

# Economic Watch

## Canada

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Economic Analysis

US

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### Canada Monthly GDP by Industry: Monthly Situation Report

- Canadian monthly GDP surprised to the downside in November declining -0.1%MoM (BBVA: 0.3%MoM, Consensus: 0.2%). Anemic Mining, Oil & Gas, and slowing utility and construction output led to the decline. Manufacturing remained strong on high auto output.
- Although the quarter began with considerable momentum, the temporary shutdown of facilities in oil and gas extraction and the general slowing trend across major categories leads us to revise down our forecast for December to 1.7% YoY, leaving 2011Q4 at a paltry 1.6% QoQ

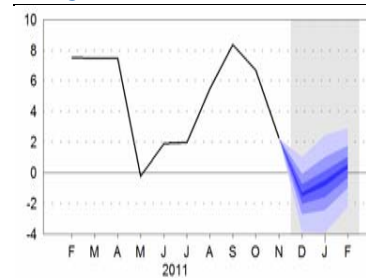
#### Breakdown of the Recent Data

The monthly GDP data was revised back to January 2011, but these data changes were minimal for the most part, except for wholesale trade. In general, the services side of the economy arrived as expected (BBVA: 1.8% YoY, Actual: 1.7%). Our estimate of a dip in retail trade also panned out, but we expect a moderate increase in the next month. On the goods-producing side, the large (BBVA:4.1%, Actual:2.3%) drop in mining, oil and gas may result in a stronger rebound next month than currently estimated in Chart 1 since this drop was reportedly due to maintenance.

#### Upcoming Trends

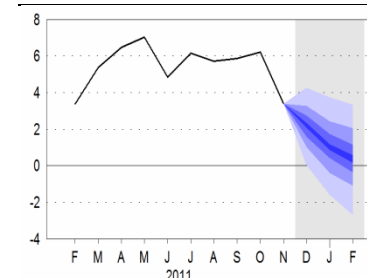
Our major miss this month was attributing too much to the statistical discrepancy between the individual goods-producing series and the total aggregated series. Given a reevaluation of this statistical bias, we now expect the services sector to grow at 1.5% YoY in December. The goods-producing sector will slow considerably in YoY terms in December compared to November. We expect 1.9% YoY (sum of the components) The main issue is the extremely high growth rates of twelve months ago. Overall, the economy is slowing, giving credibility to the Bank of Canada's dovishness in the last rate announcement.

Chart 1  
Mining, Oil and Gas, YoY %



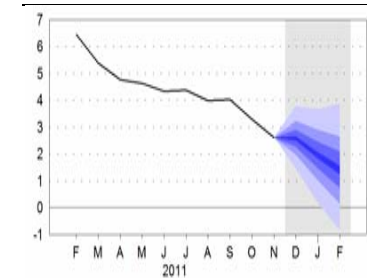
Source: BBVA Research

Chart 2  
Utilities, YoY %



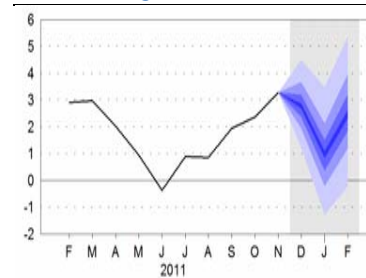
Source: BBVA Research

Chart 3  
Construction, YoY %



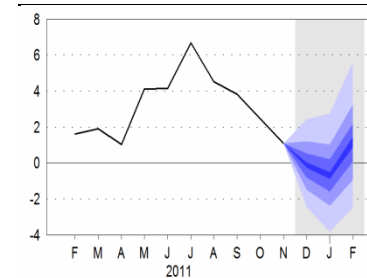
Source: BBVA Research

Chart 4  
Manufacturing, YoY %



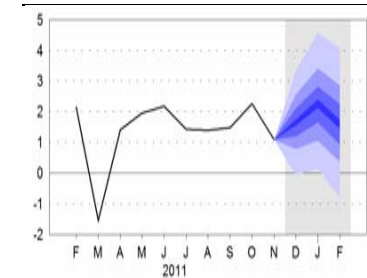
Source: BBVA Research

Chart 5  
Wholesale Trade, YoY %



Source: BBVA Research

Chart 6  
Retail Trade, YoY %



Source: BBVA Research