

Scotiabank Nowcast: Wholesale Sales Growth Lower, Q3-2021 Eases to +2.86%

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 wholesale sales were slightly weaker than expected in August, growing by +0.3% m/m compared to a +0.5% early estimate from Statistics Canada, resulting in a slight easing in the GDP nowcast for Q3-2021 to +2.86% Q/Q SAAR.
- The mild increase in overall sales was the result of nearly offsetting movements among the seven subsectors. Large increases were seen in sales of food and beverage products (+3.8% m/m) and building materials and supplies (+2.3% m/m). StatCan linked the strength in the latter category—particularly in the electrical, plumbing and heating equipment sales—to the lagged effect of strong residential construction in the spring.
- In contrast, the continued slide in wholesale sales of motor vehicles and parts (-4.2% m/m), along with weaker sales of machinery and equipment (-1.7% m/m), ensured a relatively flat headline wholesale print. The supply disruptions in the motor vehicle industry have been a common theme through various data releases, as manufacturers, wholesalers and retailers see sales and inventories of cars dwindle. To that end, wholesale inventories of autos fell by -4.5% m/m in August.
- The tenor of the data print this morning is one of a weak headline number on worse details, with no tangible evidence of improvement in supply shortages so far, and the strength in building materials likely temporary, given that housing starts have been gradually coming down over the summer.

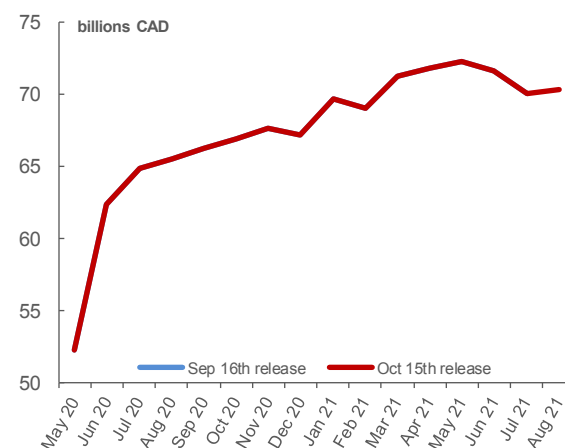
Table 1: Canadian GDP Nowcast, Q3-2021

	Nowcast Date	Q3-2021 GDP Growth, %
Previous Nowcast	14-Oct-21	2.96
Revisions and other data		+0.00
Wholesale sales, Canada		-0.06
Wholesale inventories, Canada		-0.04
Current Nowcast	15-Oct-21	2.86

CONTACTS

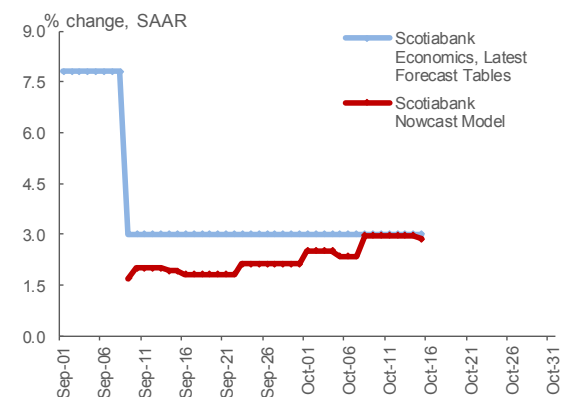
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Chart 1: Wholesale sales, Canada



Sources: Scotiabank Economics, Haver Analytics, Statistics Canada

Chart 2: The Evolution of the Scotiabank Economics Q3-2021 Nowcast



Sources: Scotiabank Economics, Bloomberg, Haver Analytics.

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