

## Scotiabank Nowcast: Wholesalers Had a Good October, Q4-2021 GDP Estimate at +6.64%

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](#).

- October's wholesale report met expectations with an increase of +1.4% m/m in the overall sales revenue. As was the case with yesterday's manufacturing sales report, the rise in volumes was significantly less (+0.6% m/m), with strong increases in prices making up the difference. Based on the data available so far, October is showing strong economic momentum, keeping the estimate of GDP growth at a brisk +6.64% Q/Q SAAR so far. This is before the full extent of economic disruption from the Omicron variant and BC floods shows up in the data.**
- As has become the norm over the past few months, with the stop-and-go of production and sales in the auto sector dominating monthly dynamics in various economic indicators, wholesale sales in October were boosted significantly by higher shipments of cars and parts (+7.1% m/m). According to StatCan, car makers were able to secure semiconductor chips in October, even though the durable improvement in chip supplies is not expected until mid-2022.**
- Other sectors were mixed in October, with food and beverage sales falling -1.3% m/m in October, machinery and equipment roughly flat (-0.2% m/m), while sales of building materials and supplies expanded by +1.9% m/m. The latter were boosted by higher lumber prices.**
- Overall, the outlook for Q4-2021 depends critically on the economic impact of the Omicron variant and BC floods. The latter is likely to show up in declining merchandise trade in November, disruptions in the transportation sector (rail and trucking), as well as falling agricultural production. The growth impact should be temporary, but inflationary pressures can be exacerbated due to renewed supply chain disruptions.**

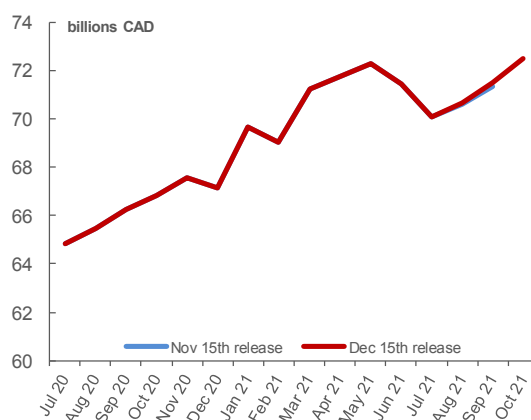
Table 1: Canadian GDP Nowcast, Q4-2021

	Nowcast Date	Q4-2021 GDP Growth, %
Initial Nowcast	15-Dec-21	6.60
<i>Revisions</i>		0.00
<i>Wholesale sales, Canada</i>		+0.03
<i>Wholesale inventories, Canada</i>		+0.01
Current Nowcast	16-Dec-21	6.64

### CONTACTS

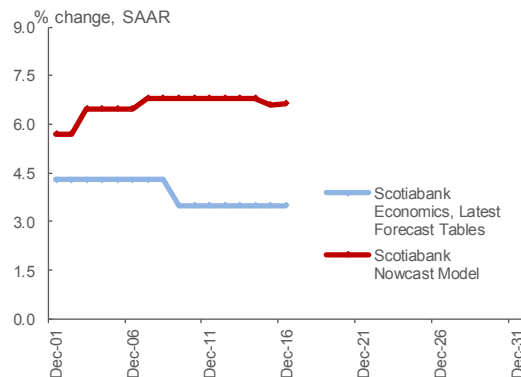
**Nikita Perevalov**  
 Director of Economic Forecasting  
 437.775.5137  
 Scotiabank Economics  
[nikita.perevalov@scotiabank.com](mailto:nikita.perevalov@scotiabank.com)

Chart 1: Wholesale sales, Canada



Sources: Scotiabank Economics, Haver Analytics, Statistics Canada

Chart 2: The Evolution of the Scotiabank Economics Q4-2021 Nowcast



Sources: Scotiabank Economics, Bloomberg, Haver Analytics.

This report has been prepared by Scotiabank Economics as a resource for the clients of Scotiabank. Opinions, estimates and projections contained herein are our own as of the date hereof and are subject to change without notice. The information and opinions contained herein have been compiled or arrived at from sources believed reliable but no representation or warranty, express or implied, is made as to their accuracy or completeness. Neither Scotiabank nor any of its officers, directors, partners, employees or affiliates accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

These reports are provided to you for informational purposes only. This report is not, and is not constructed as, an offer to sell or solicitation of any offer to buy any financial instrument, nor shall this report be construed as an opinion as to whether you should enter into any swap or trading strategy involving a swap or any other transaction. The information contained in this report is not intended to be, and does not constitute, a recommendation of a swap or trading strategy involving a swap within the meaning of U.S. Commodity Futures Trading Commission Regulation 23.434 and Appendix A thereto. This material is not intended to be individually tailored to your needs or characteristics and should not be viewed as a “call to action” or suggestion that you enter into a swap or trading strategy involving a swap or any other transaction. Scotiabank may engage in transactions in a manner inconsistent with the views discussed this report and may have positions, or be in the process of acquiring or disposing of positions, referred to in this report.

Scotiabank, its affiliates and any of their respective officers, directors and employees may from time to time take positions in currencies, act as managers, co-managers or underwriters of a public offering or act as principals or agents, deal in, own or act as market makers or advisors, brokers or commercial and/or investment bankers in relation to securities or related derivatives. As a result of these actions, Scotiabank may receive remuneration. All Scotiabank products and services are subject to the terms of applicable agreements and local regulations. Officers, directors and employees of Scotiabank and its affiliates may serve as directors of corporations.

Any securities discussed in this report may not be suitable for all investors. Scotiabank recommends that investors independently evaluate any issuer and security discussed in this report, and consult with any advisors they deem necessary prior to making any investment.

**This report and all information, opinions and conclusions contained in it are protected by copyright. This information may not be reproduced without the prior express written consent of Scotiabank.**

™ Trademark of The Bank of Nova Scotia. Used under license, where applicable.

Scotiabank, together with “Global Banking and Markets”, is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, including; Scotiabank Europe plc; Scotiabank (Ireland) Designated Activity Company; Scotiabank Inverlat S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Derivados S.A. de C.V. – all members of the Scotiabank group and authorized users of the Scotiabank mark. The Bank of Nova Scotia is incorporated in Canada with limited liability and is authorised and regulated by the Office of the Superintendent of Financial Institutions Canada. The Bank of Nova Scotia is authorized by the UK Prudential Regulation Authority and is subject to regulation by the UK Financial Conduct Authority and limited regulation by the UK Prudential Regulation Authority. Details about the extent of The Bank of Nova Scotia's regulation by the UK Prudential Regulation Authority are available from us on request. Scotiabank Europe plc is authorized by the UK Prudential Regulation Authority and regulated by the UK Financial Conduct Authority and the UK Prudential Regulation Authority.

Scotiabank Inverlat, S.A., Scotia Inverlat Casa de Bolsa, S.A. de C.V, Grupo Financiero Scotiabank Inverlat, and Scotia Inverlat Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities.

Not all products and services are offered in all jurisdictions. Services described are available in jurisdictions where permitted by law.