

Scotiabank Nowcast: Canadian Wholesale Sales, US Industrial Production Raise Q2-2020 to -38.48%

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](#).

- A slew of recent data releases solidified the view of a building economic recovery in May and June. With Canadian wholesale sales picking up +5.7% m/m in May and the US industrial production soaring +5.4% m/m in June, all signs point to the economic reopening proceeding apace. Following the incorporation of the new data the nowcast for the Canadian GDP growth in Q2-2020 stands at -38.48% Q/Q SAAR.
- The rise in Canadian wholesale sales was broad-based, with all sectors outside of machinery and equipment expanding. The rise in sales of motor vehicles and parts (+33.4% m/m), building materials and supplies (+16.1% m/m) and personal and household goods (+9.0% m/m) drove most of the overall increase.
- In contrast, the machinery and equipment suppliers saw falling sales in May (-4.7% m/m), the 6th straight monthly decline. The weakness in business investment, as low oil prices and trade uncertainty sapped business confidence last year—in addition to factory closings and finally the unprecedented contraction driven by the pandemic in 2020—has continued to drive down M&E sales.

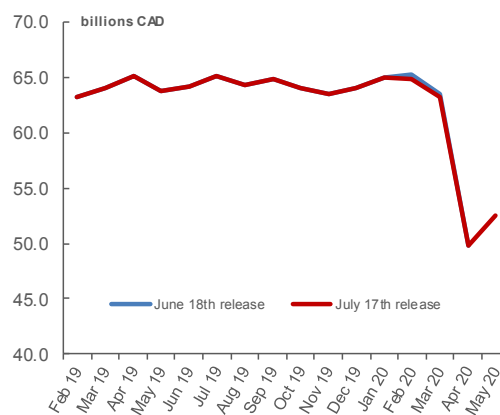
Table 1: Canadian GDP Nowcast, Q2-2020

	Nowcast Date	Q2-2020 GDP Growth, %
Current Nowcast	15-Jul-20	-39.70
Revisions, other data		+0.30
US industrial production		+0.67
Wholesale sales, Canada		+0.15
Wholesale inventories, Canada		+0.10
Current Nowcast	17-Jul-20	-38.48

CONTACTS

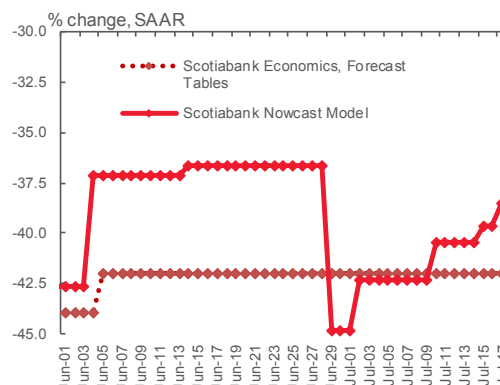
Nikita Perevalov
 Director of Economic Forecasting
 437.775.5137
 Scotiabank Economics
nikita.perevalov@scotiabank.com

Chart 1: Wholesale sales, Canada



Sources: Scotiabank Economics, Haver Analytics, Statistics Canada

Chart 2: The Evolution of the Scotiabank Economics Q2-2020 Nowcast



Sources: Scotiabank Economics, Bloomberg, Haver Analytics.

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