

October 1, 2019

Goods sector caps Canadian GDP in July

- GDP was flat in July following four months of gains
- Goods output declined for a second straight month
- The services sector saw another broadly-based increase

The Canadian economy's best growth streak since 2017 came to an end in July thanks to a broadly-based decline in the goods sector. Oil and gas was the main source of weakness as drilling activity slowed and maintenance shutdowns in Newfoundland and Labrador trimmed production. Manufacturing output was down only slightly, though the sector's earlier outperformance relative to countries like the US and Germany does seem to be gradually fading. The good news is that there continues to be little evidence of spillover into the larger services economy, which has posted above-trend gains in four of the last five months. A rebound in the housing sector was in evidence again in July but that is far from the only services industry contributing to growth.

Today's data are consistent with the BoC's view that growth over the second half of the year is likely to be slightly slower than the first half. But again, there are few signs of a broader slowdown in today's data. That gives the central bank time to be patient in assessing whether a bit more accommodation is needed to offset external headwinds.

Canada Monthly GDP Summary

	<i>m/m % change</i>			<i>y/y %</i>
	<u>May-19</u>	<u>Jun-19</u>	<u>Jul-19</u>	<u>Jul-19</u>
GDP	0.3	0.2	0.0	1.3
Goods	0.7	-0.2	-0.7	-1.8
Oil & gas extrac.	-2.6	1.4	-3.0	1.4
Manufacturing	1.2	-1.3	-0.1	-1.2
Services	0.1	0.3	0.3	2.5
Wholesale	-1.4	1.0	1.1	3.3
Retail	-0.6	0.6	0.1	0.9

Source: Statistics Canada, RBC Economics Research

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