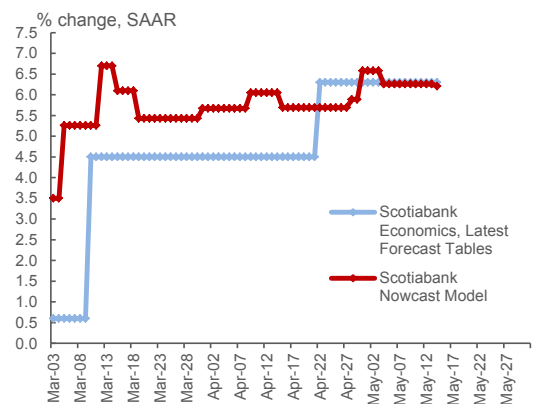
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Chart 1: Wholesale sales, Canada



Sources: Scotiabank Economics, Haver Analytics, Statistics Canada

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



Sources: Scotiabank Economics, Bloomberg, Haver Analytics.

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