

# Daily Economic Update

March 29, 2019

## Canadian GDP rose 0.3% in January; gains broadly-based

After declines in three of the prior four months, we would have been happy just to see a positive number. In the event, January's 0.3% growth was well ahead of expectations and the details were encouraging. Energy and mining was more or less the economy's only weak point, though that was fully expected with mandatory production cuts taking effect at the start of the month. The worst should be over for the energy industry as production curtailments are gradually scaled back and producers benefit from higher prices. Outside of energy, growth picked up nicely with GDP excluding oil and gas up 0.5% in the month and 2% over the last year. Overall, today's data remain consistent with our view that the economy's soft patch over Q4/18 and Q1/19 will prove transitory.

### Highlights:

- Canadian GDP rose 0.3% in January, the strongest increase in 8 months and solidly above expectations.
- Gains were broadly-based with 18 of 20 industries expanding in the month.
- The energy sector was less of a drag than we thought, though oil and gas output still fell as Alberta's mandatory production cuts took effect.
- Construction and manufacturing industries posted solid gains after softening toward the end of last year.
- The services sector grew at a trend-like pace, having provided consistent support over this recent soft patch in growth.

	m/m % change			y/y %
	Nov-18	Dec-18	Jan-19	Jan-19
<b>GDP</b>	-0.1	-0.1	0.3	1.6
<b>Goods</b>	-0.4	-0.8	0.6	-0.1
Oil & gas extrac.	-2.1	1.4	-2.6	4.5
Manufacturing	-0.5	-0.8	1.5	1.9
<b>Services</b>	0.0	0.2	0.2	2.2
Wholesale	-1.6	0.3	0.8	0.8
Retail	0.2	0.0	0.0	0.8

Source: Statistics Canada, RBC Economics Research

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